
Committee Meeting

of

SENATE ENVIRONMENT AND ENERGY COMMITTEE

ASSEMBLY ENVIRONMENT AND SOLID WASTE COMMITTEE

"Testimony on the progress of Hurricane Sandy recovery efforts"

LOCATION: Committee Room 4
State House Annex
Trenton, New Jersey

DATE: September 30, 2013
10:00 a.m.

MEMBERS OF COMMITTEES PRESENT:

Senator Bob Smith, Chair
Senator Linda R. Greenstein, Vice Chair
Senator Jim Whelan
Senator Christopher "Kip" Bateman
Senator Jennifer Beck

Assemblywoman L. Grace Spencer, Chair
Assemblyman Peter J. Barnes III
Assemblyman Upendra Chivukula
Assemblyman Scott Rudder



ALSO PRESENT:

Michael Molimock
Carrie Anne Calvo-Hahn
Office of Legislative Services
Committee Aides

Kevil Duhon
Senate Majority
Christopher Pierre
Assembly Majority
Committee Aides

Brian Alpert
Senate Republican
Thea M. Sheridan
Assembly Republican
Committee Aides

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



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LINDA R. GREENSTEIN
Vice-Chairwoman

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New Jersey State Legislature
**SENATE ENVIRONMENT
AND ENERGY COMMITTEE**
STATE HOUSE ANNEX
PO BOX 068
TRENTON NJ 08625-0068

COMMITTEE NOTICE

TO: MEMBERS OF THE SENATE ENVIRONMENT AND ENERGY COMMITTEE
FROM: SENATOR BOB SMITH, CHAIRMAN
SUBJECT: COMMITTEE MEETING - SEPTEMBER 30, 2013

The public may address comments and questions to Judith L. Horowitz or Michael R. Molimock, Committee Aides, or make bill status and scheduling inquiries to Valarie Jackson, Secretary, at (609)847-3855, fax (609)292-0561, or e-mail: OLSAideSEN@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 Environment and Energy Committee and the Assembly Environment and Solid Waste Committee will meet jointly on Monday, September 30, 2013 at 10:00 AM in Committee Room 4, 1st Floor, State House Annex, Trenton, New Jersey.

The committees will meet to hear testimony on the progress of Hurricane Sandy recovery efforts.

The committees have invited Commissioner Richard E. Constable, III, Department of Community Affairs, and Marc Ferzan, Executive Director, Governor's Office of Recovery and Rebuilding, to speak about the progress of recovery efforts.

Issued 9/23/13

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For changes in schedule due to snow or other emergencies, call 800-792-8630 (toll-free in NJ) or 609-292-4840.



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Chairwoman

REED GUSCIORA
Vice-Chairman

PETER J. BARNES, III
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New Jersey State Legislature
ASSEMBLY ENVIRONMENT AND SOLID WASTE COMMITTEE
STATE HOUSE ANNEX
PO BOX 068
TRENTON NJ 08625-0068

COMMITTEE NOTICE

TO: MEMBERS OF THE ASSEMBLY ENVIRONMENT AND SOLID WASTE COMMITTEE

FROM: ASSEMBLYWOMAN L. GRACE SPENCER, CHAIRWOMAN

SUBJECT: COMMITTEE MEETING - SEPTEMBER 30, 2013

The public may address comments and questions to Carrie Anne Calvo-Hahn, Committee Aide, or make bill status and scheduling inquiries to Valarie Jackson, Secretary, at (609)847-3855, fax (609)292-0561, or e-mail: OLSAideAEN@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.

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SENATOR BOB SMITH (Co-Chair): Good morning, everyone, and welcome to the two most interesting committees in the State Legislature.

This is our third hearing on Sandy recovery efforts. The first hearing was in Atlantic City on August 15, our second hearing was in Jersey City, and today we're in Trenton. This is also the second time we've invited the Sandy czar Marc Ferzan and the DCA Commissioner Richard Constable to be present. And both have, again, declined to attend, which I find to be very disturbing.

The focus, again, is on Sandy recovery: what we're doing right and what we're doing wrong.

Let me introduce the Senators present. We have Senator Bateman from Somerset County, we have Senator Whelan from Atlantic County.

Let me turn the meeting over to Chairwoman Spencer for her group as well.

ASSEMBLYWOMAN SPENCER: Good morning, all; and, again, welcome to this assemblage of individuals who hopefully will bring us information on where we are with regard to recovering. And those people will include the businesses as well as the homeowners who have been impacted by Superstorm Sandy, and continue to live with the challenges that were presented and how they rebuild their lives, their homes, and their communities.

With me today from the New Jersey State Assembly are Assemblyman Scott Rudder, Assemblyman Peter Barnes, and Assemblyman Upendra Chivukula who is subbing in for my Vice Chair, Reed Gusciora.

Gentlemen, welcome. I am glad you are able to join us today.

ASSEMBLYMAN CHIVUKULA: Chairwoman, may I ask a question? (affirmative response) A lot of the times when we invited people from the Administration, they say they don't have sufficient notice so they cannot come. In this case, is that true? Have we given them sufficient notice?

SENATOR SMITH: The invitation went out a week ago, and it was e-mailed, faxed, and sent regular mail. We received comments back from Ferzan that he had some other conflict today.

Did we get anything back from Mr. Constable?

MR. MOLIMOCK (Committee Aide): We got a phone call Friday afternoon.

SENATOR SMITH: We got a phone call Friday afternoon saying he would not be present.

ASSEMBLYMAN CHIVUKULA: If the Commissioner cannot make it, there are deputy commissioners, assistant commissioners. There is somebody in the chain of command who can come and forward us the information.

ASSEMBLYWOMAN SPENCER: We have extended the invitation to the Department of Community Affairs. And as we all know, when the commissioners cannot make it, they do have an opportunity to send representatives. If they so choose not to, there is nothing we can do about it. But an invitation was extended to the Department of Community Affairs as well as to Mr. Marc Ferzan. And their choice not to send a representative was solely their own.

SENATOR SMITH: And by the way, they were asked if they wanted to send representatives.

ASSEMBLYMAN CHIVUKULA: Okay.

SENATOR SMITH: All right. Our first witness today will be Kathleen Fisher. We found out something about Ms. Fisher's story from a *Wall Street Journal* article last week.

Ms. Fisher, if you would come forward and tell us your experience with Sandy and State government, we'd appreciate it.

KATHLEEN FISHER: Good morning.

SENATOR SMITH: Good morning.

MS. FISHER: To start quickly -- because I don't want to take too much of your time -- from the beginning, we were pretty much with no information for quite some time. FEMA, our insurance company-- The only information that I got in the beginning directly after Sandy was that-- My insurance company explained to me that we would have full coverage for the damage that we had. We ended up, depending on where you were standing, with anywhere from 2-and-a-half to 4 feet of water. We also had, along with that, sewage; and there were oil leaks on our street. So we had an oil issue as well. The Environmental Protection Agency had to come and excavate all of our soil because of that.

We then started having-- We then started hearing, through word of mouth, that because our home is set up in a situation where our first floor is ground level, and then there are two floors above, that there was a chance that we would not have insurance coverage. Because what we found out is that somewhere along the line, our flood insurance policy -- I guess once FEMA took over as the flood insurance -- the runners of flood

insurance-- If you had a ground level with any kind of a downgrade -- be it two inches, seven inches -- it didn't even have to be a full step -- you would have very limited coverage. So I can tell you right now, to this day, nobody has ever told me that that's why we got as little as we ended up getting eventually from the insurance company. But that was our situation.

We did all of our demolition ourselves because, again, there was no money coming in. FEMA did call us several times and offer to relocate us -- pay for our relocation assistance. But what we did was-- We were very thankful -- after four weeks without heat or hot water, we had a plumber come in out of the goodness of his heart and install the new appliances that we needed. And we then received a small check from our insurance company in February of 2013 and were able to pay him off.

So then the issue became-- We applied for the small business loan -- we applied with the Small Business Association. They, at that point, came in and said we would need upward of about \$96,000 to do the repair work that we needed done. FEMA, in the mean time-- I can tell you that FEMA told -- gave us a verbal denial early on. But I just received my official letter of denial from FEMA on July 31, 2013, and it was dated November 10, 2012. So that's how long it took to get that in writing.

We did receive the-- We did get the approval for the SBA loan, however that did not come until the end of April. So it wasn't going to give us a chance to-- The whole idea behind it-- What they said was it was to give us a chance to get started prior to getting our insurance money. Well, that was a little bit far down the line. And at that point, we knew we weren't going to have insurance money. When our small insurance check

finally did come, it took me three months to get my mortgage company to endorse it. It literally took three months -- faxes, phone calls, fights.

The biggest issue that I found through this entire experience was that nobody showed any kind of compassion to any of us. And I speak for everybody I've spoke to, which is a lot of people who lost so much from this flood. We've been treated like criminals basically; like we're trying to get something for nothing when we're just trying to get the insurance money that we initially thought was due us.

So my husband, thank God, is a carpenter. He, myself, and my son did all the demolition ourselves. He's done most of the work and repair work. We haven't done a whole lot because we are still very unclear on what the elevation levels are to be.

We've gone through the grants. The grant is another entire issue. I applied for the RREM grant. They immediately denied us because they said we never applied with FEMA, which we did. And I supplied them with that information. They then told me that it would be no problem, and they would accept my application as long as I brought all the information from FEMA to them. They would scan it at their office that they have temporarily set up, and my grant would go in as promised. When I brought everything out to them, they said they could no longer scan my material, my application would not be accepted, and I would have to appeal. So I'm not in an appeal process with them.

There was a \$10,000 grant. I can't, off the top of my head, remember the initials for that one. But the \$10,000 grant I applied for twice. The first time the application was lost; and the second time -- I haven't heard anything. I can't get any answers from anybody there.

You're unable to check your status online. We're basically just-- Our hands are tied. We've done what we could, as much as we could physically and financially. And other than that, we're just waiting on answers. We still don't even know how we should rebuild at this point.

The interesting thing is the fact that the insurance company called our ground floor a basement. It says on the front of my insurance policy that we've paid for, for many years -- the maximum premium -- it says three or more stories, non-elevated, no basement. So I don't know how they're able to get away with that.

That's really the gist of what's happened. Everybody I've spoken with throughout -- and any inspectors who came to our homes -- they didn't seem to know what they were doing. We got different answers from everybody we spoke with from FEMA, to the grant -- RREM grant people, the SBA, the insurance company. I mean, the list goes on and on. Everybody gave us different answers. We've just been-- Basically our hands are tied a year later. We're still feeling like we've just been hung out.

SENATOR SMITH: The *Wall Street Journal* article refers specifically to a company called Hammerman and Gainer, or HGI, who was selected by State officials in May, who administered the two programs distributing \$780 million of Federal money to Sandy victims, including our biggest homeowner relief initiative, the \$600 million Reconstruction Rehabilitation Elevation Mitigation program. When you say you had a difficult time, is this the group you found to be one of the groups that created problems for you?

MS. FISHER: Yes. I found FEMA to be difficult, I found my mortgage company to be difficult, and the RREM grant people extremely

difficult. Each individual I spoke with gave me different information. The applications themselves were very hard to navigate through. I mean, I spoke with people who are much more intelligent than I can even try to be, and they found the applications difficult to fill out.

Like I said, the biggest problem I had was the fact that they made the mistake with my application, yet they're punishing me for that. I don't know what they did, but their reason for denial was-- They said that I didn't file with FEMA. They had all the correct information that I did file with FEMA, yet they still said there was nothing they could do. I have to appeal and wait.

Each person I dealt with from there told me something different. And I actually spoke to somebody from the inside who was working there temporarily. And I was told those people were given no more than two hours training to work at those positions out at the grant center.

SENATOR SMITH: This is the--

MS. FISHER: That would be at the grant center.

SENATOR SMITH: --RREM grant program?

MS. FISHER: Yes. So that was-- Anybody who came to inspect our home -- be it from SBA, FEMA -- they were all from out-of-state, none of them wanted to be there, and they all made sure they told us that. I mean, that's just how it was. You just basically felt like a criminal through the whole experience. We are just trying to rebuild a house.

SENATOR SMITH: I wish the Commissioner was here to hear your comments.

