

## Discussion Points

1. Established in 1974, the Community Disaster Loan (CDL) program provides financial support to local governments that are having difficulty providing government services because of a loss of taxes or other revenues following a disaster.<sup>1</sup> Managed by the Federal Emergency Management Agency (FEMA), the CDL program assists local governments by offering federal loans to compensate for this temporary or permanent loss of revenue. Loans provided to local governments through the CDL program are funded through the Disaster Assistance Direct Loan Program Account (DADLP). Pub.L.113-2, the “Disaster Relief Appropriations Act, 2013” appropriated \$300 million to the DADLP for the cost of direct loans.

FEMA has set interest rates for all CDL program loans at the rate for five-year maturities determined by the Secretary of the Treasury on the date of the promissory note. FEMA may consider requests for extensions of loans based on the financial condition of the local unit. The maximum loan amount is the *lesser* of: 1) 25% of the applicant’s operating budget for the fiscal year of the disaster (or 50% of the operating budget if the revenue loss totals at least 75% of the applicant’s operating budget); OR 2) the cumulative estimated revenue loss for the fiscal year of the disaster and the subsequent three fiscal years, plus any estimated unreimbursed disaster-related expenditures. Counties, municipalities, fire districts, and local authorities may apply for a Community Disaster Loan.

The State is required to endorse all CDL program applications and is required to co-sign the promissory note. In a series of Local Finance Notices (LFN) issued January – March 2013, the Division of Local Government Services (DLGS) advised local units of the existence of the CDL program and encouraged all local governments experiencing or projected to experience revenue loss greater than 5% of annual collections due to the impact of Hurricane Sandy to apply for federal assistance through the CDL program. The DLGS further clarified the program requirements and eligibility criteria in Local Finance Notice No. 2013-10, issued on February 6, 2013. According to the LFN, communities are eligible for federal financial assistance if they can show cumulative actual and projected revenue losses over a four-year period, which includes the year of the disaster (2012) and the three subsequent fiscal years (2013-2015) that are greater than 5% of 2012 budgeted revenue. The DLGS has also advised municipalities to “thoroughly assess Sandy’s projected impact on all revenue sources,” including, but not limited to: property taxes, water and sewer fees, beach badge fees, parking meter fees, municipal court fines and fees, hotel/motel taxes, concession revenues, and boat slip rental fees generated by municipal marinas. Municipalities may also factor into their revenue loss analyses certain non-capital expenditures that are not eligible for reimbursement by other federal disaster relief programs. According to LFN 2013-10, “...more than twenty-five local governments have begun the application process.”

- **Question:** Please identify each local unit that has notified the Division of its intent to apply for a federal Community Disaster Loan and the estimated amount that each will request. How many loan applications have been submitted to the Division for review? How many have been approved and submitted to FEMA? Has the Division decided not to approve any local unit’s loan application, and if so, which applicants and why? Will the budget and

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<sup>1</sup> Section 417 of the “Robert T. Stafford Disaster Relief and Emergency Assistance Act,” (Pub.L.93-288), authorizes the President of the United States “...to make loans to any local government which may suffer a substantial loss of tax and other revenues as a result of a major disaster, and has demonstrated a need for financial assistance in order to perform its governmental functions.”

**Discussion Points (Cont'd)**

**financial practices of those local units that apply for a Community Disaster Loan be subject to more intensive review by the Division?**

As of April 8, the Division of Local Government Services (DLGS) has been notified by 47 units of local government of their intent to apply to the Community Disaster Loan (CDL) Program.

<b>Counties - (1)</b>				
Ocean County				
<b>Municipalities - (38)</b>				
Atlantic City	Berkeley Township	Linden	Moonachie	Seaside Heights
Asbury Park	Brick Township	Little Egg Harbor	Monmouth Beach	Seaside Park
Atlantic Highlands	Brigantine	Little Ferry	Ocean Gate	Stafford Township
Avon-by-the-Sea	Downe Township	Little Silver	Oceanport	Toms River
Bay head	Keansburg	Long Beach Township	Pine Beach	Tuckerton
Beachwood	Kearny	Long Branch	Point Pleasant Beach	Union Beach
Beach Haven	Highlands	Manasquan	Point Pleasant Boro	
Belmar	Lavallette	Mantoloking	Sea Bright	
<b>Fire Districts - (3)</b>				
Toms River FD # 1		Little Egg Harbor FD #2		Manasquan FD
<b>Local Authorities - (5)</b>				
Brick Municipal Utilities Authority			North Hudson Sewerage Authority	
Cape May County Bridge Commission			Toms River Municipal Utility Authority	
Little Egg Harbor Municipal Utilities Authority				

Nine (9) local units have submitted their complete applications to the Division for review, and those applications have been forwarded to FEMA for its review and ultimate approval.

Atlantic Highlands	\$2,108,876
Keansburg	\$3,954,766
Lavallette	\$2,712,475
Little Egg Harbor	\$4,319,506
Mantoloking	\$ 831,074
Oceanport	\$1,154,931
Sea Bright	\$1,297,273
Stafford	\$5,000,000
Toms River Municipal Utility Authority	\$4,679,306

## **Discussion Points (Cont'd)**

The Division expects each completed application to request the full loan amount for which the applicant is determined to be eligible. Pursuant to federal regulations, the total loan amount cannot exceed \$5 million.

The DLGS has not denied any local unit's loan application.

If a local unit applies for a Community Disaster Loan, the Division will conduct a review of the local unit's annual budget consistent with the existing annual review practice.

## Discussion Points (Cont'd)

2. In the aftermath of Hurricane Sandy, New Jersey faced a number of challenges regarding the provision of short- and long-term temporary housing for persons displaced by the storm. According to the Department of Banking and Insurance, an extrapolation of initial insurance claims filed following Hurricane Sandy, more than 22,000 housing units were rendered uninhabitable by storm damage and more than 324,000 housing units sustained a significant level of damage. The Department of Community Affairs served as the lead agency in the preparation of the "Hurricane Sandy Disaster Strategic Housing Plan" (released on November 26, 2012). The purpose of the Plan was to present all reasonable options for providing displaced New Jersey residents with temporary and permanent housing following Hurricane Sandy.

In making its recommendations, the Plan noted that Federal Emergency Management Agency (FEMA) estimated 5,500 households would need assistance finding temporary housing for 1 to 18 months. The Plan also stated that the Departments of Human Services and the Treasury had begun to identify vacant State-owned properties that could have served as dwelling units through the rehabilitation or repurposing of those facilities or house displaced residents. Federal agencies, such as the Departments of Agriculture, Housing and Urban Development (HUD), and Veterans Affairs, and Fannie Mae provided lists of federally-owned properties that were ready for occupancy. HUD also determined that persons displaced by Hurricane Sandy may temporarily rent vacant units in communities for persons aged 55 and over. FEMA also identified the Fort Monmouth military facility has a location that could house up to 400 households displaced by Hurricane Sandy.

The Plan also indicated that, as of November 25, 2012, 140,439 of 231,020 (or 60.7%) of those individuals and households who registered for FEMA Individual Assistance had been referred to the Individuals and Household Program. Over \$234.8 million in housing assistance has been provided to those eligible for that type of financial relief. Of those who received housing assistance, 884 (1.9%) received the maximum grant award of \$31,900. According to a FEMA press release dated March 12, 2013, \$367.3 million (\$318 million, or 86%, for housing assistance) in FEMA grants have been approved for distribution to individuals and households. The FEMA registration period began on October 30, 2012 and ends on April 2, 2013.

- **Question:** Which State-owned facilities served as temporary housing for persons displaced by Hurricane Sandy? What was the total amount of all costs incurred for the rehabilitation or repurposing of those facilities? Are any of those costs eligible for reimbursement through the FEMA Public Assistance Program? How many persons were housed at each facility during its period of peak occupancy? How many persons remain housed at these facilities

Rutgers University, New Lisbon Developmental Center, and Woodbine Developmental Center were used as short-term emergency shelters. The State examined State-owned facilities to serve as longer-term temporary housing for persons displaced by Superstorm Sandy. In the end, no State facilities were used for long term placements.

