

Testimony of Sheila Y. Oliver, Lieutenant Governor
Commissioner, Department of Community Affairs

Before the Senate Budget and Appropriations Committees

May 17, 2018

Good morning, Chairman Sarlo, Vice-Chair Stack, and members of the Budget and Appropriations Committee.

It's wonderful to be back in Committee, but a little strange to be standing on this side of the process. As an Assemblywoman, I worked closely with many of you to promote issues and pass legislation that we knew would have long-term, meaningful impacts for our residents and for the State.

While it's only been a few months since I began serving as Lt. Governor and Commissioner of the Department of Community Affairs, I have seen how regulations are developed to support the legal framework we set and how policies and programs are then implemented and managed.

I am also more keenly aware of the advantage to revisiting legislatively granted authorizations and safeguards to adjust for the passage of time and changing needs so that we continue to strengthen our communities and respect the wishes of our residents as we have been elected to do.

Last year, Commissioner Richman presided over the Department's 50th anniversary and shared with you all the great work that had been accomplished. To be sure, I am finding an energetic staff that takes immense pride in their comprehensive approach to problem solving, which is data driven then infused with the added insights and experience of stakeholders and experts to form the basis for policy development.

And the issues closest to my heart-----improving the quality of life for the residents who need our help; growing NJ communities through sound planning and targeted investments aimed at long term sustainability; and making quality education, training opportunities, jobs and housing more broadly available so that anyone in NJ can contribute to and benefit from a thriving economy— These are the concerns that matter most at DCA.

The Department and HMFA together, produce and subsidize the lion share of affordable housing for low and moderate-income households. With the election of Governor Murphy, there was wide spread anticipation that funding for construction and rehabilitation would return to pre-Christie era levels. It was certainly a priority for the incoming Administration. However, the magnitude of the budget mess left by the previous Administration was not initially known.

We inherited a fiscal disaster that must be repaired. It could not happen in one budget, but we are devoted to charting a new path forward. We fully recognize that after 8 years of indifference, the demand for affordable housing has intensified. The commitment that Governor Murphy has made to support the development and preservation of affordable housing is absolute. However, when confronted with impossible choices, only compromise allows for progress toward competing goals.

This is an issue that I have championed over the course of my career and one that the Administration will not allow to fall by the wayside. We are fortunate that we will see an increase in federal funding of \$1.6M in the HOME program and \$2.1M in the Housing Trust Fund. We will still spend over \$300 million in affordable housing programs this fiscal year, including Section 8 vouchers and the State Rental Assistance Program. We have recently received 52 VASH vouchers to support homeless veterans; we will have another million to spend on vouchers for people with opioid addictions and we hope to receive \$10 million for our Keeping Families Together initiative with the Department of Children and Families. Through HMFA, we are also proposing to tie \$18 million to 4% tax credits to create 180 special needs units. And this Thursday, the HMFA Board will vote to approve a new first-time homebuyer loan program that will provide 1,000 borrowers with \$10,000 in down payment assistance.

Is this the robust plan that I hoped to unveil for you today? It isn't. But I believe that, like the HMFA's new down payment initiative, this first budget is a down payment and a promise of a brighter economic forecast that will enable us to support the new affordable development that is so badly needed.

If I could take another minute or two, I would like to share some of the Department's accomplishments this year and briefly note our ongoing work:

- **Atlantic City**

Partnering with the City, the State was able to successfully address some of its most pressing fiscal issues. After an infusion of \$34.8 million in new CMPTRA aid and \$13 million in Transitional Aid (2018):

- The 2017 budget was balanced with over \$40 million in budget savings.
- Moody's has given the City a positive credit outlook based on the tax appeal settlements and the balanced budget.
- Cost savings were achieved in police and fire spending without compromising public safety. Indeed, crime has dropped nearly 6 % and violent crime by almost 12 % since 2016.
- The City was able to sell over \$49 million in bonds to address its deferred pension and healthcare obligations.

Continued stability requires both budget and management discipline. The State will not relinquish oversight in the near term. However, the ultimate goal **is to return local control and decision making back to the City** as soon as it has the capacity to run on its own.

The prospects for the future now look much better than they did. With the opening on June 28 of the Hard Rock Café and Casino and the Ocean Resort Casino, the court decision to allow sports betting, the Stockton University Gateway project and the Beach at South Inlet market rate residential development, there is a lot happening.

- **The Revival of the Neighborhood Preservation Program and Main St. New Jersey**

We have revamped the Neighborhood Preservation Program. DCA staff developed a set of indicators that identify municipalities with walkable, mixed use neighborhoods in decline that reflect the “threatened, but viable” neighborhoods envisioned in the Maintenance of Viable Neighborhoods Act. We will select from among those 20 neighborhoods in municipalities with existing state support or investment, local capacity to fortify neighborhood reinvestment, a strong municipal commitment, and support and involvement from the local business community. This will enable State investments to leverage existing local strengths and achieve lasting positive change.

The Main St. program will also see some changes. We will continue to do what Main St. has traditionally done well—that is to provide technical assistance on every aspect of small business marketing from market analysis data and business recruitment to website design. The new Main St. program will also offer targeted micro-grants for small scale building and storefront improvements. We expect to assist between 20 and 30 municipalities this fiscal year.

- **Housing First Initiatives**

Several years ago, DCA began its first experiment with the “Housing First” concept of permanent supportive housing for the chronically homeless. We started with an investment of 50 vouchers in the Camden Housing First Pilot program, and based on the preliminary results, expanded that investment to a Statewide Housing First Initiative serving more than 400 chronically homeless people and homeless veterans. While still collecting data, and evaluating these programs over the long term, DCA is using lessons learned through these innovations to respond to a new and critical population, through the Housing First Expansion for People with Opioid Addictions.

- **Data Hub**

DCA has created a central repository for a large assortment of databases, chief among them information relating to local government operations; property tax tables, municipal annual debt statements, and user friendly municipal budgets. There is also a category for affordable housing information. Now that almost 200 towns have settled their affordable housing obligations, the public should be able to see what those obligations are. In the next few months, the Department will begin to post the court approved settlements to the Data Hub. This will allow transparency into what is happening in municipalities on a Statewide basis. In this way, those households seeking affordable housing and those entities seeking to construct, or otherwise contribute to such housing, can see actual and potential opportunities.

In working with several members of this Committee, and others in the Legislature, the Department hopes to improve our housing inspection system by adopting a model that rewards “good” landlords and imposes additional oversight of those who fail their tenants. More specifically, any bill amending the Hotel and Multiple Dwelling Law should also include a provision to remove the requirement that inspection reports and notices of violation be sent to landlords by certified mail as Senator Cruz-Perez’s bill S1101 currently does. It may seem like a small item but it is a significant obstacle to enforcing code compliance. I look forward to continuing these discussions in the immediate future.

It is your job and mine to do what we can so that communities have the right tools in place to support their residents and businesses. This is a diverse state with many needs, and for every solution we find, another challenge rears its head. That’s why we’re all here and why we keep working hard for our state.

Thank you for allowing me the time to make this statement.