SENATOR BATEMAN: But, Mr. Chairman, it's really Federal programs, not the Commissioner. These are really--

SENATOR SMITH: No, no, these people were hired by the State. Hammerman and Gainer, HGI, was chosen by our State to administer this program.

SENATOR BATEMAN: But the individuals who came to her home, I think, were Federal representatives.

SENATOR SMITH: What was the interaction with HGI?

MS. FISHER: They would be the people from the RREM?

SENATOR SMITH: Yes.

MS. FISHER: None of those people have been to my home yet. I've just dealt with them over the phone and going out to their office. And those are the people I meant though. They're undertrained, and they're not very pleasant. And every person I talked to gave me a different answer as to what I should do. I mean, that's just the way it is.

ASSEMBLYWOMAN SPENCER: We heard similar comments at our last hearing -- that the representatives were undertrained and that they were unable to answer questions. So certainly that seems to be a problem that's prevalent -- or that it's pervasive with that organization in particular -- based on the comments that we've received. And I think that hearing your concerns, and taking them into consideration with the other concerns, we certainly are going to relay this back to the Commissioner so that these individuals who are representatives of DCA in that capacity will do what they need to do to make sure that the people of the State of New Jersey are being treated fairly considering the conditions they're operating under.

Thank you.

MS. FISHER: That's great. Thank you.

SENATOR SMITH: Thank you for coming down today.

MS. FISHER: Thanks.

SENATOR SMITH: Let me recognize the arrival of Senator Beck from Monmouth County, and Senator Greenstein from Mercer County.

If you want to call the next person.

ASSEMBLYWOMAN SPENCER: Certainly. Our next person is Joanne Gwin.

Thank you for joining us, Ms. Gwin.

J O A N N E G W I N: Thank you for having me.

Good morning.

I am Joanne Gwin, and I am here today with my husband, Steve, and we are from the Silverton section of Toms River.

First of all, I would like to thank you for the opportunity to testify on the recovery process of Sandy. Sandy flooded our home while we were on vacation. We returned on November 1 to find our two cars and the entire first floor -- which is the main living area and three bedrooms -- of our home had been flooded, and all the contents and furniture were destroyed. The second level was the master bedroom suite, and that was untouched.

We did what everyone else did during that time. We put all of our possessions on the curb, and ripped apart our walls and floors trying to salvage what we could. We have a friend in the mold remediation business who came immediately and did initial treatment. We had our builder come to assess the damage, and his recommendation was to tear it down and rebuild as there was too much damage and it was not worth repairing.

We have a \$250,000 flood insurance policy through Selective Insurance. The flood adjuster, along with our hired public adjuster, came to the home on November 28, 2012, to assess the damage. Four months later we received a check from Selective for only \$101,000. The public adjuster and my husband both reviewed the loss statement and found several discrepancies including missed wiring, no compensation for insulation, and they referred to, "The bathroom with the window." We don't have a window in the bathroom, so what house did they assess? To date, this claim is still not settled, as we have filed a proof of loss through our public adjuster.

Since November 2012, we have lived in a hotel and with family and friends, before moving into the rented apartment we now reside in. FEMA covered our security deposit, but have denied us any other living assistance. I made two appeals to them and have never gotten a reply to those appeals.

Where are we today? As of today, September 30, 2013, we are no closer to moving back home than we were on November 2, 2012. We are paying our mortgage, our taxes, homeowner and flood insurance, all on a house we can no longer live in -- as well as apartment rental, storage facility fees, along with two new car payments, and the normal household monthly expenses.

In February, we contacted our builder again and received plans and pricing for a new home. We then contacted Wells Fargo, since they hold our mortgage to assist us with the additional funding necessary to move forward. Unfortunately, we were met with disappointment and no assistance. We were basically advised to go to family members for the

money, as the bank didn't have a program to help us. Can that be right? We have never missed a mortgage payment, we have good credit, and there is nothing that they can do to help us?

Now, on top of everything else, we are being treated as a credit risk. It just doesn't seem fair. When the RREM grants were announced in May, we immediately applied. We were preliminarily approved for the grant in July. Once approved, we supplied all the necessary paperwork. We were immediately notified for a house inspection which took place on July 29. The house was surveyed on August 2 and the asbestos inspection took place on August 6. On August 15, I was called by a woman who identified herself as our case manager. She told me our next inspection should be a DEP inspection, then a contractor inspection. After that, they will award a grant amount and will make a decision on how to proceed. A month later, on September 13, our case manager called to tell me I would be getting a packet in the mail, but it didn't pertain to us. She just wanted to let me know it was coming. I took that opportunity to ask her about the status of our grant. She chuckled and said, "I've been looking at your file for a month, and all I can tell you is that it is marked in big, bold, red letters that say 'special review file.'" She said she had no idea what that meant and neither did her supervisors. I have not heard from her since.

We were notified also in July that we were approved for the \$10,000 resettlement grant, which we gratefully received with no problem. It's the only thing that's gone easy in this process. Tired of waiting and needing to move forward, this past Friday we contacted another financial institution and made another attempt to secure funds to assist in rebuilding. Unfortunately, we were told they cannot help us until we have

signed contracts and house plans in hand. Since we are now into the grant process, we are not allowed to do this on our own. It is our understanding that if we are approved for the grant, we will be under the guidance and rules of the program and will have to use their approved contractors and plans. We are now at a standstill waiting for the next step. What is the next step? Does anyone know?

We are shore residents and were thrilled to see the boardwalk and beaches reopen, as that is also our home. But as happy as we were to see and share that excitement, we continually ask the question, “What about us; what about all the others displaced?”

As I have previously stated, we have a \$250,000 insurance policy which we faithfully paid for, for 20 years. Our house was flooded; our house was destroyed and needs to be rebuilt. We now have a need for that money, and we only received 40 percent of the policy, which is not enough to rebuild our home. So our only option now seems to be to use funds from a grant program which, if it all comes through as planned, combined with the settlement we have already received, will equal \$250,000. Why must we go through all this? Why couldn't the insurance company just write us a check for the policy we have paid for? Aren't both of these agencies government funded? Isn't it all the same money? Are we now being penalized for the mistakes that were made during Katrina?

So we wait. We wait to find out what the special review file is. We wait to find out if we are fully approved. We wait to find out how much, if any, of the grant money we will receive. We wait to knock down the existing mold-covered structure, which continues to deteriorate with

each passing day. We wait to begin looking at house plans. We wait to go home.

We are now coming up to the one year anniversary of Sandy. One year out of our home, and we are looking at another Christmas with a table-top Christmas tree in our little apartment instead of introducing our grandson to the 9-foot Christmas tree which has always been our tradition.

Thank you for your time and anything you can do to expedite this process so that we go home.

SENATOR SMITH: Thank you, Ms. Gwin. Your story is very difficult. We do appreciate you coming down.

We have two witnesses coming up together.

SENATOR BECK: Mr. Chairman, do you mind if I just--

SENATOR SMITH: Senator Beck.

SENATOR BECK: I'm sorry to interrupt you.

SENATOR SMITH: Sure.

SENATOR BECK: I really do appreciate your testimony. I represent 17 towns in Monmouth County. And while Ocean certainly had -- I would say, numerically -- much more devastation, we are still suffering in the same ways. And your story isn't unique. I think there are sort of three broad categories. One, the National Flood Insurance Program is low-balling everybody. And Selective, in particular, has been horrendous.

MS. GWIN: Absolutely horrendous.

SENATOR BECK: Horrendous to deal with, horrendous in terms of going into places like Union Beach where there is no home left at all -- and the assessed value of their home was maybe \$80,000 -- and saying, "Well, you had depreciation, and it's worth \$20,000 -- and there is no

home left.” I’m like, “That’s not depreciation. Your home doesn’t exist anymore.”

MS. GWIN: Can I just go back to one thing on Selective?

SENATOR BECK: Yes.

MS. GWIN: Our public adjuster was working with the adjuster from Selective. The adjuster has now disappeared. There is no forwarding phone number, there is nothing. I mean, this guy was from Texas. He’s gone.

SENATOR BECK: He was overwhelmed.

MS. GWIN: He’s gone. So there’s no-- I know they have to go back to the company. There is nothing from them.

SENATOR BECK: So I think in terms of us being elected officials here in New Jersey and having a couple of things to focus on, I think the National Flood Insurance Program -- and Selective in particular -- I think we should be pushing them to do the right thing. I don’t want to go through all the cases I’ve worked on personally where they have been the culprit.

The second thing is: The banks initially, through the Department of Banking and Insurance, had originally said that they would sort of hold people harmless who were affected by the storm. And I think it’s up to all of us here to follow up on that. Because I also am getting lots of calls from people who are dealing with banking institutions that are now kind of going back on that.

MS. GWIN: Absolutely.

SENATOR BECK: And that’s horrendous. I mean, people thought they were going to be protected, and their credit was going to be

protected. And they, like you, are good actors and have always paid on time.

And the last thing is for the grant program. We should be able to get answers. And so if you wouldn't mind giving Brian your contact information, I'll make a couple of calls. I would encourage anyone who isn't getting answers on RREM-- Most people are getting that resettlement grant. I mean, I'm pretty sure a couple thousand of those checks have gone out.

MS. GWIN: That was a pretty easy one.

SENATOR BECK: It's the other -- the up to 150-- That one is a little more difficult because HUD is being incredibly cautious because billions, and billions, and billions were sent out in New Orleans that were used to buy flat screen TVs and cars, and not repair people's homes.

MS. GWIN: Hence my point. We're being punished for that.

SENATOR BECK: Exactly, 100 percent.

MS. GWIN: It's not fair.

SENATOR BECK: We're being over the top. But we can certainly -- I can certainly take down your information and make some calls -- as can other members of this Committee -- for anyone who has problems with those programs and try to track down where you stand.

MS. GWIN: Thank you.

SENATOR BECK: I'm sorry. It's a really difficult moment for you and your family, I know. And I appreciate you coming down here to talk about it. It certainly helps us focus.

MS. GWIN: Thank you.

SENATOR SMITH: Thank you.

Our next witnesses are two individuals together: Simone Dannecker, who you may remember was at the August hearing, from Union Beach. And she will bring with her Gigi Dorr, D-O-R-R, also from Union Beach, who owns a restaurant there called Jakeabob's that was destroyed.

Come forward and tell us--

SIMONE DANNECKER: Hi. How are you?

I was at the August 15 hearing.

My name is Simone Dannecker. I had enlightened you on my story with the modification of my mortgage.

Kevil had requested that I come today to update you.

I am in a probationary period. I did get results. I did get an answer from the mortgage -- a modification. At this point, I'm told that foreclosure proceedings have stopped. They modified the mortgage. They're allegedly modifying the principal balance on the mortgage. So as of right now, November 15 I am scheduled to go back to court just to make sure that they're going to follow through with this modification.

SENATOR SMITH: And who is your bank?

MS. DANNECKER: It's actually Deutsche Bank. They're not the holder of the mortgage. Allegedly it goes back to your first, original mortgage when you go through this modification process. I found a lot out.

A concern also is that since my last appearance here, I had-- I guess it made national news. I work at a bank. I have had people calling me at the bank -- looking up the bank's phone number, calling my job. This is really a widespread problem that I really feel needs to be addressed at your level. These banks are going two years to try to modify people's mortgages with this paperwork process -- and then the next thing you know

they're in foreclosure. And I'll tell you, living in the small area that I do, it is very widespread. I mean, it's just unbelievable how people are in the same boat I am -- and just reaching out to me via social network, via calling my job, lining up at the bank to find out what the process is. "How did you do this? How did this happen?"

I don't know what resources are available for people to get themselves into court. But these mortgage companies, just like the insurance companies, have to be held accountable. And nobody is being held accountable for any action in this state. It's really sickening how we pay all this time -- we pay all this money and pay all this insurance -- and I'm still in a battle with my insurance company. If you recall, I told you that we put the house back together. But I'm still in the phase where I need to lift. And the town around me-- It's just devastating. I mean, houses are abandoned, houses are walked away from, houses are gone in this little one-square-mile town of Union Beach. And we are not getting results.

And then we watch the news, and we see Governor Christie in Seaside looking to rebuild after this fire already. I mean, this is crazy. Why is this being allowed? They had the opportunity to rebuild the first time quicker than any homeowner. And now we're at tragedy number two for them, and they're in the position where they're relooking to rebuild again. It's really not fair. I'm living in a town where I got my mortgage modified, I got the principal reduction -- allegedly -- modified. I won't find that out exactly until November.

