



**State of New Jersey**  
**DEPARTMENT OF COMMUNITY AFFAIRS**  
101 SOUTH BROAD STREET  
PO Box 800  
TRENTON, NJ 08625-0800  
(609) 292-6420

**PHILIP D. MURPHY**  
*Governor*

**LT. GOVERNOR SHEILA Y. OLIVER**  
*Commissioner*

June 1, 2018

Frank Haines  
Legislative Budget and Finance Officer  
Office of Legislative Services  
State House Annex  
P.O. Box 068  
Trenton, New Jersey 08625-0068

Dear Mr. Haines:

Following the hearing before the Assembly Budget Committee held on May 16, 2018, by letter dated May 18, 2018 you requested that the Department provide answers to certain specific questions. This letter is submitted in response to that request.

**Chairwoman Pintor Marin**

**Question:** What is the status of the medical school, and how will its operation affect the distribution of Transitional Aid to Nutley Township?

Seton Hall University did not withdraw from the medical school, which remains as a joint venture between the University and Hackensack Meridian Medical Center. The ribbon cutting is scheduled for May 30<sup>th</sup>, with classes beginning for nurses and medical professionals; classes for doctors are scheduled to begin in September.

Seton Hall University withdrew from the Kingsland Urban Renewal Entity (KURE), in which the University had been a 50-50 partner with Hackensack Meridian. The University lacked the financial capacity to split the expenses of construction/redevelopment with Hackensack Meridian; as such, Hackensack Meridian is now 100% owner of the KURE. The distribution of Transitional Aid to Nutley Township will not be impacted by the withdrawal of the University from KURE.



## **Assemblyman McKeon**

**Question:** During the committee's discussion, you agreed that additional efforts could be made to increase the number of housing units that are remediated of lead-based paint hazards. Please provide information concerning how this objective can be accomplished.

DCA is in the process of evaluating the current model for the Lead-Safe Pilot Program. Based on the initial program evaluation, we have decided to revise our outreach strategy. A Request for Proposal (RFP) will be released to find experts to help us focus on more targeted mechanisms and marketing. DCA is also examining other processes of the program that can be improved, such as application collection, eligibility determination, lead evaluations, etc. The targeted housing stock will be expanded up to 4-unit buildings. DCA will continue to employ community-based organizations to remediate lead hazards in eligible properties. By enhancing the current model and expanding the eligibility criteria, DCA expects to increase the number of units remediated of lead-based paint hazards.

**Question:** During the committee's discussion on Sandy recovery funding, it was indicated that the homes of a number of participants in the Reconstruction, Rehabilitation, Elevation, and Mitigation (RREM) Program have yet to be completed. Please provide information concerning how the State can assist these affected homeowners.

There are currently 7,426 eligible homeowners in the RREM Program. Of those, 5,977 have completed construction and returned home. The remaining 1,449 who have not yet completed their rebuilding projects are in various stages; several hundred have already returned home and only have minor "punch list" work to complete. To complete construction for the remaining projects, DCA, along with Treasury, issued an RFP for a new construction management firm to work with applicants in the RREM Program. The contract was awarded to IEM in September 2017 and calls for a collaborative and holistic approach to facilitating project completion. For example, IEM is required to act as a liaison between municipalities and builders to ensure a full understanding of any remaining hurdles. Significantly, DCA further incentivized IEM to complete homes by basing payment around significant milestones in a homeowner's project, such as obtaining the Certificate of Occupancy.

IEM Workflow Plan for each homeowner to outline their path to construction completion. The Workflow Plan highlights projected costs, program payments, and self-reported applicant funds from other sources. It indicates the major milestones an applicant must reach to complete their project through closeout and incorporates the construction payments stipulated to in the applicant's construction contract. The Workflow Plan is designed to be user friendly for applicants. The financial viability section of the Workflow Plan provides the program and applicant with a better understanding of the applicant's ability to fund any unmet need and complete the project. Through this process, DCA will be able to identify which applicants are not making progress in their rebuilding efforts and what the major hurdles may be. This information will help DCA determine what additional steps could be helpful. Homeowner feedback on IEM's performance has been positive to date.

## **Assemblyman Wimberly**

**Question:** During the committee's discussion, you indicated that you would provide additional information concerning the availability of rental assistance. Please identify the rental assistance programs that are available to the residents of this State, and provide information concerning the level of assistance, the eligibility criteria, and the application process for each program. In addition, please provide the location of each Section 8 Housing Choice Voucher program office in the State.