- **Question:** At which federally-owned facilities was temporary housing provided to persons displaced by Hurricane Sandy? How many persons were housed at each facility during its period of peak occupancy? How many displaced persons were housed at Fort Monmouth? Has the State entered into any agreements with the federal government that allows for the regular

## Discussion Points (Cont'd)

**transmittal of information regarding the availability of federally-owned property that could serve as temporary housing?**

Fort Monmouth is used to temporarily house 114 households displaced by Superstorm Sandy.

The State has not entered into any agreements with the federal government allowing for the regular transmittal of information regarding the availability of federally-owned property that could serve as temporary housing.

- **Question:** Where there any obvious shortcomings in the plan that can be remedied prior to the next emergency? Given the State's experience with the plan's implementation thus far, are any changes or refinements in emergency preparedness procedures intended so that State and federal officials improve their responsiveness to housing needs in future emergencies?

It is common practice to conduct after-emergency debriefing sessions. The State Office of Emergency Management began the process with a meeting of cabinet officials. The analysis is ongoing.

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3. On December 7, 2012, the Governor's Office announced the implementation of the Federal Emergency Management Agency's (FEMA) Sheltering and Temporary Essential Power (STEP) Pilot Program in 5 New Jersey counties (Atlantic, Cape May, Middlesex, Monmouth, and Ocean). The STEP Pilot Program allowed homeowners to apply, through their municipalities, for eligible repair work on their residences that would make their homes safe and habitable as permanent home repairs were sought. Participating municipalities are permitted to seek reimbursement through FEMA Public Assistance programs for eligible STEP work conducted or contracted by the municipality. Eligible costs must be reasonable and are limited to \$10,000 per residential unit to include equipment, materials, labor, and any associated inspection fees. Exceptions are permitted after written determinations by the Governor's Authorized Representative and Federal Coordinating Officer.

There are three categories of eligible repair work under the STEP Pilot Program: 1) Residential Electrical Meter Repair, to accelerate power restoration to residences by repairing storm-damaged electrical meters so a utility company could re-energize a qualified residence; 2) Shelter Essential Measures, to provide electricity, heat, and hot water to disaster-impact residences so occupants could shelter-in-place until more permanent repairs could be made; and 3) Rapid Temporary Exterior Repairs, to protect storm-damaged homes from further damage that presented an immediate threat to life and property, and where appropriate, facilitate sheltering-in-place pending more permanent repairs. According to the press release issued by the Governor's Office, all STEP work must have been completed within 60 days of approval and submission of Right-of-Entry permission. Expansion of the program beyond the initial 5 counties was to be "evaluated in the future as need is identified."

- **Question:** In each of the 5 initial counties, respectively: How many homeowners applied for repair work assistance through the STEP Pilot Program? How many applications were approved? How many homes required Residential Electrical Meter Repairs, Shelter Essential Measures, and Rapid Temporary Exterior Repairs, respectively? What is the total dollar amount, including equipment, materials, labor, and inspection fees, of all STEP Pilot Program work completed in each of the 5 initial counties under each category of eligible repair work, respectively? What was the average cost of repairs, per residential unit, in each of the 5 initial counties, under each category of work, respectively? Was the STEP Pilot Program expanded to include counties, and if so, which ones? For each such county, please provide the same information.
- **Question:** In each of the 5 initial counties, and any county subsequently included: What is the total dollar amount of eligible STEP Pilot Program costs for which municipalities have sought reimbursement through FEMA Public Assistance? Have any municipalities received any reimbursement from FEMA for eligible STEP Pilot Program costs? If so, in what amounts?

The STEP program is a federally-sponsored program established through the FEMA Public Assistance Program. Municipalities apply directly to FEMA in order to make the program available to residents. FEMA reports six (6) municipalities are participating in the program. Approximately 375 households have signed up. Details related to costs and types of repairs are not yet available.

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4. Section 239 of Pub.L. 112-55, the “Consolidated and Further Continuing Appropriations Act, 2012” appropriated \$400 million to Community Development Block Grant Disaster Recovery (CDBG-DR) program in the federal Department of Housing and Community Development (HUD) for “necessary expenses related to disaster relief, long-term recovery, restoration of infrastructure, and housing, and economic revitalization in the most impacted and distressed areas resulting from a major disaster...”. According to information obtained from the HUD website<sup>2</sup>, these funds are allocated to States or units of general local government “based on its estimate of the total unmet needs for infrastructure and the unmet needs for severe damage to businesses and housing that remain to be addressed in the most impacted counties after taking into account December 2011 data on insurance, Federal Emergency Management Agency assistance, and Small Business Administration disaster loans.”

New Jersey received an allocation of \$15,598,506 in CDBG-DR funds for the purpose of assisting the communities most impacted and distressed by Hurricane Irene. The “New Jersey Community Block Grant Disaster Recovery Program Action Plan for State Fiscal Year 2013” identified Passaic County as the eligible entity and recipient of 80% of the CDBG-DR Funds. The remaining 20% was available, through a competitive application process, for recovery efforts in all other counties that received presidential disaster declarations as a result of Hurricane Irene (all other New Jersey counties). A maximum of 5% of the funds may be used for administration and technical assistance. The report indicates that the funds are to be allocated for the following grant activities in Passaic County and Statewide, respectively:

Allocation and Distribution of Hurricane Irene CDBG-DR Funds

Grant Activity	Passaic County (80%)	Competitive Statewide (20%)	Total Funding
Housing Rehabilitation	\$233,271	\$500,000	\$733,271
Home Buyouts & FEMA Match	\$9,304,311	\$1,500,000	\$10,804,311
Infrastructure Improvements	\$2,317,283	\$500,000	\$2,817,283
Economic Revitalization	\$0	\$463,716	\$463,716
<b>Subtotals</b>	<b>\$11,854,865</b>	<b>\$2,963,716</b>	<b>\$14,818,581</b>
State Administration	\$623,940	\$155,985	\$779,925
<b>TOTALS</b>	<b>\$12,478,805</b>	<b>\$3,119,701</b>	<b>\$15,598,506</b>

- **Question:** For Passaic County, and all other counties, respectively: What amount of funds have been disbursed for housing rehabilitation, the Housing Buyout Program, infrastructure improvements, and economic revitalization, respectively? How many units of eligible low and moderate income housing were rehabilitated with

<sup>2</sup> U.S. Department of Housing and Urban Development. (2012). *Allocation of CDBG Disaster Recovery Funds*. Washington, DC: U.S. Department of Housing and Urban Development

## Discussion Points (Cont'd)

these funds? What was the average amount awarded to each eligible household for housing rehabilitation? How many homes have been purchased through the Housing Buyout Program, and at what average cost? Which local government units received funding for the reconstruction and improvement of essential public infrastructure impacted by Hurricane Irene? Which local government units (and through those units, business and nonprofit entities) received economic revitalization assistance? If all funds have not been awarded, what are the remaining amounts to be committed for each grant activity?

The department received an allocation of \$15.6 million to assist Passaic County and other municipalities in dealing with the effects of Hurricane Irene. Municipalities in Passaic County were allocated \$11.9 million. In addition to the CDBG-DR funds, an additional \$6.8 million from the State's Blue Acres program, FEMA, the Small Business Administration and private insurance will be used to assist the municipalities.

The following chart reflects CDBG-DR awards to Passaic County and other municipalities impacted by Hurricane Irene.

	<b>Passaic County</b>	<b>Statewide</b>
Rehabilitation/ Elevation	\$286,465	\$65,000
Buyout	\$9,285,400	\$563,786
Public Infrastructure	\$2,285,000	\$500,000
Economic Revitalization	\$0	\$0
<b>Total</b>	<b>\$11,856,865</b>	<b>\$1,128,786</b>

DCA will not interact directly with property owners. Instead, all funds are being administered by either Passaic County or a municipality under the state-wide allocation. As of April 8, no units have been rehabilitated by the County or municipalities.

It is anticipated that approximately 12 properties will be rehabilitated in Passaic County at an approximate cost of \$23,900 per eligible household. For the Statewide grant, only one (1) application was received for housing rehabilitation in the amount of \$65,000. This application has been funded.