But where is the fairness? What is the accountability? Where is Mr. Constable, who is the Department of Community Affairs Commissioner -- and this man can't attend a meeting or can't be held

accountable for anything? I mean, if his position becomes available, I'd love to take it for probably half the pay he receives, just because there are so many people out there who need help. It's sad. And the people who are being appointed to these positions are not being held accountable and are not standing up.

I had mentioned to you last time about the little restaurant in our town called Jakeabob's Bay that employs 74 people who are now collecting State unemployment because there is still no restaurant, there is still no future for this place to receive a grant, and get help, and be rebuilt. I know I made mention of her at the last meeting. And today I encouraged her to come because you have Governor Christie's office calling, you have this office calling, but nobody gets results. Because when they hang up the phone, you're just another statistic to them. You're just another phone call. I feel like phone calls get put out to us from these political parties just so they can say, "Hey, I called you back. Why don't you vote for me?" But no results are being driven by all that is taking place. I mean, it's really sad.

Here we are, 30 days away from hurricane season from one year ago, and my house is still not raised. The work is done because my husband, the contractor, did it. Am I at risk of a storm coming in again and washing away what I just did, and fighting all over again with the insurance company and receiving less money than what I'm entitled to or what I've paid out? They paid me out less than what I've paid in a year in a policy. It's just not fair. And I really think the important thing is that you get accountable people and make them accountable for what's happening in these communities. It's very sad.

Take a ride through Union Beach. See how half the houses are missing, and the other houses are abandoned or foreclosed, or just walked away from. Now I think, "Okay. I have my modification that I fought for. But I'm in a very undesirable community. I mean, is it even worth staying there?"

I went to a town meeting after I left the Senate meeting last time to find out what the hazard is to me and my family -- that I'm living in an area that has black mold houses, as I showed in pictures. They sent somebody from the State Health Department out to tell me that, "Unless you're immune system is compromised" -- which both my children are -- have autoimmune diseases -- that I am not at risk for any illness or ailment of the black mold that is two doors down, or three doors down, or overriding the whole entire community. Because nobody can get results. Nobody is getting answers. So they're living outside of these homes. Meanwhile, the homes are just rotting away and full of black mold.

So my concern is: When is somebody going to step up and let me know that this is not a hazard -- that the house I fought to stay in is in a community that is not a hazard to my health, that five years from now I won't be back here with a respirator on asking, "Is this the nonhazard that I was told I didn't need to worry about?"

It's very sad. I really wish that somebody would take a close look. I know there are towns devastated everywhere. But it's devastating. We were one of the hardest-hit towns, and we still have no answer, no money -- and houses are just abandoned and foreclosed on all over these neighborhoods within our town. And the one restaurant that really employed many people in town still can't get back up on their feet because

they're fighting the world -- the State. The grants-- It's very sad. I mean, this state is in shambles, and it's very sad. It's very sad to see that-- I feel like I can talk until I'm blue. No results are being driven. Nothing has changed since August 15 at the last meeting. What changed for me was the fight against my mortgage company, but that was my own personal fight. And now I have people lining up wanting to know, "How did you do it?" But yet we're employing people in this state who can't even attend a meeting to say what's going on within these communities to enlighten you, as a Commissioner -- to say, "Hey, this is what's going on." It's because he doesn't know what's going on, because you can't get through. You can't get results. I really hope that something happens as a result. I'll come to every meeting.

SENATOR SMITH: One of the things we're trying to accomplish with these hearings -- this is the third one -- is to get this information out and hopefully get the State of New Jersey and the other levels of government to act properly. Because the horror stories that we're hearing are just terrible, and they're all over the state.

Let me ask that we give Ms. Dorr an opportunity to speak. And then if anybody has any questions you can ask a question.

Ms. Dorr, would you tell us about who you are and what your situation is?

G I G I D O R R: Sure.

Hello. My name is Gigi Dorr. I'm the owner of Jakeabob's Bay in Union Beach. I have been in business in town since 1989.

I hope and pray that you truly understand the issues that are at hand here.

We had prepared. We did what we were supposed to do when the storm was coming. In that preparation we had insurance. That is just one of the many obstacles that I am dealing with.

I applied with the SBA. I closed on the SBA loan in May. It was in Borough Hall in Union Beach. They told me that in three days I would have \$19,000 in my account that I could use free will. The rest of the money that I was actually awarded was \$130,000. With that is a 4 percent loan. So a loan, you think, "Okay"-- But they tell you exactly how you have to spend your loan -- \$54,000 for inventory, \$20,000 for mechanical. You know what? You need it, so you sign and take it. We took it.

Today is September 30 -- three days later, that \$19,000 never arrived in my account. What came to me was-- The SBA asked if I could get a documentation about flood insurance. I kind of looked at her perplexed. I said, "Flood insurance? I do not have a building. It was completely washed away in the storm. I cannot get flood insurance on a piece of property." She looked at me and was like, "Can you get a letter from your insurance carrier saying those exact words?" I said, "Sure." So I sent that off. That was also sent off in May. Nothing. So that we still wait for.

The grant application-- I have to tell you, I've had eight advisors. I am going to soon have nine, because last week I was told her due date is October 11; she's having a girl. I said, "That's wonderful. Who is going to take over my application?" She didn't know. I was in that grant-- And the grant that I'm in for the \$50,000 is the NJEDA. In June it

was accepted and in process. Five weeks later we get a laundry list of more open items.

Last week I sat with my accountant. I locked him in the office and said, "Let's do this. Let's figure it out. Let's get it out." So we had Jody on the phone, who was the eighth advisor. We went step by step. There were 11 more open items. We did them. We sent them out. So here we wait.

My issue with the grant program is-- I understand that Seaside -- it is a tragedy, no doubt. I understand that there is more money than there are applications for the NJEDA grant. But the thing is this: With Seaside -- get in line. They've had it. I know they need it, and I'm not saying they can't get it. If there is any left over-- It's like a deli case. Get in line. Take a number. Everybody who was affected by Sandy in the beginning gets the grant. If there is left over, by all means, let's share and let's get this going. But don't let them jump. I've been waiting for four months for some kind of answers, for some kind of relief. I'm not getting it. To think that they will be rebuilt-- Kudos to them. But the rest of us are like, "What about us?"

Flood insurance: I had the max on a commercial property, which was \$500,000. That I have. That's in the bank. My building insurance is over \$1.2 million; \$850,000 for my building that is gone, \$300,000 for my business interruption, which is interrupted; and another \$100,000 for relocation. This is from Lloyds of London. They offered me \$9,647.14. I cannot do anything with \$9,647.14. The plans to rebuild my business are \$2 million. I cannot do it with \$500,000. Actually, it's

\$450,000 because the public adjuster took his cut. I've paid my insurance. My insurance policies last year were \$44,000. I paid them.

I hear in this room the same thing I've heard since last year. It is frustrating. We got our butts kicked. We are out. We don't have the resources. We are out of resources. I have been-- I keep saying that I have been very creative with my financing. It's a year later. I don't know how much more creativity I have. I have a house, I have a child in college. I've lost my business. And all I want to do is go back. And the things that you think you did to prepare to protect you -- they are not there. They are not here to help us. What they are here to do is make you jump through hoops -- front, back, and back again. And they'll tell you to spit out quarters. And when you spit out the quarters, you better make sure you have half-dollars, because the quarters aren't enough. I have mounds of paperwork. My accountant said to me -- we'll go back to the grant -- he said, "I don't understand. I do multi-million dollar loans. The process isn't this hard. Why is this, this hard?" So when we logged onto the computer last week, he was like, "What is this?" It was a whole new screen. So they keep changing the process.

And, yes, we are reaping the sins of Katrina, no doubt. I get that too. But they had eight years to figure this out. And I'm not saying just New Jersey -- on a Federal level. If you know this is going on, and this is going to happen, prepare. Have that black box. This is what is going to happen. You need to have *A, B, C, D*. Get all your ducks in a row. Have a plan; work your plan. It's not done. And the people who are sitting here waiting-- It's everybody in this room, everybody back home, everybody on the shore. I don't know how to do it. We don't know how to do it. The

people who are supposed to help us don't know how to do it. It's mind-boggling to think that we live in this great nation, and -- it's difficult.

One of the things is they have -- that the wind fights the flood. So the wind came in, the flood came in. And each policy does this. (indicating) And the person sitting in the middle -- that would be me in this case -- you're sitting there looking, like, "What happened?" This was a surge. A *surge* is wind-driven water, period. That tide did not go out for four cycles. So now the wind policy tells me, "It's not wind." It is wind. But do you know what the insurance companies did? They changed the definition of a surge. Really? So now they're Webster's. How do you do this to people--

MS. DANNECKER: And get away with it.

MS. DORR: --and get away with it?

And I kept hearing-- You know, I've said from the very beginning, accountability. It is the insurance companies, without a doubt in my mind. The lobbyists are truly the ones in power. Because you don't hear it on a local level, you don't hear it on a State level, you don't hear it on the Federal level. You don't hear anybody saying, "Lloyds of London, what are you guys doing over there? Why are you letting these people suffer?" All the other insurances -- you don't hear it. I'm not going to go political. I'm not going to say it's one or the other. It didn't happen in Katrina either. Nobody made them accountable. Nobody is making the insurance companies accountable here. There is too much power up on the top. And the little guys -- us -- who've made those multi-billionaires, sitting around at their conference room tables, collecting their money-- We're the ones who are paying the premiums. They're still rich. We have nothing. I

have no business. I had 74 employees last year -- 74. It's sad that this is the situation that we're in.

And if any one of you can help us, let's go. Let's get this done. Let's have a plan. Let's work the plan. Let's figure it out, because we have a state that's in trouble. We have many people who can't get home. We have school systems that are down. We're in trouble. We're broke, and broke in all senses -- broke in money and broke in broken. I'm broken. I'm not fixed, and I don't know how to fix it. Nobody in here knows how to fix it.

SENATOR SMITH: I understand that there is a mediator for citizens with insurance -- that the State has such a mediator. Have you tried involving that--

MS. DORR: I had a public adjuster, and now I've hired an attorney. I haven't spoken to a mediator.

SENATOR SMITH: It might be another alternative in trying to get the insurance company to do the right thing -- might be.

MS. DORR: I've talked to the Banking and Insurance-- I talked to him actually last week. He said, "Can you send me a letter authorizing that I can speak to them?" I said, "You can speak to them all you want. Let's go." We're a year out.

MS. DANNECKER: But what's the caseload on these mediators also? They offer assistance, but you find that their caseload is so heavy that you are just another phone call. And I'm serious. I mean, in all the fighting I've done -- calling, and putting phone calls out, and arguing, and fighting-- How much of a caseload can one person have before they're at their breaking point at your level?

And that's another thing. It's easy to make that phone call, and it's easy to give me somebody to contact. But when their caseload is so overwhelming-- I mean, if you think of how hard this state was hit -- and then we're going to assign a mediator and an assistant to 600 to 800 people, it's impossible for any mediator to--

SENATOR SMITH: Does anybody in this room know if the State Department of Banking and Insurance is interceding with insurance companies to try and get them to do the right thing?

SENATOR BECK: Yes, they are.

SENATOR SMITH: Senator Beck, what do you--

SENATOR BECK: The problem we have is that the National Flood Insurance Program refused to be part of the mediation process. So you could only get a mediator in DOBI for wind issues for your homeowners, for your business. But for flood insurance -- the flood insurers said, "No way. We're not part of the mediation process." But I still continue to take stuff to Ken Kobylowski. And through FEMA, they push them -- and sometimes we're successful and sometimes we're not.

But I really do feel-- If you remember back to Irene, the state of New York moved forward with giving the state authority over the process and the claims, which we do not have right now.

SENATOR SMITH: Did we request it?

SENATOR BECK: Excuse me?

SENATOR SMITH: Did we request it?

SENATOR BECK: Yes, the bill is in. I have that bill in. But FEMA will go wild. They don't want us involved.

SENATOR SMITH: But you said they did it in New York?

