

May 11, 2022, 10 a.m.

Testimony of Lieutenant Governor Sheila Y. Oliver, Commissioner New Jersey Department of Community Affairs Before the Assembly Budget Committee.

April 28, 10:30 a.m.

Testimony of Lieutenant Governor Sheila Y. Oliver, Commissioner New Jersey Department of Community Affairs Before the Senate Budget and Appropriations Committee.

Good Morning, Chairman Sarlo, Vice Chair Cunningham, and members of the Senate Budget and Appropriations Committee. Thank you for the invitation to appear before you today to highlight the achievements, challenges, and ongoing efforts of the Department of Community Affairs.

Good Morning, Chairwoman Pintor Marin, Vice-Chair Wimberly, and members of the Assembly Budget Committee. Thank you for the invitation to appear before you today to highlight the achievements and ongoing efforts of the Department of Community Affairs.

If I may, I would like to introduce and acknowledge my staff who are joining me today. (List names)

It's been a rough road and I couldn't have done it without all employees at DCA. The staff stepped up and did their best work to help keep the Department and the State afloat during the past two years. They have provided rental and utility assistance to households, guidance on a host of pandemic-related issues to local government officials, technical assistance to downtown business districts and community development organizations, funds for affordable housing projects, and administration of American Rescue Plan dollars. Also, our construction code and fire

safety inspectors continued to conduct inspections and approve permits so that business could move forward. I could go on and on about DCA staff’s amazing work.

As we emerge from the pandemic, we realize there is much work that remains to be done. I am proud of what the Department has accomplished to assist New Jerseyans. We have made and continue to make unprecedented investments in our communities and small businesses to minimize the long-term financial impacts of this pandemic. We are committed to making DCA more efficient and responsive as demonstrated by welcoming former DCA Commissioner and NJHMFA Executive Director Chuck Richman back to public service as the Governor’s senior advisor on state permitting to oversee electronic permitting.

To begin, I want to briefly talk about our eviction prevention efforts.

In August 2020, we had an estimated 107,000 renters, 1 in 14, reporting they were likely to be evicted in the next two months. This includes 1 in 6 low-income renters.

Since then, we’ve cut that number by 30% to 75,000 and the number for low-income renters by 63%.

We have also cut the number of homeowners facing homelessness from foreclosure by 8%.

Survey Dates:	August 19-31, 2020		March 30-April 11, 2022		% Chg Aug 2020-April 2022
	#	%	#	%	
Renters somewhat or very likely to leave their homes due to eviction in next two months	107,080	7%	74,729	4.50%	-30%
Low-income renters (<\$25,000) somewhat or very likely to leave their homes due to eviction in next two months	45,449	17%	16,698	4.50%	-63%

Homeowners somewhat or very likely to leave their homes due to foreclosure in next two months	19,153	0.50%	17,647	0.50%	-8%
---	--------	-------	--------	-------	-----

Source: US Census Bureau, Household Pulse Survey

In response to this crisis, DCA’s Division of Housing and Community Resources stood up two phases of the COVID-19 Emergency Rental Assistance Program (CVERAP). To date, we have disbursed more than \$644 million in federal Emergency Rental Assistance funds to more than 81,500 households statewide, including households in our Eviction Prevention Program. Over a half a billion dollars is an unprecedented amount of money to disburse and I attribute that to our dynamic, hard-working team at the Division of Housing for their herculean effort.

As part of this effort to help keep people housed, DCA also administered federal Emergency Rental Assistance (ERA) funds for residents on behalf of Morris and Burlington counties.

New Jersey quickly established itself as a national leader in distributing these federal funds. Based on DCA’s exceptional performance, U.S. Treasury in September 2021 ranked New Jersey first in the nation among state-administered emergency rental assistance programs.

This performance led to not one but two additional ERA awards to the State of New Jersey. On March 14th, DCA was notified by U.S. Treasury that it will receive an additional \$44.6 million in ERA funds to help households on the Covid-19 Rental Assistance waiting list. This is on top of the additional \$42.7 million in ERA funds that DCA received earlier this year.

The \$87.3 million in extra funds were reallocated by U.S. Treasury from other states and localities in the nation that didn’t use them.

While the application period for CVERAP is currently closed, there are still eviction protections in place for New Jersey residents financially impacted by the pandemic. But eviction protection is not automatic; people must act to get the protection. Therefore, we urge people who face eviction to make sure they self-certify their income with the State. People can go to DCA's homepage at www.nj.gov/dca to learn more.