Based on the County plan, it is anticipated that 67 properties will be purchased with an average cost of \$138,855. Since Passaic is ranked the fourth highest region in the country for repetitive loss claims caused by flooding, the County chose housing buy-outs and conversion to open space as a preferred remediation strategy rather than continuously rehabilitating flood prone properties. The Statewide RFP resulted in two (2) applications being received for buyouts averaging \$281,893. These applications have been approved and funded.

The following applicants received funding for the reconstruction and improvement of essential public infrastructure impacted by Hurricane Irene:

- Bloomingdale
- Passaic City
- Cranford Township

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- Rahway City

No applications were received requesting funding for economic revitalization assistance. To date, DCA has awarded nearly 90% of the full CDBG-DR grant. The remaining 10% will be awarded in the next month. All of the remaining funds will be directed to repair of public infrastructure.

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5. Fiscal Year 2013, budget language authorizes financial assistance to municipalities that consolidate pursuant to any law, including section 25 of P.L.2007, c.63, the "Uniform Shared Services and Consolidation Act," or existing laws regarding municipal annexation (see N.J.S.40A:7-1 et seq.). Funding must be used for non-recurring costs that the Director of the Division of Local Government determines are necessary to implement the consolidation or annexation. The Fiscal Year 2014 Budget indicates that \$6.25 million will be provided in Fiscal Year 2013 for Consolidation Implementation. To date, \$6 million has been approved, but as of March 12, 2013, none of these funds have been obligated or expended.

- **Question:** Which municipalities will be the recipients of Consolidation Implementation funds, in what amount and when? What percentage of total non-recurring implementation costs does each funding allocation represent? Please provide the itemization of costs presented to DLGS by each recipient municipality for which reimbursement will be funded.

Camden County and Princeton will be recipients of Consolidation Implementation Funds. Funding requests are presently under review by the Division of Local Government Services.

## Discussion Points (Cont'd)

6a. The Fiscal Year 2014 Budget estimates that New Jersey will receive \$214.4 million from the federal Department of Housing and Urban Development for the Section 8 Housing Choice Voucher Program in Fiscal Year 2013. The Housing Choice Voucher program is the federal government's principal initiative for assisting very-low income families, the elderly, and the disabled to afford safe and sanitary housing in the private market. There are several different types of vouchers (i.e., homeownership vouchers, project-based vouchers, tenant-based vouchers, and witness relocation vouchers). Generally, the Housing Choice Voucher Program is administered locally by New Jersey's 86 public housing authorities (PHA), and these agencies receive funds directly from HUD this program. In those areas of the State where there is no local PHA, the Department of Community Affairs administers the Housing Choice Voucher Program. The Statewide Housing Choice Voucher Program available to residents of all counties and assistance is provided to low and very low-income households and individuals.

Eligibility for a housing voucher is determined by each PHA, based on the total annual gross income and family size, and is limited to U.S. citizens and specified categories of non-citizens who have eligible immigration status. A family selected by the PHA to participate in the Housing Choice Voucher Program is permitted to choose any housing that meets the requirements of the program; their choices are not limited to units located in subsidized housing projects. When a voucher holder finds a unit that it wishes to occupy and reaches an agreement with the landlord over the lease terms, the PHA must inspect the dwelling and determine that the requested rent is reasonable. According to program information obtained from the HUD website, a housing voucher family must pay 30% of its monthly adjusted gross income from rent and utilities. If the rent is greater than the payment standard, the family is required to pay the additional amount. Whenever a family moves into a new unit where the rent exceeds the payment standard, the family may not pay more than 40% of its adjusted monthly income for rent.

New Jersey's allocation of Housing Choice Voucher Program funding will be affected by two rounds of federal spending reductions, or "sequesters" mandated by the "Budget Control Act" (Pub.L.112-240). Under the first round of spending reductions, triggered on March 1, 2013, nondefense discretionary programs (such as the Housing Choice Voucher Program) are subject to a 5% reduction in their annualized Federal Fiscal Year (FFY) 2013 funding levels. The second round of spending cuts, which could occur on March 27, 2013, requires a reduction of 0.26% in the annualized FFY 2013 funding levels for "non-security" programs. If both rounds of spending reductions are fully implemented, New Jersey would lose about 5.26%, or \$10.777 million of its FFY 2013 Housing Choice Voucher Program allotment.

- **Question:** Has the department received any guidance from the federal government regarding the implementation of any reductions in Housing Choice Voucher Program funding? Does the department have any flexibility when determining which types of vouchers will not be funded? By what amount would the State's allocation of Housing Choice Voucher Program funding be reduced if both sequesters are fully implemented? How many vouchers would not be funded if these reductions occur? How many families and individuals, respectively, would not receive vouchers in FFY 2013 and 2014?

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Though the department has not received formal guidance from the federal government regarding the implementation of reductions caused by sequestration, a reduction of 5.26% in the appropriation for Housing Choice Vouchers is expected.

The department presently administers approximately 22,000 Section 8 Housing Choice Vouchers. Calendar Year 2012 spending totaled \$220.4 million. In determining how to allocate the reduction in funding, the department is substantially limited by certain contractual obligations. The Department is required to honor the funding of Veterans Administration Supportive Housing Vouchers (VASH), Project-Based Vouchers (PBV), Special Admission Vouchers, and Non-Elderly Disabled Vouchers (NED). No such limitation exists for Tenant-Based Vouchers. Therefore, any reduction in funding will impact Tenant-Based Vouchers. No present voucher holder will be impacted. Rather, the Department will limit the reissuance of vouchers as turnover occurs. Approximately 125 vouchers turnover each month. In addition, the department anticipates freezing at the current level the monthly rental subsidy. Based on a projected reduction of \$10.77 million and the current average cost of monthly subsidy of \$818.68, approximately 1,100 Tenant-Based vouchers will be lost.

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6b. According to the Fiscal Year 2014 Budget Summary, New Jersey has set aside 1,000 vouchers funded by the federal Section 8 Housing Choice Voucher Program as “Special Admissions Vouchers” to assist low-income households displaced by Hurricane Sandy in moving into permanent housing. According to a “Frequently Asked Questions” document prepared by the DCA Division of Housing and Community Resources, applicants must meet the following eligibility criteria: 1) The applicant must have rented an apartment or owned a home that is no longer habitable due to damaged sustained during Hurricane Sandy; 2) The applicant must have a registered with FEMA and been found eligible for FEMA housing assistance; 3) The gross household income cannot exceed 40% of area median income (waivers of up to 50% of median income); and 4) The head of household must be a U.S. citizen or legally in the United States. The document also notes that the receipt of a special admissions voucher will not affect an applicant’s status on a Section 8 waiting list.

- **Question:** How many persons have applied for a Special Admissions Voucher? How many vouchers have been awarded Statewide and in each county respectively? Are these vouchers being awarded on a first-come, first-serve basis, or are some applicants, such as families or persons participating in the Transitional Sheltering Assistance Program, being granted some preference when vouchers are awarded? What is the deadline for eligible homeowners to apply for a Special Admissions Voucher? If no vouchers have been awarded, when does the department expect to begin issuing them? For how long is each voucher effective? If the vouchers have an expiration date, does the department intend to reclassify these vouchers as tenant-based or project-based Housing Choice vouchers?

As of April 11, 1,627 households have applied for a Special Admissions Voucher and 500 vouchers have been issued.

County	# of Vouchers
Atlantic	112
Bergen	6
Burlington	5
Cape May	17
Cumberland	2
Essex	20
Gloucester	1
Hudson	14
Mercer	4
Middlesex	58
Monmouth	95
Morris	1
Ocean	154
Passaic	1
Somerset	4
Union	6
<b>Total</b>	<b>500</b>

**Discussion Points (Cont'd)**

Vouchers were issued beginning in January on a first-come, first-served basis, although Transitional Sheltering Assistance Program participants (TSA) were contacted and encouraged to apply. There is currently no deadline to apply, and homeowner applicants are not categorized differently than other applicants. No more than 1,000 vouchers will be issued. A recipient has 120 days to locate a rental unit. The time period can be extended if the applicant fails to find an acceptable unit and can verify that they have been seeking housing. If after the time extension (180 days) the voucher holder has not yet obtained housing, DCA may rescind the voucher. Once a voucher holder moves into a rental unit, there is no time limit for program participation.