SENATOR BECK: In New York they moved forward with it, and it became a big battle between FEMA and the state of New York, because they said, "It's a Federal program. The state can't intercede." The state of New York said, "Well, in terms of processing claims and ensuring that the process is fair, we believe we can." It was a significant debate. I'm not so sure that their bill was signed into law because FEMA objected. But it certainly got their attention. It's an ongoing issue. The mediators can't help folks, and the Commissioner is trying to the degree he can. But ultimately it's the Feds.

SENATOR SMITH: Well, that being said, that's one thing we can do as a Committee. I think we're going to do legislation and/or concurrent joint resolutions urging our Federal representatives to get the law changed if, in fact, that's the law.

SENATOR BECK: Right.

SENATOR SMITH: We so appreciate you coming back again. And we're probably going to do this another time, probably down in the Toms River area or some other place in the state. The horror stories are horror stories.

We did send a letter on your behalf, and the other lady's behalf who was here, to the Commissioner. I don't know-- You're still saying the State hasn't done--

MS. DANNECKER: I never heard anything from the Commissioner.

SENATOR SMITH: The State.

MS. DANNECKER: Yes. I was contacted by Christie's Office, Buono's Office, people who are looking for votes, is how I feel. Because no

results were driven from anybody who called me. “Well, if you need our help--” “Of course I need your help. I’m trying to fight my insurance company.” And I’m on a deadline to file a proof of loss. I mean, come look at my pictures, come take a walk through my town. And there is more red tape and paperwork to fight the payout. As I told you before, I took a much less payout. My husband was home for hip replacement.

SENATOR SMITH: Senator Beck, is Union Beach in your district?

SENATOR BECK: It’s not, but I will take your information. I’d be happy to try to-- Are you--

MS. DANNECKER: Let me tell you, most of all, I want her to get results and help.

SENATOR BECK: And I will help. I’d be happy to help Jakeabob’s too, seeing as it’s a great place. My husband has Windansea in the Highlands, and we have a lot of friends who still aren’t open yet too.

But let me just be clear, your issues are two. Your flood insurer has lowballed you, number one. And number two, you’re waiting to hear back on the--

MS. DANNECKER: It’s on a temporary--

SENATOR BECK: On the elevation grant or on the RREM grant?

MS. DANNECKER: RREM, the elevation grant. And, again, like I said, we’re 30 days away from storm season.

SENATOR BECK: You know that program was enormously oversubscribed, right?

MS. DANNECKER: Absolutely. I’ve witnessed it.

SENATOR BECK: But Union Beach will get preferential treatment because you're in a velocity flood zone and because of the devastation that happened. But I can certainly make a call and check on it.

I know for the elevation grant -- the hazardous mitigation grant program -- they are going to send out letters supposedly October 1. And the first meetings for that \$30,000 will happen the week of October 15 roughly. And on that \$50,000 grant program, it is a nightmare. But I will get involved and make sure Michelle Brown gives that some personal attention, because you shouldn't--

And the SBA -- we're dealing with this with the Asbury Park VFW. They require that you have flood insurance to give you the money. Unless you're going to elevate your building, they won't give you the loan, period. Because in their minds, "Why would I give you money to rebuild something that could be destroyed again?" But not everybody has the option to elevate. So we're in the same situation with a number of businesses where the money has been approved, but they can't get flood insurance, and they don't have the financial wherewithal to elevate.

But I'm happy to work with you on that.

MS. DANNECKER: Well, if there is nothing there--

MS. DORR: Thanks.

SENATOR BECK: Yes, I'm happy to. And I'm not looking for your vote. (laughter)

MS. DANNECKER: I know you're not.

ASSEMBLYWOMAN SPENCER: Certainly, ladies, Senator Beck has offered her assistance. And it's great that we have legislators like Senator Beck who are willing to extend themselves, as all legislators should,

to ensure that the citizens here in this state receive the treatment and care that they deserve. You guys elected us, and we are responsible to you. We have that obligation.

But the fact is: It has been since May that this company was hired by the State of New Jersey to oversee the disbursement of the RREM grant. It is now October. And for them to have taken roughly 13,000 applications and 34 were deemed eligible, but no grants have been approved, is ridiculous. It's a shame, and it's criminal. Because here we are coming into another season -- we are in the middle of a hurricane season, and winter is coming. There are families that are still trying to make a way in this state. Some of them are still trying to live in homes that are unsafe, that are not insulated, and they should not be there. We cannot allow this to continue.

In the City of Newark, there are about 30 families -- and a story was featured on NJ12 on Friday about these families and the situation in which they are living. These are people who are in the same shape you are. One of you expressed that-- Yes, we are sorry about what happened with the businesses on Seaside Heights. Yes, we are sad about that. But the fact is, they are -- and should be -- secondary to the families that have been suffering for 332 days. We are coming up on a year since this storm. And based on the testimony that we have received through these hearings, no family that was affected has been able to rebuild and reestablish a life that they had 333 days ago, and we cannot let that continue.

So rest assured, as Senator Smith said, we will write the letters, and we will hold accountable those individuals who have a responsibility and obligation to not just us, but to you as well.

MS. DANNECKER: Thank you.

SENATOR BECK: Chairwoman, if I could just -- before they--

So the issue of Seaside Heights-- You understand that they're not -- they actually aren't getting special treatment. They will go through the same process as Jakeabob's. They do not go to the front of the line.

ASSEMBLYWOMAN SPENCER: Senator--

SENATOR BECK: They still have to put in an application for the \$50,000 grant and go through months, and months, and months, and months of providing paperwork. This was not a-- Those companies could have accessed the \$50,000 grants without the fire. So that's--

ASSEMBLYWOMAN SPENCER: Senator, I--

SENATOR BECK: They don't go to the front of the line. Whoever has applied already is in the front, and they go to the back. And they have to do everything you're doing. And it's a really -- it's a difficult process. It takes absolutely forever. I mean, we've been working with the folks in the Highlands for months now. And a lot of people lost their records. They don't have them.

ASSEMBLYWOMAN SPENCER: Senator, I do recognize that. But the fact is -- and we all have to admit to this -- the squeaky wheel gets the oil. That's a fact. The squeaky wheel gets the oil. And we have heard a lot of discussion about the Seaside fire. We have. We have not heard -- news stations have not covered the stories extensively about what happened in the City of Newark. People do not know that there was four feet -- that cars were under water, that people found their cars with dirt and fish in them. You don't hear that. And the fact is: These are all residents in the State of New Jersey. And the fact is: Everybody demands the

attention that they deserve, and every story should be heard. It's not that anyone is going to receive special treatment -- but everyone should receive special treatment when it comes down to acknowledging the fact that a loss was suffered, that lives have been impacted, and something needs to be done.

SENATOR SMITH: The biggest-- You know, everybody is going to see this from their own point of view. But the thing that's the killer is, since May, we had a company trying to disburse \$600 million, and the *Wall Street Journal* says that as of -- this was reported September 22 -- they had 12,254 applications; 3,497 were deemed eligible; and as of yet -- as of September 22, nobody has gotten a grant.

ASSEMBLYWOMAN SPENCER: And I would like to know, have they been paid for the work they've done? Have they received a check for their work? They should not receive a dime until those grants have been dispersed and people are receiving the moneys they have applied for. Let's ask that question: Has Hammerman and Gainer received any payment for the "services" they have been providing?

SENATOR BECK: Grace, I couldn't agree with you more. And this really is an issue with HUD, because we -- the State of New Jersey simply administers the HUD dollars.

SENATOR SMITH: We hired them.

ASSEMBLYWOMAN SPENCER: We hired them.

SENATOR BECK: We hired them, but HUD -- for every application that comes in -- has to make sure they comply with their requirements -- absolutely involved in each and every decision. And it is onerous. So now you have DCA, a private entity, and HUD triple checking

every application to make sure it's not fraudulent. It's not these folks' problem. Their problem is that they need to get back into their homes. But it really has been very difficult dealing with HUD, particularly with this amount of money -- which is \$5.4 billion. As a Legislature, we need to put some pressure on them. We really do, because they're moving so slowly, and they're requiring so much information that people aren't getting help.

SENATOR SMITH: I would love to hear what the problem is from the Commissioner's point of view. I'm very sorry Commissioner Constable, for the second time, has chosen not to attend; or Mr. Ferzan has chosen, for the second time, not to attend. If they would come and explain why these things are happening, I think maybe we would have some insight into the process and could make it better.

Yes, ma'am.

MS. DANNECKER: If they're saying that the money is there and has not been distributed, why did I receive a letter that I've been approved but wait-listed because funds have run out? That was on this RREM. Why did I get that letter?

SENATOR BECK: Through the Chair, we got \$5.4 billion total. The first \$1.8 billion has been received by the State of New Jersey. We got 12,000 applications for the \$600 million RREM program. Only 3,500 can be funded through that first tranche of money. The second tranche of money has come now in September, and so now the next group of people will receive funding. So the people who were wait-listed were people who will be first in line for this next round of money. So it was really a matter of resources. It's unfortunate that we had to allow the time

to go by. But I think some of it too was figuring out which programs were the most needed and most wanted.

For example, the Business Grant Program -- because of its complexity, and because of its difficulty, and because you have to provide flood -- on, and on, and on -- a lot of people didn't apply for it. A lot of people didn't apply for the SBA loan. A lot of people didn't want to take on more debt.

MS. DANNECKER: A lot of people weren't -- like myself. I mean, my mortgage company put my credit in shambles over this modification, so I applied for the SBA. But I didn't qualify, because my credit wasn't quite--

SENATOR BECK: Well, it's probably the first time in your life that you don't want to qualify for a loan. Because when you don't qualify for the SBA loan, it puts you to the top of the pile for the RREM grant.

MS. DANNECKER: Now, the \$30,000 grant that you're talking about that has come out--

SENATOR BECK: The second one.

MS. DANNECKER: Is this a whole slew of paperwork again? Am I automatically in because I put--

SENATOR BECK: I'll spend some time with you afterward and--

MS. DANNECKER: I mean, if I fill out one application, it should just trickle right down. That would create a lot--

SENATOR BECK: The elevation grant is easy, actually. It's pretty straight forward.

MS. DANNECKER: I did the elevation grant. So now I should just trickle down to every grant and not have to reproduce mounds of paperwork all over again. It would be the smart--

SENATOR SMITH: You would think the process would be more organized than it is. But as of September 22, not a dollar of the \$600 million was awarded. It speaks for itself.

MS. DANNECKER: Well, if you need an organization committee--

SENATOR SMITH: We appreciate you coming down.

MS. DANNECKER: Thank you.

SENATOR SMITH: And we're probably going to do this at least one more time.

Senator Whelan.

SENATOR WHELAN: Thank you, Mr. Chair, Madam Chair.

I think the biggest frustration is that these folks -- you two ladies -- but all of us-- And I was out of my house until March. Nobody knows what the rules are. You apply, but we don't know what the standards of eligibility are. They say, "Well, it's going to be based on income. And the people with lower income are going to--" I get that. I want people with lower incomes to have a better opportunity than those who can afford--

Where are we drawing that line? Nobody seems to know. When are we drawing that line? And then, when you actually get to the repairs, those of us who are faced with probably having to raise their house, as I am-- I don't know how high up I'm supposed to go.

Do you know how high up you're supposed to go?

MS. DANNECKER: I actually need to hire--

SENATOR BECK: No, you have to get an elevation certificate.

MS. DANNECKER: --which I don't have a dime. I need to hire an appraiser, I need to hire all these people to come out and assess where I'm at and where I need to be.

SENATOR WHELAN: So it's the uncertainty. I mean, if we could say to people, "This is going to be the process, and these are the dates at which you will know, and this is what--" Nobody knows anything. It's like we're just throwing stuff up in the air. And people are applying for this, that, and the other, and we don't know what the rules are. It is absolutely extremely frustrating. And I appreciate what Senator Beck is doing. It's great that we're going to, perhaps, have you meet with these two individuals. But there are literally thousands -- tens of thousands of people in the state. As good as we may all be in constituent services, we can't solve this problem one constituent at a time. I mean, my office does -- I'm sure others who represent shore communities, as Senator Beck does -- we're doing what we can. But there are literally, again, thousands -- tens of thousands of people who are banging their heads against the wall, dealing with uncertainty, and have no idea of--

And, Mr. Chairman, Madam Chairwoman, I share your frustration. It would be nice if we had representatives of the Administration here to say -- even if they can't say what the answer may be -- "These are the dates at which time we'll know what those answers are. And these are the rules by which we'll determine who gets how much, if they get anything at all." And the uncertainty of that is the biggest

frustration that I have and my constituents have. And I hear it from around the state.