DCA administers the Housing Choice Voucher (HCV) program, which is funded by the US Department of Housing and Urban Development (HUD), as well as the comparable State Rental Assistance Program (SRAP), which is funded by the state. Most of the units for which assistance is paid are "tenant based" and privately owned market rate housing. A small percentage are built and supported by DCA and thus "project based". With respect to the tenant-based units, DCA enters into a contract with the landlord to provide housing assistance payments on behalf of the household.

DCA does not accept applications for its rental assistance programs on a rolling basis. When open application periods are announced, applications are accepted for a fixed period of time using an electronic system that then operates a lottery to determine which applicants will be placed on DCA's waiting lists. Once an applicant is pulled from the waiting list, he or she has an in-person briefing. All adult members of the household must sign an authorization for release of information. The household must meet established income limits for the size of their household based on the Area Median Income (AMI).

HUD's standards for AMIs vary by location and are updated from year to year. For the HCV program, income limits are defined as: Extremely Low Income - 30% of the AMI; Very Low Income - 50% of the AMI; and Low Income - 80% of the AMI. HUD directs agencies to set aside 75% of their funding for HCV participants to house those in the extremely low income bracket.

For DCA's SRAP, seventy-five percent of the participants admitted to the program must be extremely low-income families (30% of the AMI). The remaining applicants do not have an income exceeding 40% of the AMI (by county). Generally, rental subsidy can be provided through an SRAP voucher for a period of five years, or less if a Housing Choice Voucher becomes available. There is no time limit for voucher holders who are elderly or disabled.

Applicants must be US citizens or eligible immigrants and pass a background check. The maximum amount of housing assistance granted is generally the lesser of the payment standard (the maximum amount based on HUD-established fair market rents for the area) minus 30% of the household's monthly adjusted income, or the gross rent for the unit minus 30% of monthly adjusted income. The rental unit must be inspected and approved before a voucher can be used at the property. Once a household has rented a unit, DCA conducts an annual inspection of the premises to ensure that it continues to meet minimum housing quality standards; the family's income and composition are re-examined at the same time to ensure that the voucher size and payment standards are correct. In some cases, DCA partners with other agencies (Department of Children

and Families, Department of Human Services, Veteran's Administration, etc.) to provide additional services or support to voucher holders.

A list of Field Offices is enclosed as Attachment 1.

### **Assemblyman Johnson**

**Question:** During the committee's discussion on rental assistance, you indicated that you would provide additional information concerning tenant-based and project-based housing vouchers. What amount of rental housing assistance is provided through tenant-based and project-based vouchers, respectively? What is the Department's assessment concerning the effectiveness of each form of assistance, respectively, in addressing the issue of affordable housing?

DCA has budget authority for 23,509 Housing Choice Vouchers annually. Of those, 1,977 are project-based (tied to the property), and the remainder are tenant-based (issued directly to the participant). In the State Rental Assistance Program, DCA has 4,044 current active vouchers, of which 1,068 are project-based.

Tenant-based vouchers allow households maximum flexibility and choice in selecting units and neighborhoods in which to live; households can move as the family grows or its needs change, which can help to deconcentrate poverty. Households can generally be leased up quickly in already existing buildings without needing to wait for a project to be financed and completed. However, prospective units must pass inspection and address any deficiencies before leasing can occur; additionally, while it is illegal for landlords to refuse to accept payment with a voucher, some tenants do face this discrimination, which can slow or challenge the leasing process.

Project-based vouchers are tied to a specific unit, so tenants utilizing project-based vouchers don't have the ability to take their vouchers with them if they'd like to move. However, landlords of these properties are already fully aware of the inspection requirements and standards and are ready and willing to accept payment through the voucher; they can also market to and readily accommodate specific populations, such as the elderly or residents with disabilities. Project-based vouchers can assist in creating additional affordable housing stock, especially when targeted to extremely low-income households and for people who might otherwise have difficulty accessing market housing even with a tenant-based voucher (i.e., people with poor credit histories, histories of eviction, or criminal backgrounds). For this reason, DCA has issued the existing project-based vouchers and continues to offer additional opportunities for project-based vouchers when possible. For instance, DCA commits project-based Section 8 Housing Choice Vouchers to projects that are awarded the Department's National Housing Trust Fund financing to ensure these units will be affordable for extremely low-income families.

## **Assemblywoman Munoz**

**Question:** During the committee's discussion on accumulated leave time, you indicated that the department would provide information concerning the issuance of municipal bonds to finance these obligations. How many municipalities have issued debt to pay the costs associated with accumulated leave time, and in what amounts, including interest?

The report enclosed as Attachment 2 displays the special emergency appropriations classified by municipalities as resulting from accumulated absence liability, severance liability, and/or terminal leave payment obligations. This report was generated from the FAST system based on the most recent Annual Financial Statement filed by municipalities and counties.