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7. The Low Income Home Energy Assistance Program (LIHEAP) provides federal funds to states, primarily to help low-income households to pay home energy expenses. The LIHEAP statute provides for two types of funding: regular funds (sometimes referred to as block grant funds) and emergency contingency funds. Regular funds are allocated to States based on a formula while contingency funds may be released to one or more grantees at the discretion of the Secretary of the Department of Health and Human Services based on emergency needs. States may use LIHEAP funds to assist with the payment of heating and cooling costs, weatherization expenses, and crisis assistance. Households with incomes up to 150% of the federal poverty income guidelines, or, if greater, 60% of the state median income, are eligible for LIHEAP benefits. States may adopt lower income limits, but no household with an income below 110% of the poverty guidelines may be considered ineligible.

To be eligible for LIHEAP in New Jersey, the applicant household must be responsible for home heating costs, either directly or through their rent, and have a gross income at or below 200% of the federal poverty level. Persons who live in public housing and/or receive rental assistance are not eligible for LIHEAP unless they pay their own heating or cooling costs directly to the fuel supplier. The amount of the LIHEAP heating benefit varies according to income, household size, fuel type, and heating region. Cooling assistance is available to households in which at least one member has a medical condition, verified by a doctor's note, which would require cooling. The medically necessary cooling assistance benefit is set by the State at \$200 for FFY 2013 (October 1, 2012 – September 30, 2013).

New Jersey received an initial FFY 2013 LIHEAP allocation of \$119.3 million. This funding will be affected by two rounds of federal spending reductions, or "sequesters" mandated by the "Budget Control Act" (Pub.L.112-240). Under the first round of spending reductions, triggered on March 1, 2013, nondefense discretionary programs (such as LIHEAP) are subject to a 5% reduction in their annualized FFY 2013 funding levels. The second round of spending cuts, which could occur on March 27, 2013, requires a reduction of 0.26% in the annualized FFY 2013 funding levels for "non-security" programs. If both rounds of spending reductions are fully implemented, New Jersey would lose about 5.26% of its FFY 2013 LIHEAP allotment, or \$7.235 million.

- **Question:** How would the mandated reductions in LIHEAP affect the State's ability to provide heating and cooling assistance to eligible recipients? How many fewer benefit recipients will receive a LIHEAP benefit in FY 2013 if funding is sequestered? Will the State consider changing its eligibility requirements, such as lowering the income limit, in order to provide the same level of benefits to a smaller cohort of recipients? Will the department make additional aid available if the total amount of LIHEAP funding is insufficient to provide assistance to eligible applicants, and if so, from what source?

Last year, the LIHEAP program was able to serve 300,574 households. This past summer, a supplemental benefit of \$100 was issued to households with senior citizens and disabled individuals. For FY 2013, New Jersey was scheduled to receive \$132.661 million in LIHEAP funding.

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In planning the 2013 LIHEAP program, DCA considered the anticipated reduction in federal funding resulting from the sequester. As a result, sufficient funds exist to provide a benefit to a like number of applicants as last year.

The program stands to be reduced by \$7.235 million, from \$132.661 million to \$125.426 million.

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8. The Community Services Block Grant (CSBG) Program awards funds to private nonprofit organizations and for the provision of health, education, employment, housing and other services to New Jersey's low-income residents. Since Federal Fiscal Year (FFY) 2000, New Jersey has been required to allocate 90% of its CSBG monies to "eligible entities," (mostly Community Action Agencies (CAA)) as determined by a revised formula that reflects each agency's prior year funding level, percentage of the State's low-income population, success at leveraging other funds to support and expand the CSBG program, and its over performance as a CAA. An amount not greater than 5% of the New Jersey's CSBG allocation is reserved for State priorities and special initiatives as determined by the Commissioner of Community Affairs and a maximum of 5% of CSBG funds may be used to defray the State's expenses for program administration.

The Fiscal Year 2013 appropriations act anticipates the receipt by New Jersey of \$20 million for CSBG. New Jersey's allocation of CSBG funding will be affected by two rounds of federal spending reductions, or "sequesters" mandated by the "Budget Control Act" (Pub.L.112-240). Under the first round of spending reductions, triggered on March 1, 2013, nondefense discretionary programs (such as CSBG) are subject to a 5% reduction in their annualized FFY 2013 funding levels. The second round of spending cuts, which could occur on March 27, 2013, requires a reduction of 0.26% in the annualized FFY 2013 funding levels for "non-security" programs. If both rounds of spending reductions are fully implemented, New Jersey would lose about 5.26% of its FFY 2013 CSBG allotment, or \$976,000.

- **Question:** How would reductions in CSBG affect the services provided to New Jersey's low-income population? How would mandated reductions would be allocated among Community Action Agencies? Is federal approval of reduction allocations required?

Community Services Block Grant (CSBG) programs are implemented through partnerships with 25 community action agencies (CAA) across the state. The sequester reduction will result in an approximate 5% reduction in funding for each agency. Last year, more than 300,000 individuals directly benefitted from the CSBG grant programs implemented by the CAA agencies. Based on a survey of the community action agencies that administer the programs, a 5% reduction in funding would result in a reduction in services provided and the number of individuals assisted. The agencies suggested programs such as ESL, financial literacy, emergency assistance, such as food, and programs that provide shelter expenses may be reduced. Other agencies will reduce hours of service by eliminating some evening and weekend hours. The Department is instructing the agencies, prior to possibly reducing services, to examine ways to reduce management and overhead expenses. The department is providing technical assistance to assist the agencies in identifying ways to improve efficiencies.

Federal approval to reduce the funding allocation as a result of sequestration is not required.

## Discussion Points (Cont'd)

9. The Fiscal Year 2014 budget indicates the expectation that in FY 2013 \$166 million (down from \$200 million originally anticipated) currently held in municipal affordable housing trust funds will be paid to the New Jersey Affordable Housing Trust Fund and transferred to the General Fund to support FY 2013 appropriations. These balances are to be received by the State pursuant to sections 8 and 9 of P.L.2009, c.46, which specify that certain development fees and payments in-lieu of constructing affordable housing, received from housing developers, that are not expended or committed to be expended within four years of collection are to be transferred by municipalities to the State trust fund, to be used within the same housing region where the funds were initially collected for the purposes of the State trust fund (construction and rehabilitation of affordable housing).

However, the transfer of these funds has been delayed by litigation regarding the ability of the Governor to abolish the Council on Affordable Housing and transfer its responsibilities to the Department of Community Affairs (see *In Re Plan for the Abolition of COAH*). According to information reported by municipalities to the Department of Community Affairs, approximately \$142.2 million in uncommitted and unexpended municipal affordable housing trust fund balances were scheduled to be transferred to the State on July 18, 2012. OLS has been informed by the Administration that with the outcome of litigation still pending updated information about the status of individual municipal trust funds is not available. Although the Fiscal Year 2014 budget does not anticipate the receipt of any municipal affordable housing trust fund monies as State revenue, it includes a language provision authorizing the transfer of up to \$200 million uncommitted and unexpended municipal affordable housing trust fund balances from the New Jersey Affordable Housing Trust Fund to the General Fund, an apparent acknowledgement that delays could occur in the transfer of funds.

- **Question:** Why was the FY 2013 estimate of this revenue decreased from \$200 million to \$166 million? If \$166 million is the more accurate estimate for FY 2013, why does FY 2014 language continue to refer to a \$200 million level of revenue? Does this imply that the administration is still maintaining the original target of \$200 million in total transfers to the General Fund across two fiscal years?
- **Question:** What timetable for the resolution of the litigation that is at present preventing the transfer of the funds, and if necessary, the re-establishment of administrative processes, e.g., pending municipal requests to commit or expend trust fund balances, does the department foresee that will allow for the receipt of \$166 million in FY 2013?
- **Question:** Is the department continuing to review and act upon municipal affordable housing trust fund spending plans, including those that involve expenditure of funds that were to be transferred to the State on July 18, 2012? If so, have the department's actions reduced the amount available for transfer to the State, and if, by how much?