Thank you.

ASSEMBLYWOMAN SPENCER: Senator Greenstein.

SENATOR GREENSTEIN: I just want to echo the frustration of all of us, including yourselves, coming down today and not having the Administration to participate. We all want to solve these problems.

I don't represent shore communities, but we even have problems relating to issues on this storm. And I just don't think we can solve them without having the full cooperation of the Administration. It is good that a couple of the members have had some opportunities to have these conversations, obviously. But it would be great to have a real give-and-take with the Administration here today. And I just want to echo the frustration that I've heard, because we all would like to help you in any way we can.

Thank you.

ASSEMBLYMAN CHIVUKULA: Chairwoman.

ASSEMBLYWOMAN SPENCER: Assemblyman Chivukula.

ASSEMBLYMAN CHIVUKULA: Thank you, Chairwoman.

Today I am hearing from Senator Beck that HUD is the problem. How come we did not hear that before? I mean, it's one opinion.

ASSEMBLYWOMAN SPENCER: I understand, it's a rhetorical question.

ASSEMBLYMAN CHIVUKULA: The interesting thing is that when you look at the process, it's quite (indiscernible), and there are so many rules and regulations dealing with one bureaucratic organization. It's

difficult when you put three of them -- and one of them may be private -- still they have bureaucracy. How do you expect the homeowners to fight through that, especially when they're fighting for their livelihood and trying to put their lives back together? I mean, they're totally displaced from their homes. Is there somebody who-- I mean, we claim that New Jersey is strong and all that. Are we that strong that we can't help our own citizens of New Jersey?

ASSEMBLYWOMAN SPENCER: Thank you, Assemblyman Chivukula. I think what Senator Beck said is true. There are several moving pieces here, and there should be once piece that directs the residents as far as how to get through it all. And that piece seems to be missing.

The comments here today, as we have done in the past, are available, as you know. And letters and information will be forwarded, I'm sure, by each and every one of us in different ways to the Administration as to the issues and concerns that were raised here today.

Thank you ladies.

MS. DANNECKER: Thank you.

MS. DORR: Thank you.

ASSEMBLYWOMAN SPENCER: Next up, Rick Engler, from New Jersey Work Environment Council.

R I C K E N G L E R: Thank you very much for the opportunity to testify.

My name is Rick Engler. I'm the Director of the New Jersey Work Environment Council, which is a collaboration of 70 labor,

environmental, and community organizations working for safe, secure jobs in a healthy, sustainable environment.

We can learn from previous experience about responding to disasters on the issues of health, which is the focus of my brief testimony. We can look to September 11, when thousands of volunteers and workers died due to preventable exposures to toxic chemicals. We can look to the BP oil spill in the Gulf, where there were proactive measures taken and there are people who are healthier, safer, and alive today because of it.

What path will we take today -- or should we have taken -- to address Sandy? And unfortunately, the verdict is out on the role of the State Department of Health to date, and it is one of, frankly, abject failure.

In the days after the storm, it was expected that there would be all kinds of immediate safety and health dangers. There were 15 workers in New York and New Jersey who lost their lives, according to the Federal Occupational Safety and Health Administration, from asphyxiation, from drowning, from falling from trees in tree-cutting accidents, etc. And now, as previous testimony provided an example of, we face an ongoing, long-term problem of mold.

Most people are not affected by mold. But on the other hand, it is not just the people with compromised immune systems. Many people can get allergies, asthma, bronchitis, respiratory infections. And they can also, in the course of mold remediation, encounter other hazards like cancer-causing asbestos. It's a continuing problem. How do we absolutely know? We don't, because the Department of Health refuses to track the continuance of mold exposure in New Jersey.

In January, 48 organizations and health professionals wrote the Governor and asked him to take proactive steps to address the potential immediate and longer-term dangers from health and safety hazards related to the hurricane. And we were encouraged at first because Mr. Ferzan delegated a leadership role to Health Commissioner O'Dowd to take on this issue, which was apparently recognized as a serious one. And we were quite optimistic for the first few months. We had a continuing dialogue with the Commissioner. The State issued mold guidelines for residents. The Commissioner went on TV and talked about mold hazards. There were public service announcements distributed. There were some positive initial steps.

But let me tell you what hasn't been done and what was clearly asked for; not by some kind of sweeping request for an overhaul of our public health system, but some kind of basic protections on a systematic basis. We asked for a serious interagency work group that could bring together the various State and Federal agencies. What we got were mostly phone call reports of agencies gathered on the phone to give reports and then, essentially, to hang up. We were told there would be a serious public-private stakeholder process with the participation of public health professionals and other nonprofit organizations, representing everyone from organized labor, to the environmental community, to organizations representing low-wage workers who are faced with some of the hazards of working on roofs and falling from inadequate scaffolding every day. That never happened.

We were told that there were efforts out there to provide adequate personal protective equipment. Well, there are not. Volunteers

are not covered by OSHA. They essentially have no protection. And handing out and encouraging people to wear masks without adequate medical clearance, orientation, or fit testing can mean that we have people wearing inadequate, disposable paper masks in environments that are contaminated with asbestos or toxic chemicals, or may not even work against mold spores themselves.

We asked something very, very practical. We said, "Can the State purchase industrial strength dehumidifiers so we could have resources for homeowners and others to dry out their homes, because dealing with the ongoing source of moisture is critical?" We got no response. We asked for a tracking system so that people who got occupationally, environmentally triggered diseases specifically from things like mold would be counted. And the State has had a wonderful, long-term -- until recently -- track record of doing occupational and environmental health surveillance. This program has fallen by the wayside due to reduced staffing and funding, and there has been no response on that as well.

We said that it would be useful to issue two emergency rules. And if Sandy wasn't the time to issue emergency rules, I don't know what would have been. One was to protect volunteers. So thousands of volunteers, unprotected by any OSHA or related statute, are going into places where they're working right next to somebody who is covered by workplace standards, and may be exposed to a wide range of hazards without any training. We got no response other than, essentially, that this Administration believes in voluntary compliance and not doing -- not providing for regulatory activity.

We asked for a simple emergency regulation -- second of the two -- saying that contractors should simply post a statement saying they're in compliance with OSHA or public employee OSHA standards -- not a new regulation -- other than to say that we're aware of it. It's quite mild given all the challenges that people face. We got no response.

We said to Commissioner O'Dowd, "How many staff are you going to have allocated to work in the hardest-hit areas to ensure that demolition, remediation, etc., etc., is done safely?" No response to that basic question.

So we are very disappointed in the role of the State Health Department, which has made things more unsafe overall -- not safer -- by casting assurances that everything is okay. We urge this Committee to look at this question further, including the role of the Federal government, by the way, where there were missed opportunities. For example, \$15 million was provided to be given out to municipalities for short-term work, but no requirements for basic training on safety and health dangers that might be encountered when that training was done. So there were missed opportunities there.

But given that the Governor has enormous emergency power under the very statutes that were used to issue executive orders -- and referenced those emergency powers to take all kinds of steps in the rebuilding; and given the billions of dollars that are available, we find the role of the State -- and particularly the role of the Health Department -- to be severely disappointing. The role of the Health Department is to protect people's health. The role of the Health Department and the role of

government is to do that and not to essentially be involved in a situation which says there is no problem.

This is extremely disturbing. We have a choice. We can look to the lessons of the Gulf clean-up and protect people -- whether they are workers, volunteers, or residents -- or we can look to the disaster that happened after 9/11. And while this is very different, of course, in many ways, we can just say -- we throw up our hands, take a guess, and wonder how many people will become ill, injured, or die as a result of the neglect of leadership of this State.

ASSEMBLYWOMAN SPENCER: Mr. Engler, thank you for your testimony. Certainly we've heard complaints and testimony about things lacking in DOBI and the Department of Community Affairs. But with regard to the Health Department, you have certainly provided us with information that has certainly peaked my interest in the role that they're playing -- or not playing -- according to your testimony.

What I'm going to ask you to do is, with regard to the requests that you made of the Health Department in their role and participation in addressing Sandy-related exposures -- if you would please provide this Committee with a list of those things that were requested and the last time you had communication with the Department of Health. Certainly myself and Senator Smith will, together, send correspondence to Commissioner O'Dowd to find out exactly what role the Health Department is playing with regard to this. Because there is an immediate concern which arises from exposure to mold as well as asbestos.

Thank you, once again, for your testimony.

MR. ENGLER: Thank you. We'll get that information to you promptly.

ASSEMBLYWOMAN SPENCER: Thank you.

SENATOR SMITH: Our next witness will be Adam Gordon, from the Fair Share Housing Center.

A D A M M. G O R D O N, E S Q.: Good morning.

Thank you, Chairman Smith, Chairwoman Spencer, and all the members of the Committee, for all your work to make sure these issues are addressed and provide some oversight in addressing the issues we're hearing this morning.

I'm Adam Gordon, with Fair Share Housing Center.

One of my colleagues was at a rally in Toms River on Saturday of people who have had problems getting relief. And there was a banner there saying that RREM stood for ridiculous requirements, erroneous management. And I think that that sums up not just the RREM program, but also a number of the programs we're hearing about today and the challenges that we're hearing.

We started something called *Still Stuck With the Storm*, where people can e-mail us at stillstuckwiththestorm@fairsharehousing.org. And every day we get phone calls, we get e-mails from people who are having problems much like the problems that we've been hearing about throughout the testimony today -- rebuilding. And I want to highlight a few things we're hearing about, particularly from people who have asked us to share their stories but want to remain anonymous partly because they're worried about the fairness of this process and potential retribution.

As Senator Whelan correctly pointed out, there is-- Really, no one knows how people are being selected. And I think there are a lot of people who are very worried that if they speak out, there might be negative consequences. Whether that's true or not, we have no idea. Because as we'll talk about in a little while, we've asked for those guidelines and those standards, and the Administration has refused to give them to us.

I have-- Hopefully everybody has a copy of this packet. It starts with "City of Ocean City." This is from someone who contacted us who lives in Ocean City, who, as this letter from the City of Ocean City shows, had-- As of January 2013, there was a local inspection that found that more than half of the value of their house was destroyed. This is somebody whose house was just devastated by Sandy. And they applied for RREM. And they got the letter on the following page, on July 8, saying that they were ineligible because they didn't have enough damage or for other possible disqualifying factors. So we got a phone call from this person who said, "How is this possible? I sent in this letter that I got back in January -- six months before -- from our local government saying that more than half of the value of our house is destroyed. And we're being told by the State that we are ineligible for this program."

They filed an appeal on July 12. They have still received no answer as to whether they're eligible, what the reasons are for ineligibility. And they can't figure out what's going on.

Someone else contacted us from Keansburg. They have an 800-square-foot bungalow. They got an SBA loan and started trying to rebuild. They can't get an answer on the RREM program, and they're very concerned about whether they should be rebuilding. They worried that

because they're not necessarily using one of these approved contractors, if they eventually do get the grant, the work they've been doing will be deemed ineligible. What they said to us in an e-mail was, "I get the boardwalks bring money, but the people on the shore spend the money too. So what good does it do if nobody is home?"

An unfair and untransparent process hits everyone. But it hit particularly hard the people who have the fewest resources to rebuild. Another person who reached out to us from Ocean City who had three feet of water in their house, and they were sent a letter saying that they were not in the high-priority category for the RREM process. And they can't understand why. They're low-income, they're on free- and reduced-price lunch, they get family care, and they have a daughter with severe learning disabilities. They don't understand what it is that means they're lower on the list than other people. And they're really struggling because the husband in that family is a contractor. He runs his own business. His truck was destroyed in the storm, and he has not been able to get a proper insurance payment for it. So they're struggling. And they actually got a \$10,000 grant -- like some people testified today -- but they're very worried about signing on and taking the money, because they're being told that they'll be considered to have committed fraud if they take that grant and then don't stay in Cape May County for three years. And their problem is, if they don't get the other grant, they're not able to stay in Cape May County. They just can't afford another place. And they feel they'll have to leave the state. And we've heard this story from several people -- that they will get the \$10,000 grant, but they're being told it's fraud, it's perjury if you sign that and then leave. But they just-- For low-income people--

Probably for people who are higher-income, who definitely also need help -- they know that they can stay and find another house. But for a lot of lower-income people, the question about whether they get RREM grants or not is a question that -- whether they stay on the shore or in places like Jersey City and Moonachie, or whether they're pushed out of the county or out of state. So they can't take that \$10,000 grant. And in several cases we've heard that they've actually turned that money back. And that might be part of why those funds that were supposed to go 60 percent to lower-income people, but so far they've only gone 40 percent to lower-income people-- And that seems to be a particularly large problem in heavily Latino communities in North Jersey.

