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PUBLIC HEARING

before

SENATE COMMITTEE ON AGING

Housing Options for Senior Citizens

May 4, 1987
Room 362
State House Annex
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

- Senator Frank Pallone, Jr., Chairman
- Senator Catherine A. Costa, Vice Chairwoman
- Senator Christopher J. Jackman
- Senator Leanna Brown
- Senator Peter P. Garibaldi

ALSO PRESENT:

Anita M. Saynisch
Office of Legislative Services
Aide, Senate Committee on Aging

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New Jersey State Legislature

SENATE COMMITTEE ON AGING

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Vice-Chairman

CHRISTOPHER J. JACKMAN
LEANNA BROWN
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April 20, 1987

NOTICE OF A PUBLIC HEARING

**THE SENATE COMMITTEE ON AGING
ANNOUNCES A PUBLIC HEARING ON
HOUSING OPTIONS FOR SENIOR CITIZENS**

Monday, May 4, 1987
Beginning at 2:00 P.M.
Room 362 of the State House Annex
Trenton, New Jersey

The Senate Committee on Aging will hold a public hearing on Monday, May 4, 1987, beginning at 2:00 P.M. in Room 362 of the State House Annex. The purpose of the hearing is to examine housing options for senior citizens and, in particular, home equity conversions, sale and leaseback arrangements, reverse mortgages and tax deferrals.

Address any questions or requests to testify to Anita Saynisch, Committee Aide (609) 292-1646, State House Annex, Trenton, New Jersey 08625. Persons wishing to testify are asked to submit nine copies of their testimony on the day of the hearing. The chairman may find it necessary to limit the number of witnesses or the time available to each witness.

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SENATOR FRANK PALLONE, JR. (Chairman): We are going to start our main attraction here today, which is the public hearing on housing options for seniors. I know we have a lot of people from the departments, but I think we may also have some individuals here today, so I am going to introduce everybody, just in case you don't know who we are.

I am Senator Pallone, the Chairman of the Senate Committee on Aging. To my left are Senator Costa, who is the Vice Chairwoman of the Committee, and Senator Jackman. Over here are Senator Garibaldi and Senator Brown.

Basically, the reason we are calling this hearing today is because of the problems, or perceived problems with housing options for senior citizens. As you know, the lack of suitable, affordable housing for the elderly is a growing problem. All of us, every day, in our own district offices, are confronted with this when people call and ask for additional subsidized housing. Many senior citizens, even homeowners -- particularly homeowners in many cases -- are finding that maintaining their homes is a difficult problem, and that finding alternate housing is also difficult.

So, the hearing announcement today mentioned particular subjects we are going to be examining, specifically property tax relief -- or property tax deferral programs as they exist in some states -- home equity conversion plans, reverse mortgages, and sale and leaseback arrangements. We are fortunate with regard to the property tax deferral and the home equity conversion plans, in that there is a task force that has been looking into these housing options for senior citizens with regard to homeowners. Basically, we are very interested today in finding out what type of information that task force has gathered. They have three subcommittees, which basically correspond with the three subjects we would like to look into -- the property tax deferral, the sale and leaseback agreement, and also the reverse mortgage.

The first person I would like to hear from today -- if it's okay -- is Mary Bentivegna, who will be speaking on behalf of the Task Force. Then we are going to hear from the Chairman, or a spokesperson, from each one of those subcommittees which deal with the respective areas that have been outlined. I am hoping that as a result of this hearing today, we will learn a little more about these housing options, and will then be able to look into legislation, or what needs to be done on a State level, either legislatively or in other ways, to move forward on some of these housing options.

So, with that I am going to start with Mary Bentivegna. Mary, we are pleased that you are here today.

SENATOR JACKMAN: Do you want me to give out these copies of Mary's statement?

SENATOR PALLONE: Yeah, sure, let's pass those around.

M A R Y B E N T I V E G N A: Thank you, Senator. My name is Mary Bentivegna. I am a Housing Specialist at the Division on Aging, in the Department of Community Affairs.

There are 954,000 New Jersey residents over the age of 65. In 1984, the average income of an elderly man in New Jersey was just \$11,769, and an elderly woman averaged \$6,012 per year. This minimal and fixed income, combined with the escalating costs of rents and property taxes which we are experiencing in our State, has created a housing crisis for our senior population. This crisis has been compounded by reduced government funding for subsidy programs and construction of low-cost housing.

The majority of the elderly -- 65% -- are homeowners. The problems created by the housing crisis are also affecting this population. As many as 50,000 households headed by elderly homeowners in New Jersey are living below the poverty level, with another 87,500 living on incomes between \$5000 and \$10,000 per year. This is the phenomenon referred to as "house-rich and cash-poor." Despite the fact that 85% of the

elderly homeowners have no mortgage debt, and have an asset worth anywhere between \$60,000 and \$260,000 or more, these senior citizens are struggling to pay property taxes, medical bills, home health care, home repair and maintenance expenses, and other costs of daily living.

The home equity lines of credit, which are currently very popular loan mechanisms, are of little assistance to elderly homeowners. Their low monthly incomes disqualify most senior citizens for these loans. In addition, since repayment of the loan must begin immediately, they provide little relief to the elderly borrower.

Selling their home and moving is also not a viable alternative for most elderly, since affordable options are limited. But, more importantly, seven out of ten elderly prefer to age in the place where they have lived and worked for 30 years or more. Many will sacrifice food, medical care, and needed home repairs in order to remain in their homes.

Mechanisms for tapping home equity to provide extra income, without having to sell and move from the home or make immediate repayments, is called home equity conversion. The major types of home equity conversion are: reverse mortgages, sale leasebacks, deferred payment loans, and property tax deferrals.

National experts estimate that home equity conversion has the potential to substantially impact on the standard of living of elderly homeowners, and can reduce the number of elderly homeowners living in poverty by over 50%.

Other benefits of home equity conversion include the potential to:

- 1) Preserve the independence of the elderly by enabling them to remain in their homes, and enhancing their choice to do so;
- 2) Prevent or postpone institutionalization by eliminating stress caused by economic problems, and by providing income for adequate medical and home health care;

3) Lessen the drain on Medicaid and other public assistance funds by allowing the elderly to use their own assets; and,

4) Preserve the housing stock by providing extra money for home repairs and maintenance.

The concept of home equity conversion is relatively new and involves many technical components. This has kept most homeowners, as well as lenders, from participating in these types of products. New Jersey presently has only two private lenders offering reverse mortgage products in which approximately 400 older homeowners participate. Participation in sale leasebacks is difficult to monitor, but it is estimated to be minimal due to the lack of information and guidance on this type of transaction. Deferred payment loans have been limited to scattered Community Development Block Grant funds for home repairs, and our current property tax assistance programs can only provide a maximum of \$550 per year to eligible senior homeowners.

In response to the recognized potential of home equity conversion for assisting older homeowners, the Task Force Study on Housing Options for Senior Citizens was formed under an initiative in the Governor's budget address last year. The Task Force's purpose is to undertake a comprehensive study of home equity conversion mechanisms and to make recommendations for expanding the availability of conversion options while providing consumer safeguards.

The Task Force was formed in November, 1986 and is chaired by Charles Richman, Assistant Commissioner in the Department of Community Affairs. Twenty members from 13 State agencies sit on the Task Force. These include: the Departments of Banking, Community Affairs, Public Advocate, Human Services, Health, and Insurance; the Divisions on Aging, Housing and Taxation; the New Jersey Housing and Mortgage Finance Agency, the Council on Affordable Housing, Ombudsman

for the Institutionalized Elderly, and the Governor's Office on Policy and Planning. I serve as staff support for the Task Force.

The Task Force formed three subcommittees to focus on various types of home equity conversion: Reverse Mortgages, Sale Leaseback Contracts, and Property Tax Deferral Programs. The subcommittees consist of Task Force members, along with representatives from various professional, advocacy, and industry organizations, such as: The American Association of Retired Persons, the New Jersey Association of Realtors, the Mortgage Banking Association of New Jersey, the New Jersey Savings League, the Legal Services Corporation of New Jersey, and the Association of Area Agencies on Aging, the New Jersey Bar Association, and county tax boards, as well as representatives from the Senate Aging Committee and the Assembly Senior Citizens Committee.

The chairpersons from the three subcommittees are here today, and will describe for you some of the model programs which we have been studying and the consumer and industry issues which have been under review.

The Task Force has also conducted two regional public hearings in March to receive comment from older homeowners. I have copies of the transcripts from these hearings available for the Committee today.

The Task Force and the subcommittees will conclude their study in July. The final report, with recommendations, will be issued to the Governor and the Legislature in September. It is anticipated that the work of this Task Force and the implementation of its recommendations will serve as a model for other states in expanding housing options for senior citizens.

SENATOR PALLONE: Thank you. One of the things I wanted to mention initially is-- To what extent, or, I guess, really, why is it that some of these options that would not

necessarily involve legislation, particularly the reverse mortgage or the sale leaseback arrangement-- Why is it that right now they are not being -- either they are not available or they are not being taken advantage of in any major way? Is that because there is a need for government involvement, or is it simply because of the market? That is just a basic question I had.

MS. BENTIVEGNA: Well, I think our Chairman of the Reverse Mortgage Committee will address that, but I can briefly say that it is a very new market. What the Task Force has been finding is, most lenders are sitting back and waiting to see what happens with the two lenders who are participating in the State right now.

SENATOR PALLONE: Senator Costa?

SENATOR COSTA: Yes. Your report was a very good one, and I am glad to see that the Task Force is going in this direction. But, I heard about this at least three years ago, if not longer. Why hasn't it gotten off the ground?

MS. BENTIVEGNA: I'm sorry, you heard of the Task Force, or--

SENATOR COSTA: No, not the Task Force, but these housing options.

MS. BENTIVEGNA: I am not quite sure I can answer that. I think the popularity of home equity conversion -- rather, home equity lines of credit -- right now have gotten senior citizens asking, "Why can't I convert my home equity?" I think that interest has spurred our Division to take some action in starting up the Task Force.

SENATOR COSTA: How long has the Task Force been in existence?

MS. BENTIVEGNA: Since November of '86.

SENATOR PALLONE: See, I just wonder why-- Again, I remember when I worked for Protective Services for the Elderly in Monmouth County, which goes back about five years now. At

that time, you know, we were making arrangements for some individuals for reverse mortgages. The numbers you gave -- about what, 400--

MS. BENTIVEGNA: That's right.

SENATOR PALLONE: --participating-- Is that statewide?

MS. BENTIVEGNA: Yes.

SENATOR PALLONE: I would have thought we had 400 in Monmouth County alone just in that few years that we were operating, you know, that I was there. I am just wondering -- I know I asked the question already -- are the limitations-- Is the fact that there are not that many available-- Is that because there is a need for a greater government involvement in this? I know you may end up making certain suggestions -- and other states have done different things -- but is the basic problem that in order for those types of programs to be successful, they would have to be some kinds of programs with a State agency, or pursuant to legislation, or something of that nature?

MS. BENTIVEGNA: Again, I just think most lenders are sitting back and waiting to see what happens with the programs already in operation. It is not a popular program from the lenders' point of view, because it is a negative cash flow. The lenders make out payments to the homeowners and do not receive repayment for an estimated number of years.

SENATOR PALLONE: See, that leads me to believe that it is not going to be successful unless there is some sort of subsidy or State involvement in it; otherwise, it is really not that profitable an option for the private sphere.

MS. BENTIVEGNA: If the consumer demand was created, there might be a bigger response on the part of lenders. That is certainly something else that our Task Force is looking at: How can we educate consumers that this type of product could potentially be available, and create more of a consumer demand for it so that the lenders will respond?

SENATOR PALLONE: See, what would happen with us -- and I don't mean to keep asking you the questions-- What would happen with us at Protective Services was that we would only get involved with them if a person was in a situation of abuse or neglect. In other words, you know, it wouldn't necessarily be a wealthy person, but oftentimes there were people who had homes that were worth \$300,000 or \$400,000. We would find them in a situation of abuse or neglect, and in order to get them out of that situation, we would suggest some kind of reverse mortgage, or some kind of sale leaseback type agreement, so they would have some equity. You know, on a monthly basis they would get money, or whatever.

In that sense, there was no other course of action. I mean, they were in desperate situations. But I suspect that what you are saying is, these types of reverse mortgages or other options are not really being used in a general way. They may only be used in that type of a situation, where someone is found to be in a very desperate situation.

MS. BENTIVEGNA: Because it involves many technical matters, particularly with the program that is available statewide, offered by the lender in South Jersey, it is a very technical program, and most older homeowners will shy away from it, even if they are in desperate situations in most cases. That is why education is one of the key elements that the Task Force is looking at -- how we can better educate seniors.

SENATOR PALLONE: Senator Garibaldi?

SENATOR GARIBALDI: Yes, Mr. Chairman. This is just a factual bit of information I am looking for, if you can help me out. Out of the just less than a million -- according to the first page of your written statement, there are 954,000 New Jersey residents over the age of 65; you give their average incomes, the low and the high -- how many New Jersey residents over the age of 65 are homeowners -- property taxpayers?

MS. BENTIVEGNA: Approximately 350,000. That is 65% of the total elderly population. Now, that 954,000 figure is individuals; the number of older homeowners we have is in terms of older households. So, there is a little bit of, you know-- The Census Bureau counts them differently.

SENATOR GARIBALDI: So, that represents 65% of our elderly population--

MS. BENTIVEGNA: That's right.

SENATOR GARIBALDI: --who are actually homeowners paying property taxes.

MS. BENTIVEGNA: That's right. That is according to the 1980 Census, yes.

SENATOR GARIBALDI: Do you think it could be drastically different, since we are closer to 1990 now?

MS. BENTIVEGNA: I don't think so, particularly since older homeowners in 1980 will still be homeowners in 1990, based on our figures of mobility. The aging population that is moving into the senior citizen category seems to be older homeowners, as well.