We have partnered with the Department of Human Services' Office of New Americans to help inform people who are undocumented about rental and utility assistance that is available to them regardless of their immigration or documentation status.

Our call center is staffed with both English and Spanish speakers, and we're assisting people who speak other languages through our language interpretation line.

To further prevent evictions, DCA established the Office of Eviction Prevention and is partnering with six experienced nonprofit community organizations on a statewide outreach campaign about housing resources available. Plus, the Department launched an eviction diversion initiative where a total of 28 resource navigators are dispatched across every court vicinage in the state to assist tenants in danger of eviction by connecting them to resources.

I would also like to provide an update from last year on the Expanded Access to Counsel and Homelessness Diversion Anti-Eviction Pilot Program.

Since late summer, the Department's Access to Counsel pilot program expanded access to free and quality legal advice and representation to 322 households in Trenton, Atlantic City, and East Orange. This pilot program – together with the resource navigators I mentioned earlier

who are stationed in every county of the state – is helping prevent evictions from happening, especially in high-impact counties.

In selecting the playing field sites for the pilot, DCA focused on communities with high volumes of eviction filings, high numbers of entries into homelessness where eviction is the main contributing factor cited, and a high density of low-income renters of color. Studies have shown the extreme disparity in legal representation between tenants and landlords, as well as the significant over-representation of Black and Latino households, especially those headed by women, in eviction filings. By providing access to lawyers or factual information about their rights and the legal process, counsel and resources, the Pilot is leveling the playing field in communities that have experienced some of the most extensive and historic inequities.

The Department's data sharing and direct engagement with the courts as part of this pilot program truly represents a best practice in housing stability strategies.

Integrating the pilot program into the landlord-tenant court process represents a significant change in the way the State responds to people who are struggling to stay housed to proactively prevent homelessness.

In addition, DCA is administering the \$500 million Eviction Prevention Program (EPP), which is focused mainly on helping households pay their rent moving forward for up to two years. Approximately 21,000 households are enrolled, with another 7,000 households in review for the remaining slots after selection through the lottery and application process. To date, DCA has disbursed more than \$16 million, and starting in June anticipates an average monthly disbursement of \$19 million.

Finally, our affiliate the New Jersey Housing and Mortgage Finance Agency (NJHMFA) offers free housing counseling assistance, which has

expanded to include renters who may be concerned with eviction. The housing counseling is also for homeowners to help prevent possible foreclosure.

Families were also hit in the pocket during the pandemic when it came to paying their energy, water, and sewer bills.

In July 2021, an estimated 1 million adults, 1 in 6, were unable to pay or fully pay an energy bill, including about half of low-income adults.

Survey Date	July 21 – August 2, 2021	
	#	%
Adults unable to pay or fully pay an energy bill or unable to pay the full bill amount	1,056,522	15.6%
Low-income (<\$25,000) adults unable to pay or fully pay an energy bill or unable to pay the full bill amount	174,414	49.2%

Source: US Census Bureau, Household Pulse Survey

In August 2020, 2.1 million adults, 1 in 3, reported it was difficult paying for household expenses in the last week. Since then, we’ve cut that number by 6 percent.

Survey Dates:	August 19-31, 2020		March 30-April 11, 2022		% Chg Aug 2020-April 2022
	#	%	#	%	
Adults reporting it was somewhat or very difficult paying for usual household expenses in the last week	2,123,036	31%	1,985,130	28%	-6%

Source: US Census Bureau, Household Pulse Survey

To help struggling households, the State put in place a moratorium on utility shutoffs until March 15th of this year. Governor Murphy signed legislation the last week of March to extend the prohibition on utility shutoffs for certain residential customers with overdue utility payments who are waiting

for a decision on their application for state assistance in paying off their utility bill arrearages.

DCA has been aggressive in its approach to notify residents about our four utility assistance programs: the Low Income Home Energy Assistance Program (LIHEAP), the Universal Service Fund (USF), the American Rescue Plan Utility Arrearage Program, and the Low Income Household Water Assistance Program (LIHWAP), which is our newest program and assists residents financially impacted by the pandemic with their water and sewer bills.

DCA has a single online application, which allows applicants to be considered for all four programs.

We've engaged in a statewide campaign using targeted social media ads, billboards, bus wraps, and ads in train stations. You may have seen these billboards around the state.

Six community-based agencies focused on outreach are helping people with utility assistance applications. Plus, we have 21 community-based organizations helping us to follow up on incomplete applications.

We also partnered with NJBPU to assist the American Rescue Plan Utility Arrearage Program. Households that had utility arrears were contacted directly with information about the program.