That's all about homeowners. It's an even worse situation for renters. To our knowledge, there is not-- We've heard several times there hasn't been any money going out under RREM. To our knowledge, there have been no grants even awarded under the small rental or landlord and tenant program at all. The only funding that has been awarded so far is for building that won't happen until two years from now. And while that kind of long-term recovery is part of the solution, there are a lot of people who contact us who need help now, whose rents have gone up by 30 percent and there is no program for them.

We've been trying to understand everything that's going on. We filed an OPRA request on July 31. We asked for exactly what Senator Whelan pointed out. That's also the number one problem we hear when people call our office. People don't understand the process. People say, "If it's fair, and if there are people who really are more deserving than me, then I can understand it." But they're very skeptical as to what's going on. So

we asked for the written guidelines, and we asked for information by town on who was applying and who was accepted. We still, two months later, have no answers. And we're in litigation with the State now. And we've been promised, several times, certain dates when we'll get stuff, and we still have absolutely nothing.

And I'd like to address something Senator Beck said. I agree there are problems with the Federal government. I especially agree there are problems with FEMA. And I think that's something that-- FEMA has been awful through this process, and that's something we need to address. But I think we also have to-- There is a lot of this that is on the State. The RREM program's contractor was selected by the State. It is not the State that said-- It is not HUD that's saying, "You can't tell people where they are in the process." It's not HUD that is denying our OPRA requests. It's the State that is not giving people answers, it's the State that is giving people two hours of training whose job it is to help rebuild. Those are all decisions made by the State. And while we have to address the problems with the Federal government, we also have to address problems with the State. And Commissioner Constable said to the *Wall Street Journal* last week that there are problems and they made mistakes. And so I would hope that everybody on this Committee would recognize that the Administration already admits there are mistakes and problems, and that those problems, in addition to the problems with the Federal government, have to be corrected. And it doesn't help anybody if they're not transparent in the process.

Bruce Springsteen, one of my heroes and favorite musicians, famously said, "Nobody wins unless everybody wins." We're only going to

be stronger than the storm when the same effort that is going on to rebuild the boardwalks goes to rebuild thousands of people's lives who can't get answers.

Thank you.

SENATOR SMITH: I have a question for you. The documents that you presented to the Committee -- the first one is a letter dated January 2, 2013, from the construction official for the City of Ocean City. And in it he-- And I assume what you've done is redact the address.

MR. GORDON: Yes. This person has asked that we not share their personal information.

SENATOR SMITH: All right. But in any case, as I read the letter it says, "You have more than 50 percent of the home damaged -- more than 50 percent of the market value of the building is damaged." And at the end it says, "Please resubmit your permit application." So apparently they applied for a building permit to do the repairs. "Please resubmit your permit application, along with plans and specifications, that incorporate compliance measures. Construction activities that are undertaken without a proper permit are in violation and may result in citations, fines, or other legal action." So, in effect, the City of Ocean City is saying, "No building permit unless you," I assume, "raise it up."

MR. GORDON: That's right.

SENATOR SMITH: And then the second letter -- and, again, you've redacted the name, but I assume it's for the same property.

MR. GORDON: It's the same person.

SENATOR SMITH: This one is a letter from Richard Constable, Commissioner, saying, "This letter is in response to your recent

application to the New Jersey Stronger Rehab Reconstruction Elevation and Mitigation Program.” And it says, “Based on our review, you do not meet the eligibility requirements for assistance because your residence did not sustain damage as a result of Superstorm Sandy with a full verified loss of at least \$8,000, and therefore you’re denied.”

MR. GORDON: Yes, that’s exactly why this person came to us and said, “How can these two things be reconciled? I sent this in, and yet I was told this.” And they, four days later, filed an appeal and still have heard nothing.

And the other thing is that it says that there might be other possible disqualifying factors. And this is, again, the problem Senator Whelan referred to. People aren’t being told. Maybe there is something else in their application, but they won’t tell them what that is.

SENATOR SMITH: Well, that one was clear. The reason they gave them the letter is that -- the Commissioner gave them the letter -- is clearly inaccurate.

MR. GORDON: It clearly can’t be-- It’s inaccurate. And they submitted this letter as part of the application. So it clearly can’t be it unless-- I mean, we hear about people losing the applications. It seems like the whole system is kind of a mess.

SENATOR SMITH: Senator Whelan.

SENATOR WHELAN: Thank you, Mr. Chairman.

I certainly don’t want to monopolize this, but unfortunately this is not isolated. My office has probably dealt with about a dozen of these, including one individual who is a neighbor of mine. He was still out

of his house in August. If you can imagine, from Superstorm Sandy to August -- and he gets a letter saying he hasn't had \$8,000 worth of damage.

When we contacted the State people, they said, "Well, have him appeal." And in fairness -- and I hope this is the case here -- the appeals have gone well in that they do get reversed. But the system is overwhelmed now. We're rejecting people who shouldn't be rejected. So now we just clog up the system with these appeals. Again, without divulging any information, was this individual successful in the appeal do you know?

MR. GORDON: They haven't heard back from the State on their appeal. They submitted the appeal on July 12, and they haven't received an answer.

SENATOR WHELAN: They haven't appealed yet?

MR. GORDON: No, they appealed on July 12, and they've yet to receive an answer from the State.

SENATOR WHELAN: Oh, okay. Well, again, we've had some success with the appeals, which is kind of the good news. But we're aware of a dozen or so in my office. It's happening up and down. And, again, it's just further clogging the bureaucracy as people are trying to get through this. I wish I could tell you, "Gee, this is terrible. I never heard of this," but we've heard it repeatedly.

MR. GORDON: And if I may follow up on that, one of the things we've heard from people who have heard back on the appeals -- and I think this was referenced in the testimony earlier today -- is if you succeed on the appeal, all that ends up happening is that you get put on a wait list. And I do think that the person who said earlier today that they're being put

at the back of the line because of the State's mistake-- I mean, that's very troubling. And I don't know -- probably because the State won't respond to our OPRA request -- how many people are on that wait list, how they are prioritized. Are they likely to get to everybody on the wait list? But it certainly seems like if the State made a mistake, that should not be counted against people on their position on the wait list.

SENATOR SMITH: We appreciate your comments.

Our next witness is Jeff Tittel, New Jersey Sierra Club.

J E F F T I T T E L: Thank you.

I just wanted to go back in time a little bit. When Sandy first hit, there were some of us who said that if you looked at what happened in the Gulf with the delays, the waiving of environmental standards, the failure of government to show transparency, outsourcing many of the programs to consultants without oversight-- Those were the lessons of Katrina. And unfortunately we think we're making the same exact mistakes here.

When you look at what's happening along our coast-- It's great that there are boardwalks. But when people, so many months later, are still out of their homes or living on the second floor and have mold problems, something is really wrong. And I'm really glad that you're having these hearings and that you've been having them.

But I also want to say that it's not enough just to try to call attention to some of these problems, but it's also up to this body to help make some of those changes that we need to make legally. There are laws that need to be passed. Oversight is good, but we also need action.

I also feel concerned -- I think for some it may be a little bit more than that -- a little outraged. We also need to have the government officials who are running these programs at these hearings. And I think that if you cannot get them to come by free will, at some point you may want to look at subpoenas. I really think that there are a lot of questions out there. And I've been to all of the hearings that you've had, and there are many more questions than anyone is getting answers to. And I really think that your oversight law is critical, and you may need to actually exercise it in a much more stronger way.

And then there are a lot of other things you need to do. I'm going to start with one issue, because I think it's an indicator of the serious problem that I see. And for some it may be a small issue, because it's not the same as being out of your home or having your business destroyed. But it is a critical piece. I was part of the HUD advisory task force for Sandy. And in the HUD rules -- the HUD plan that became final on Friday -- it called for the most up-to-date building codes to be used by the states involved. We had pushed for that, and that was a big issue for us because, again, it's not just about rebuilding -- which is important -- but rebuilding better and smarter. By using the most up-to-date building codes, not only are you more protected when it comes to dealing with storms, but you're a lot more energy efficient, which ends up saving the homeowners a lot of money and reducing pollution, which helps us all.

And so we sent a letter after the HUD plan came out to the Administration. And I sent a copy of the response from the Administration to Kevil and to the Committee. All we asked for was for the State to update, based on the HUD report, the most up-to-date codes, which are

2012. New Jersey's codes are, for residential, 2009; and for commercial, 2007. There is about a 15 percent difference in energy efficiency between the residential codes of '09 and today, and about a 20 percent difference between the '07 commercial codes. And, again, we want to make our businesses save money, and it helps lower their energy costs and everything else. And we're not talking about adding the cost to building. Those studies have been done that show that these code changes do not cost anyone anything additional -- very little. And whatever you do, you make it back 16, 20 times over.

And the response that we got from the Administration -- I'll just read the paragraph that I think is the most germane-- "With respect to building code adoption, New Jersey is considered a national leader, as noted in the Task Force's report." That's in the State Task Force's report, not the Federal. So here is a game that they played. "New Jersey adopted the 2009 version of model building codes."

Anyway, the point I'm trying to make is that, one, they cited the wrong report. They cited their report. The Federal report says, "the most up-to-date codes," which are '12. Secondly, they basically blew it off. And the reason I mention this as important is, it's not just the savings to the people of New Jersey who will save money, it's not the fact that we'll be guarding against blackouts by reducing energy demands or reducing pollution. The concern I have is that when the HUD report becomes final -- which it did on Friday -- it goes to all governmental agencies -- FEMA, the Department of Energy, everyone. Right now, the 2014 codes have been written, and they were done in Atlantic City. And they're going to be

adopted probably by the end of this year. And so we're going to become three or four cycles behind.

The point I'm trying to make is that this letter -- this response -- which totally blew off our letter, could jeopardize future funding, because that is now the requirement of all Federal agencies, including FEMA. And yet-- And we're going to do a follow-up letter. And yet they just seem to ignore what is now considered the appropriate standard, which is actually good for New Jersey.

And so that is really one of our major concerns. Because, again, if you can't do something as simple as update your building codes-- And by the way, when I was on the phone call a month ago with Secretary Donovan, New Jersey had said to him -- this is his words, not mine, so it's only secondhand -- that they were in the process of updating their codes when HUD Secretary asked them, "Where are you on your codes?" I got a letter back saying, "We're not going to do it." So I think that, in itself, is a serious concern.

I wanted to throw another, again, minor issue-- But, again, I think it's important. Right now there are a lot of beach replenishment projects going on along the coast. Some of them -- they're rebuilding dunes, and other ones-- And one I want to flag-- The Army Corps of Engineers is not requiring dunes north of Manasquan. Dunes do not solve all of our problems, and manufactured dunes do not work like natural dunes, but the fact is that the Corps is not doing -- is not requiring it, and the State of New Jersey is doing nothing about it. And yet our Governor has yelled about dunes and people holding up leases. But yet here is the Army Corps saying you can go rebuild a beach in Monmouth Beach, or Sea Bright, or

wherever, and you don't have to do dunes -- Belmar or wherever. Or in the case of Spring Lake, you have the dunes on the wrong side of the boardwalk.

But again, another problem that has surfaced with what's happening along the beaches has been-- The State has been dumping dredge spoils from Barnegat Bay and other places on the beaches. And there have been -- when it's been done in Brick and other places along the Barrier Islands around Barnegat Bay, there have been tremendous odors. The stuff that's being scooped up has all kinds of stuff in it -- whether it's chemicals that have been washed into the Bay from households, whether it's biota, and plankton, and dead fish. But there is a real smell. And not only that, the stuff doesn't even fit the standard. When it rains, most of it washes back into the water. And we're getting complaints up and down the coast from that.