SENATOR GARIBALDI: Okay, thank you.

SENATOR PALLONE: You gave us some-- I'm sorry. Senator Brown?

SENATOR BROWN: Thank you, Mr. Chairman. When I was in the Assembly, I chaired the Housing Emergency Action Task Force, and in 1981 this was one of the recommendations we came up with -- the home equity conversion. What feedback are you getting from seniors?

MS. BENTIVEGNA: In the two public hearings we held, there was strong comment that senior homeowners do need help. The two strongest arguments came in terms of help paying property taxes and help making home repairs. In terms of comment on home equity conversion in general, from the older homeowners at the hearings we got minimal comments, only because the seniors who turned out for the hearings, again,

were not well-educated on home equity conversion, and did not know enough about what the mechanisms were to adequately comment on it for us.

We did get some seniors who were very active in looking at reverse mortgages and home equity conversion, particularly seniors who were involved in the American Association of Retired Persons, which is doing a lot of education in this area. They see a need for some legislation in terms, again, of consumer counseling.

SENATOR BROWN: I just wonder, again, if there is real reluctance to get into debt at an older age. Are there any psychological problems?

MS. BENTIVEGNA: Yes, there were some comments, because the one mechanism has the term "mortgage" attached to it, and these homeowners worked too hard to get their homes paid off free and clear. They do not want another mortgage on them. Again, we think that with proper education and a wider variety of programs for older homeowners to choose from to tap into their home equity, those psychological barriers can be overcome.

SENATOR PALLONE: Senator Costa?

SENATOR COSTA: Could it be that there are not enough people who know about this option?

MS. BENTIVEGNA: Definitely, yes.

SENATOR COSTA: You would have to have an outreach program to get to them.

MS. BENTIVEGNA: Right. But, again, there are just a limited number of options. There are just the two private lenders in the State, and both of them offer very different types of products that are not the best products for every homeowner who may need to tap into his or her home equity. So, there is a need for different types of options to fit seniors of different categories.

SENATOR PALLONE: See, I suspect that right now it becomes an option pretty much for people who maybe have no alternative. That is why I mentioned the situation in Monmouth County with Protective Services. But I think that with a statewide program, either something that is sponsored by the State or with greater education, or press, or whatever you want to call it, it would be an option that more people would take advantage of.

I don't know how you want to divide this in terms of your speaking. I know we have the chairmen of each of the subcommittees, but maybe you could just touch upon the property tax deferral option, which we really haven't discussed so far.

MS. BENTIVEGNA: The chairman of that committee should be here. Do you see George here, Barbara? (addressing a colleague) (no response)

SENATOR PALLONE: That's George--

MS. BENTIVEGNA: George Lorbeck from the Division of Taxation.

SENATOR PALLONE: He's not here? Are we expecting him, though?

MS. BENTIVEGNA: Yes. He should be coming.

SENATOR PALLONE: That, to me, was the most interesting aspect, the possibility of having that kind of a program, which would be, you know, a State program.

MS. BENTIVEGNA: Yeah.

SENATOR PALLONE: I wondered initially-- I am under the impression that we already do something like that. I mean, I know that people have called my office who have been in situations where the State has agreed -- you know, has put a lien on their house, and has agreed to pay certain taxes. I am just wondering, how does that come about? I mean, from reading what you have given us, I get the impression we do not have a property tax deferral program, but there is something right now.

MS. BENTIVEGNA: Right now, there is the Homelessness Prevention Program. That may be the program you are referring to.

SENATOR PALLONE: How does that work? How does that fit into all of this?

MS. BENTIVEGNA: I am not that familiar with the program, but what I do know from it is, it is for homeowners in general -- it is not targeted at senior homeowners -- who are delinquent on the payment of their property taxes. This program will give them a one-time grant -- I believe it is capped at \$1000 -- to pay off whatever property taxes they have in arrears. Whether they pay the State back for that money or not, I am not sure. But, that--

SENATOR PALLONE: So, the only thing we have right now is in a situation under this Homelessness Prevention Program?

MS. BENTIVEGNA: That is the only thing I am aware of. There are people on the Tax Deferral Committee from county tax boards and county tax assessors in the Division of Taxation. We have not discussed any other type of deferral program in existence.

SENATOR PALLONE: There isn't anything else?

MS. BENTIVEGNA: No.

SENATOR PALLONE: I specifically remember one instance in my office, where someone had called, and the State had put a lien on their house because of some deferral program. The individual died, and then there was a problem with the estate. Could that be the Homelessness Prevention Program? I suppose it could be.

MS. BENTIVEGNA: It could be. Again, I am not that familiar with the program.

SENATOR PALLONE: That seems to me to be the most interesting in terms of the different options, and something that, you know, a lot of low-income people, in particular, would take advantage of. Did you do any kind of statistics--

There was something in here about the number of senior citizens who are lacking in equity and who would need to take advantage of some of these things.

MS. BENTIVEGNA: We do not have any accurate statistics on home values of homeowners in the State, unfortunately. We are getting updated statistics on incomes of older homeowners in the State, and that is going to help particularly the Property Tax Deferral Committee in terms of judging wherever we recommend eligibility requirements should be placed, just what the costs will be to the State. But, we do not have any accurate information on home values.

We do see the property tax deferral as one of the better options for helping the lower-income seniors. It is also the least technical of the home equity conversion options, so in that regard it has a great potential for helping the older homeowner.

SENATOR PALLONE: Senator Garibaldi?

SENATOR GARIBALDI: Yeah. On this property tax deferral-- Being a mayor of a town, you know, what impact does that deferral have on the tax base of a community where all the taxpayers have to pick up the costs?

MS. BENTIVEGNA: The deferral program the committee has been looking at is a program that 18 other states have in place right now. The way it works is, the state reimburses the municipalities for those deferred taxes, so the municipalities do not lose any tax collected.

SENATOR PALLONE: It doesn't really have any negative impact on municipalities. The only thing is, this program, unlike the other two, would definitely require--

SENATOR GARIBALDI: I am always skeptical.

SENATOR PALLONE: Oh, I understand, sure.

SENATOR GARIBALDI: You know, we are so prudent down here. We're quick to pass these aid packages, but never--

SENATOR PALLONE: That's true. But, the one thing that this program would have that distinguishes it from the other two is, you would have to have a significant amount of money pumped into it initially, because there wouldn't be any-- In other words, if you had, what, 10,000 people join the program in the first year, there wouldn't be any money to pay the municipalities. So, you would have to have a sizable appropriation, at least initially, and then as the homes were sold, and as the money came back into the fund, you wouldn't need the money. It would come back like a revolving type situation. But, initially you would need probably a sizable amount.

MS. BENTIVEGNA: That's right.

SENATOR BROWN: Are there any other steps if you were a legislator that you would take at this point?

MS. BENTIVEGNA: In terms of the home equity conversion?

SENATOR BROWN: In general housing options for the elderly.

MS. BENTIVEGNA: Well, there is a definite need for expanding housing options in general, not only to assist the older homeowners, but older renters, as well. In terms of specific legislative actions, I really couldn't say at this point coming out of the Task Force, because we are not yet at the point where we know specifically what we think would be best to recommend.

We will be looking at -- if the Task Force is continued into next year -- some of the other options the Task Force could focus on to help older homeowners, in particular other increases for rental subsidy programs and other mechanisms for supportive type living arrangements for older persons, in terms of assessorly apartments, converting a one-family into a two-family. There is a demonstration program going right now on elder cottages, which the Division of

Housing is running. There is a whole continuum of housing options which I think needs to be approached as the Task Force has done, focusing on one area at a time, to really get an in-depth study, rather than saying, "Well, let's look at housing options," and then looking a little bit at each of them. They are too involved and too technical to take 10 at a time. I think one at a time, like the Task Force is doing, has worked out very successfully.

SENATOR PALLONE: Mary, if Mr. Lorbeck is not here, could you just maybe briefly explain to the Committee how one of these property tax deferrals would work, I mean, using a typical -- I don't know -- California, or one of the states?

MS. BENTIVEGNA: The state programs we have been looking at seem to be doing very well with a property tax deferral. It would work where a senior homeowner would fill out an application, say he wanted to defer a certain percentage of his property taxes, and then send that application back to the state. Most of them do have income eligibility guidelines which have been all across-the-board, you know, anywhere from \$5000 a year up to \$30,000 a year.

The state would then reimburse the municipality for those property taxes. When the homeowner decided to sell the home, or in a case where the estate would be taking care of it, the state would be paid back for those deferred taxes with a small interest payment. We have been seeing below-market interest rates of anywhere between 5% and 9% -- that the other states charge.

Right now, the committee has been working with just how we could recommend the mechanics of the program be run in terms of making income eligibility requirements, how the application process would work, just how would municipalities be reimbursed, where the initial start-up funds would come from, and estimates of how long it would be before the fund would become self-sustaining. So there still needs to be quite

a bit of work done in that committee before we could make full recommendations on a successful program such as we see looking at the other states.

SENATOR PALLONE: The amount of money you would need for the start-up would depend on how many people you estimate to be participating. What kind of participation do they get in the other states?

MS. BENTIVEGNA: The other states' participation rates have been rather low. The highest one, I believe, was in Oregon, and they get maybe 7% of the eligible homeowners participating in a property tax deferral. The reasons for the low participation rate have been poor publicity for the program, as well as the psychological barriers we talked about before because, in essence, deferring property taxes places a lien on the home. Again, that is something older homeowners generally do not like. They are not satisfied with extra debt being placed against the home that they worked so hard to get debt-free.

SENATOR PALLONE: I think it is a good idea, basically, to have that option, but one of the things, you know, from my experience with that one case-- After what you said, I don't even know where those people were coming from. But, one of the problems is when you have to take the house. In other words, if it gets into an estate situation, and you have to deal with heirs and all that, I mean, has that been a problem in the other states?

MS. BENTIVEGNA: The other states we have talked to have not had any problems. California did mention they had one case where there were some complications working with the estate of the older homeowner, but it was successfully resolved in favor of the state. Their program has been in operation, I believe, for eight years or more; I don't recall offhand. But, in eight years' time, just one problem case I think shows a very, very good track record.

SENATOR PALLONE: Are there any other questions of Mary? (negative response) Okay, thanks a lot. You're not going to go away, though, right?

MS. BENTIVEGNA: No, I'll be here.

SENATOR PALLONE: Okay. I saw another gentleman walk in. Was that Mr. Lorbeck? (negative response) No, okay. Well, maybe we won't get Mr. Lorbeck.

Mr. Keith Jurow, President, Real Equity, asked to speak next, because he came all the way from Connecticut. Is Mr. Jurow here? (affirmative response) Do we have a statement from you, Mr. Jurow?

K E I T H J U R O W: Yes. Thank you, Mr. Chairman. It is a pleasure to be here this afternoon with the Committee to inform you about our new Sale and Leaseback Program. I don't think it is necessary for me to review the widespread problem of older homeowners; Mary did so well earlier. We do have a review in the written statement I presented to the Committee, which gives our view of the problem here in New Jersey.

One point I think I would like to make is, what we discovered in the last year and a half of talking to a lot of seniors was the tremendous tenaciousness of their desire to stay in their own houses. Mary mentioned that she had found that as well, and the Task Force is discovering that, too. When you speak to as many seniors as I have-- For example, yesterday I gave a talk to about 50 seniors, and I asked them, as I always do, "How many of you intend to move out of your homes in the next year or two?" I got four people who raised their hands out of 50, which is a little less than 10%. That is higher than I usually find. Usually it is no more than 5% who want to move out and go somewhere else. Sometimes it is a good deal less than that.

I have given enough talks over the past year and a half to realize that that is the case not only in Connecticut, but in New Jersey and throughout the rest of the country. They

really don't want to move anywhere. Except for the very small number of homeowners like my parents, who sold their house and then moved into a retirement community here in New Jersey -- not far from here, as a matter of fact -- the overwhelming majority just have no intention of moving out. They really want to stay. They move only out of necessity, either for financial reasons or because of health problems. But, other than that, they want to stay.

If you stop and think about it, it makes sense why they would. They have lived in these houses for 25 or 30 years. When I ask the question, "How many of you have been here in your house for 25 years or more?" 90% of them will raise their hands. They have been in that same house for a long time. They have friends; they have neighbors; their families are often very close. For them to move out into something else would be a tremendous shock to them. They simply do not want to do it unless they have to.

That was the starting point in developing our Sale and Leaseback Program, that we had this tremendous number of seniors, really throughout the country, but in New Jersey as well, and Connecticut where we are, who do not want to move out, and whose circumstances are such as described by Mary so well earlier. Given that situation, the only real alternative that these seniors had who were on very limited incomes was some kind of home equity conversion alternative to pull the equity out of their houses. Their resources were otherwise very limited, but they had these houses which, as you know, have mushroomed to \$150,000, \$200,000, \$250,000 or more, and, as Mary said, over 80% of them are free and clear. It's got to be very frustrating -- when you speak to these seniors, as I do -- that they have this equity, but they don't want to sell and move, and so the only way they can pull it out is to somehow stay and convert it.

As Mary suggested, home equity loans that are offered by banks are not a feasible alternative because of the requirements for qualifying for those loans, which meant that before we developed our program, the only real alternative was the reverse mortgage, which, incidentally, we believe is a terrific option in certain situations when forced to meet certain kinds of needs.

Connecticut has the country's only state-financed and state-administered program. It has become a model that other states are looking at. It is a good program. The problem they have found, and which I think I should reiterate at this point since the Chairman asked this question of Mary earlier-- Why is there a problem with reluctance on the part of the seniors? The answer, I think, is seemingly simple; that is, these people lived through the Depression. They saw people whose houses were foreclosed on. They remember that very vividly. Their house is free and clear; they are very proud of that fact. They may have burned their mortgage. The idea of taking on a debt at this point in their lives-- We're talking about people who are 70 or over -- some considerably over. With the way the reverse mortgage works, the debt actually increases every month. It may start very small, but the principal increases, and then the interest compounds, just the opposite of the way a typical mortgage does, and they may end up with a debt of \$100,000 at the end of 10 years. Even though they don't have to pay it off until they die or move out, there is something about the debt that is hanging over the property that makes them very reluctant to enter into it.