Litigation continues over the statutorily-mandated transfer by municipalities of those municipal trust fund monies to the State's Affordable Housing Trust Fund that the municipality failed to commit to expend within four years of the date of collection. The State is vigorously defending these matters. As the outcome of the litigation is pending, updated information about the status of individual municipal trust funds is not available. The status of

**Discussion Points (Cont'd)**

municipal trust funds as of July 17, 2012, can be found on the Department of Community Affairs' website, at <http://www.nj.gov/dca/services/lps/hss/ahtfinfo/tableforjuly24letter.pdf>.

The Department continues to review spending plans. However, approval of a municipal spending plan does not authorize the expenditure of trust funds where a commitment to expend has not been entered into within four years of the collection of the trust funds.

## Discussion Points (Cont'd)

10. The New Jersey Affordable Housing Trust Fund is a non-lapsing revolving fund that subsidizes the construction and rehabilitation of affordable housing, with funds targeted to each region of the State based on that region's percentage of the State's low and moderate income housing need. The trust fund is supported by the revenues generated by the additional fee segment of the realty transfer fee, monies lapsing or reverting from municipal development trust funds and other monies as may be dedicated, earmarked, or appropriated by the Legislature for the purposes of the fund. Revenues generated by the Statewide non-residential development fee are deposited into the fund, but P.L.2011, c.122 extended the moratorium on the imposition of this fee until July 1, 2013. This funding also supports the Office of Local Planning Services (formerly the Council on Affordable Housing), affordable housing administration, shelter assistance, the Prevention of Homelessness Program, and the State Rental Assistance Program.

During the Fiscal Year 2013 budget process, the New Jersey Housing and Mortgage Finance Agency (NJMHFA) predicted that it would provide 3,200 "housing opportunities" in 2012, including 1,000 single family mortgages, 1,822 rental housing units (including preservation units), 160 for-sale home ownership units, and 218 units of supportive housing. The NJHMFA anticipated funding approximately 160 units through the Choice Program and financing 220 units with the remainder of Special Needs Housing Trust Fund monies. The agency also noted that it has recently announced the availability of a 3.75% fixed rate, 30-year mortgage through its First Time Homebuyer Program. The NJHMFA has also established a conduit bond program that allows it to issue tax-exempt, multi-family housing revenue bonds, the proceeds of which are used to finance projects completed by third-party developers.

In Fiscal Year 2014, new State funding in the department's budget will be limited to collections of the realty transfer fee above \$28.2 million, but only to the extent that they are not needed to provide \$20 million for SRAP, and the Statewide non-residential development fee. The budget anticipates a \$3.2 million increase in these revenues, but is unclear whether these revenues will be needed for State rental assistance or made available for affordable housing production. According to Evaluation Data on page D-47 of the Budget, the department revised its estimate of the number of housing units to be produced in Fiscal Year 2013 from 331 to 2,622, an increase greater than eight times the amount originally anticipated. The number of housing units produced is estimated to increase to 2,655 in Fiscal Year 2014.

- **Question:** What level of funding, from the department and NJHMFA respectively, will be available in Fiscal Year 2014 for affordable housing and from what sources? Did the NJHMFA meet its stated goal of providing 3,200 housing opportunities in 2012? What number of affordable housing units will be financed in Fiscal Year 2013 and Fiscal Year 2014 respectively, with State funds, NJHMFA funds, low income housing tax credits, and all other sources, respectively.

The Department anticipates approximately \$420 million in funding for the construction and rehabilitation of affordable rental housing in FY 14. Affordable housing comes from a variety of sources including the federal Low Income Housing Tax Credit. Annually, the State is allocated approximately \$19 million in tax credits. The credits are competitively awarded to developers. The credits are then sold to investors. The sale proceeds generate nearly \$170 million in private equity. In addition, the CDBG Disaster Relief funding will provide over \$250 million for new construction and rehabilitation of rental properties for low- and

## Discussion Points (Cont'd)

moderate- income households. CDBG funds will also be made available for rental assistance programs and to assist renters in purchasing homes.

The Agency has approximately \$11 million remaining in the Special Needs Housing Trust Fund and is scheduled to receive \$25 million in CDBG-DR for the "Sandy Special Needs Fund". Loan funding from the Special Needs Housing Trust Fund and the Sandy Special Needs Fund will be dedicated to the creation of approximately 500 beds for persons with special needs in 2013/2014.

NJHMFA has identified approximately \$14 million in funds which will allow the financing of the single family construction loan program resulting in the construction of approximately 280 single family homes. Qualified purchasers of homes will be eligible for down payment and closing costs assistance through the Agency's Smart Start Program.

NJHMFA previously issued Home Buyer Mortgage Revenue Bonds of which the proceeds will be used to finance approximately 1,000 single family mortgages each year in 2013 and 2014.

NJHMFA exceeded the goal of providing 3,200 housing opportunities in 2012 by 152. The 3,352 housing opportunities created in 2012 include 697 single family mortgage of which 319 homebuyers received assistance with their down payment and closing costs; 262 loans to police and firemen; 1,608 rental housing units; 99 single family homes under CHOICE; and 317 special needs beds. NJHMFA projects that with NJHMFA available funding coupled with CDBG Disaster Relief funds we will provide close to 8,400 housing opportunities for the years 2013/2014 or approximately 4,200 each year.

- **Question:** Please explain why the department has revised its estimate of the number of housing units produced in Fiscal Year 2013 from 311 to 2,622? What additional sources of funding made this rapid increase in production possible?

The data has been revised to reflect units developed by the DCA and HMFA. Originally only units funded by DCA were reported. Failing to also identify units produced primarily with funds from HMFA fails to fully report the State's affordable housing efforts. Further, it is often the case that both DCA and HMFA funding is used in a single project to ensure economic feasibility. Finally, the estimate of 2,622 was prepared prior to the State receiving an allocation of CDBG-DR funding to ameliorate the impact of Superstorm Sandy. The Department expects the actual number of units to be financed to exceed the present estimate.

## Discussion Points (Cont'd)

11. P.L.2004, c.140 established the State Rental Assistance Program (SRAP) to be patterned after the federal Section 8 Housing Choice Voucher Program for low-income individuals or households. Pursuant to N.J.A.C.5:42-1.2 et seq., tenant-based rental assistance grants are awarded through a lottery-type process only to applicants on the department's existing Section 8 Housing Choice Voucher Program waiting list. Project-based rental assistance is also a component of the program, whereby payments are allocated to new or rehabilitated housing units for 15 years, and paid when qualified tenants occupy those units. The program's regulations also reserve 35% of the rental assistance to persons currently on the SRAP waiting list.

The Fiscal Year 2014 budget recommends a reduction in the Grants-in-Aid appropriation for SRAP from \$21 million to \$18.5 million. Budget language continues to reserve at least \$20 million from the New Jersey Affordable Housing Trust Fund for the State Rental Assistance Program. In response to a Fiscal Year 2013 OLS discussion point, the department indicated that \$45 million in State funds would be available to support SRAP in Fiscal Year 2013: \$21 million from a Grants-in-Aid appropriation; \$20 million in realty transfer tax receipts; and \$4 million from the re-appropriation of SRAP carry forward balances into the current fiscal year.

According to information posted in the New Jersey Comprehensive Financial System, SRAP has been supported by the Grants-in-Aid appropriation, SRAP carry forward balances, and a transfer of \$3.036 million from the New Jersey Affordable Housing Trust Fund into the SRAP account. Thus far, the State has spent or committed \$27.139 million and has an uncommitted balance of \$961,000. These data indicate a difference of \$17.861 million between the amount available for SRAP and the resources available for the program in the current Fiscal Year.

- Question:** Please provide a Fiscal Year 2013 spending plan and a projected Fiscal Year 2014 spending plan, for the State Rental Assistance Program specifying administrative costs, tenant-based vouchers (number and amount by fiscal quarter), and project-based rental assistance (including number of projects, units per project, and amount by fiscal quarter). If additional funds are not available, or insufficient to close the estimated gap between projected revenues and expenditures, will the department reduce the number of SRAP vouchers? If so, by how much? What level of State funding will be available in Fiscal Year 2014 for the State Rental Assistance Program, and from what sources? Will any new funding be used for project-based vouchers, tenant-based vouchers, or both?