The point that those two stories -- the two issues that come to mind to me is that, not only are we making the same mistakes down in Katrina and-- We're doing some things where we know a lot better in the state. We are not retrofitting stormwater basins in Barnegat Bay. We are not doing buyouts of some of the most flood-prone properties along our coast. The stuff we're doing in Middlesex County is fine, but there are other places we need to do it. We are not moving back from the water's edge in the places we can do it to make people more protected. We are not following the most sound science when it comes to sea level rise and climate change. We're ignoring Rutgers' own studies that have been done through the state. We are not going forward with adaptation and mitigation for sea level rise and climate change, even though HUD, in their report, also

requires it -- and other states are doing it. And that, in itself, can jeopardize funding in the state. We are not moving forward in doing better planning along the coast. We are trying to rebuild the same coast in almost the same way, and we're not even doing that properly. We're waiving environmental rules, we're waiving reviews, we're waiving DEP permit requirements, and yet people still can't get back in their homes. So it's not about DEP, and it's not about the environment. It's about a breakdown in so many other areas.

But the concern I have when it comes to the waiving of all these different things -- and I'll use Seaside as an example, because it's been mentioned today. Maybe if you had to get a permit to rebuild, you may have had more oversight. If you had more oversight, maybe somebody would have caught those wires under that boardwalk that arced and caused it to burn. Oversight is important when you rebuild, because you want to make sure people are doing things in the right way.

The Sierra Club is part of a safe coalition. We actually work with insurance companies. Insurance companies are very concerned because they are conservative organizations, meaning they don't risk anything. They want you to pay your premiums, but they don't want to pay out, as you know. Insurance companies are very concerned about waiving environmental reviews, and waiving permitting, and all those things we're doing down the coast, because they don't want to write policies where they may cost them some money. And that's also true with banks. So all the waiving that we're doing in this state is actually slowing down the recovery because those institutions that either finance or insure do not like

things being that vulnerable. They want assurances, and we're not giving it to them.

And I just want to get back to follow up with the Legislature. We've had some wonderful hearings over the last six months, but yet the major bills that we still need -- whether it's, as we're rebuilding along the coast, to do something for stormwater basins, like your stormwater utility bill that is still going nowhere; closing the CAFRA loopholes that still allow us to get around the proper reviews, not going anywhere; any type of bill doing anything better on regional planning, nowhere. And I think that's also part of your charge -- is to do oversight, but also to move the state forward.

And I'm going to leap -- because Assemblyman Chivukula is here. Right now, PSEG is talking about spending \$4 billion to harden their system, and yet they're doing nothing for energy efficiency, and smart grid is part of it. And again, in the HUD standards -- when you read what HUD has put out in its Sandy Rebuild Task Force report, not only do they require energy efficiency, distributed generation as part of it -- and we're not doing that. But also, the piece we're missing is that the utilities are going after the ratepayers for all of this, and they're not looking to go after any Federal money like Con Ed in New York is doing -- costing us more money when there are other moneys available.

We are not being smarter than the storm, unfortunately. That's hubris in the first place. No one is ever smarter than nature. We can try to adapt and move forward. And unfortunately, I think we're not doing it. And there is a lot that needs to be done. And I'm glad that you're having this hearing, but we also need action and accountability out of it.

Thank you.

ASSEMBLYWOMAN SPENCER: Next up, Staci Berger from the Housing and Community Development Network. She is also the Executive Director of the Housing and Community Development Network of New Jersey.

Ms. Berger.

S T A C I B E R G E R: Thank you, Assemblywoman.

Good afternoon.

Thank you, Chairman Smith, Chairwoman Spencer, and members of the Committee for providing me the opportunity to comment again on the progress of our Hurricane Sandy recovery efforts. This is the third hearing in which either myself or a member of our staff has testified, so I will keep my comments brief and try not to repeat what other folks have already said.

I don't know if everyone had a chance to see the front page of today's *Ledger*, but in addition to the stories that many of you have already heard this morning, there was a fairly depressing and sad story about Jackie Terefenko, who lives on Long Beach Island and is also waiting to get RREM funding from the Governor's program.

So there is clearly a long list of folks. And at the first hearing in Atlantic City, Senator Smith had suggested we get Walt Kane on our side. I think that Walt Kane would probably have nothing else to do all day, every day if we just gave him Sandy recovery stories. Because there are just so many people who are hurting and can't get the help with the answers that they need.

I have to reiterate what Jeff Tittel said earlier. I don't understand why the Commissioner or the Governor's personnel just can't come talk to you all. They're all very busy; we understand that. We're all very busy. You all make the time and effort to be here; they need to make the time and effort to be here too. They really ought to hear firsthand from the people who are suffering due to the program they've created.

Senator Beck, I understand what you said about HUD being -- and FEMA being rigorous in their oversight, but they didn't design these programs. They actually gave the states a lot of flexibility about how they design the programs and how they set them up. And so I think it's disingenuous to say that it's the Federal government that is the problem here, because it's not just the Federal government, it's absolutely the way the State--

SENATOR BECK: Did you just call me disingenuous?

MS. BERGER: I'm saying I don't think it's-- I didn't call you disingenuous. I'm saying I think it's not fair to say this is the Federal government being overburdensome in an unreasonable or unrealistic way. I think the State has not provided guidelines to people who you've heard all morning talk about why they don't know why they have or haven't been approved. I think the folks who are responsible for implementing the programs should come and hear those people firsthand and try to answer their questions, and maybe provide some sunshine about why they're not getting the funding they have been told they were going to get. This woman has been waiting for 11 months to rebuild her home. It only took a little over a year to build the Empire State Building. We should be able to get money out the door to these folks, and do it quickly, so that they can

get back on track with their lives; and get our shore industry and urban centers, that need those folks living there and doing business there, back on their feet.

So we really want to see the program succeed. We made a number of recommendations, one of which was that they work with and partner with local organizations that know their communities, that have HUD-certified counselors who can provide case management services. The State opted to not do that. And instead they have, as you heard, folks who have limited training, limited skills in this capacity to deal with really overwhelmed -- and folks who are making very difficult choices.

If you're a renter, you do not have access to any of those counseling services, because you have to be part of the RREM program. So if you're not a homeowner, you can't access anybody to really help you figure out how the paperwork goes, unless you go into a community organization that is not funded in any way or doesn't have any of the resources dedicated to doing this unless they raise money separately on their own.

So there is really a mismatch between what the need is and what the State's programs have provided. And it's disappointing to us because we've tried very hard to work with the folks at DCA to make sure the programs are successful. We want the State to recover. We want those folks back in their homes. But we also know that renters, in particular, have suffered tremendously under this because the resources that are available to them are just not there. So that's--

The main thing that we're concerned about right now is making sure that there's -- in the second tranche, which may be the last. I'm sure

you all know, the CBDG-DR money that was allocated -- that \$6 billion is allocated for disaster recoveries from 2011 through the end of 2013. And unfortunately, we've had two other major disasters this year alone in our country, both-- Colorado -- the floods in Denver, Colorado; and the folks who suffered through the tornados in the Midwest are also eligible for that -- to apply for that tranche of money. So we may not get the full \$6 billion. So folks who are wait-listed may not get that money. So we need to make sure the next plan the State puts out is really very efficient and gets all of that money out the door as quickly as possible in a fair and reasonable way.

SENATOR SMITH: Ms. Berger, a question for you: I think you raised a very important point. If we don't use the money that's been allocated to New Jersey, does that mean that it's lost?

MS. BERGER: I think that's a great question for either the Governor or for the Department of Community Affairs Commissioner. I think that the Federal government can come back and say, "If you haven't spent it, you either need to reallocate it in the second tranche, or we have the ability to take it back." I do know that under the notice, they have to spend that money within two years, which is why, in some cases, some of the programs that community developers were looking at -- they found that particular element to be onerous and decided not to apply. So it is a concern that some of the programs are not getting the money out, and that we have the potential to not be spending those resources as well as or as quickly as we need to.

SENATOR SMITH: The other point you made was that -- I guess earlier in the process you suggested changes to the program that would make it more effective, like the HUD-certified counselors.

MS. BERGER: We recommended, in informal conversations and in formal draft comments, that the Department utilize its existing network which-- The New Jersey Housing Mortgage Finance Agency is closely familiar with the folks who do foreclosure counseling and home-purchasing counseling -- that those agencies be resourced to be able to handle and help Sandy victims. And they have not.

SENATOR SMITH: If you wouldn't mind, send us a copy of that correspondence.

MS. BERGER: Absolutely.

SENATOR SMITH: Thank you.

MS. BERGER: Those are the folks who have training of more than two hours. They know how to take care of people who are stressed out and have difficult decisions to make. And unfortunately, the company that the DCA went with, in terms of implementing the RREM program, doesn't have that capacity or hasn't provided it to its workers. I mean, we've heard some real horror stories about people being shuffled around from case manager to case manager. You heard those this morning. We've heard lots and lots of those.

SENATOR SMITH: I'm sorry to interrupt you.

MS. BERGER: That's okay.

It looked like Senator Beck had a question.

SENATOR SMITH: Was there anything else you--

Senator Beck, you have a question?

SENATOR BECK: Thank you.

There is no doubt that the RREM program has some challenges. I am incredibly aware of them as I deal with them daily. But it

is-- I'm curious how you know that HUD is not the obstacle. Have you had conversations with Chuck Richman and Rich Constable? Because what I hear from them daily is that HUD has slowed this process down to a crawl and that they are triple checking everything because of what happened in New Orleans. Have you had those conversations directly?

MS. BERGER: I have asked to have those conversations directly.

SENATOR BECK: But you have not. So what you suggested was conjecture, not a fact.

MS. BERGER: May I finish?

SENATOR SMITH: Why don't we give her a chance to answer the question?

MS. BERGER: What I do know is that the State agency that hired this company to implement the RREM program hired its own case managers and trained them for maybe two hours to make decisions. HUD does not have direct authority over each and every one of those cases. Otherwise, why would the State have also hired an agency? It would be incredibly duplicative work to have two agencies that would then be looking at each and every file.

If I'm wrong, I'd be happy to say that I'm wrong. But I think Rich Constable -- Commissioner Constable needs to come here and show folks some proof of that. I have not heard anybody who we've dealt with -- any one of the individuals, families, or community organizations that have been working on this for almost a year say that HUD told DCA they could not do something. In fact, HUD, to my knowledge, has been very flexible -- in some cases, more flexible than we would have liked them to be. I think

they're trying to give the Governor and the State the ability to spend the resources that are allocated as they see fit. That's how CDBG -- as you know -- CDBG-DR money works. It's supposed to be extremely flexible.

I'm not saying that there isn't enough blame to go around. I'm just saying that I don't think the HUD agency itself is overlooking each-- It's not looking over this person's application to see whether or not they qualify. And we'd know that if they had released the guidelines. We've asked for the guidelines multiple times. They're not on the website, they're not available publicly. And that's distressing, I think, to a lot of people, because then you would know whether or not you qualify.

One issue that did come up to us was that manufactured homeowners are not eligible -- they've been told they're not eligible -- and you know, because you're at the shore -- that they're not eligible because they do not own the land under their manufactured homes. So they're not eligible to apply to RREM. And then other people have told us they should go ahead and apply anyway. And then a third group of people were told they could apply, but they would be rejected. So you have a whole group of people who are getting three different sets of information.

They're not getting that from HUD, with all due respect, Senator. They're getting that from the person who answers the phone when they call the number at the company that DCA hired.

SENATOR BECK: That's not what I said. I didn't say HUD was answering the phone. What I said was, the guidelines for how this Federal money is being spent is directed and dictated by HUD. And the State has made suggestions as to how they think it is best used. But at the

end of the day, it is HUD that says whether or not we could use it as we would like.

I think I've heard enough. Thank you.

The guidelines are out there. It's primary residence. This RREM program is not for renters. It is for people who make less than \$250,000 a year. Seventy percent is supposed to be directed to people who are low- and moderate-income. So those are the basic criteria.

The programs for renters are, in essence, to rebuild affordable housing with affordable rental units. And the temporary shelter assistance that FEMA has provided up to \$31,900-- So the RREM program was never intended to be directed to renters. We have other programs that are specific to rental units and rebuilding rental housing -- particularly making sure that it is affordable.

Thank you for your testimony.