Notably, to reach more people in this time of great need, we significantly expanded income eligibility this year for the LIHEAP and USF programs to include moderate-income households.

To date, DCA has paid out \$88.7 million in LIHEAP benefits for more than 229,300 applicants and \$53 million for more than 28,500 applicants in

the ARP Utility Arrearage program, which includes both EPP and ARP funding.

At DCA, we are committed to increasing affordability, especially when it comes to one of the biggest expenses facing families – housing.

We're continuing to build affordable housing throughout the state through the fully funded Affordable Housing Trust Fund. This fund helps to ensure access to affordable and decent housing, including for veterans, minorities, and survivors of domestic violence. It also supports innovative projects that don't necessarily produce housing units, but rather advance the State's housing goals through creative initiatives such as makerhoods and healthy home technologies. Since 2018, we have awarded \$49.39 million from the Trust Fund, representing 332 units. We anticipate an additional 83 housing units to be awarded funding by the end of the year, which would bring the total from FY22 to approximately \$65 million. In addition, DCA awards Innovation Fund grants to projects that will increase access to affordable housing or otherwise assist in housing the lowest-income and most underserved households.

All the Affordable Housing Trust Fund awards have been given to smaller housing projects sized at 25 or fewer units. Also, the projects are developed by community-based organizations that have a strong connection to the housing equity issues in their communities and aim to create affordable housing in walkable neighborhoods in close proximity to transportation and other amenities.

In addition, we are so excited about Governor Murphy's announcement last month about a proposed \$335 million Affordable Housing Production Fund to help the State build approximately 3,300 already approved affordable housing units across New Jersey over the next four years, which would create long-lasting equity in the communities where these units are constructed.

Affordable housing also means making it affordable for people to buy a home and then keep up with their mortgage payments.

We have a First-Time Homebuyer Down-Payment Assistance Program at NJHMFA, where I serve as Board Chair. The program provides people who are buying their first home with a \$10,000 down payment to help make their dream of owning a home become a reality. This program is especially helpful now in New Jersey's competitive real estate market, which has experienced soaring prices since the start of the pandemic. A diverse number of applicants are taking advantage of the down payment assistance, which is cultivating diverse neighborhoods and communities throughout the state.

In the past year, NJHMFA realized a 20.4% increase in DPA program participation, with the average loan increasing by nearly 50%. Year over year, these funds also supported increased community outreach, which resulted in DPA funding supporting much higher percentages of minority households than the market itself, and even greater than this program has, historically. Hispanic family participation in the DPA program rose from 28.8% to 31.9% and Black family participation rose from 9.9% to 13.6%. Indeed, this is the first home lending program to achieve a level of participation commensurate with the percentage of the population of the state.

We are also proud that this program retained strong economic equity this year, despite challenging market conditions including low inventory, high prices, and cash-heavy buyers. Approximately 81% of our beneficiaries were below 80% of their county's AMI. 92.2% of beneficiary households made less than \$100,000.

Looking ahead, we look forward to using the proposed \$5 million increase in DPA funding to support mortgage interest rate reduction across the program and offering targeted DPA increases, up to \$15,000,

in the most expensive regions of the state. These measures will keep the program growing, and ensure our low and moderate income borrowers can remain competitive in a rapidly rising rate environment.

NJHMFA also administers the COVID-19 Emergency Rescue Mortgage Assistance Program (ERMA), which is using more than \$300 million in funding to provide up to \$35,000 in assistance to cover mortgage arrearages, overdue property taxes, and other housing cost delinquencies for homeowners financially impacted by the pandemic.

This program has already begun providing vital, direct relief to vulnerable families facing foreclosure across our state and will ultimately support mortgage relief for 7,000-10,000 homeowners in need.

The Legislature's FY2022 budget appropriation to support this vital wealth building program has been put to excellent use.

Additionally, in February, Governor Murphy allocated \$10 million in funding from the American Rescue Plan to the NJHMFA for foreclosure prevention.

To further support the Administration's commitment to reduce the state's racial wealth gap, DCA is a partner agency on the State's Wealth Disparity Task Force Housing Working Group. The Department has been working closely with the Governor's Office and the Division on Civil Rights in the Office of the Attorney General to formulate comprehensive recommendations to address racial and ethnic wealth disparity in New Jersey's real estate and housing market.

DCA also continues our regular work helping to redevelop and revitalize our urban areas.

In Governor Murphy's inaugural address in January, he called New Jersey "The Opportunity State" and said one of the State's primary tasks is to

build a path to prosperity for everyone in New Jersey, including small business owners and entrepreneurs.

