April 13, 2012

David J. Rosen
Legislative Budget and Finance Officer
Office of Legislative Services
State House Annex, PO Box 068
Trenton, NJ 08625-0068

Dear Mr. Rosen:

The purpose of this letter is to provide written responses to questions raised by members of the Assembly Budget Committee during the department’s April 2, 2012 budget hearing.

Assemblyman Prieto
Please provide detailed information on the use of a supplemental appropriation of $1.5 million, authorized by PL 2011, c. 144, for administrative costs of the Transitional Aid program and oversight of municipalities under State supervision due to unsound financial conditions. How was the nature and cost of oversight different in FY 2012?

The FY 2012 Governor’s Budget requested that, of the $149 million Transitional Aid to Localities program appropriation, an amount not to exceed 1% be appropriated for the administrative costs of the program. Thus, the most the Department anticipated spending on administrative costs was $1.49 million. We have determined that the FY 2012 program can be properly administered at a funding level less than the appropriation. The present estimate is that $308,000 will lapse at the end of the fiscal year.

During FY 2011, monitoring efforts were similar though in FY 2012 we began having to pay the full-year cost of employees who had been hired during FY 2011 (several full-time and several part-time employees were hired to devote time and attention to monitoring and assisting specific municipalities). We also hired one additional employee in FY 2012 to handle Newark matters full time (someone whose full-year costs will be necessary to pay in FY 2013.) Additionally, we have been more aggressively deploying part-time employees than we did in FY 2011 which results in increased commitments for their services.
Assemblyman Schaer
Please explain why the Division of Local Government Services sent to three bond rating agencies copies of letters from the Division notifying certain municipalities that they will be permitted to receive a portion of their Fiscal 2012 Transitional Aid to Localities award as Consolidated Municipal Property Tax Relief Aid.

The Division of Local Government Services and the Transitional Aid communities have aggressively sought to increase individual municipal credit ratings. To this end, the Division has: (1) reviewed the agency ratings of the communities; (2) encouraged Transitional Aid communities to review their respective ratings and prepare plans designed to increase their ratings; (3) periodically met with ratings agencies to explain positive developments in State monitoring generally and positive developments in specific municipalities; and, (4) on a case-by-case basis, scheduled meetings with individual Transitional Aid communities and rating analysts to present a unified argument for review and upgrade of the ratings. The rating agencies made clear the need for more structurally recurring revenue in these municipalities. The Governor’s proposal to increase recurring aid for certain municipalities achieves this goal. The sharing of information was intended to help the effort to increase the credit ratings of Transitional Aid communities.

Assemblywoman Watson Coleman
Please provide information on those employees of the City of East Orange that receive payments for unused sick and vacation leave. What is the average amount paid to municipal employees for unused sick and vacation leave distinguishing between workers who are and are not closely supervised?

The Department does not routinely collect municipal level data on unused sick and vacation leave. We will, however, reach out to East Orange regarding this information and inform the Committee of what we learn.

What percentage of municipal State Aid to the City of Newark is represented by the $32 million loan provided to the City through the Transitional Aid to Localities program?

Newark receives $90 million of combined Energy Tax Receipts and CMPTRA. Therefore the $32 million loan is approximately one quarter of the municipal State Aid provided to the City.
How many affordable housing units were developed in Fiscal Years 2010, 2011 and 2012? What percentage of these units are reserved for low and moderate income households and persons with special needs? What percentage of these units are age-restricted?

<table>
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<th>Year</th>
<th>Special Needs</th>
<th>Low Income</th>
<th>Moderate Income</th>
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<tr>
<td></td>
<td>#</td>
<td>%</td>
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<tr>
<td>2010</td>
<td>Total</td>
<td>2,043</td>
<td>225</td>
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<tr>
<td>2011</td>
<td>Total</td>
<td>2,725</td>
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<tr>
<td>2012 (as of 3/31/12)</td>
<td>Total</td>
<td>874</td>
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In 2012, an additional 1,400 units have been financed for construction. The dates for completion have not yet been determined.

Regulations enacted pursuant to the Fair Housing Act limit age restricted units to not more than 25% of all newly developed affordable housing units. While the low income housing tax credit program does not set a ceiling on age restricted housing applications, historically, only 20% of the funding has been awarded to senior housing.

Please provide information on the sex, ethnicity and race of division directors within the department.

The Department of Community Affairs has a total of 21 budgeted senior management positions in the Commissioner’s Office and divisions of which three (3) are presently vacant. The chart below provides gender/race information of DCA senior staff.

**Gender/Race of DCA Senior Staff**

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<thead>
<tr>
<th></th>
<th>Black</th>
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<td></td>
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<td>#</td>
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<tr>
<td>Women</td>
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<td>5</td>
<td>28</td>
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<tr>
<td>Men</td>
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Assemblyman Coutinho
What is the commercial vacancy rate for each urban enterprise zone?

Commercial vacancy rates are not collected by any State Agency. Commercially available data is based upon surveys and reported at the regional level. Thus, we are unable to provide the data as requested.

Thank you for the opportunity to reply to the concerns of the committee members. If I can be of further assistance, do not hesitate to contact me.

Sincerely,

[Signature]

Richard E. Constable, III
Acting Commissioner

C: Charlene Holzbaur, Office of Management and Budget
   Mary Messenger, Assembly Democratic Office
   Jerry Traino, Assembly Republican Office
   Scott A. Brodsky, Office of Legislative Services