Connecticut's program, which only has perhaps -- oh, the last count-- It has been in existence for almost two years now, and I would say roughly 150 have participated in the program. In spite of the fact that the interest rates are 7%, and it is a state-run program with the credibility of the state

behind it, there is still that reluctance. The lack of information and education is part of the problem, but I think at the root of it is this fear of taking on this debt at this point. That is the greatest hindrance, I think.

Well, we took a look at that situation about a year and a half ago, and we really thought there was an alternative that was simply not being addressed, and that we would try to develop a program that could meet that need better than we thought a reverse mortgage could. We spent a year and a half developing the program. It has been very difficult. That is why there are very few programs out there like ours, because it is so difficult even to develop.

Our starting point, as I said, was that these people wanted to stay in their houses. There was this need, but you had to try to structure the program-- A sale and leaseback is very different from a reverse mortgage. You have to structure it in such a way that on the one hand you make it very financially beneficial to the senior and develop the protections that are so important for him, and on the other hand -- on the other side -- structure it in such a way so it is a good investment for the buyer, particularly the buyer who is not a family member.

So, the senior has the option of doing it either with a family member, which they very often would like to do, or with a non-family member. The problem is that the children, very often, can't afford it, even though they would like to help their parents out. They can't afford to buy a \$250,000 home, which is typical in Bergen County, and some of the other counties in northern New Jersey. So, realistically, the problem was, could you structure a program that would work between a senior and a non-related buyer, which meant an investor.

Nobody had ever been able to do that successfully, so people looked at us as if we were crazy. Would seniors do

that, and could you structure it? Well, I think we were successful in terms of structuring it in such a way that it was both beneficial for the senior and attractive for the investor. The protections, I have no doubt about. It took us a year and a half. We worked with three very terrific attorneys. We developed 35 pages of legal documents, which are now being reviewed by the Task Force, with whom we are working very closely, by the way. This is what we think is absolutely essential, to structure the kind of sale and leaseback whereby seniors could feel protected giving up the title to a house that they had owned for 30 years.

It took us a long time, and it was very difficult. There are a lot of "what ifs," I am sure, that are going through your minds now in terms of what we had to deal with. In a sense, we are trying to create a standard by which the sale and leaseback, not only in New Jersey, but throughout the country, will be judged. We think we have developed those kinds of protections. We also think we have structured the financial terms as well, because we decided there were two things which were essential. One was seller financing. We really thought that the only way the program might work was if it was financed by the seller, so that the buyer was not forced to go to a bank and put down a down payment of 20% or 25%, pay the points to the bank, and the interest rate for investment property, which is higher than for owner-occupied residences. We just didn't think it would be attractive enough for the buyer. This was even before the new tax law came into existence, which compounded the problem.

So, seller financing we thought was appropriate. I did some writing about that a couple of years ago. There was no need for the senior to get a lump sum cash payment, because he was not going to buy another house, which is the reason why most people when they sell their house need to get the full amount in cash, to put a down payment on another house. So, we

thought it was appropriate. It gave us the means to be tremendously flexible.

I have a copy of a typical scenario to give you a sense as to what--

SENATOR PALLONE: Why don't you just give us-- I mean, I am not trying to stop you, but why don't you just give us a little rundown of what the program would be -- briefly, if you could. We have gotten your statement, but we haven't read it.

MR. JUROW: Well, essentially, the sale and leaseback is an arrangement by which the senior sells the property to either a family member -- as I said earlier -- or to a non-related investor, and then leases back the house under a long-term lease that allows him to stay on the property as long as he wants. That is absolutely critical. It is very different from a typical lease. Without that, no senior would ever even consider a sale and leaseback.

So, under the terms of the lease we designed, the senior can stay in the house as long as he wants. He can move out whenever he wants, but he has the option of continuing to stay for as long as he wishes to. The financial arrangement-- It should be structured in a way whereby the senior gets perhaps a 5% to 10% down payment, so here the down payment in this scenario was about \$25,000, which is a very significant lump sum. It may not be much to us, but to them it is a sizable amount with which they can do very, very wonderful things that they are not able to do now, and get certain protections. We do not have to go into them, but I am sure the Committee can imagine them.

The remainder is financed by means of a mortgage, where the senior takes back a very protective mortgage that, again, was designed by us and our attorneys, which is more protective than the typical bank mortgage, so that it really protects them against all of the things that they might be

afraid of -- default, insolvency. You name it, and we have put those protections in there. The way it works, the senior then would get a monthly mortgage payment from the buyer for as long as the terms were structured, and then would pay back what we are calling a "residing fee," which is essentially rent, which is significantly less than the amount of the mortgage payment. That is part of the income the senior gets.

The rest of the senior's income, besides the income that is drawn from the down payment, comes from the fact that the buyer takes over all the burdens of owning that property. The deed actually passes at the closing, so the buyer now takes the burden of the property taxes, the homeowner's insurance, the maintenance, upkeep, and repairs on that property, which, as the senior becomes older, becomes more and more of a problem.

SENATOR PALLONE: The buyer can then sell? He has title, and he can sell it to someone else?

MR. JUROW: The buyer -- yeah. We decided that to restrict the buyer's ability to sell would just be too burdensome on the buyer. So, at least the way we have structured it in our prototype documents, the buyer does have the right to sell, but at that point there is a "do unsale" clause in the mortgage. That was very important. The senior has to feel as though he can always get his money out, if the buyer decides to sell the property to somebody else. If the property were sold, and the senior presumably would probably call that mortgage at that point, the buyer would have to pay off the full amount of the loan. The new buyer would then take over the property under the same lease. The lease is recorded. It is very important that that lease is recorded, so that no matter what happens, even if the IRS were to come in, that lease would still control the arrangement, and the senior would always be able to live under the terms of that lease.

SENATOR PALLONE: And the rent is also controlled by the lease?

MR. JUROW: It is fixed in the lease, yeah. We had a lot of trouble with that. We tried to structure it in a way so that it would be more beneficial for the senior to remain in the house than going and selling the house and renting an apartment or a condominium. So, we kind of structured it so that the rent starts out on the low end of the market rent. It can't be too low -- otherwise, the buyer would run into IRS tax problems -- but on the low end of the market range of that house, and then perhaps a 2% a year increase in the rent, which is very good for the senior.

SENATOR PALLONE: Oh, sure.

MR. JUROW: It is fixed in the lease so that the buyer in three years can't say, "No, I'm jacking it up to the market rent."

SENATOR PALLONE: I would think that would be very important.

MR. JUROW: It's critical, absolutely. We have a way of structuring that we think will work in most situations, but the other key besides the seller financing was, it has to be flexible. It has to be structured by someone who takes into account the needs of both senior and buyer.

SENATOR PALLONE: Senator Garibaldi?

SENATOR GARIBALDI: Yeah. Looking at the example you have here-- You have a senior with a home that is valued at \$270,000.

MR. JUROW: That is a Bergen County home.

SENATOR GARIBALDI: Okay. What would be the income of this individual before this senior citizen would benefit from entering into either a sale leaseback proposition or a reverse mortgage? You know, what is the qualifying level of income that would warrant someone doing that?

MR. JUROW: As Mary said, you have a sizable number of, primarily, widows, whose incomes are below the poverty level -- \$5000 or less. They may be living on just a Social

Security pension. I think that is the largest group. Then you have those widows whose incomes are slightly higher, but not much higher. Then there are a good number -- and I think Frank Power could probably reiterate the statistics -- of couples whose incomes are less than \$10,000. The property tax burden for that kind of a couple is substantial. It is much worse than it is in Connecticut.

SENATOR GARIBALDI: There seems-- I would have a tough time -- and, again, this is just right off the cuff -- voting for something that would confiscate -- literally confiscate -- people's property. Sure, it would be with some kind of a payback, but for the purpose of paying off taxes. You know, that is really what we would be doing. We would take the equity from someone who has worked a lifetime. You know, for someone to accumulate equity in that home, they had to live there 30, 40 -- whatever -- years. Now we are going to take that property away from them.

What if they, all of a sudden, found themselves in a hospital -- forget that it is an elderly ailment -- and they need a massive application of money -- capital -- to pay for extensive medical coverage and treatment -- cancer, or--

MR. JUROW: That is a good question, Senator.

SENATOR GARIBALDI: What would happen? They have lost their home; it's gone.

MR. JUROW: That is why it took us a year to develop. These were the kinds of "what ifs" we had to deal with. We have a provision in the lease that deals with a situation where the senior goes into a nursing home, which is similar to the problem you raised. One thing you probably should think about is, what would have happened in that situation if the senior had done nothing, and was simply in the situation we were describing before? Now, the worst case is that the senior would have no assets and no income, and would qualify for Title XIX Medicaid. That is the worst case.

I should have clarified it; it is in my written statement. The purpose of our program -- at the heart of it -- was to allow seniors to live in their houses as long as they wanted to. There are seniors who move out of their houses because they can't pay the property taxes. There are those who move out because they can't get the in-home medical services -- not full-time custodial care, but just part-time. They don't have the income. They go to a nursing home because their family is not around. That is the saddest thing. A program like ours enables them to have the means to pay for those part-time services that can keep them in the house, which is really what they want. They dread it. If you speak to seniors, they dread going into a nursing home.

SENATOR BROWN: How many takers have you had? How many people are participating in your program?

MR. JUROW: Okay. Let me clarify the way we are doing it in New Jersey. Our role is not to structure these ourselves, because, I mean, you're looking at the core of real equity. We don't--

SENATOR BROWN: You started it in Connecticut?

MR. JUROW: Yeah.

SENATOR BROWN: Do you have any in Connecticut?

MR. JUROW: Well, as I said, our role was-- We developed this program, which we see as a tool. We are beginning to do it in Connecticut as well, but certainly in New Jersey, this is the way we are going to try to bring the program in and reach a large number of seniors. We have developed a tool; we have developed the means by which to structure the sale and leaseback. Our purpose is to put that tool into the right hands -- the hands of those who deal with seniors and with buyers. That means real estate brokerage firms throughout New Jersey; it means the Bar; it means financial planners. Those are the three most important groups. We just think that since nobody has ever really been

able to be successful with a sale and leaseback program, we are just convinced that that is what it takes. The fourth group is the senior service professionals throughout the State. That is more an educational function.

But, if you picture it, for this thing to work, you need a lot of people out there talking to both seniors and investors in a way that makes them feel comfortable with the program, and who can actually do the structuring. We are very limited. Our staff-- You're looking at the core of Real Equity. But, we have this tool, and when you see it as a tool, if you put it into the right people's hands, and you give them the training as to how to structure it, then you can really reach out into the community and have a chance for a sale and leaseback program to reach those seniors who otherwise might not be able to stay in the house.

It is not easy. My written statement makes that clear. The main thing is that we are committed to the program -- I have spent a year and a half of my life doing nothing else -- because we think it meets a need that is not being addressed in the same way, and certainly by no other program.

So, in answer to your question, that is not our role any more. In Connecticut, for example, if someone were to come up to us and say, "I heard you give a talk. Can you structure a sale and leaseback?" we would do it, but that is not our main role. We want to turn it over to those people who can do it -- real estate people. They have the contacts in the community. They may have lived there for 30 or 40 years. The Bar doesn't know how to-- People will go to an attorney to do it between parent and children, but the typical attorney is just not familiar with it. They will put together three or four pages. Sometimes they won't even have a written lease. You may have heard horror stories of what happens under that type of situation.

This is what it takes -- 30 pages -- and we think the Bar should use the program we have developed. We are more than anxious to work with the bar associations and attorneys. That is what it will really take to make this program reach into the towns of New Jersey.

SENATOR GARIBALDI: I like the way you present your argument.

MR. JUROW: The task is a difficult one.

SENATOR PALLONE: The main thing I want to ask you, though, is-- As far as the sale and leaseback is concerned, that is something that is out there. There is no need for government involvement or legislation or anything. Or, are there some states where they do somehow encourage it through programs, or whatever?

MR. JUROW: Ordinarily, there is no need for legislation the way there is a need for a reverse mortgage in the banking community, although they are reviewing their documents, because they want to see what it looks like. We had heard that there was one state out west that is thinking of legislation requiring counseling before a senior goes into a sale and leaseback. We think counseling is very important.

SENATOR PALLONE: Some kind of consumer protection, so that people know what they are getting into.

MR. JUROW: Right. That is why the Real Estate Commission is reviewing it, too. Perhaps there should be some control to make sure that the brokerage firms that use the program are using the documents the way they are supposed to use them, and are not taking any shortcuts. We certainly would encourage that, if there was legislation that might be appropriate, yeah.

SENATOR PALLONE: Is there any state that actually gets involved in educating people, or informing people about the option?

MR. JUROW: We know of a couple of counties in New York. Nassau and Suffolk Counties have a county-funded counseling service. The problem is, it is underfunded; it is understaffed. There may be one person in Nassau County who is responsible for speaking to all seniors who are thinking of, not only sale and leasebacks, but reverse mortgages. Ideally, that is what would really be necessary. That would be the one thing that seniors would really need to feel comfortable. Their attorney plays a key role in this, but still counseling -- some organization that is a nonprofit agency for counseling them and discussing alternatives-- The closest thing we have is AARP's CHISS Program. Frank Power heads the one in Bergen County. But that is volunteers, and they have other things to do. It is better than nothing, but counseling is really an important part to overcome what I think is the biggest problem; that is, the unfamiliarity, the suspiciousness, the fact that you are dealing -- as the Senator said -- with people's houses which they have owned for 30 years.

These protections are in there. These protections will answer those "what ifs" that they are afraid of, but they don't know that. This is a new program, and they have to feel reassured before they will act. That we know, but we are willing to work with whatever organizations and State agencies it takes to overcome that credibility problem, which I think is the biggest one.