Special emergency appropriations create debt that a municipality or county may pay down by one-fifth per year over the course of five years pursuant to N.J.S.A. 40A:4-53. Special emergency appropriations may be paid down either directly through a municipality's or county's operating budget, or financed through special emergency notes authorized pursuant to N.J.S.A. 40A:4-55. A special emergency note is a short-term debt obligation (usually one year) that would be issued for the entire amount of the obligation. Before the note is rolled over (reissued) the following year, one-fifth of the amount of the original note is paid down, an additional one-fifth is paid down before the next roll over, and so on until the debt service is paid off after five years. In the prevailing market for municipal short-term debt, based on DLGS observation (not a formal survey) interest rates appear to currently range from approximately 1.5% to 2.5%.

At present, DCA cannot conclusively determine whether notes are issued for the purpose of accumulated absence liability for most municipalities. None of the municipalities on the attached report that have issued special emergency notes have specifically labeled the purpose of the notes as for accumulated absence, severance, or terminal leave liability. As the FAST system is further developed, we will be able to extract the data necessary to more specifically answer the Assemblywoman's question.

In addition to the questions set forth in your May 18<sup>th</sup> letter, the following questions were raised during the budget hearing.

## **Assemblyman McKeon**

**Question:** Provide the status and proposed scheduled for the adoption of SALT regulations by the Department.

DCA's objective is to file regulations by no later than July 3, which is the effective date of the law. DLGS is presently in the process of engaging with numerous stakeholders in the crafting of these regulations, including organizations such as (but not limited to) the League of Municipalities, the NJ Association of Counties, the Government Finance Officers Association (GFOA-NJ), and the Tax Collectors and Treasurers Association (TCTA-NJ).

**Assemblyman Benson**

**Question:** Does the Department intend to create through its SALT regulations a standard ordinance to be used by municipalities? Is the Department aware at this time of the existence of any data setting forth how many property owners have utilized the program, and if so in what amounts and in which locations?

As a part of the regulatory adoption process, DCA will consider whether or not to promulgate a standardized ordinance for use by municipalities. To the best of our knowledge, no municipalities have established charitable funds ahead of the effective date of the law and regulations. We therefore do not have the information regarding how many property owners have utilized the program.

Please do not hesitate to contact me with any additional questions on these matters.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sheila Y. Oliver".

Lt. Governor Sheila Y. Oliver  
Commissioner

Encl.