We are doing that at DCA. We understand the importance of creating and maintaining thriving urban communities.

In March, we announced \$14.25 million in funding awards to 19 community-based nonprofit organizations across the state through the Neighborhood Revitalization Tax Credit Program, also known as NRTC.

This is the largest amount of NRTC funding ever awarded, and also the most organizations to receive funding from the annual NRTC project application cycle.

The funding is going to neighborhoods in Camden, Jersey City, Millville, Newark, Paterson, Trenton, among other communities and can be used to provide assistance to small mom and pop businesses and microenterprises, many of which were negatively impacted during the pandemic and could not access larger assistance programs. Funding through the NRTC program is helping them to regroup.

We also expanded the Neighborhood Preservation and Main Street New Jersey Programs to include additional towns, effectively doubling the size of the programs so we can reach more neighborhoods across the state.

The Neighborhood Preservation Program (NPP) offers an array of technical and financial assistance and training to support the empowerment of 40 neighborhood district stakeholders, including businesses, so they can build a foundation to sustain revitalization efforts over time.

And we continue to grow our small businesses that are at the heart of our communities – the mom & pop shops – through our Main Street New Jersey program, which works with communities in New Jersey, providing

technical assistance, funding, and training in downtown revitalization and management.

For the first time in six years, four more communities, Bernardsville, Fair Lawn, Maplewood, and Toms River, have been added to the program bringing the number of communities participating in the program up to 23.

Through the Urban Enterprise Program (UEZ), we are stimulating economic growth in 32 designated UEZ communities by encouraging small, medium, and large businesses to develop and create private-sector jobs through public and private investment. Last year, I signed legislation officially renewing the program.

And New Jersey Redevelopment Authority (NJRA), another affiliate of DCA, has been assisting small businesses throughout the state through the COVID-19 Small Business Lease Emergency Assistance Program to help businesses in eligible communities who were financially impacted by the pandemic to pay their rent. To date, the NJRA has helped more than 1,500 businesses.

Due to the great amount of need, the Authority was allocated another \$10 million last fall to assist additional businesses that were not helped in previous rounds.

Some of you may be familiar with the work of DCA's former Sandy Recovery Division and its experience helping the state rebound after Superstorm Sandy.

Because the Division has expanded its role beyond Sandy recovery work, we have officially changed its name to the Division of Disaster Recovery and Mitigation (DRM) to better reflect the Division's mission of strengthening New Jersey's long-term resilience against the impacts of

climate change including future severe weather events, flooding damage, and disasters in general, such as Hurricane Ida last year.

A major operation that DRM has been tasked with is overseeing the \$6.2 billion State Fiscal Recovery Funds grant from the American Rescue Plan in response to the pandemic.

And most recently, the U.S. Department of Housing and Urban Development (HUD) announced the allocation of \$228 million in Community Development Block Grant-Disaster Recovery (CDBG-DR) funds to help New Jersey recover from Hurricane Ida and build inclusive resilience to climate change.

DRM is administering, managing, and monitoring each award of funds.

Another major initiative that I am very excited about is our recent collaboration with Commissioner LaTourette and his team at the New Jersey Department of Environmental Protection (DEP) to advance clean energy infrastructure in New Jersey.

DCA's Office of Local Planning Services collaborated with DEP to create a statewide Electric Vehicle Municipal Ordinance to encourage electric vehicle charging infrastructure in towns throughout the state. This ordinance makes it easier for towns to install EV charging stations by streamlining the local approval process.

We also released a guidebook in partnership with DEP and BPU to give municipalities a blueprint to become Electric Vehicle Ready, from implementing the ordinance to streamlining the permitting process and installing charging stations.

Speaking of municipal governments, the Division of Local Government Services (DLGS) continues its work building effective municipal governments and providing valuable technical assistance.

As many New Jersey municipalities are still feeling the impacts of the COVID-19 pandemic on local government budgets and operations, sharing services between towns has become an increasingly used tool as one way of overcoming these financial challenges.

Through the work of Shared Services Czars Nicolas Platt and Jordan Glatt and the Division's Local Assistance Bureau, we continue to advance shared services in counties and municipalities throughout the state.