SENATOR PALLONE: Okay. Senator Garibaldi?

SENATOR GARIBALDI: I know some elderly and, boy, you can't move them out of their homes. You can't tamper with them. Look at this 92-year-old; look at what he did to his two daughters when they suggested that they were going to put him in a nursing home.

SENATOR PALLONE: The point is, there may be some situations where it is a good idea. I knew of some when I worked for Protective Services where, really, there was no

alternative, because if you are going to prevent institutionalization in some cases, you know you are better off doing that, even if psychologically you know the people have a problem.

MR. JUROW: A lot of people we speak to -- not only seniors, but others -- are skeptical. We were asked by friends, when we first started, "Do you think that a senior who has owned a house for 30 years will give up the title to that property just for the benefits under the sale and leaseback program?" My answer, after speaking to a lot of them for a year and a half, is, we think there are enough who might, if they feel comfortable with it. It won't be easy. It is certainly not something they will rush into, but we think it is worth a try. We don't get state funding; we don't get Federal funding. This is our own money that we put into the program.

We think the benefits are great enough that if you can overcome those problems I mentioned-- We think there are enough who might at least take a good look at it.

SENATOR GARIBALDI: Who guarantees the value in the sale? Who guarantees that--

MR. JUROW: Well, the process is-- The first step is that it is appraised. It is appraised by an independent appraiser, so the senior does not feel as though some hustler is trying to take his house.

SENATOR GARIBALDI: Trying to rip him off.

MR. JUROW: Oh, absolutely. We have a program where the buyer is qualified, not much differently from the way a bank would qualify the buyer. We have a whole procedure for appraising the property. This is really important; otherwise, they won't even consider something like this. These are the procedures-- That is what took us a year and a half to develop, and we think this is the only way that a program like this would work. That does not mean that a lot of seniors for whom it might be beneficial still wouldn't touch it with a

10-foot pole. But, there is a lot of interest. We speak to a lot of people. The interest is there. They are not sure. Nobody wants to be the first one on the block, but that is where the credibility-- Who is real equity? I mean, we come in with no credibility whatsoever, although we have been working with the Connecticut Department on Aging. That is why we have worked so closely with the Task Force. We think the publicity they can give to home equity options, plus when it goes to the Governor--

I am here just to make you aware of the existence of the program. That educational function is perhaps the most important thing, especially when you are dealing with seniors. We think it should be available as an option.

SENATOR PALLONE: I agree with you. I think it should be available.

SENATOR GARIBALDI: It is an interesting concept.

SENATOR PALLONE: I don't want to cut you off, but we have to move on. Thank you for coming down from Connecticut.

MR. JUROW: Thanks so much.

SENATOR PALLONE: We appreciate it. We have your statement.

MR. JUROW: You have my written statement, and you have the scenario. The documents are being reviewed by eight or nine different agencies, so the awareness of the program and how it works will take place. We are very optimistic about it really working in New Jersey.

Thank you, Senator.

SENATOR PALLONE: All right, thanks again. Take care.

Now we are going to get Mr. George Lorbeck. Is he here? (affirmative response) Tell us about the property tax deferral option.

G E O R G E L O R B E C K: Well, property tax deferral -- the work our committee is doing-- We are looking at that as an option for the seniors. I am sure you have heard testimony

about the need to keep them in their homes, and their desire to stay in their homes, and all of the problems they are having living on fixed incomes.

We are looking at the programs that are in existence in other states, and we are trying to gather the best from these programs. In addition, we are gathering information specific to New Jersey in terms of the population base, the seniors who own homes, what they are paying for property tax, and what kind of income they have. We are finding out, based on the two public hearings that I am sure you have heard about-- I am finding out -- the committee is finding out -- that the seniors value very small amounts of money very highly -- an extra \$100 a month, an extra \$200 a month. We are finding that there is a tremendous need for some type of a program. Also, based upon the testimony, and based upon my own office -- I work for local property -- we know that seniors are very concerned--

SENATOR PALLONE: I'm sorry. You are going to have to speak louder. They can't hear you in the back. Could you please speak a little louder? That mike is not for amplification; it is just for recording purposes.

MR. LORBECK: Okay. Basically, we determined -- or we concluded -- that all seniors are concerned about their property taxes. The property taxes are going up, and they are concerned about that because they are on a fixed income. We have determined that there is a definite need for some type of a tax deferral program. At this point in time, though, we have not determined how we would implement -- or recommend that that program be implemented, nor have we determined what its eventual cost might be in terms of its annual operating budget.

SENATOR PALLONE: Do you envision this type of a program mainly for people below a certain income? I mean, do most of the State programs have a kind of income eligibility? I am just wondering. I am trying to perceive it, you know, as being for a certain income bracket.

MR. LORBECK: Well, I would think that in order to address the needs of those who most need this type of program, it would have to have some kind of an income limitation.

SENATOR PALLONE: In every state that has this kind of deferral, do they have an income limitation?

MR. LORBECK: To my knowledge, yes, that would be correct.

SENATOR PALLONE: What range is it in terms of the income? What is the typical one if you look at other states? I understand California is about \$24,000, or so.

MR. LORBECK: Yes. Some are much less, but you have to relate everything. In Oregon, they might have a \$12,000 cap, but it has to be related to the cost of living. Of course, New Jersey has a very high cost of living.

SENATOR PALLONE: Well, what would you-- I am just trying to get some idea of a parameter for New Jersey. Would you think we would be pretty much comparable to the \$24,000 in California, in terms of a program?

MR. LORBECK: Well, that might be hard to say. For example, in New Jersey there is a program which allows a tax deferral -- a \$250 tax deduction for seniors with incomes of less than \$10,000.

SENATOR PALLONE: Yeah, but that is where they are getting the money back, right?

MR. LORBECK: Yes, that is a forgiveness. In other words, it is a \$250 gift, if you will. And, it is \$10,000 exclusive of FICA Federal pension -- disability pension. So, if you figure the average, or the normal Social Security, the highest could be around \$9100.

SENATOR PALLONE: Yeah, but what I am saying is, the \$250 you mentioned-- That is not a deferred tax; that is just an exemption.

MR. LORBECK: That is correct.

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SENATOR PALLONE: We asked Mary before -- when you were not here -- whether there was anything like a deferral program in place right now in the State, but there really isn't, other than-- I think she mentioned the Homelessness Prevention Program. There is no program where your taxes are owed and you can defer them by having the State put a lien on your home, or something like that?

MR. LORBECK: That is correct.

SENATOR PALLONE: Okay. I am just trying to get an idea-- Do you have any idea what type of costs we would be talking about for the start-up of a tax deferral program in the State?

MR. LORBECK: Well--

SENATOR PALLONE: I know there is something in here -- at one of your meetings -- where you estimated, or somebody estimated--

SENATOR GARIBALDI: When you are talking about tax deferral, you are talking strictly about property tax, right?

SENATOR PALLONE: Yeah, we are talking about what we started off with initially, where--

SENATOR GARIBALDI: Aren't the statutes clear with regard to property taxes? Once you are in arrears, foreclosure proceedings and tax by the liens, and--

SENATOR PALLONE: No, no, this is what we were talking about before, Pete, where you enter a State program -- okay? -- and your property taxes would be paid, either all or in part -- your local municipality property taxes -- by the State, and they would put, in effect, a lien on your home, so that that money would accumulate over so many years and, in effect, you would be getting the money on your equity in your home to pay your property taxes. And, after so many years, you know, the State's lien on the home would keep building and then, of course, once the person died -- which is what happens in a lot of the cases -- then the State would have a lien on the estate

for that much money. But, while the person is alive and living in his or her home, they don't have to pay all or part of their property taxes, which are a big burden.

We don't have that kind of a program in New Jersey, but it exists in how many states? Is it 18?

MR. LORBECK: At least, yes.

SENATOR PALLONE: In 18 different states for either seniors or the disabled, or some combination of the above. This is what this Committee is looking into.

MR. LORBECK: I apologize. I should have gone over the mechanics of it. I assumed--

SENATOR PALLONE: Yeah, I wish you would, a little bit.

MR. LORBECK: You explained it very well. You're talking about offering the senior citizen -- the homeowner -- the option of deferring all or a part of his property tax. Then the State would have to place a lien against the property, and that deferred tax would accumulate at some nominal interest. Other states are using 6%, 7%, or 8%. It would accumulate, and when the individual sold the home, or upon his death, it would be payable either by the estate, or by the homeowner if he chose to sell.

SENATOR PALLONE: See, I am just trying to get some kind of a handle on what the costs would be, or how realistic this is. My own impression is that it is a good idea, because a lot of states have it, and some seniors have expressed an interest in it. I am just trying to get an idea of the mechanics of how it would work in New Jersey, what kind of interest you perceive, or what kind of start-up money we would be talking about, because there wouldn't be any money initially, you know, until a few years, when the money started coming back.

MR. LORBECK: Basically, I think there is tremendous interest in this kind of a program in the State. At this point, all we can do is sort of guesstimate the costs.

SENATOR PALLONE: Well, that would be fair. We would like some guesses.

MR. LORBECK: Well, see, in New Jersey, there are 174,000 senior citizens who are obtaining the senior citizen's tax deduction.

SENATOR PALLONE: Right.

SENATOR GARIBALDI: How many?

MR. LORBECK: There are 174,000, which means they own a home and they have incomes of \$10,000 or less.

SENATOR PALLONE: Right.

MR. LORBECK: Now, the average residential tax in New Jersey is approximaely \$2000. Now, if you multiply \$2000 times 174,000, it is a staggering number. But, if you look at some of the data we have been gathering, it appears that from 5% to 20% of those eligible for a program, might participate -- might choose to participate. So, immediately that 74,000 (sic) can be reduced to 8000 -- to perhaps 40,000. That will give you your parameter. It is going to be 8000 times 2000 per person on an average.

SENATOR GARIBALDI: Do these states charge interest on the accumulated deferred--

MR. LORBECK: Yes.

SENATOR GARIBALDI: They do?

MR. LORBECK: The norm, as I mentioned, is probably between 6% and 8%. It seems to be occurring in those numbers. It would be a State-run program.

SENATOR PALLONE: So, what option then would it be to use the same income and eligibility criteria that we now use for the \$250 exemption?

MR. LORBECK: Well, that certainly is a viable option. I have people representing the assessors on this subcommittee, and tax boards. They are concerned about the mechanics, you know, how are you going to process this thing. The \$250 deduction is already in place. The applications are

already used in the field, so that would make it fairly simple. But, there are other programs in place, as well -- the Pharmaceutical Aid Program.

SENATOR PALLONE: Right. You could use the Lifeline PAAD.

MR. LORBECK: There, household income is looked at, whether it comes from Social Security, Federal pension, disability pension. It is still spendable money, so that may be a viable option, as well. In other words, you don't care. Under the \$250 deduction, a family would optimally be making \$28,000 and still qualify, because they would have \$10,000 or less reportable income, and the husband and wife, say, each getting the maximum FICA. They would have \$28,000 and still get the \$250. That might be a great deal of money. There are a lot of seniors with far less in terms of total household income.

SENATOR PALLONE: If you used the PAAD guidelines, it would probably be significantly less -- right? -- than the \$250 exemption, because the income is, like, half of the maximum.

MR. LORBECK: The income would be reduced because you would be looking at household income, not just income from a specific area.

SENATOR PALLONE: What about any legal difficulties that might be involved in trying to recover, you know, when the homes are sold or are part of an estate -- I mean, when a person dies? Have you looked into that at all, at what the other states have done?

MR. LORBECK: Some of the other states might have from a fraction of 1% to a 3% or 4% loss write-off. Now, they weren't able to provide very much data in terms of how these losses occurred, or whether or not they pursued them. In other words, I can imagine a situation where you have a senior living in a home for a number of years, and substantially a lot of money has been paid in terms of taxes, and over the years the

interest accumulates, even at a nominal rate, to where there might be a \$30,000, \$40,000, \$50,000 liability on that property.

Say, in the meantime, the elderly parent had a married child who, through divorce or death of the spouse, returned to the house with children. Now the elderly parent passes on, the State comes in, and the house has, say, a daughter, or a son, with five children, and they are going to boot them out. You know, with that type of thing, I don't know how you would handle that.

SENATOR GARIBALDI: Wait a minute now. Are you saying these states have a tax deferral program that goes beyond the senior citizen?

MR. LORBECK: No, no, no, no. I'm saying-- I am just giving you a scenario.

SENATOR PALLONE: Some use, like, disabled, as well. They take into--

SENATOR GARIBALDI: Mother or daughter or children, that kind of thing?

SENATOR PALLONE: No, they don't have it that way.

SENATOR GARIBALDI: You know, that is interesting, too. Suppose you have other people in the State who, because of a disability, or unemployment, then find themselves on the verge of losing their home. Maybe a tax deferral system should be available to them, in addition to the elderly.

SENATOR PALLONE: Just think of it. If you had seniors and the disabled, the start-off money could even come from Casino Revenue Funds -- dare I mention the words.

SENATOR GARIBALDI: That's right. There you go.

SENATOR PALLONE: No, I didn't mean that.

SENATOR GARIBALDI: Yes, you did.

SENATOR PALLONE: Yes, Senator Costa?

SENATOR COSTA: Can you use up all of your home equity, or just part of it?

MR. LORBECK: Well, I would think, from a prudent standpoint, you would only want a portion of it used up, rather than all of it.

SENATOR GARIBALDI: What was that again?

SENATOR PALLONE: In other words-- The question was whether-- Go ahead, Senator Costa.

SENATOR COSTA: I asked, can you use up all of your home equity, or just part of it, and he said you would use part.

MR. LORBECK: Would the homeowner, if he had equity of \$75,000, be permitted to borrow up to 100% of that equity? My response was, from a prudent standpoint, I would think that would be a no, no. Maybe you could go to a fraction of that equity, like, banks allow you a mortgage of, what, 70%, 75% of your equity. You might want to be even more conservative under the circumstances, but that is something the committee really hasn't determined yet.