The SRAP Fiscal 2013 spending plan is as follows:

Category	# of Vouchers	Amount
Tenant-based	3,063	\$32,853,329
Project-based	820	\$6,236,040
Sub-total Vouchers	3,883	\$39,089,369
Administrative		\$1,500,000
<b>Total</b>		<b>\$40,589,369</b>

**Discussion Points (Cont'd)**

There are currently 120 Project-Based rental assistance contracts totaling 932 units. To date, 815 are under lease with the remaining units expected to be under lease within the next 12 months.

The spending plan for the Fiscal 2014 State Rental Assistance Program is below:

Category	Qtr 1		Qtr 2		Qtr 3		Qtr 4		Projected Spending
	# of Vouchers	Amount							
Tenant-Based	3,063	\$ 8,361,990	3,063	\$ 8,361,990	3,063	\$ 8,361,990	3,063	\$ 8,361,990	\$ 33,447,960
Project-Based	820	\$ 1,609,203	874	\$ 1,667,400	904	\$ 1,725,360	932	\$ 1,782,040	\$ 6,784,003
Administration		\$ 375,000		\$ 375,000		\$ 375,000		\$ 375,000	\$ 1,500,000
<b>Total</b>	<b>3,883</b>	<b>\$10,346,193</b>	<b>3,937</b>	<b>\$10,404,390</b>	<b>3,967</b>	<b>\$10,462,350</b>	<b>3,995</b>	<b>\$10,519,030</b>	<b>\$ 41,731,963</b>

Not reflected in the chart is attrition, which historically totals 10 participants per month, or 120 participants per year. The department, therefore, anticipates funding the same net number of vouchers in Fiscal 2014 as funded in Fiscal 2013 factoring in attrition.

Total funding available to SRAP in Fiscal 2014 is \$42 million.

Source	Amount
Grant-in-Aid Appropriation	\$ 18,500,000
Affordable Housing Trust Fund	\$ 21,000,000
SRAP Reappropriation	\$ 2,500,000
<b>Total</b>	<b>\$42,000,000</b>

- Question:** To what extent have SRAP vouchers and funding been targeted to households displaced by Hurricane Sandy? Were eligibility standards modified to accommodate the needs of these displaced households? If no assistance was extended to these households from the SRAP program, why not? Why is the spending rate for SRAP of 85%, as noted in Core Missions Summary on Budget page D-45 significantly lower than the spending rate of 97% for the federally funded voucher program?

DCA has not utilized SRAP vouchers or program funding to assist Superstorm Sandy victims. The 1,000 Section 8 vouchers allocated have been sufficient to assist the households in need.

The Department estimates that the spending rate will increase significantly during Fiscal 2014. The expected SRAP spend rate increase is a result of:

- the final phase of project-based units coming on line; and,
- a reduction in time required to re-issue SRAP vouchers.

## Discussion Points (Cont'd)

12. P.L.2008, c.104 appropriated \$12 million to the New Jersey Housing and Mortgage Finance Agency (NJHMFA) from the Long Term Obligation and Capital Expenditure Fund for two components of the "New Jersey Economic Assistance and Recovery Plan." \$9.5 million was appropriated for foreclosure mediation and \$2.5 million was appropriated for foreclosure counseling. The NJHMFA has since established the Mortgage Assistance Program (MAP) and the New Jersey Judiciary Foreclosure Mediation (NJJFM) Program. The MAP provides temporary financial assistance to income eligible homeowners who wish to remain in their homes but are in danger of foreclosure due to short-term financial problems beyond their control. Funding recipients can use these monies in order to successfully refinance the terms of a mortgage. The maximum mortgage loan is \$20,000 and applicants may receive assistance covering a period not to exceed 6 months.

In response to a Fiscal Year 2013 OLS Discussion Point, the NJHMFA projected that State expenditures for foreclosure mediation for Fiscal Year 2012 would total \$2.9 million, to be expended as follows: \$2.2 million for client counseling fees and \$700,000 for client attorney fees. The department noted that it received \$3.8 million in federal funding to provide foreclosure counseling to an estimated 2,800 families through the National Foreclosure Mitigation Counseling Program in 2012. The department also anticipated the continued receipt of \$1.3 million in State funds through the Homelessness Prevention Program for the MAP. The department's response also indicated that since the inception of the MAP, 461 applications for assistance had been received. Of that amount, 120 homeowners were approved for a short-term assistance loan, 62 applications awaited agency review, 186 applications were rejected, and 93 were cancelled for various reasons. The average MAP loan is \$19,500.

- **Question:** Please provide a final Fiscal Year 2013 spending plan and projected Fiscal Year 2014 spending plan, including all expenditures, for the New Jersey Judiciary Foreclosure Mediation Program. For calendar year 2012: How many households received either foreclosure mediation or mortgage counseling? Please provide updated information regarding the number of homeowners that have received financial assistance through the Mortgage Assistance Program. What is the average loan amount?
- **Question:** What is the amount projected to be available, and from what sources, to continue each program in Fiscal Year 2014? Did the department allocate as requested an additional \$1.3 million in Homelessness Prevention Program funding to support the Mortgage Assistance Program? In light of a March 1, 2013 *Asbury Park Press* article reporting that State funds used to support free financial counseling will run out, what alternatives is the State pursuing in order to continue to provide that service?

Funding is not available for the New Jersey Judiciary Foreclosure Mediation (NJJFM) Program in FY 2013 and 2014. Of the \$12.5 million in state appropriations approximately \$1.3 million was remaining with the NJHMFA at the end of calendar year 2012. The NJHMFA's role in the NJJFM Program was to provide for housing counselors and legal services. The Office of Dispute Settlement within the Public Defender's Office administered the program and hired mediators to provide program related services. Because of the limited amount of funding within the NJHMFA, it was decided that the fee paid counseling and attorney services component of the program be eliminated and any funds remaining with NJHMFA be transferred back to the Administrative Office of the Courts. The Office of

## Discussion Points (Cont'd)

Dispute Settlement continues to administer the program and provide mediation services. Counseling is available to homeowners through other foreclosure prevention programs.

The number of households receiving foreclosure mediation assistance in Calendar Year 2012 was 2,033. The number of households that received mortgage counseling in Calendar Year 2012 was 1,700.

Since the inception of the Mortgage Assistance Program in 2008, 139 homeowners have been approved for a short term assistance loan. The average MAP loan amount is \$15,278.

HMFA has received \$1.3 million annually from the Homelessness Prevention Program since 2008. Funding was not provided 2013/2014. Instead, DCA used the funding to match new federal funding for the Homelessness Prevention Rapid Rehousing component of the USHUD Emergency Solutions Grant. NJHMFA allocated \$750,000 to fund the 2013 pipeline loans.

Counseling is available through other foreclosure prevention programs such as the National Foreclosure Mitigation Counseling (NFMC) program. Since 2009 NJHMFA has applied for and has been awarded \$3.8 million in federal dollars to provide counseling under NFMC. Approximately 7,800 homeowners have been assisted, and another 2,500 families are expected to receive counseling under NFMC in 2013.

## Discussion Points (Cont'd)

13. In September and October 2010, the New Jersey Housing and Mortgage Finance Agency (NJHMFA) received over \$300 million in aid from the federal government's "Hardest Hit" for a new foreclosure assistance program that is intended to assist homeowners struggling with the effects of the economic recession. The New Jersey HomeKeeper program provides two types of financial assistance to eligible homeowners. Mortgage Payment Assistance is provided to eligible homeowners who, as a direct result of unemployment or underemployment, are already delinquent on their mortgage payments or are likely to become delinquent within 90 days of their HomeKeeper application. Reinstatement Assistance provides financial support that may be used as a one-time payment to settle mortgage arrearages accumulated during a period of unemployment or underemployment for those who have, by the time of their HomeKeeper application, regained sufficient income to pay all mortgage payments going forward. The maximum HomeKeeper mortgage loan amount is \$48,000 and loan proceeds would be used to pay existing mortgage arrearages and/or an approved amount of the homeowner's existing mortgage payments each month for a period of time not exceeding 24 months.

