

Testimony of Charles A. Richman
Acting Commissioner, Department of Community Affairs
Hearing of the Assembly Budget Committee
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State House Annex, Committee Room 11, 4th floor, 10:00 AM

Chairman Schaer, Vice-Chair Burzichelli and members of the Budget Committee, thank you for the invitation to appear before you today.

I have accompanied more than a few commissioners to these hearings - both as an Assistant Commissioner and more recently as a Deputy Commissioner. My association with the Department of Community Affairs goes back to 1986 and I have seen programs expand, contract, and morph in every imaginable way. But until Superstorm Sandy, no prior experience prepared me or anyone else at DCA for the enormity of the challenge involved in building, in a matter of months, an entirely new organization capable of designing 25 programs, delivering assistance and accounting for the expenditure of nearly \$4 billion in federal disaster aid.

Nothing I say now can relieve the anxiety and hardship borne by those displacedor restore all that was lost to thousands of NJ residents. But I **can** assure you that we are investing the time, energy and resources necessary to overcome past obstacles and we **are** focused on the tasks ahead. We are continually assessing our operational effectiveness and making adjustments to improve our performance.

I know you will have questions about the administration of Sandy programs so I will not dwell on the topic now other than to note that we have made significant headway on a number of programmatic fronts. By way of illustration, over 6,800 homeowners have signed a RREM grant agreement compared with less than 2,000 just one year ago. But more importantly, over 6,000 of those are in construction. We are confident that between 8,300 and 8,400 homeowners will receive a RREM grant and that the vast majority of those grants will be signed by late summer. In the two allocation rounds of HMFA's CDBG funded affordable rental housing program \$379.5 million has been committed that will result in the development of 4,400 units. The Resettlement Program grants that were intended to defray the increased cost of insurance and property taxes associated with rebuilding have all been awarded. We anticipated assisting 18,600 households; checks were sent to 18,584.

With your indulgence I would like to speak briefly to the issues and opportunities that are front and center in other areas of the Department.

It is a privilege to be able to shape the Department's agenda for next year and I would like to share that agenda with you, if I might.

By way of background, The Department of Community Affairs Act authorizes the Commissioner to assist and strengthen local government capacity in taxation, fiscal affairs, organization, and purchasing; ensure building safety; support sound community planning and development; and promote intergovernmental cooperation, to name only a few of the responsibilities delegated to the Department.

In fact, the Department of Community Affairs' organizational purpose is perhaps the broadest of all the cabinet agencies. The Department offers its resources to local officials, nonprofit community organizations, businesses and individuals to help communities to be safe, attractive, and economically viable, help municipal officials contend with complex administrative challenges and the mandates of change that are critical to sustaining and improving the quality of life in the State.

The agenda that I am setting for the Department re-focuses our activities on the core mission and responsibilities that were originally defined for the Department -- adjusted to reflect current economic realities and to respond to the different priorities and expectations of our State's residents today.

Peter Drucker, whose theories influenced a generation of managers including me, said that leadership is not just about doing things right, but also about doing the right things. My goal is to do **both** with the resources available to me.

Local officials rely heavily on the technical assistance that the Division of Local Government Services provides that advance their ability to meet constituent needs, comply with complex state laws, and address their obligation to properly utilize taxpayer dollars.

By way of example, DCA has provided guidance to many of our local governments to help them realize the benefits of the 2011 2% Cap Law. Last year, for the fourth year in a row, property taxes on average increased by one of the lowest rates in 30 years – approximately 2.7%. Many communities have actually experienced reductions year over year. This has been possible largely due to the cap law, binding arbitration reforms and changes to the benefit provisions in public employee health care plans.

The Division can and should also be a valuable source of data, research and analysis for local officials, legislators, and state policy makers. To that end, we will devote more staff time to analyzing

the factors that drive local decision making and disseminating that information to help local officials make considered decisions.

As you may know, the Department reviews the architectural designs and specifications for the construction of public buildings like hospitals and schools. This year we are introducing electronic plan review to speed up the review of projects -- which is important to communities -- not only will electronic review trim time off of a review, it will reduce errors and cost less than paper review. My goal is to expand the system to include local plan reviews, making electronic plan review the state standard.

Managing revenue and efficient municipal operation are not the only responsibilities of local governing bodies. Their actions or inaction on a range of issues can shape the social, physical, economic and environmental characteristics of a community for decades to come.

It is uniquely the DCAs function and responsibility to help communities forge a sustainable path to the future. For that reason we created a unit known as Local Planning Services, which offers municipalities the services of our professional planners, who partner with municipalities to develop cost effective strategies and solutions for the successful achievement of their land use and administrative goals. Since the inception of the program several years ago our planners have consulted on a broad range of urban and rural planning projects from Bergen County to Cape May. Several recent examples include providing Jackson Township with a feasibility study and solicitation for a hotel and entertainment center; developing a streetscape plan and a Transit Village application for Irvington Township; and drafting an Economic Development element for Passaic City's Master Plan, which they will be submitting to the Mayor and Council in the next several weeks.

Some problems that communities are facing today cannot be solved at the local level or even with DCA assistance, alone. That is why we have been working closely with our colleagues in sister agencies and we are combining our resources to solve problems that we could not as individual agencies adequately address.

The housing problems of families with members who have special needs: pregnant teens, foster children who have aged out of traditional state services, veterans; these and others with little or no family support system rely on government for survival and often live with constant housing instability.

I am pleased and proud to say that DCA is working closely with DHS, the State Parole Board, Military and Veterans Affairs and the Department of Children and Families to combine our respective resources to provide transformative support for their clients. To a great extent, housing customized to meet the needs of these diverse populations is proving to be the best immediate and long term response to their problems.

So, DCA is providing either a dedicated housing unit or rental assistance that will be blended with the particular services provided by each of those respective departments. Examples of these collaborations will begin to bear fruit sometime in the next few months when RFPs will be released to implement programs designed for pregnant mothers, vets, youth aging out of foster care, very low income adults with disabilities, and chronically homeless high utilizers of healthcare.

This last initiative is truly leading edge -- we are developing a project with Camden County, DHS, and local housing and healthcare providers in Camden City to demonstrate that by providing housing with associated supportive care, we can reduce the utilization of inpatient health services and thus the cost to government of treating chronically homeless individuals with multiple chronic medical conditions. We are investing 45 federal Housing Choice Vouchers in this project because it had been reported to us that one percent of the users of emergency rooms in Camden account for 30% of the cost of emergency room services. The project will take a data based approach; the selection of individuals will be partially determined on an examination of hospitalization records. There is also a strong evaluative component built into the project design. We believe that the Camden project will save lives and reduce the Medicaid dollars that are currently paying for preventable hospital visits.

All together, we will be distributing approximately 585 vouchers, both SRAP and federal Housing Choice Vouchers to provide permanent supportive housing and reduce homelessness.

Reducing homelessness is a critical priority for the Administration. The Interagency Council on Homelessness established by Governor Christie to report on ways to reduce and prevent homelessness in NJ submitted its recommendations to the Governor in December. Among them was a proposal to establish a permanent homelessness working group in the Governor's Office. The Governor announced the formation of that group last week. The initiatives I have just described are evidence that we take both the problem of homelessness and the Council's recommendations to heart. They are also illustrative of the premise I outlined when I began this testimony, which is that DCA is uniquely authorized to facilitate solutions to a broad tableau of community issues.