SENATOR PALLONE: There are all kinds of different eligibility criteria. You would have to look at that -- liens that might exist on the home already, you know -- in terms of what is available, too, right?

MR. LORBECK: That is correct. Well, in response to that, in some of the other states, if there are substantial liens on the property already, they just wouldn't qualify for the program.

SENATOR PALLONE: My own impression, Pete, is just that-- This is a lot more interesting to me than either the reverse mortgage or the sale and leaseback, because that is the most common complaint you hear from seniors -- "I can't pay my property taxes. How am I going to make the payments?" So, if you had a program that was just limited to that, I think it might arouse a lot more interest than maybe just the reverse mortgages or the others.

SENATOR GARIBALDI: Well, you would think that the State government would be a lot fairer in the way they treat

the people. I would be interested to know, in your studies of these other states, how do they -- or how does New Jersey compare to them with regard to, first of all, the number of senior citizens, as that relates to the total population -- pro rata -- as a way of comparison, and how many senior citizens out of that number in New Jersey are not able to pay their bills or are depriving themselves of at least the minimal medical care, diet, and anything else? Do you have any kind of a handle on that?

MR. LORBECK: We do not have specific numbers on that.

SENATOR GARIBALDI: In other words, how do these other states-- What caused these other states to get involved in this before New Jersey, because we are usually first when it comes to establishing programs? What happened in those other states that caused them to move quickly? Do you have any handle on that?

MR. LORBECK: I don't know why they moved before us, but New Jersey has a very heavy senior population. The numbers I have seen indicate that the senior population for New Jersey is going to increase over the years.

SENATOR PALLONE: You know, it was just suggested that it is because with the Casino Revenue Funds, we do have a lot of supplemental programs to help people and, therefore, there hasn't been as much of a need.

SENATOR GARIBALDI: There hasn't been the outcry.

SENATOR PALLONE: Although, on the other hand, we have the highest property taxes in the country, right?

SENATOR GARIBALDI: Yeah.

SENATOR PALLONE: So, in that sense, it would be the opposite.

MR. LORBECK: Yes, but this area has been very fortunate in terms of the economy. It has always been reasonably healthy, and property values have gone up. So, maybe there is a better wealth base.

SENATOR PALLONE: I think it is an option that should exist, but in any case-- Are there any questions?

SENATOR GARIBALDI: No. Very good.

SENATOR PALLONE: Any other questions? (no response)
Thank you very much. We appreciate it.

MR. LORBECK: You're welcome.

SENATOR PALLONE: I thought we would try to get the other two subcommittee chairpersons. On the reverse mortgages, we have Andrew Carten.

Before you start, Mr. Carten, I know I have a couple of people who are not from the Task Force, and we want to hear from them as well. So, please don't leave. We are going to try to be as quick as we can.

A N D R E W C A R T E N: Okay, yes, this will be brief. First of all, for clarification, I work for the Department of Community Affairs, Division of Housing. Some reference was made to being of assistance to elderly homeowners who are in tax arrears. There were some questions as to how the Homelessness Prevention Program would assist them. That option of assistance would not come into play until the senior citizen homeowner is on the verge of eviction. It is a one-time piece of assistance. I am not sure of the threshold, but I believe it is \$5000. It can be structured either as a grant or a loan. The elderly are given priority in the Homelessness Prevention Program. The problem with that program, I should perhaps make you aware, is that its funding sort of goes through cycles. There are moments when the funding has run out, and they sort of have to wait a few months before it is replenished.

The Reverse Mortgage Subcommittee, as you have been told, is comprised of representatives from various State agencies, as well as private bankers, the Mortgage Association, and area agencies on aging. What we have done to this point is, we have evaluated the two existing programs that we have

talked about that are operating in New Jersey. The first is the IRMA Plan offered by American Homestead, which is basically a life-term plan, where the senior citizen can remain in his home for the duration of his life or until he chooses to either sell or is required to be hospitalized for over a year, at which point he must relinquish the home. The other program we looked at was the Boiling Springs Program, which is a three-year term plan--

SENATOR GARIBALDI: What is it?

MR. CARTEN: It is the Boiling Springs Plan; it is up in Rutherford.

SENATOR GARIBALDI: That is what I thought you said.

MR. CARTEN: This is a three-year term plan. In essence, there are basically two types of plans. One, as I said, is the American Century Plan, which extends to the life of the elderly homeowner.

SENATOR COSTA: May I interrupt at this point?

MR. CARTEN: Sure.

SENATOR COSTA: You are mentioning different things like Homestead, American Century, etc. Are these programs that are already in operation?

MR. CARTEN: Yes.

SENATOR COSTA: In New Jersey?

MR. CARTEN: In New Jersey.

SENATOR COSTA: I see. Are they private?

MR. CARTEN: Yes.

SENATOR COSTA: When you say Homestead, is that like the Village of Homestead that is going on in Bordentown?

MR. CARTEN: No, no, no. It is a firm that operates out of Mount Laurel, New Jersey called the American Homestead. It used to be called the Century Plan; it is now called the IRMA Plan.

SENATOR PALLONE: They don't call it the Mount Laurel Plan? (laughter)

MR. CARTEN: Right.

SENATOR GARIBALDI: You are forgiven.

MR. CARTEN: They also operate in Connecticut and Pennsylvania. As was stated at the outset, one of the reasons why it has been very difficult to sort of get a ground swell of participation in the program is because from the private perspective, they are really the only game in town as far as a life program versus Boiling Springs. Boiling Springs is a new program, as well; it is a three-year term program.

In addition to evaluating those programs, if you would like me to, I can go into a little more detail.

SENATOR COSTA: What I would like you to do is really get to the point. First of all, let me know exactly how a reverse mortgage operates.

MR. CARTEN: Okay.

SENATOR COSTA: If that is all right with you.

SENATOR PALLONE: Sure, that is what we want to know.

MR. CARTEN: Sure, that is no problem. In essence, what would happen under the American Homestead scenario is, a senior citizen would approach American Homestead under American Homestead's plan and say, "I need assistance to maintain my operation of the house, in order to continue living in my house," and so forth. American Homestead would say, "Fine. We will sit down and we will do the following: We will conduct an appraisal of your house to determine what the value of your house is." For example, let's say an appraisal is done and it is found to be worth \$150,000. The senior citizen will then have the option of dedicating a percentage of the equity -- 80%, 50%, 30% -- not only of the equity, but also of the appreciation -- there are a lot of different factors involved -- and, based on that, the American Homestead would say, "Okay, you are willing to give up, say, 50% of the appreciation, not only the present value of the house, but also the appreciation value -- the two components. Based on that, we can provide you

a monthly income payment of" -- a certain amount of money, be it \$300, \$400. A factor that will also come into play is the age of the homeowner. Someone who is 75 years old would be entitled to a larger payment than someone 65, because they are doing their calculations based on actuarial tables. The likelihood of an individual living 10 years is less if he is 75 than if he is 65.

If there is a couple in there, and both of them are senior citizens, so long as one of them remains -- if one of the spouses dies -- the contract would still go into play. So, that would again reduce the size of the payment they would receive.

The appraisal is done; the monthly payment is worked out; the contract is entered. From that point on, they would examine the house itself to see if there were any liens on the house. If the lien was minimal, say, \$5000, the senior would be able to draw down a lump sum of that payment to clear the lien on the house, and then would receive that fixed payment on a monthly basis for the remainder of his or her life, or the remainder of the time they spend in the house.

With the American Homestead Plan, they do have a clause in there, however, that if you are hospitalized, and are out of the house for more than one year, you must sell the house, and at that point the association is concluded.

SENATOR COSTA: They take their 50% at that point?

MR. CARTEN: Well, in addition-- If the agreement was for 50%--

SENATOR COSTA: Plus the--

MR. CARTEN: --they would take 50% of the appreciated value. They would take the principal they had given you in the loan, plus the compounded interest on the principal. So, one of the concerns of that program is that if you look at the rate of return on their investment, if a senior citizen should die, or have to be hospitalized, or for some reason has to vacate

the unit within the first few years of the program, American Homestead is--

SENATOR COSTA: Makes out better.

MR. CARTEN: Really, that is a considerable return on investment.

SENATOR COSTA: They are taking a chance. Their investment is banking on if you don't live long, they will make out better than if you do live long. You know, it is no wonder that not too many people go into that. It gets so doggoned complicated.

MR. CARTEN: It is complicated. I think that is one of the reasons why, in conducting our evaluation, we have not only evaluated existing programs in New Jersey, but have looked at what other programs are operating in other states.

SENATOR COSTA: It sounds like a government program, it is so complicated.

SENATOR PALLONE: Well, you know, I was going to ask you, what about-- You didn't mention the Connecticut program, but that is government sponsored.

SENATOR GARIBALDI: Bite your tongue.

SENATOR PALLONE: How does that differ from these, or why would it be-- I mean, is one option in terms of trying to get greater participation to have a government-sponsored program, or is that not working either?

MR. CARTEN: That is something we are considering as well. We have evaluated the Connecticut and Rhode Island plans. These are public plans offered by their Housing and Finance Agencies. The Connecticut plan is a 10-year term plan; the Rhode Island plan is very new, but it is structured as a 5-, a 10-, or a 15-year plan. Under those plans, there is no shared appreciation. In essence, an appraisal would be done of the house. For example, in Connecticut, you would take up to 80% of the value of the home, and then they would structure the payments accordingly on that equity for the 10-year term.

So, at the conclusion of 10 years what would happen is, the payments would stop. However, if the homeowner is still living, they will not evict the homeowner. They will sort of bear that loss. Whereas, in the private industry, they would not bear that loss. They would evict the individual.

The concern that has been expressed to us-- We have had discussions with representatives from the New Jersey Housing and Mortgage Finance Agency, and we have a few representatives on our Task Force. Their concern is that by discontinuing the payments to the senior citizens, although we are not evicting them, that, in itself -- that sudden loss of income after 10 years -- may, in effect, cause an eviction.

SENATOR COSTA: On their death?

MR. CARTEN: Well, no. However, we are also giving consideration to how we can address that issue. It really boils down to, not only for the private plan, but also for the public plan, the issue of insurance. At present, there is Federal legislation in the works to establish a pilot program for insurance for the reverse mortgage program.

SENATOR PALLONE: But, that has been hanging around for a while. Is that moving in Congress at all?

UNIDENTIFIED SPEAKER FROM AUDIENCE: Yes, it is.

SENATOR PALLONE: Okay.

MR. CARTEN: If that were to come into play, it would address the concerns not only of the private sector, but also of the public agencies as well, that at the conclusion of the 10-year term, by having the insurance available, they would be able to continue to make those payments, without really suffering the loss. The insurance company would sort of assume that risk, as opposed to the agencies that were participating here.

SENATOR BROWN: So, if a \$150,000 house after 10 years is sold for \$200,000, what happens to the \$50,000 appreciation?

MR. CARTEN: Under the Connecticut plan, it would go to the homeowner -- excuse me -- minus the--

SENATOR GARIBALDI: There would be an adjustment on to the value, right?

MR. CARTEN: Right, minus the interest payments that were being paid.

SENATOR PALLONE: The interest that they were charged.

MR. CARTEN: They would be taking the principal, plus the interest.

SENATOR PALLONE: But you do get the value of the appreciation, at least.

MR. CARTEN: If there was anything remaining, it would go to the estate, or to the homeowner.

SENATOR BROWN: Okay, because theoretically your negotiations, or your payments, or whatever, should not have gone above what the house was originally appraised for, right?

SENATOR COSTA: They stop after 10 years.

MR. CARTEN: It may. That is the inherent risk, that it may. Calculations are being made as to-- For example, at the conclusion of 10 years, if there were not insurance, the option remaining on the term plan would be to renegotiate the term, to extend it another 5 or 10 years. To be able to do that, you would have to have a minimal amount of appreciation -- to enable you to do that. Again, this is where the risk comes into play.

SENATOR COSTA: Or, they could have a reevaluation which, at that time, if the house had enhanced in value, that 50% would be a different figure than the original one from 10 years previously.

MR. CARTEN: As far as sharing in the appreciation itself?

SENATOR COSTA: Right. If you had it renegotiated after 10 years.

MR. CARTEN: Right.

SENATOR COSTA: Well, do they do that?

MR. CARTEN: Well, under the Connecticut plan, if a sufficient amount of appreciation has occurred-- The Connecticut plan does not have that sharing of appreciation. The homeowner is entitled to all of the appreciation. They are operating on the assumption that the property will have appreciated enough, and that since they are only going to give you a loan for 80% of the value of the house, there is that 20% remaining variable. Between the 20% in the remaining appreciated value-- That is what they would have to base their decision on, whether or not they would be able to extend the loan, which is why we are really--

I think the thing that could make this a much more viable product would be the insurance component, because from a public policy perspective, both the banks and the housing and mortgage finance agencies are very concerned. All you would really need in the headlines is, "HMFA Evicts Senior Citizen" -- you know -- "80-Year-Old Senior Citizen From Home," and you have killed the program.

SENATOR PALLONE: Are these public programs you mentioned in Connecticut and Rhode Island-- Are they more successful than what is out there now in terms of the private sphere? You mentioned two private programs that are currently available. Do you think that if New Jersey had a public program similar to those other two states we would have a lot more interest, or not?

MR. CARTEN: Well, comparatively speaking, if the New Jersey HMFA were to develop a program on the lines of the Connecticut Housing Finance Agency-- Where the differences would occur, the Connecticut Housing Finance Agency's funds are coming from sort of a surplus of administrative moneys. In our discussions with the New Jersey Housing and Mortgage Finance Agency, they do not have a surplus of funds available. This is where if we were to develop a recommendation at HMFA to operate

such a program in New Jersey, we would probably also recommend some legislative initiative to provide some funding at the outset.