MS. BERGER: And where do renters go if they need counseling -- I would like to know -- through the Chair.

SENATOR SMITH: By the way, I have not heard enough, and I chair the Committee. I'd like to hear more.

MS. BERGER: Through the Chair, I'd love to know if anybody in the room or on the panel knows where renters go to get assistance, in terms of counseling, to make determinations of their future housing choices. I'm not aware of any. The only counseling that is connected to the action plan programs are through the RREM program which, I understand, is only for homeowners.

We made a number of suggestions about creating other counseling opportunities for folks who need to know that it really doesn't

matter how you paid for your home. If your home was destroyed wherever you live -- and a lot of these renters in these communities have lived there a very long time. They need to be able to assess whether or not they can stay and whether or not they need to go to a different place. And the rental market -- and I don't need to tell anybody here -- the rental market in New Jersey is very, very, very tight. We've heard horror stories of people who went from renting a three-bedroom apartment at \$900 to renting one bedroom in another apartment for even more money than that. So folks are really trying to make ends meet. We're just trying to make sure that everybody gets a fair break.

I had one other answer too.

SENATOR BECK: Through the Chair, the resource that is available for renters is on the FEMA website, which is a list of all the rental units within a certain distance. You can actually enter in the number of miles. It will come up with a list of rental units. And then between FEMA and Donna Blaze, who handles Monmouth County -- handles our affordable housing -- we have been able to build some partnerships to help people. We've helped quite a few people relocate to affordable rentals. It is, again, not a perfect system. And RREM is certainly not perfect in dealing with a lot of folks who do get conflicting information, and so forth.

But there is still, in the background -- which is really a primary obstacle -- the Federal government -- which is-- We are having a lot of problems with the National Flood Insurance Program and, indeed, in dealing with HUD with rolling out some of our grant money.

MS. BERGER: Mr. Chairman, Ms. Chairwoman, if I may just say one other thing-- Donna Blaze is amazing, and she runs a phenomenal

shop. She's on our board. And if I could clone her and put her in all the nine affected counties, I absolutely would. We have lots of members doing exactly what she does in trying to help people to the best of their ability. And she and folks at the Affordable Housing Alliance and other nonprofit community developers are part of why we went to the Commissioner in the very beginning of the action plan process and said, "Please, our members have capacity in some other parts that are not affected by Sandy. There are community organizations that want to help. They are not displaced from their office, and they have staff, and resources, and expertise." And in the way that the plan was developed, the Federal government put out a notice, and the State responded to it and said, "These are the kinds of programs that we're going to implement." And the Federal government said, "Okay, you can implement these." I'm sure that HUD is monitoring that. But this was how the State and our government decided to move forward with our recovery process. So if there are problems, we need everybody -- and there clearly are problems -- we need everybody at the table to figure out how to solve them.

All I was trying to suggest is that it's not enough for-- I mean, I'm not sure, but I think if you asked somebody from HUD to come, they would probably make it their business to be here. This is the third hearing we've been at, and the third hearing that many of you have been at. I just think it would be nice if somebody from the Department of Community Affairs or the Governor's Office could be here to hear some of the discussion, maybe enlighten us. If I'm wrong, I'm certainly not above saying I'm wrong. But I do think that part of this is the way the action plan was designed and the way that the RREM program has been executed. And

it's really unfortunate, because we have lots and lots of people suffering. And if we all work together, we can do much better than we're doing right now.

SENATOR SMITH: Would you give us the name and contact information for the HUD official you think would have the most information?

MS. BERGER: Sure, absolutely.

SENATOR SMITH: Great. Thank you very much.

MS. BERGER: I think the rebuilding task force that had been in place here, which reviewed -- under the President's Executive Order -- under 180 days -- I think they're probably just about winding up their work. So I'm not sure who the best person to send would be, but I could send you a couple of names and numbers.

SENATOR SMITH: Thank you very much.

Bill Wolfe, New Jersey PEER.

B I L L W O L F E: Good afternoon.

Thanks for the opportunity to testify.

My name is Bill Wolfe. I'm the Director of New Jersey PEER. That's Public Employees for Environmental Responsibility. I don't want to repeat what I've said in the past about -- and my criticism of what I think the State should have done prior to Sandy and what they should be doing going forward in a planning perspective. But I do want to highlight one specific egregious example of something that should rise to your attention and should trigger not just oversight, but legislative remedies.

The story of the New Jersey Transit rail storage fiasco is well-understood at this point. And the contrast with New York -- that wouldn't

have happened had we done what New York had done, because New York used the model to estimate storm surge and delineate a map; and had an adaptation planning process that was very rigorous, and robust, and transparent, and open -- that people could go to public hearings on, and work with the material, and understand the nature of the risk. So that's just one example. I think that was a \$120 million mistake.

I'm sorry to see Senator Beck leave, because Monmouth County is another serious illustration of the lack of planning and forethought, because the infrastructure there was damaged by Irene and ultimately failed. And almost an entire county was out of water supply for several weeks. So that's the nature of the risks that are out there. And this isn't esoteric--

The state of North Carolina -- the legislature passed this law prohibiting the consideration of climate change, consideration to the coastal planning, and they become a national laughing stock. John Stewart does a segment on the "Daily Show" ridiculing them, and they're perceived nationally as somehow antediluvian in their thinking processes. Yet in New Jersey, we do the same thing. But we don't legislate it, we just ignore it in the Executive Branch. And the Legislature, by not openly asserting that you must do this with expenditures of billions of dollars and the future of the state that is at risk-- You have to do certain things. By you not stepping up to the plate and legislatively mandating that, you let the Executive advocate the way they have.

So my most recent example on the infrastructure front--

And, Senator, Mr. Chairman, you know that there are infrastructure planning processes -- whether it's wastewater, whether it's

water supply, whether it's transportation, energy -- all the infrastructure programs have planning components, and they all are established by statute. And when I try to peer behind the curtain of what's going on in the front office, I can't find enabling authority, I can't find legislative standards, I can't find public processes, I can't find plans.

For example, the Hazard Mitigation Plan-- My understanding is that's been really established by a Florio Executive Order. That cries out for legislative response. The Hazard Mitigation Plan becomes the vehicle to secure Federal funds and to address problems going forward.

The confusion here that we're hearing, the chaos on the tranches of HUD money -- and who is in charge, HUD or the State -- that all should be clarified in a planning process under the HUD guidelines. And those guidelines are totally inadequate. So the State of New Jersey should establish requirements for applying to HUD, one of which should be just minimal public participation -- because we get a 7-day written comment period after that plan is put out for a cursory public review. It's a joke. Just something simple like that--

So my final point is, two weeks ago, I went to the water supply advisory council meeting down in the Pinelands. It's an open joke amongst the advisory council about the status of the State's water supply plan. And this plan -- our water supply -- and it talks about some of the infrastructure problems that we have and the vulnerabilities that we have. At the prior meeting, where they had to approve the minutes -- on August 18 -- Rutgers briefed and issued recommendations about the nature of the risks from climate change to New Jersey's water supply systems -- both infrastructure and the water resource itself -- and steps that should be taken to alleviate

those risks and manage those risks. And I asked at the meeting whether those recommendations were going to be incorporated in the upcoming, long-delayed version of the water supply master plan, and was told no. That work is going to remain up at Rutgers. So it's going to remain in the academic setting without any implementation whatsoever, despite the fact that there is an ongoing planning process that can easily incorporate that information. That, to me, is totally unacceptable. And I can't believe it would be acceptable to you once you're made aware of that. I have the minutes. I will share with you those documents. You've raised concerns about the status of the water supply master plan. When Mark Mauriello -- former commissioner -- was down in Atlantic City he noted that as an egregious failure. He called it an "embarrassment," to use his word, not mine. I'm typically harsher than that. But the point is, it's something that needs to be done, and it shouldn't be that difficult. And it's an across-the-board issue.

And, again, the umbrella that can bring all these pieces together is what other states are doing throughout the country in terms of structuring. If we can't get a coastal commission, then we can have a climate change adaptation planning process where all these infrastructure vulnerabilities and other vulnerabilities are brought into an intelligent framework. That's what needs to get done, and that could be done legislatively in a comprehensive way or it could be done piecemeal through amendment of all those infrastructure planning statutes that are out there. And that would be what I would urge you to do going forward.

And I also submit for the record a general accounting office study that looked at the Federal role in Federal infrastructure. They looked

at the state revolving funds, wastewater, and roads. And the Federal role in infrastructure planning, and how they fund and go through plan review processes with the states-- And it had very similar kinds of findings and recommendations that could easily just be adapted at the State level.

SENATOR SMITH: Thank you.

ASSEMBLYWOMAN SPENCER: Thank you.

Last up: Dave Pringle, New Jersey Environmental Federation.

DAVID PRINGLE: Thank you, Madam and Sir Chairman.

I will be brief. It's been long. And I think this is the third joint hearing, and you've each had an additional hearing or two besides that.

I think you hear from all this testimony that it's clear we need to be doing more, better, faster in terms of helping folks recover. And at the same time, we need to be doing a better job to prepare for the next storm, which will be worse, eventually.

Despite all these hearings, we, frankly, have very little to show for it. The Administration continues to be MIA. And frankly, the only significant legislative action since these hearings began was a bill that was so bad the Governor vetoed it to permit residential development on high-hazard piers.

So I will be even briefer than I was at the August hearing in praising you for having these hearings. But we need action now, not just hearings. There is a whole laundry list of things; I just want to highlight a couple: the CAFRA rules; Assemblyman Barnes has a bill in for a coastal commission. We need that kind of regional planning -- whether that's the vehicle -- or the details obviously need to get worked out. But we need better solutions that are being put forward. And we need much better

accountability with the Administration. Jeff mentioned the billions of dollars being spent by PSEG -- nothing to really improve us in terms of smart grid and energy efficiency. Yes, we need our power plants to be stronger, but if we use less power, we don't need as many power plants to be stronger. We need to upgrade building codes. And I will e-mail to all of you a column that you may or may not have seen in the *Star-Ledger* a few weeks ago -- actually it was only last week, I believe -- when, after the tragic Seaside fire, an Ocean County prosecutor noted after the investigation that it was caused by Sandy damage -- electrical wiring -- claiming that nothing could be done about it because we couldn't see the wires, because they were underneath the buildings. There is a compelling column that demonstrated that that, in fact, wasn't the case; they could and should have done things. And a rush to rebuild is putting people in harm's way. So we urge you-- Obviously we need to continue the hearing process, but we need action. Please move legislation that's strong and meaningful. Hold the Governor accountable. Put him up to doing the right thing of signing the bills or making him state that he's wrong by vetoing the bills.

Thank you.

ASSEMBLYWOMAN SPENCER: Thank you, Mr. Pringle.

Are there any other persons who would like to testify before the Committee before we close out? (no response)

Seeing none, I just want to say thank you once again for--

Oh, I'm sorry, Assemblyman Chivukula.

ASSEMBLYMAN CHIVUKULA: Thank you, Chairwoman, Chairman.

I attended two of these hearings -- two of the three. I understand people are suffering. And this looks like a political football to me. And seeing how maybe this Committee, under your leadership-- Maybe you can form a subgroup and meet with the Administration. If they don't want to come out publicly and testify before the Committee, maybe you could have some private meetings and resolve some of these issues. I mean, 333 days is a very, very long time. And I don't see any resolution in sight. We can say HUD is wrong or DCA is not doing their job. We can keep on finger-pointing. But at the end of the day, we need to make sure that we serve the people of New Jersey who have been suffering for that last 333 days as a result of Hurricane Sandy. That's my-- I am frustrated because I've attended two of these. I know you must be more frustrated because you have sat through three of these. And whether they are renters or they are homeowners-- There is \$5.7 billion, and there is \$600 million sitting there not dispersed-- Why don't we come up with an action plan? The hearing is great, but I think we need to come up with an action plan to go forward.

Thank you very much.

ASSEMBLYWOMAN SPENCER: Thank you, Assemblyman Chivukula.

Any other comments? (no response)

Once again, thank you for participating. We look forward to continuing the dialogue, and interacting with the Administration in resolving these issues, and doing what we were all elected to do -- which is represent the people of the State of New Jersey.

Thank you.

SENATOR SMITH: Have a good afternoon.

(MEETING CONCLUDED)