In response to a Fiscal Year 2013 OLS Discussion Point, the NJHMFA stated that 7,500 HomeKeeper applications had been completed through the program's web-based portal. The applications of 3,000 applicants who completed the counseling requirement had been submitted to the agency for underwriting. A total of 196 loans had closed; 69 homeowners received Mortgage Payment Assistance while 127 homeowners received a combination of Mortgage Payment Assistance and Reinstatement Assistance. The agency also noted that it had hired 21 full-time staff and was utilizing 7 existing staff to administer the program. At that time, the NJHMFA anticipated awarding 2,400 loans at an average of \$40,000 per loan.

The agency also provided the following 2012 spending plan for the New Jersey HomeKeeper Program:

Loans (average amount of \$40,000)	\$96.0 million
Administration and Operations	3.0 million
Personnel	2.5 million
Underwriting and Transaction Related Costs	2.3 million
Counseling Fees	<u>2.3 million</u>
TOTAL	\$106.1 million

At a joint meeting of the Assembly Financial Institutions and Insurance Committee and Housing and Local Government Committee examining the HomeKeeper program in October 2012, Commissioner Constable testified that HomeKeeper program staffing had increased to 51 employees and that a new management team was "in place." He also noted that all housing counseling agencies participating in the program had been retrained and that client fees would be paid to the agencies only upon receipt of a complete application package. The Commissioner also indicated that the agency had drawn down on \$64 million in HomeKeeper Funds. If the agency met its goals of awarding 250 loans per month, the

**Discussion Points (Cont'd)**

entire allocation of \$300 million would be expended by July 2014. According to the Fiscal Year 2014 Budget Summary, the average loan amount is \$40,900.

- Question:** Please provide a final Fiscal Year 2012 spending report and spending plans for Fiscal Year 2013 and Fiscal Year 2014 for the New Jersey HomeKeeper Program. As of March 31, 2013 how many homeowners have applied for mortgage payment assistance? How many homeowners have received for Mortgage Payment Assistance and Reinstatement Assistance, respectively? Has the department met its stated goal of awarding 250 loans per month? If not, what is the monthly loan award rate? When does the NJHMFA expect to have committed all HomeKeeper Funds?

<b>Final 2012 Spending Report- Actual</b>	
<b>Loans</b>	<b>\$ 81,763,182</b>
<b>Admin and Operations</b>	<b>\$ 4,375,863</b>
<b>Personnel</b>	<b>\$ 1,807,576</b>
<b>Underwriting and Transactino Related Costs</b>	<b>\$ 2,258,882</b>
<b>Couseling Fees</b>	<b>\$ 10,549,457</b>
<b>Total</b>	<b>\$ 100,754,960</b>
<b>Spending Plan 2013</b>	
<b>HomeKeeper 1 Loans</b>	<b>\$ 85,000,000</b>
<b>Homekeeper 2*</b>	<b>\$ 25,000,000</b>
<b>Note/Purchase Loan Modification*</b>	<b>\$ 10,000,000</b>
<b>Total</b>	<b>\$ 120,000,000</b>
<b>Spending Plan 2014</b>	
<b>HomeKeeper 1 Loans</b>	<b>\$ -</b>
<b>Homekeeper 2*</b>	<b>\$ 25,000,000</b>
<b>Note/Purchase Loan Modification*</b>	<b>\$ 15,000,000</b>
<b>Total</b>	<b>\$ 40,000,000</b>

\*These programs have received HMFA Board approval; however the program guidelines are pending approval from the US Treasury.

\*\*Actual 2011 Spending Report: \$1,600,000

\*\*\*NJHMFA was allocated \$38,000,000 of the original \$300 million for operating/administrative/monitoring purposes through 2017.

As of March 31, 2013, 17,926 homeowners completed applications of which 8,235 continued the process and were submitted for underwriting. Of the 8,235 applications, 2,729 households received assistance.

**Discussion Points (Cont'd)**

The chart below provides statistical information on program assistance.

Homeowners that received assistance with their mortgage payment only	298
Homeowners that received assistance with mortgage arrears	172
Homeowners that received a combination of mortgage payment and reinstatement assistance	2,259

NJHMFA has reached its stated goal of approving and closing 250 loans per month.

It is anticipated that the New Jersey HomeKeeper 1 funding will be committed by August of 2013.

## Discussion Points (Cont'd)

14. On May 10, 2011, the Department of Community Affairs (DCA), Department of Human Services (DHS), and the New Jersey Housing and Mortgage Finance Agency (NJHMFA) announced the creation of a new Special Needs Housing Initiative that seeks to create affordable, supportive housing for 600 persons with developmental disabilities by June 2013. The initiative sought to create supported-living arrangements for a minimum of 100 people by December 31, 2011, an additional 200 people by June 30, 2012, and an additional 300 people by June 30, 2013. According to a press release obtained from the DCA website, the stated goal of the program is to move persons who are able, from developmental centers to the community and persons who are on the DHS waiting list or who require emergency community residential placements into appropriate housing faster than the State's current process.

This initiative is now known as the Special Needs Housing Partnership Loan Program (SNHPLP). The SNHPLP provides financing to create permanent supportive housing and community residences for individuals with developmental disabilities. Loan proceeds may be used for the acquisition and rehabilitation of existing three- and four-bedroom single-family homes and first floor, three- and four-bedroom condominiums. Other housing arrangements of up to six beds may qualify, on a case-by-case basis, as may be accepted by NJHMFA staff, in consultation with the DHS Division of Developmental Disabilities.

The Special Needs Housing Partnership Loan Program is also supported by monies in municipal affordable housing trust fund accounts. SNHPLP loans will not exceed \$125,000 per bed, with a limit of \$500,000 per property. Any municipal affordable housing trust fund dollars and DCA/NJHMFA financial contributions are counted towards the \$500,000 cap. If total development costs exceed the \$500,000 cap, the sponsor may seek additional sources of State (from entities other than DCA and NJHMFA) and non-State funding. According to the program guidelines, the State will match any municipal affordable housing trust funds on a dollar-for-dollar basis up to a maximum of \$250,000. If a municipality's affordable housing trust fund balance is less than \$250,000, the sponsor must use other State and non-State funds to match 20% of total development costs. These funds will be limited to projects that serve individuals coming out of State developmental centers.

In response to a Fiscal Year 2013 OLS Discussion Point, the DCA noted that 16 municipalities had committed a total of \$5.315 million to the Special Needs Housing Initiative. Four of those municipalities had already identified developers to purchase and rehabilitate four ranch-type properties with four bedrooms each. The DCA also stated that there was "increasing interest in the program and the department continues to accept applications from municipalities. However, it will be difficult in the short term to meet the original forecast."

- **Question:** How many municipalities have agreed to participate in the Special Needs Housing Loan Partnership Program? What is the total amount of funding committed by each participating municipality towards the development of supportive housing? What non-State sources of funding are available to project sponsors that exceed the loan cap of \$500,000 per project? How many homes and condominiums have been purchased, at what average cost? Did the SNHPLP meet its stated goal of financing supportive housing arrangements for an additional 200 people by June 30, 2012? If not, why not? Does the SNHPLP anticipate meeting its stated goal of providing supportive housing arrangements for an additional 300 people by June 30, 2013? If not,

## Discussion Points (Cont'd)

**why not? If the department anticipates that neither goal either was or will not be met, please provide an updated statement of the number of supportive housing units anticipated to be completed in Fiscal Year 2013 and Fiscal Year 2014.**

Forty (40) municipalities have shown interest in participating in the SNHPLP. As of March 28, 2013, 33 municipalities have signed a Memorandum of Understanding with the HMFA to participate in the SNHPLP and allocate Affordable Housing Trust Fund (AHTF) dollars to the program. Additionally, there are 3 towns without an AHTF that are participating in the SNHPLP by providing alternative means of funding. Of the municipalities participating in the program, 29 have committed a total of \$11,006,297 in AHTF funds. As of March 28, 2013 the HMFA, DCA and the Department of Human Services have committed \$5,924,470 toward individual SNHPLP projects.