SENATOR PALLONE: How much would we need, do you think?

MR. CARTEN: At this juncture, we have not gotten down to that. I can tell you that in Connecticut, I think they are working with either \$10 million or \$15 million.

SENATOR PALLONE: To start up that was available?

MR. CARTEN: Right.

SENATOR PALLONE: Okay.

MR. CARTEN: I believe Rhode Island is operating with \$5 million.

SENATOR PALLONE: All right. Andy, I don't want to cut you off, but we are running late. Are there any other questions? (no response) Is there anything else you would like to say to sum up?

MR. CARTEN: May I just mention a couple of other things?

SENATOR PALLONE: Sure.

MR. CARTEN: In the area of consumer safeguards--

SENATOR PALLONE: Yeah, that is important.

MR. CARTEN: --another issue we are exploring as well, we have had representatives from Banking on the committee to discuss the present requirements under financial disclosure. We hope to develop some sort of recommendations along those lines as to, you know, what sort of improvements or changes need to be made in that area.

SENATOR PALLONE: Are there those types of things -- consumer protections -- in the other states that have the private programs, that do not have government-sponsored programs?

MR. CARTEN: Well, we basically looked at the Connecticut program, which has the American Homestead Program in it.

SENATOR PALLONE: And their own, yeah.

MR. CARTEN: Also, out on Long Island, we have explored the concept of providing counseling to senior citizens, as the bottom line in a number of these programs, just to improve upon the information network, working through the area agencies on aging.

SENATOR PALLONE: But, I mean, they don't have any kind of a regulatory mechanism in place in any other state?

MR. CARTEN: Well, from a regulatory perspective, the American Homestead has to register with the Department of Banking.

SENATOR PALLONE: Like any other--

MR. CARTEN: Right. They did, as well, in the State of New Jersey. I think one of the problems was that they provided so much information that it is just overwhelming for, not only senior citizens, but the general layman, and also attorneys.

SENATOR PALLONE: Okay.

MR. CARTEN: So, in that respect, I think what we -- to sort of sum up -- would also look at, is how we could encourage more banks and lending institutions to enter into this area of assistance to senior citizens. That will be one of the final issues we will really grapple with, as well.

SENATOR PALLONE: Okay, thanks a lot. We appreciate it.

MR. CARTEN: You're welcome.

SENATOR PALLONE: Just to try to vary things a little, I am going to call on someone from the Bergen County Office on Aging. Is Mr. Frank Power here?

F R A N K P O W E R: Yes, I am.

SENATOR PALLONE: Could you please come on up? You look as though you are itching to talk to us, which is always nice.

MR. POWER: I am. I just want to make mention that you are to be commended--

SENATOR PALLONE: Did I mention that you are the Director of the Bergen County Office on Aging?

MR. POWER: I am not the Director. I am the Coordinator of Minority Affairs and I am the Housing Specialist at the office.

SENATOR PALLONE: Of Bergen County?

MR. POWER: Of Bergen County. My name is Frank Power. I have worked in this area for three years. I think outside of the American Homestead Mortgage Corporation, I have spoken to more seniors in the State of New Jersey on home equity and home equity conversion than anyone else in the last three years.

I have a few things I feel you really should hear. However, I just want to mention that there is a major shift in caring for the elderly in their homes. It is coming out of Medicaid. The State of New Jersey, which has-- This is today's paper. You can look at that. It shows that most of the emphasis on home care is coming into Medicaid. The State of Connecticut-- A year from now, you will probably be having a hearing on how you are going to finance home health care out of home equity.

SENATOR PALLONE: In terms of this Committee, I just want to say that our whole emphasis, certainly for the last couple of years, has been on trying to come up with programs. We have sort of a basic philosophy that we would rather keep people at home, rather than institutionalize them. What you are saying is that you are going to relate that now to home equity.

MR. POWER: Yes.

SENATOR PALLONE: Okay.

MR. POWER: What I am going to show you is that if you have the vision-- Mary Bentivegna has 10 of these, and I think she could share some of them with your people. (indicates material he is referring to) If you have the vision, this is

what you should see. The major needs of seniors -- and I have spoken to over 1000 seniors on home equity and about 200 one-on-one -- are taxes. It is clear that the major thing -- and you are right on target -- is taxes. That is what they are concerned about. So, in terms of equity, there is no question in my mind that some kind of tax deferral program is the best solution.

The second thing they have in their minds is how they are going to maintain their homes. Not only do they have problems with the ladders and with the lawns and with the rest of it, but they have to negotiate often with people who would do these things for them, and that is unsatisfactory.

The third major area that is coming into every office on aging-- I represent the offices on aging in the State of New Jersey on the Task Force. The third major area is home health care. What are we going to do about mother? Okay. Mother has now had a stroke, or father has had a stroke. Where is the money going to come from. As you all know, no insurance program effectively covers home health care. It is very unlikely that the insurance industry is going to really cover that. We don't have any national program; there are no funds to do that. And, Medicare is cutting back on home health care.

So, what are we going to do?

SENATOR PALLONE: We have seen some recent proposals to reverse that, but whether or not they are going to succeed is another thing.

MR. POWER: I know a lot of people have spoken already, but I have a couple of things I really want you to think about. I want you to think with this kind of vision: Sixty-three percent -- and these figures are accurate, right out of The New York Times this morning; they are red hot -- of all home health care costs -- Medicare -- in the nation went into New York City home health care in the past year -- 63% of all the costs for Medicare home health care in the nation -- okay? -- in the whole country.

Now, the appreciation of the homes in Bergen County alone would pay for that -- \$600 million. Last year, that is the value of the appreciation of the homes in Bergen County. In the State of New Jersey, the appreciation on senior homes-- It is very hard to figure, but it is somewhere between \$3 billion and \$5 billion. Okay? The main point I want to make is this: You are on the right track. There is not enough money in Casino Revenue Funds. There was more money in appreciation last year in the State of New Jersey than will come out of the Casino Revenue Funds in 45 years. There is not enough money in the State Treasury to deal with home health care issues in the State of New Jersey, with the burgeoning senior population.

If you have been doing your homework, and I think you have been, you know it is that portion of the population that is really rising in terms of numbers. They are the ones, after 75, where the home health care issues become essential and crucial. So, where is that money going to come from? My thing is, it can come -- if we have a viable program -- out of the equity and appreciation of senior homes.

I want to address Senator Garibaldi for a minute. It is true what you say in one sense, but if you listen to the seniors, they want to stay in their homes. They want to keep that homestead up. They want to pay their taxes. They are not cheap-minded. When they talk about freezing the taxes, or when they complain about paying their taxes, it is not because they don't want to pay their fair share. It is only because of their meager pocketbooks. When they don't have the money coming in and they have to pay the taxes, that is when they begin to complain.

SENATOR GARIBALDI: I got news for you: They complain about their taxes.

MR. POWER: That is my feedback from the seniors I talk to.

SENATOR PALLONE: May I ask you something?

MR. POWER: Sure.

SENATOR PALLONE: You mentioned Connecticut. Have they already linked their reverse mortgage program to--

MR. POWER: Not as yet.

SENATOR PALLONE: But they are talking about it.

MR. POWER: Ken Scholen, who is the expert in home equity in the United States, is a consultant. By the way, I think the State of New Jersey should be commended. They are going to have Ken Scholen also involved in the writing up of the Task Force report for the State.

The notion that the equity is there-- In The Times this morning, the major home health care agency, St. Vincent's Hospital in New York City-- The Director is a physician who is in charge of that program, and he is in favor of taking equity and using it for home health care; so is Mr. Scholen; so is Professor Weintraub at Clark University in Massachusetts. So, the best minds in the nation right now are looking at home health care -- at paying for it in equity. I am not talking about small-minded people who are trying to say, "How can we not take care of the elderly, and cut back on Medicare," but the people who are going to say, "Where is the money going to come from?" It is going to come from equity.

I have a statement I would like to leave with you. I am not going to run through it, but I just want to mention a couple of things. Whatever you do in legislation as you get into a tax deferral program, as I hope you will, make sure that the legislation is flexible enough to allow for other options. Let me explain that. Many programs -- for example, the IRMA Program, which is good for some seniors, but is a disaster in other ways -- would make a senior who has a small mortgage on his property of \$6000 at 4% clear that mortgage, borrow the money from the Howard Savings Bank, and pay back 14% to clear that mortgage. So, you get into ridiculous things like that.

That is one of the reasons why some seniors won't go into the program.

Secondly, if you are unable to have a low-cost home improvement loan piggybacked onto a tax deferral program, if you are narrow-minded and only allow one lien on the property-- Now, California has the most experience, and they are generous and broad. They allow flexible liens. They allow piggyback liens. If you allow a lady in Teaneck, New Jersey to get that little loan to fix her roof, which is leaking, at 3%, she can take that loan, fix the roof, and the appreciation, because of that structure being repaired, is going to outweigh the added cost.

SENATOR PALLONE: Some of the states, then, do not allow you to have any liens?

MR. POWER: Right, right. So, that is very important. Home improvement programs, at least in the state of -- at least in the county of; it is not a state yet, I guess-- In the County of Bergen, they allow that, okay? They allow that to happen. They will allow you to put that lien on. So, that is the main thing.

The second thing is to think home health care. So, even if we are not ready at the moment -- and I don't think we are -- to figure out how we are going to deal with this home health care issue from the equity in homes, the legislation that would be passed would have that in mind, and at least not be narrow, so it would be open to additional ways of looking at home health care. So, once the senior gets into a tax deferral program, and he or she needs home health care, you don't want to have to say, "Well, I'm sorry, ma'am, we can't help you on that area now." It has to be open to that.

The AARP has made a very good point, it should be optional. You can't make it mandatory to use up your equity to get on entitlement programs. Some people are thinking along those lines. I would say, as a senior advocate, that we should not go along those lines.

Number four, assurance. Do you know why seniors are not going to go into these programs? Because they -- as I think Mr. Jurow mentioned -- were young adults during the Depression, and they saw foreclosures. I took testimony for the public hearings from seniors in Bergen County, and they remember that. There is nothing going to-- They are not going to get into a program where there is going to be the possibility of some sheriff -- and they even mentioned that in the testimony -- in those big thick things you got-- They are not going to do that unless there is assurance that no one will come and put them out.

One of the reasons why you've got to-- Even if they get less benefits, even if you scale down, it has got to be so that there is an assurance that they are not going to be put out, if it is going to be successful.

Mr. Jurow has already spoken on home equity insurance. The Federal government H.R. 4 insurance program is a demonstration project which will allow both the lending organization and the senior to be protected. If the State of New Jersey does it with public funds, then the State of New Jersey will have to insure itself in some way. I am not sure how that would work. But, hopefully, that Federal program would be on-line, so that the insurance would be available. What we would like to see is the local banks getting involved in this, insofar as they can, and, talking reverse mortgage, put it into the New Jersey Housing and Finance Agency, and have some kind of counseling system going on to counsel the seniors on what they are really getting into. Then, if the State funds are there, fine. I suggest the PAAD population as a start-up for this.

SENATOR PALLONE: As a guideline?

MR. POWER: As a guideline. Now, I want you to remember that the Commission on Aging and many of the senior citizen organizations have said, "We have to look at apartment

dwellers." Two-thirds of the seniors we are talking about are homeowners, but my contention is, if you think deeply about this, you are going to see that as you get at that equity, which is a tremendous amount of money, and allow seniors to use, in pride -- to feel pride-- They are not going to go on the public dole. No one is paying for their home health care. They are paying their own taxes out of their own equity. So, they have a feeling of pride; they have a feeling of responsibility. You are not putting them on the public dole. And, if they are able to use their money to pay for their own taxes and their own health care, there should be more money in the State Treasury and from Casino Revenue Funds for those apartment dwellers, who do not even have the equity to pay for the chronic disease and illness which is going to catch them also, and the Medicaid programs which they are going to have home health care paid by.

So, what I am trying to say is, you see that kind of money, the billions of dollars in Bergen County alone, and the hundreds of millions of dollars every year. Somehow, if that could be converted-- Don't let anybody tell you. Get your best experts up here in terms of calculating out these actuarials. There is no way you are going to have a little tax deferral at 5% or 8% catch up to a house that is already \$150,000, \$200,000 that is appreciating -- at 5% to 8%. It is not going to happen. The State of Oregon has already had that experience. They even make charts to show the senior that the rate the amount of money is going up in terms of their tax deferral is like this, and the rate of appreciation of their house is going up like that. It is only the doomsayers who would say, "What would happen if this--" We are not going to throw out senior citizens when they are 85; we all know that. So, no one is going to get involved in legislation that would do that, and we don't want that, of course.

Lastly, I would like you to think of the most important thing. We should be able to defer the payment for home health care insurance, or even nursing home insurance. There are a number of insurance companies -- and I very much question the insurance companies, but nevertheless -- which are looking at how you are going to pay for nursing care or home health care. The senior who goes into a tax deferral program, or the senior who goes into a reverse mortgage program, should be able, after his taxes are paid, to take 5% of the equity of his home, per year. In a 10-year program, that is only 50% of the equity, maximum, say, of \$5000. You pay your taxes. That is an average of \$2000 per year in the State of New Jersey. What is left over-- There should be some way they can defer and buy into an insurance program to help them pay for home health care, and help them pay for nursing home care. If they don't do that, and if we don't get the money, the State is going to have to pay for it. Your actuarials are going to be able to work something out, I think -- if they have enough vision down the road -- to see that in the long run that is going to save the State of New Jersey a lot of money.

