

Fiscal Year 2006 Budget Statement

of

Commissioner Susan Bass Levin

Tuesday, May 3, 2005

Good Afternoon. I am pleased to have this opportunity to discuss the Department of Community Affairs' proposed budget for FY 2006.

This is the fourth time I have appeared before this Committee, and I wish I could say that it gets easier every year, but in fact, it gets harder. The State's budget continues to be in a precarious position, and it is our responsibility to do more, with less. We owe the people of New Jersey our best efforts to make government work efficiently and effectively. Our goal is to deliver on the opportunities and promises of a Department committed to rebuilding communities – one neighborhood at a time.

The Department of Community Affairs is unique because of the array of issues that we address – local government, housing, historic preservation, smart growth, recreation for people with disabilities, redevelopment, women's issues, the Center for Hispanic Policy, fire safety, building codes. I would like to tell you about some of the initiatives we have implemented to improve our operations so that we can provide quality programs and services to the people of New Jersey.

In 2002, we made a commitment to finance 20,000 affordable housing units over the next four years – an increase of 33 percent over the prior 4 year period. It was an ambitious goal, but in a State with one of the most expensive housing markets in the country, one that was desperately needed. Many inside and outside of government were skeptical, but I am proud to report that we did it – early. We have provided more than \$2.5 billion in financing for more than 22,000 affordable housing units in 500 municipalities across New Jersey – from Franklin Borough in the north to Salem in the south. Families and seniors, tenants and homeowners, people with special needs - have a place to call home because of the combined initiative of DCA and our affiliate agency, the New Jersey Housing and Mortgage Finance Agency.

We have not stopped there. We need to make it easier for people to find affordable housing. Using federal grant funds, and working with the Department of Human Services and HMFA, we are pleased to announce the first ever New Jersey Housing Resource Center -- a free and interactive on-line registry of affordable, accessible and special needs housing located throughout the state. The Center, which goes live today, is

easily accessible via the Internet (www.NJ.Gov/NJHRC) and an 800 phone number. A consumer can search by location, price, size, accessibility, and proximity to public transportation – all quickly and in real time. We have over 1,000 units listed, and this is just the beginning.

As we develop new programs, we must examine existing programs. It is not acceptable to justify an approach with the explanation – “because we have always done it that way.” Sometimes, programs don’t work, and we have to listen to those who ask for change. One DCA program is the Housing Affordability Service, known as HAS, established in 1988 in order to match affordable housing with low and moderate income wage earners. Originally envisioned to be a statewide program, only 42 towns participated in the program. HAS is overly bureaucratic and slow to respond to the needs of the community – and therefore unacceptable. HMFA is already running a parallel program – there is no reason to duplicate the effort. With the implementation of the new Housing Resource Center, HAS responsibilities will be transferred to the HMFA by September 30. HMFA will run this program more efficiently - in part by utilizing the new NJ Housing Resource Center to help match available housing with those who need it. The transfer will save over \$250,000 in state funds each year – and make affordable housing available more quickly to more people.

Cooperation is key to success in many programs – and we need to recognize that state agencies, non-profit organizations, and local and county governments and the private sector can be our partners.

In 2002, homeless services providers in New Jersey were eligible to receive \$26 million in federal homelessness funding. Only \$22 million was actually received. We need that \$4 million here in New Jersey - and so, we worked hard to ensure that NJ received its proper federal funding. In 2004, we received \$35 million in federal funding for government agencies and non-profits to fund 2200 housing beds across the State, including 300 new permanent housing beds with support services. This represents an \$8 million dollar increase in funding from 2003, and a \$13 million dollar increase from 2002.

Streamlining the process is critical if we are serious about increasing affordable housing opportunities. DCA provides subsidies for affordable housing through the Balanced Housing Fund and HMFA provides loans. For too long, building affordable rental housing required a willingness to travel through the Alice in Wonderland maze of forms and applications to two different, yet affiliated agencies. No more --

Developers of affordable rental housing can now apply for funding through the Department’s Balanced Housing program at the same time they apply for HMFA financing and Federal Low Income Tax Credits, with one simplified application. This Home Express program is a one-stop shop that offers financing subsidies to developers and streamlines the application process by creating a single application for subsidies and mortgages.

DCA is also implementing the new \$25 million State Rental Assistance Program authorized by the Legislature. In order to save on administrative start-up costs, we are using the existing Federal section 8 waiting list for seniors and families – the list has over 16,500 people waiting. We've begun to notify the very first 300 people on the waiting list and our Regional Offices are ready to qualify people so they can get housing vouchers. By the end of 2005, over 1,000 families will have homes under this program.

We are taking steps to improve other DCA programs. Starting in September, *PermitsNJ*, will allow building permit applicants to apply for and access building permits on line through an easy to understand internet site. *Permits NJ* will maintain records, print forms, track plan review activity and inspection requests and ensure a high level of accountability. The system will not permit or print an approval unless the official responsible has signed off. Municipalities can access this program free of charge.

This month, we are introducing an internet-based system, called SAGE (System for Administering Grants Effectively), that will allow all DCA grant applicants - be they municipalities, non-profits or housing developers – to apply on-line for the Department's 41 grant and loan programs. SAGE will save time and ensure that internal monitoring is done in a consistent manner, providing greater oversight of our grants. SAGE is user-friendly and customer-oriented - a true transformation of our grants system.