Since the 2018 appointment of the Shared Service Czars and the inception of the DLGS Local Assistance Bureau, over 2,500 shared services agreements have been received. Of these shared services the Division has documented more than \$110 million dollars in savings and enhanced delivery of services to NJ taxpayers. For instance, the sharing of correctional facilities among several counties has enhanced the lives of the facility residents and employees. The sharing of correctional facilities in Essex and Union Counties is estimated to be \$20M each year. In Cumberland and Atlantic Counties, the taxpayer savings for this shared service is \$8.7 annually and in Morris and Sussex Counties the correctional shared services amounted to an annual savings of \$1.8 million. We have also seen an increase in the number of shared or regional courts throughout the State. In January 2022, Atlantic County began operations of the State's first regional county court program. This new regional court program anticipates a savings \$768,579 this year alone, with 30%-40% annual savings to the participating towns and improved service delivery to the residents of Atlantic County. These shared services not only enhance services, but reduce the burden on taxpayers.

DLGS also administers Local Efficiency Achievement Program (LEAP) Implementation and Challenge grants to local governmental entities across New Jersey to identify and implement shared services opportunities.

The grants, totaling \$5.4 million, went to 50 local entities for a variety of shared services initiatives including public safety, dispatch, sanitation, public works, and transportation.

We held a Shared Services symposium with New Jersey Administrative Office of the Courts Judge Glenn Grant to discuss a pilot program of regional municipal courts, which was implemented in Atlantic County this year. The pilot is projecting record-breaking savings for all of the municipalities involved.

And we just started accepting applications for the School Regionalization Efficiency Program (SREP) for school districts to conduct feasibility studies to explore merging with neighboring communities.

The program provides up to \$10 million for public school districts and eligible governing bodies in New Jersey to apply for grant funding for school regionalization or consolidation studies.

The Neighborhood Coordination Officers (NCO) unit in AC currently has 15 officers. These officers patrol the city's six wards daily through community policing that is creating and maintaining neighborhood harmony between the police and the community. Additionally, there were 28 Class 2 program officers who were promoted to board certified sworn officers. Many of these individuals, in fact over 75%, live in the City and reflect the demographics and the diversity of the City.

Public Safety

Through DLGS, the Department continues to partner with the City of Atlantic City, the Atlantic City Executive Council, the Atlantic City Restart and Recovery Working Group, and other stakeholders to revitalize Atlantic City and improve its quality of life for residents, businesses, and visitors.

We look forward to our continued partnership with the City, which has been extended by the Legislature for another five years.

One of the common themes to emerge in our four years of partnership with the City is the importance of making Atlantic City clean, safe, and healthy.

We believe this focus will help Atlantic City retain and attract residents and businesses and lead to increased homeownership in the City.

To this end, I would like to note a few positive projects that are happening in the City:

- The City was awarded \$20 million in Community Development Block Grant Disaster Recovery (CDBG-DR) funds by DCA in 2020 to repair and replace infrastructure and public facilities that were damaged due to Superstorm Sandy. Six projects were selected and are currently underway.
- A ShopRite grocery store, which we broke ground on in the fall of 2021, will be Atlantic City's first full-service supermarket in more than 15 years when it opens in 2023.
- Expansion of Stockton University's Atlantic City campus ,

which includes the construction of a 416-bed residence hall, which is underway near the existing residence hall and academic building that opened in 2018.

- Demolition of neglected properties is taking place across the city to address neighborhood blight.

Through the Atlantic City Initiatives Project Office (ACIPO), DCA is helping lead an effort to expand broadband access for city residents and businesses.

A partnership was created for broadband adoption that includes ACIPO and organizations such as the Atlantic City Library, AtlantiCare, and the Atlantic County Workforce Development Board.

It recently won grant funding to do a broadband access study for Atlantic City. It is also collecting data about Internet accessibility and digital literacy skills.

And now, I'd like to pivot to talk about the New Jersey Historic Trust.

While the pandemic left some of our most treasured historical assets at risk of neglect, the New Jersey Historic Trust did not stop preserving them.

Over \$15 million in historic preservation planning, capital, and heritage tourism projects were awarded in recent months.

We have so many extraordinary landmarks and pieces of history in New Jersey that are endangered, which is why the work of the New Jersey Historic Trust continues to be so critical. It is incumbent on us to prioritize the mission of saving and telling our history.

Before I conclude my remarks, I'd like to call attention to the new Office of Information Privacy (OIP), which opened its doors this month.

This new office, which resides in DCA, was established in order to fulfill Daniel's Law's promise of special protections to judges, prosecutors, law enforcement officers, and their immediate family members wishing to have their home address protected from public disclosure.

The work of this office, under the leadership of a new director, will help these groups of people to serve fully without fear for their personal safety or the safety of their families.

We are standing up the technological infrastructure and a process for these special protections for our more vulnerable, public-facing public servants in New Jersey.

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