Attachment 1: DCA Housing Bureau Field Office Directory

**Atlantic/Cape May  
Counties**

1601 Atlantic Avenue,  
Seventh Floor  
Atlantic City, NJ 08401  
609-441-3334  
Office hours: 8:30-4:30

**Bergen County**

100 First Street  
Suite 207  
Hackensack, NJ 07601  
201-996-8990  
Office hours: 8:30-4:30

**Burlington/Camden  
Counties**

101 Haddon Avenue  
First Floor  
Camden, NJ 08103  
856-614-3300  
Office hours: 9-5

**Cumberland/Gloucester/  
Salem Counties**

275 N. Delsea Drive  
Second Floor  
Vineland, NJ 08360  
856-839-3366  
Office hours: 8:30-4:30

**Essex County**

7 Glenwood Avenue  
Suite 202  
East Orange, NJ 07107  
973-266-2822  
Office hours: 9-5

**Hudson County**

438 Summit Avenue  
Third Floor  
Jersey City, NJ 07306  
201-217-7256  
Office hours: 9-5

**Hunterdon/Somerset  
County**

75 Veteran Memorial Drive  
Suite 202  
Somerville, NJ 08876  
908-707-9010  
Office hours: 8:30-4:30

**Mercer County**

171 Jersey Street  
Building 5  
Trenton, NJ 08625  
609-292-8537  
Office hours: 8:30-4:30

**Middlesex County**

45 Kilmer Road  
First Floor  
Edison, NJ 08817  
732-777-6999  
Office hours: 8:30-4:30

**Monmouth County**

3499 Rt. 9 North  
Suite 1K  
Freehold, NJ 07728  
732-780-6772  
Office hours: 8:30-4:30

**Morris/Sussex/  
Warren Counties**

350 US Highway 46  
Suite 105  
Rockaway, NJ 07866  
973-627-3396  
Office hours: 8:30-4:30

**Ocean County**

1510 Hooper Avenue  
First Floor  
Toms River, NJ 08753  
732-255-0818  
Office hours: 8:30-4:30

**Passaic County**

100 Hamilton Plaza  
Suite 600, Sixth Floor  
Paterson, NJ 07505  
973-225-7146  
Office hours: 8:30-4:30

**Union County**

200 West Second Street  
Plainfield, NJ 07060  
908-412-3700 x200/201  
Office hours: 8:30-4:30





Jersey City	Hudson	Severance Liabilities Ord 13-118	11/13/2013		9,500,000.00	1,900,000.00	1,900,000.00
Jersey City	Hudson	Severance Liabilities Ord. 14-132	10/22/2014		7,500,000.00	1,500,000.00	3,000,000.00
Kearny Town	Hudson	Accumulated Sick and Terminal Payout	9/25/2012		1,100,000.00	220,000.00	0.00
Kearny Town	Hudson	Accumulated Sick and Terminal Payout	12/10/2013		600,000.00	120,000.00	120,000.00
Kearny Town	Hudson	Accumulated Sick and Terminal Payout	11/12/2014		458,000.00	91,600.00	183,200.00
Kearny Town	Hudson	Accumulated Sick and Terminal Payout	12/15/2015		1,442,000.00	288,400.00	865,200.00
Linden City	Union	Compensated Leave Compensated			600,000.00	120,000.00	240,000.00
Newark City	Essex	2016 Severance Pay	7/7/2015		6,000,000.00	1,200,000.00	3,600,000.00
Newark City	Essex	2017 Severance Pay	12/21/2017	Yes	10,000,000.00	0.00	10,000,000.00
North Arlington Borough	Bergen	Terminal Leave	1/1/2015		325,000.00	65,000.00	195,000.00
Northvale Borough	Bergen	Accumulated Sick and Terminal Payout	12/30/2013		86,500.00	17,300.00	17,300.00
Northvale Borough	Bergen	Accumulated Sick and Terminal Payout	12/30/2014		112,500.00	22,500.00	45,000.00
Orange City	Essex	Accrued Sick & Vacation			1,000,000.00	200,000.00	800,000.00
Parsippany-Troy Hills Twp	Morris	Accrued Vacation & Sick Leave Payouts	1/18/2013		1,181,500.00	18,406.00	0.00
Parsippany-Troy Hills Twp	Morris	Accrued Vacation & Sick Leave Payouts	11/25/2014		1,865,280.00	746,112.00	0.00
Parsippany-Troy Hills Twp	Morris	Accrued Vacation & Sick Leave Payouts	12/15/2015		1,363,585.00	372,717.00	718,151.00
Parsippany-Troy Hills Twp	Morris	Accrued Vacation & Sick Leave Payouts	12/20/2016		607,956.04	121,591.00	486,365.04
Parsippany-Troy Hills Twp	Morris	Accrued Vacation & Sick Leave Payouts	11/9/2017	Yes	401,943.37		401,943.37
Passaic City	Passaic	Sick/Vacation - Terminal Pay	8/2/2011		700,000.00	140,000.00	0.00
Passaic City	Passaic	Sick/Vacation - Terminal Pay	1/24/2012		800,000.00	160,000.00	0.00
Pennsauken Township	Camden	The Payment of Certain Contractually Required Severance Liabilities	6/5/2013		800,000.00	160,000.00	160,000.00
Pleasantville City	Atlantic	Accumulated Leave Compensation	4/7/2014		908,428.00	181,686.00	363,370.00
Pleasantville City	Atlantic	Accumulated Leave Compensation	4/6/2015		560,000.00	112,000.00	336,000.00
Pleasantville City	Atlantic	Accumulated Leave Compensation	11/27/2017	Yes	600,523.00		600,523.00
Pompton Lakes Borough	Passaic	Severance Liability	11/2/2012		91,000.00	18,200.00	0.00
Rahway City	Union	Terminal Pay	2/1/2013		1,120,000.00	224,000.00	0.00
Red Bank Borough	Monmouth	Severance Liabilities	1/1/2013		362,000.00	72,400.00	72,400.00
South Brunswick	Middlesex	Accumulated Absences	8/23/2011		2,575,000.00	415,000.00	875,000.00
Toms River Township	Ocean	Severance Liabilities-Terminal Leave	11/12/2013		3,000,000.00	600,000.00	600,000.00
Union Township	Union	Payment of Contractually Required Severance Liabilities	8/25/2015		2,000,000.00	400,000.00	1,200,000.00
Union Township	Union	Payment of Contractually Required Severance Liabilities	6/18/2016		1,000,000.00	200,000.00	800,000.00
Westwood Borough	Bergen	Severance Liabilities	12/1/2015		150,000.00	30,000.00	90,000.00
Woodland Park Borough	Passaic	Termination Payments	3/1/2017	Yes	175,000.00		175,000.00
<b>TOTALS</b>				<b>9 New in 2017</b>	<b>82,257,833.80</b>	<b>13,603,581.85</b>	<b>39,654,175.52</b>