The last thing I would say is, although the Connecticut program is an excellent one, and I would hope that we would be able to model New Jersey's on it, I would see the home health care portion, and even the nursing home insurance portion, in the middle. So, I propose a sandwich. Straight tax deferral, and then two levels of home health care equity and home health care insurance, and then a supplementary income. I'll give you a very specific example. I visited the home of a lady in Teaneck. She is living in a home worth \$250,000, and her income is \$6000; taxes, \$3000. If there were a way for her to capitalize-- That home, a corner lot, is going up \$25,000 a year. So, she has to be able to think positively. We have to help her to think in such a way that there is a different way to pay your taxes. You pay your taxes

from the equity that is coming into your house. She is making more money than I am as a county civil servant. She would be able to do that, to delay the taxes, and then she pays out for her home health care. Whatever kind of a mechanism we have in the State of New Jersey, she pays for that. She pays for her insurance, for a nursing home out of that, and then she can get her little supplementary income of \$500 or \$600 a month, whatever the case may be.

SENATOR PALLONE: All right. Well, it sounds like--

MR. POWER: I think in that case, we will have some programs that will be effective.

SENATOR PALLONE: Thanks a lot. I really appreciate the insight into it, and the suggestion there, because I definitely think we have to look into some of these alternatives. These kinds of options have to be investigated. We really don't have any other choice in many cases.

MR. POWER: Thank you.

SENATOR PALLONE: Thanks a lot. Anna Auerback. You are the last Task Force chairperson.

A N N A M. A U E R B A C K: You have my written statement and, if you wish, you may defer to the other two people.

SENATOR PALLONE: I think we will, only because we heard from Mr. Jurow, and I apologize, unless there are any questions. (no response) Okay, thanks a lot.

I have two more people. From the Senior Shared Housing Program, Elaine Polin. I am sorry you had to wait.

E L A I N E P O L I N: Some of my testimony may be found in the transcript of the Task Force meeting in Point Pleasant, but I do have some additional remarks to go along with that.

My name is Elaine Polin. I am the Coordinator of the Shared Housing Program for Senior Citizens. The name of my agency is Senior Citizens United Community Services of Camden County. We are an innovative, nonprofit, social service agency, whose primary goals are to improve services offered to

the senior citizens of Camden County, to enhance the quality of their lives, with emphasis on those with the greatest socioeconomic need.

The corporation is located at 512 South White Horse Pike in Audubon, New Jersey. It has been in operation since December, 1979, under the directorship of Donna Kovalevich. The corporation presently receives funding from the Camden County Office on Aging, New Jersey Transit, the Camden County Community Development, and the Division of Youth and Family Services.

The corporation's Board of Directors are themselves older people, who have firsthand knowledge of the problems of senior citizens. Among the services offered by the corporation are: medical transportation -- we provide 9000 rides a month; emergency services, such as a five-day food supply; fuel; shut-in food shopping; a Golden Hands Gift Shop; in-home services; a homemaker services and respite program; community relations and outreach; Golden Voice, our monthly newspaper; trips for senior citizens; and, of course, shared housing.

The Senior Shared Housing Program of Camden County is designed to increase the housing options of the low- and moderate-income senior citizens. It is funded through a Camden County Community Development Block Grant and the Division of Youth and Family Services, at no cost to the clients. The program is for senior citizens looking for affordable, decent housing, and homeowners who are having trouble maintaining their homes because of the high costs of utilities and taxes. The program is for seniors who are independent; in other words, those who are able to take care of themselves, and who are in fairly good health.

The Senior Shared Housing Program was developed to answer the needs for affordable housing, as evidenced by the extremely long waiting lists at all of the senior citizen apartment complexes in Camden County. In Camden County, the

waiting list is four long years. In 1984, the median costs to subsidize a rental unit, based on three senior high-rise buildings in our county, was \$400 per month per unit. Yearly, this amount totals \$4800 per unit. On average, a person stays eight years in a senior high-rise. This brings the subsidy total up to \$38,400 per person. This was in 1984.

Compare these figures to the \$1000 one-time cost of matching two people in a shared housing arrangement. If a program of this type works, millions of dollars can be saved in building additional subsidized housing units.

The latest census figures show that Camden County has well over 80,000 senior citizens aged 60 and over. Within this group are over 50,000 female head of household, most of whom comprise the low-income group. During a four and one-half year period, the total number of clients served through the Senior Shared Housing Program was over 1100. By service I mean, we provide information; we make referrals and arrange for additional support and assistance; and we provide personal and housing counseling.

To date, 54 matches have been made, benefiting 108 clients. Most of the clients in the Shared Housing Program are living on Social Security. Their average monthly income is \$450. Federal guidelines state that no more than one-third of income be spent for housing, yet decent, affordable housing starts at \$400 in Camden County. Of course, those figures are higher for North Jersey.

Our clients have much in common. All of them are, or were, homeowners. Most have lived in the same community for 40 years, 50 years, or more, working hard and raising their families. Now their spouse, children, friends, and neighbors have gone. How do they manage from day to day when their mobility, eyesight, and hearing may have diminished, they no longer drive, taxes and home maintenance eat up their savings, they are not even sure from day to day whether or not someone

will be available to go to the food store or refill prescriptions?

Over 75% of the shared housing clients in Camden County are women between the ages of 60 and 76. They are low income; they no longer have friends or family in the area to lean on for support.

In 1985, the Shared Housing Association of New Jersey was organized to provide shared housing programs throughout the State, with an opportunity to exchange and develop ideas and information in the field of shared housing. In addition, the Association works jointly with other organizations and government agencies to service the aged in the area of shared housing. However, shared housing is not enough, and it only helps a very select group of people, meaning those who are independent. New Jersey has always been in the forefront when it came to providing services to senior citizens. However, there is a group of elderly which is not being served.

Within the past year and a half, a growing trend has emerged. The frail or at-risk elderly are seeking housemates who will provide services. Such services include cooking, housekeeping, and, to some degree, personal care. The at-risk elderly are individuals who have physical limitations. They are no longer able to remain in their own homes without assistance. Therefore, they are at risk of being institutionalized, either in long-term residential facilities or nursing homes. Of the 300 inquiries received in the Camden County Shared Housing Program in 1986, over 30%, or one-third of those inquiries were from this at-risk group. Statewide, all of the Shared Housing Association member agencies are experiencing the same problem. Agencies are having great difficulty providing adequate housing and other social services for this unique and growing population.

I quote now from the "1985 Report on Aging in New Jersey" -- the Governor's Report: "Health status is not the

primary factor leading to institutionalization of an older person. Institutionalization results from absence of family or a support system, depletion of personal or family resources, or the excessive burden on existing resources, or the excessive burden on existing family members."

More housing options and in-home services must be made available to senior citizens. The Shared Housing Association of New Jersey and the New Jersey Department of Community Affairs' housing liaisons support shared housing and alternative housing options. Senior Citizens United Community Services has already investigated and researched the possibility of providing another housing option, which is adult foster care for Camden County residents. There is a need for adult foster care in our community, again, as evidenced by the fact that over 30% of the clients who use our agency services are at risk of institutionalization.

Our agency would like to meet the housing and personal needs of the senior population. An adult foster care program could serve as a model that could be implemented throughout the State of New Jersey. The proposed program seeks to provide an alternative for persons currently at risk of institutionalization, who would be eligible for residential care, but, nevertheless, prefer to be cared for in a home setting.

Esteemed members of this Committee, senior citizens are a proud group. They want what anyone wants, regardless of age, and that is to be able to maintain their independence and sustain their dignity. More housing options will allow this.

Thank you for the opportunity to speak.

SENATOR PALLONE: Let me just ask you briefly, because I know we are running out of time-- You mentioned the shared housing existing programs. How are they being financed right now? I mean, like, for example, basically we are talking about referrals, I suppose -- information and referral -- right?

Does this operate through your existing Division on Aging, or your Housing Authority, or what?

MS. POLIN: Each county has its own programs. We do not have shared housing programs in every county. We don't have the same type of shared housing programs in the counties that do have them.

SENATOR PALLONE: I know, for example, that in Monmouth County the Division -- or the Office on Aging -- has a referral program. Is there anything other than the need for, you know, this type of referral program that you are suggesting to us? In other words, it does not seem to me to be something that would involve legislative intervention; rather, just having the program exist in the various counties.

MS. POLIN: Well, there is a need for legislation. Funding is needed to provide these programs. In Camden County, our Shared Housing Program is funded through DYFS and CDBG funds.

SENATOR PALLONE: So, in other words, you would like some funding for the referral program. Okay.

MS. POLIN: Well, it is not just a referral program. We do the actual matching up of people to live together.

SENATOR GARIBALDI: Could you define, a little more specifically, shared housing and referral?

SENATOR PALLONE: Well, I guess, I don't know-- In Monmouth County, for example, if someone calls the office and says they are looking for-- I know sometimes I think I am operating a real estate agency, but, you know, they will call up and say, "I have a room, and I have an income problem, so I would like to take in a senior." There is a place you can call in the Office on Aging in Freehold. They put that individual on a list, and then they make that list available at the senior centers, nutrition program sites, and all that, and they match people.

SENATOR GARIBALDI: Are there any minimal requirements as to number of rooms, or kitchen, or--

SENATOR PALLONE: Not really, no. The only thing is, it is always, of course, up to the individual who has the house. They don't force anyone on anyone and then, of course, there are some people who are reluctant to get involved. They'll say, "Well, I don't want to call Freehold, because I don't know who I am going to get," and that type of thing.

MS. POLIN: Well, our program does not work like that.

SENATOR PALLONE: Oh, okay.

MS. POLIN: People call us. They say they need a place to stay, or they are a homeowner and they would like someone to come to live with them. We do an interview with the party.

SENATOR PALLONE: Maybe they do that in Monmouth; I don't really know. I have never gotten into it that deeply.

MS. POLIN: Every one is different.

SENATOR PALLONE: I don't think it is too--

SENATOR GARIBALDI: This is not State-sponsored?

MS. POLIN: No, it isn't.

SENATOR PALLONE: Well, the Office on Aging must use certain of its funds, part of which comes from the State for that purpose. But I think her program sounds a lot more sophisticated. Go ahead.

SENATOR GARIBALDI: Yeah.

MS. POLIN: I brought a program description, and also a booklet which explains our program in detail.

SENATOR GARIBALDI: Oh, okay.

MS. POLIN: We have very thorough interviews. We also ask for medical and personal references. We take the people and introduce them.

SENATOR PALLONE: But, there is no statutory impediment in any way to what you are doing.

MS. POLIN: Yes.

SENATOR PALLONE: There is? Well, that is what I wanted to know.

MS. POLIN: First of all, we cannot accommodate all of the people who call us. We do not have the staff, and we do not have the funds.

SENATOR PALLONE: No, I understand that.

MS. POLIN: Secondly, people who call us have many different needs. What we have seen -- at least in the last year and a half -- is that there are more frail people, who need to have someone live with them to help them with their household tasks and some personal care, and we are not able to accommodate that group.

SENATOR PALLONE: Because you don't have the staff or the funds?

MS. POLIN: No, because our program is only for independent people.

SENATOR PALLONE: Oh.

MS. POLIN: We cannot accommodate frail people. Anyone who is providing a service by doing housekeeping, cooking, personal care -- attending to the personal care of the homeowner -- is, like, a full-time companion, and that person would be expected to receive a salary for that type of an arrangement. We don't have people who want to do that. What I am offering today is that we would like to start an adult foster care program.

SENATOR PALLONE: Okay. We know about, for example, adult foster care programs. Bills have passed through this Committee for, for example, day care or--

MS. POLIN: Right.

SENATOR PALLONE: --centers for Alzheimer's victims. But, you're talking about something that is individualized--

MS. POLIN: Yes.

SENATOR PALLONE: --where people are matched for shared housing.

SENATOR GARIBALDI: They actually enter into a contract.

MS. POLIN: Yes.

SENATOR GARIBALDI: A contract between the party who is going to share the residence and the--

SENATOR PALLONE: It also involves health and personal care. You can't do that now, but you would like to be able to.

MS. POLIN: Right.

SENATOR GARIBALDI: According to this, you do on-site evaluations--

MS. POLIN: Yes, we do.

SENATOR GARIBALDI: --on behalf of your client.

SENATOR PALLONE: What are the impediments to your doing the sharing and matching that also involves the health and personal care?

MS. POLIN: See, our contract with CDBG and DYFS states that we are only allowed to accommodate people who are able to care for themselves. I don't know if that is because there is a concern for liability, or-- You know, I don't know that much about it.

SENATOR PALLONE: And certifications of the people involved, and who is taking care of who. It's a can of worms.

SENATOR GARIBALDI: Or whether they have pets.

SENATOR PALLONE: Oh, gee.

SENATOR GARIBALDI: Oh, yeah, there are all kinds of things.

MS. POLIN: Yes, everything.

SENATOR PALLONE: Well, it is interesting. I am glad you brought this up today, because I certainly wasn't aware that there was this type of a program, or that there was a need for the matching with regard to the health care.

MS. POLIN: There is a very big need in our county, and other shared housing programs are experiencing the same problem.

We also have room and boarding home codes we must adhere to. When you talked about restrictions, we are only allowed to do one-to-one matches. Some of the other people who testified said that there are some people who are taking in boarders, and our program does not allow for that, because then you have to get into very strict fire and safety codes, and so forth.

SENATOR PALLONE: What you're saying is, if it only involves a sharing situation, maybe some of these things can be relaxed, possibly--

MS. POLIN: Yes. Well, we do have standards.

SENATOR PALLONE: --to encourage more of it. Again, that is something to be looked into. All right, thanks a lot. Are there any questions?

SENATOR GARIBALDI: No questions, but I have to leave.

SENATOR PALLONE: I know. We only have one more witness. I'm sorry. I know we are going on, but it has been interesting.

SENATOR GARIBALDI: Yeah, I am interested myself.

SENATOR PALLONE: Ms. Polin, do you want to leave us with some of those materials, and we can share them with the Committee?

MS. POLIN: Yes, I would like to.

SENATOR PALLONE: We have one more speaker, Sylvia Wiser, President, Shared Housing Association of New Jersey. She has been here all day.

S Y L V I A W I S E R: I haven't been here too long.

SENATOR PALLONE: Oh, okay. We have been here all day.