If a project needs additional capital above the \$500,000 AHTF and NJHMFA cap, the project's municipality may contribute capital from non-governmental sources.

Thirty (30) projects with a total of 117 beds have completed the application process. The average acquisition price of a SNHPLP home is \$317,741. Presently, there are an additional 10 projects with a total of 40 beds that are being processed for SNHPLP fund commitment.

The execution of the program is more complex than originally envisioned. Despite having prequalified developers and service providers, the time needed to gain commitments from the municipality for funding, the identification and purchase of units and the time needed to perform the rehabilitation has slowed the program's progress. The State remains committed to providing 600 units of special needs housing. The State's Low Income Housing Tax Credit Program provides additional support for the inclusion of special needs units. Also, \$25 million has been set aside in the State's Superstorm Sandy Community Development Block Grant application. HMFA also estimates financing is available to produce an additional 20 projects with a total of 80 beds by the summer of 2014 from funds in municipal Affordable Housing Trust Funds.

## Discussion Points (Cont'd)

15. Two divisions in the Department of Community Affairs have been authorized to hire temporary personnel to assist the State and municipalities in providing an effective response to emergent situations caused by Hurricane Sandy. Following Hurricane Sandy, the Division of Codes and Standards announced that it has received approval to employ temporary building, electrical, and plumbing code officials to assist in the provision of emergency municipal code inspections as they relate to damage caused by Hurricane Sandy. According to the Division's announcement, temporary code officials will be hired on an hourly basis and paid a rate between \$37.02 per hour and \$45.11 per hour, based on licensure. Temporary code inspectors will be placed throughout the State. The "Hurricane Sandy Disaster Housing Strategic Plan" noted that as of November 26, 2012 DCA code inspectors had assistance 18 municipalities and conducted 27,000 inspections.

In a separate advertisement issued on February 15, 2013, the Division of Local Government Services (DLGS) announced that it is seeking to hire part-time, temporary budget examiners to assist the DLGS during periods of high demand and help "review budgets with complex issues related to Hurricane Sandy." Applicants were advised that they must be available for work beginning on March 4, or soon thereafter, through as late as June 30, and be certified municipal finance officers. All temporary, part-time budget examiners will be compensated at a rate of \$50 per hour, but the DLGS was willing to consider proposals for hourly work at an increased rate of pay if warranted by an applicant's exceptional skills, education, or experience. All resumes were due to the DLGS by February 27, 2013.

- **Question:** How many temporary code inspectors have been hired by the Division of Codes and Standards? When did their employment commence and for how long does the Division anticipate utilizing their services? What is the source of funding for salaries and wages paid to temporary code inspectors? How many temporary, part-time budget examiners have been hired by the DLGS? Are any costs incurred by the department in the aftermath of Hurricane Sandy eligible for reimbursement through the FEMA Public Assistance Program? Does either Codes and Standards or DLGS anticipate offering any part-time code inspectors or budget examiners full-time employment? Will any of these costs be supported by the \$40 million contingency fund established by the Governor for expenses for which the State is not reimbursed by the federal government?

### Division of Codes and Standards:

Due to the magnitude of the damage caused by Superstorm Sandy, the Division of Codes and Standards assisted local enforcing agencies with performing emergency inspections in those municipalities that were hardest hit by the storm and most in need of help. The emergency protective measures undertaken by the Division were part of the response to the disaster and were geared toward making sure that homes were safe to re-occupy. Because many homes were left without electricity or heat as a result of the storm, the Division inspected repairs made to building systems to ensure that the repair work did not pose a threat to the health, safety, or welfare of building occupants.

A total of 50 temporary employees were hired immediately after the disaster to assist the Division with providing these emergency inspection services. The temporary employees were deployed to the field beginning on October 29, 2012. At the height of the emergency, there were 60 full-time State and temporary employees assisting local enforcing agencies

## Discussion Points (Cont'd)

on a daily basis. The emergency inspection services were provided during normal work hours, nights, and weekends. During this response phase, 40,000 inspections in 23 municipalities were conducted by Codes and Standards inspectors.

Because the Division has determined that the work of inspecting repairs as part of the response phase is complete, the Division has transitioned to the recovery phase. This transition became effective on March 1, 2013. The Division is now supplementing "normal" code enforcement as part of the recovery phase to ensure that any construction or rehabilitation of structures meets the requirements of the State Uniform Construction Code (N.J.A.C. 5:23). The Division continues to utilize temporary employees to assist with these code enforcement efforts.

Throughout the response phase, the need for improvement to lines of communication between emergency personnel, code enforcement officials and utility companies became apparent. Thus, on a parallel track, the Division of Codes and Standards has established a working group to define clear protocols to be followed by emergency personnel, code enforcement officials and utility companies in the immediate aftermath of disasters.

The Division projects that this additional code enforcement work will continue for the next three years with 60 percent of the work performed in the first year and 20 percent of the work performed in each subsequent year. The Division plans to offer full-time employment to temporary employees on an interim basis to meet code enforcement needs.

Temporary employees' hourly wages were paid by revenue that is generated through the collection of fees pursuant to the Uniform Construction Code. However, those costs incurred by the Division during the response phase for temporary employees' wages (regular and overtime hours) as well as other eligible expenses, such as overtime hours for full-time employees and certain material and equipment costs, are reimbursable pursuant under FEMA's Public Assistance Program. Any additional costs incurred during the recovery phase will be recovered through the Community Development Block Grant Disaster Recovery Program of the United States Department of Housing and Urban Development.

Support from the \$40 million contingency fund established by Governor Christie is not contemplated at this time.

### **Division of Local Government Services:**

The Division of Local Government Services advertised for two part-time positions to help conduct budget reviews for the three-month period ending June 30, 2013. The two positions will assist existing staff meet additional demands of reviewing budgets because of the large increase in unstable budgets needing review due to Superstorm Sandy impacts on ratable and other reviews. One position started the week of April 1, and the other the week of April 8. A portion of the wages for part-time positions will be charged to the CDBG-DR grant.

No costs will be charged to the \$40 million contingency fund.

## Discussion Points (Cont'd)

16. On March 19, 2013, the department issued six job postings for senior management personnel to lead a new "Sandy Recovery Division." The Sandy Recovery Division will be tasked with ensuring that the Community Development Block Grant Disaster Recovery (CDBG-DR) funds awarded to New Jersey are allocated to meet recovery and revitalization program goals in the areas of infrastructure improvements, housing repair and developments, and economic development initiatives. The department is seeking applicants for six positions: Division Director, Deputy Division Director, and 4 Assistant Directors (one each for Budget and Finance, Housing Recovery Programs, Compliance and Monitoring, and Reporting and Information Management). All of these positions would be in the unclassified service. While most of the job announcements list prior experience with CDBG-DR as a preferred qualification, none of them require such expertise as mandatory for employment. The closing date for the submission of resumes is March 28, 2013. The Sandy Recovery Division is expected to begin operations immediately, and remain functional through September 30, 2017.

**• Question: As of March 31, 2013, how many resumes have been submitted to the department for each new position in the Sandy Recovery Division? When does the department anticipate announcing the hiring of the division director and other senior personnel? Does the department anticipate hiring additional support personnel to staff the Sandy Recovery Division? Will existing personnel be reassigned from other departments, including DCA? Will these positions be supported by State or federal funds? Please provide a detailed table of organization for the Sandy Recovery Division.**

A total of approximately 600 resumes have been received in response to vacancy notices posted for the Director, Deputy Director and four Assistant Director positions within the Disaster Recovery Unit. Hiring is anticipated by the end of April. There will be additional hiring of support staff, and existing personnel may be reassigned from other departments assuming they opt to accept an interim appointment and are selected for a position. Disaster Recovery Unit staffing costs will be charged to the USHUD Community Development Block Grant – Disaster Recovery grant. Attached is a copy of the Disaster Recovery Unit organization chart.

# NJ Department of Community Affairs: Sandy Recovery Division