I'd like to take this opportunity to update you on the implementation of two of your legislative initiatives: the Neighborhood Revitalization Tax Credit program and the Lead Hazard Control Assistance Program. The NRTC matches private investment dollars with non-profit neighborhood planning to transform low-income communities across the state. In August, PNC Bank became the first corporation to contribute, with a \$1.5 million investment over the next three years. \$250,000 has been awarded to HANDS Inc. for redevelopment initiatives in the Valley Neighborhood in Orange. And we look forward to announcing new participants in the near future.

The Department is finalizing the development of the Lead Hazard Control Assistance Program, which will be the most comprehensive housing inspection program for lead safety in the country. Beginning July 1, this pioneering program will establish a 5-year inspection cycle for multiple dwellings built before 1978 to ensure that building owners maintain lead free buildings and take measures to remediate any existing lead hazards. The Department will mandate building maintenance staff be trained in lead-safe work practices and that building owners keep records of testing, maintenance activities and training.

This landmark program will utilize \$6.62 million in initial funding for grants and loans for homeowners and owners of multifamily dwellings and for emergency relocation for families with children who have elevated blood lead levels or whose children are in imminent danger of ongoing exposure to lead-based paint hazards. A publicly-accessible online registry of lead-safe housing starts this summer and community outreach efforts will increase awareness. By June 1st, grant and loan applications for people living in buildings with four or less dwelling units will be available and by September, for

multifamily units greater than five. Applications can be completed online and submitted electronically or by regular mail.

As a former Mayor, I know that our problems do not end at our town's borders. The future of our cities and our suburbs and our rural communities are inextricably linked.

Providing our municipalities' additional tools in the planning process is essential. Here again, New Jersey has another first. Our Statewide Transfer of Development Rights Act is the first in the nation and this year, the Office of Smart Growth is working with 9 towns in New Jersey, including 3 municipalities as part of the Highlands Act, in a best practices demonstration program, to educate each community as to how TDR works for various development and redevelopment needs.

TDR is not just a means of preserving open space or farmland. TDR can help save historic structures and protect marinas, tidal lands and public access to beaches and fishing. That is why we took TDR to the Shore this year with a Shore to Please TDR demonstration project for two shore communities. And for those towns struggling with dated shopping centers, our Grayfields Pilot, now in four towns, including Hamilton Township in Mercer County, can set the stage for a community's rebirth.

When something works, we should understand why, and then, figure out how we can do more. Our successful Main Street program added 9 neighborhoods this year, including South Amboy – the most ever in a single year – and we now have 25 towns looking “back to the future” by focusing on improving their downtown Main Street. Our Smart Future Grants are helping towns like Oakland in Bergen County, and Roselle in Union County plan the redevelopment of their business district. HMFA's Downtown Living Initiative funded 29 market rate rental units in Lincoln Lofts in Newark. So, this year, we are taking our successful Main Street program “Down the Shore” as we expand it to support our shore towns -- “Downtown: It's a Shore Thing” will address our beach downtowns, looking at economic redevelopment, beachfront parks and squares, and historic preservation.

In response to delays in awarding historic restoration grants, the New Jersey Historic Trust was transferred to DCA. Since its transfer, the Historic Trust has successfully completed two major grant rounds through the Garden State Historic Preservation Trust Fund. Those grant rounds funded 145 Historic Sites Management and Capital Grants, totaling \$29,328,398, including the Masonic Temple and the Roebling Mansion right here in Trenton. The 2005 Historic Trust grant round is underway with applications due on June 1.

The Division of Local Government Services, in conjunction with the New Jersey Meadowlands Commission, is developing a pilot program for the fourteen (14) towns in the Meadowlands District to submit municipal budgets electronically. The electronic process will increase the efficiency of budget submission and staff budget review, reduce the amount of paper required, and allow information to be readily accessible on the Division's website - all making local government work better for its citizens. We

will soon invite all 566 municipalities and 21 counties to submit their budgets electronically - streamlining government from one end of the state to the other.

In 2004, DCA made changes to the REDI program to ensure funding was being more efficiently utilized. The revamped program, Sharing Available Resources Efficiently (SHARE), now requires a local match, expands eligible costs and provides increased implementation aid.

Chatham Township and Borough received \$14,000 to look at shared recreation programs. A \$100,000 grant has allowed Oaklyn Borough to partner with Mount Ephraim to implement a joint municipal court. Plumsted Township and the Board of Education will use \$39,000 to implement a Tech Share Initiative. In multi-municipal collaborations, Irvington, Maplewood, Hillside and Union Township will use \$40,000 in SHARE funds towards a Regional Fire Training and Response Facility and Margate, Longport and Ventnor will use \$100,000 towards a joint public safety dispatching center. The unique advantage to the SHARE program is the wide variety of projects it makes possible.

With this proposed budget, we hope to continue to successfully fulfill our mission to improve the people, places and progress of New Jersey. I am proud to have worked with the Legislature and the Governor's Office as we deliver on the promise and potential of New Jersey's communities.

I'd be happy to answer any questions you may have.