MS. WISER: I am Sylvia Wiser. I am President of the Shared Housing Association of New Jersey. I work at UMDNJ, which is part of the Community Mental Health Center at Piscataway, in a program called COPSA -- Comprehensive Services on Aging. Through COPSA, we received a grant a few years ago from the Middlesex County Office on Aging, to sponsor the

Shelter Clearing House. We then found that matching was really an option for seniors.

The tragic lack of affordable housing options for young and old alike in New Jersey, due to the rapidly escalating housing expenses, is straining the largest single limited budget item for most people -- which we have heard over and over today. One option that will provide adequate and affordable housing is shared living -- two or more unrelated individuals, each having one's own private space and sharing other common areas. The benefits of such an arrangement are:

- 1) Providing companionship and security to overcome isolation and loneliness;
- 2) Developing cost-effective housing and affordable rents by sharing the costs of taxes, utilities, and maintenance;
- 3) Maintaining a home by pooling the residents' household skills and personal resources;
- 4) Revitalizing a neighborhood through renovation of the existing housing stock; and,
- 5) Encouraging the residents to be independent through interdependence.

Elaine talked about the Shared Housing Association of New Jersey, which represents 40 shared housing and matching programs throughout the State, which serve hundreds of people. The real reason I am coming in front of this Senate Committee is because Assemblyman Thomas Paterniti has, for the second year, sponsored a bill for shared housing. The bill this year is A-306, which would provide needed funds and technical assistance. The passage of this bill for \$500,000 would keep shared living programs in operation. In the past few years, we have had a number of shared housing programs cut because of local and county social service programs having their funds cut.

The Shared Housing Association would like to commend the Legislature's efforts in sponsoring A-306 to establish a Senior Citizen Shared Housing Program. Now we ask that you

place this bill -- A-306 -- up for a vote in the Assembly and the Senate, and that you support affordable, available, and adequate housing.

I have heard some of the questions you asked, and some of the-- There are two different kinds of shared living: One is the match-up program, and one is shared living residences. If the Committee would like to know more about this at a better time, I would be happy to explain it. I know we are all being pushed for time.

SENATOR PALLONE: Why don't you tell us a little bit about the legislation -- this A-306? I am not familiar with it.

MS. WISER: Okay. It is a bill which would provide \$500,000 from the General Fund to-- Most of these programs that are starting will be around for a year or two years. They are funded for a couple of years, and then they are gone because the funds are gone. People are going to ask, "How many people have you placed in a shared living residence?" If you say five or ten, it is not cost-effective. There are other things that these agencies are doing.

Now, there is a match-up program, which is what Elaine is basically involved in.

SENATOR PALLONE: Yes.

MS. WISER: There is also the Shared Living Residence Program, which approximately half of the members are involved with. They are usually through nonprofit groups -- churches primarily. They house anywhere from about 5 to 35 people, anywhere from people living completely independently -- they make their own meals, they do their own shopping -- to where they are provided with all services.

SENATOR PALLONE: Do they run into problems in terms of zoning? Is that part of the problem?

MS. WISER: What we have found is that if we go in front of the zoning board as individuals, and talk to the zoning board, we have not run into problems.

SENATOR PALLONE: In other words, it is still considered like a single family residence.

MS. WISER: It is a single family residence.

SENATOR PALLONE: Because they are eating together, and it's--

MS. WISER: Right. They are doing one common thing together, whether it be one common meal a week, or having five meals together.

SENATOR PALLONE: In other words, as long as you don't have a situation with another family moving in, so it is like an apartment, you don't run into zoning problems.

MS. WISER: They are usually very large, old homes that have been underutilized.

SENATOR PALLONE: Yeah. That is what I find to be the case, too.

MS. WISER: I don't think you have any in Monmouth County.

SENATOR PALLONE: Oh, no. What I mean to say is, in Monmouth County, we have a lot of situations where an individual has a large home, and they will look for someone to take in, a senior citizen, or whatever. That is what I think is happening with the program we have through our Office on Aging. It is not the same as yours, but it is an informal, you know, mechanism to do some of the same things.

MS. WISER: Inclusive in this bill would be an easement of the rooming and boarding home regulations for shared living, because to have to put up a fire alarm or a sprinkler system would be prohibitive in cost.

SENATOR PALLONE: All right, thanks a lot.

MS. WISER: Thank you.

SENATOR PALLONE: We appreciate it. We are going to look into this. We don't have that particular bill you mentioned here, because it is over in the Assembly, but we will certainly look into that kind of an option. Maybe there will be some legislation on this side, as well.

MS. WISER: With some more education.

SENATOR PALLONE: Yes. Thanks a lot, Ms. Wiser. I also want to thank everyone for coming, and I thank Mary Jane Zimpleman -- did I get your name right?

HEARING REPORTER: Yes, you did.

SENATOR PALLONE: You have been to a couple of these. This must have been the shortest one so far, right?

HEARING REPORTER: I think so.

SENATOR PALLONE: All right. Thanks again.

HEARING REPORTER: You're welcome.

(HEARING CONCLUDED)

APPENDIX

Real Equity

STATIONHOUSE SQUARE
2505 Main Street
Stratford, CT 06497
(203) 378-1900

April 24, 1987

Anita Saynisch
Office of Legislative Services
State House Annex
Trenton, NJ

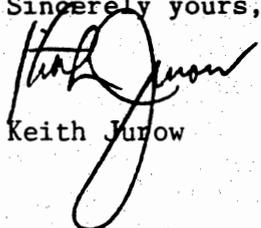
Dear Anita:

It was a pleasure speaking with you this morning. I thought it might be helpful to you if I sent the enclosed background material. I submitted it to the Director of the Governor's COMMISSION ON PRIVATE AND PUBLIC RESPONSIBILITIES FOR FINANCING LONG TERM CARE FOR THE ELDERLY here in Connecticut a few weeks ago. It gives a brief overview of one of the important ways in which our Sale and Leaseback program can help deal with the urgent financial problems of so many senior citizens.

As I mentioned to you in our conversation, we have been working closely with the state of New Jersey's TASK FORCE leadership because we are concentrating our efforts toward bringing our Sale and Leaseback program into New Jersey where the need is so clearly urgent.

I will give you a call next week to see if we can pin down a time that I would be testifying before the Committee on the 4th. I look forward to speaking with you again at that time.

Sincerely yours,



Keith Jurow

Enclosure

BERGEN COUNTY OFFICE ON AGING

May 4, 1987

Public Hearing on Housing Options for Seniors

Frank Power
Housing Specialist
Bergen County Office on Aging
Task Force on Housing Options Member for NJ4A

Good Afternoon:

I'm Frank Power. I work at the Bergen County Office on Aging as a planner and specialist in housing especially in home equity issues. I am coordinator of the first CHISS (Consumer Housing Information Service for Seniors) in New Jersey and in the 15 or so states that now have that major housing initiative of the AARP. In that capacity I have spoken to hundreds of seniors on converting their equity into cash, home sharing, home improvement loans, and various strategies for solving their housing problems or challenges. I serve on the State Task Force for Senior Housing Options representing the NJ4A at the Bergen County Office on Aging which is a leader in the state in this area of service. This afternoon I am speaking principally on my own behalf as an advocate for the 15,000 senior homeowners in Bergen County who form the lowest quadrant of senior homeowners in Bergen County. Many of them are minority elderly for whom I work as coordinator of Minority Affairs at our office which is also recognized as a leader in this area throughout the state.

I commend you for this hearing. You are on the right track. There is a way to help seniors solve some of their most pressing challenges without losing their independence and going on the public dole. There is some good news. There is a way for many seniors to feel positive about their lives again. To hope again; to smile again; There is a way for seniors to overcome despair and frustration and to turn back the tide of income erosion that worries so many of them. That hope is Home Equity Conversion. I believe that you have the opportunity and the power to address and significantly overcome the major challenges seniors face in their homes. They

BERGEN COUNTY OFFICE ON AGING

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are taxes, home maintenance, and home health care and income maintenance. Is this for real? A lot depends on our attitude and our vision. I'm counting on you. I would like to share with you my vision and positive feelings on home equity conversion and how it can meet these real challenges. I'm very confident in what I say because, outside of American Homestead personnel, I believe I have spent more time speaking to more seniors on home equity conversion during the last three years than anyone in the state of New Jersey.

The first thing I want you to consider is broadening your vision. When you think of Home Equity Conversion think big, think long term, and think beyond the Casino Revenue fund and even the New Jersey State Treasury. There isn't enough money in Casino Revenue Funds and the State treasury to meet and overcome the challenges of the increasing senior population especially the very old, the escalating taxes in municipalities that they have to pay and would readily pay had they the money; there isn't enough money coming from the federal government to pay for health care and particularly home health care; there isn't enough evidence that the tunnel vision of the great majority of non-senior homeowners and municipal authorities will allow for creative and progressive zoning changes that would allow for ECHO housing and accessory apartment and homesharing options to meet the challenge. Well, why am I so optimistic about home equity? Because there is enough money, there is enough equity, there is more than enough appreciation. Every body and his brother wants to get their hands on the Casino revenue funds and the surplus. I empathize with you when I review the pages of listing of bills challenging you to make laws on how to spend it. Think big. In Bergen County alone last year the appreciation of the equity in senior homes was greater than the Casino Revenue fund tax proceeds and the state surplus. In Bergen County it was \$550,000,000. In the state of New Jersey the appreciation of equity in senior homes was about 5 Billion more than the Casino Revenue will generate in nearly 50 years. Are

BERGEN COUNTY OFFICE ON AGING

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you all ready for this? Talk about timing; read today's New York Times on Home health care costs and the pronounced trend toward home health care. You ready. 63%, nearly 2/3 of all home health care Medicaid costs in the nation were spent in New York City last year. The appreciation of senior homes in Bergen County last year would have paid for it, about \$600 Million. One final point. Let no one seriously doubt that property values in the state of New Jersey are going to stop going up generally. Our challenge is to convert that equity and appreciation into tax deferral programs, into home health care equity lines and insurance for home health care and nursing home care, into home improvement loans, and into supplemental income by flexible and courageous thinking about home equity conversion.

The following are my recommendations:

1. Home equity conversion programs should be flexible enough to maximize options. Current thinking tends to minimize options by restrictive leins. Thus, when one program is initiated others are halted. The I.R.M.A. is a prime example of this. Whatever, level or option is chosen, the other options should only be curtailed if realistic present and future values of the house demand it. For example, a low cost home improevmt loan at 3% should be be able to be made with an existing reverse mortgae loan so that genuine needs and future appreciation can be met and fostered.
2. The best thinking on Home equity conversion is going in the direction of financing home health care. Connecticut has much to teach us in this area. Dr. Philip Brickner suggests it. He is the director of community care at St. Vincent's hospital, a national recognized leader in the field. Be sure that you either incorporate home health care into your legislation or at least make the legislation flexible enough to include it later.
3. Home Equity conversion should be optional and not mandatory to receive public entitlement programs. Don't add to the woes

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of seniors whose independence of mind is threatened enough. Give them the opportunity to pay for whatever they get by their own choice.

4. Provide assurance that they will not be foreclosed-no matter what. These elderly people we are speaking of are 70 and over. They were young adults when the depression struck 50 years ago. They remember the horrors of foreclosure. If there is a change of foreclosure, one of two things will happen. Either very few will enter the program so the goals will be stymied, or it will take many hours of time by professional social workers or gerontologists to make them think through and settle their fears about what may happen ten or fifteen years later. Furthermore, as no banker wants to get involved in reverse mortgages because Mrs. O'mally may have to be foreclosed when she's 85, no legislator will want his or her name on a bill or be a party to legislation that could result in such activity. Lessen the benefits if you must but provide the assurance.

5. Home Equity Insurance as is presently under consideration at the federal level is necessary if HEC will work. If New Jersey really wants to solve this issue, let it also provide insurance.

6. Third party information service should be provided by the local area office on aging or some suitable and responsible source.

7. Sale leasebacks should be fostered especially those of the type offered by Real Equity, Inc. I have urged Mr. Keith Jurow to make a presentation here today on his program.

8. Consider the PAAD population as the target population for HEC. If there is sufficient funding, the population should be extended to moderate income seniors.

BERGEN COUNTY OFFICE ON AGING

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9. Recognize that apartment dwellers will also benefit from HEC conversion programs in the long run. They will suffer the ravages of chronic disease and disability also and have no equity to convert. For every dollar eventually paid for by a senior homeowner out of her own spirit of independence and wealth, a dollar more will ultimately be available for senior home tenants.

10. Priorities:

I suggest the following priorities for HEC in New Jersey

A. Tax Deferral

Almost all seniors I talk to mention taxes as a major cause of their cash flow problems. They are not against paying taxes; schemes to freeze taxes for seniors are not born of poor spirits but meager pocketbooks and wallets.

B. Home Improvement loans.

Local home improvement loans should be allowed to piggyback on tax deferral plans. These low cost loans will foster appreciation and meet crucial maintenance needs.

C. Home Health Care Equity Lines/Insurance

Mr. Robert Turrill of the Howard Savings Bank is the best thinker in this area, in my opinion. His expertise can be well used in helping seniors either pay for their home health care by a reverse line of equity or what can be safely set aside for insurance for same.

D. Nursing Home Insurance

Seniors will be able to pay for the insurance when it is available either privately or via some Medicaid arrangement. The best thinking is by Ken Scholen. Read the Connecticut study "Using Home Equity to Pay for Long Term Care."

E. Reverse Mortgage Supplementary Income

After priorities A-D are met, supplementary income payments can be made provided the equity and appreciation warrant it. Remember much of reverse mortgage money will go to pay taxes anyway if there is no tax deferral program.

HOME EQUITY CONVERSION TESTIMONY May 4, 1987
Anna M. Auerbach, Chairperson
SUB-COMMITTEE ON SALE/LEASEBACK

Good Afternoon. I would like to thank you for the opportunity of addressing your committee and providing you with an overview of what the Sale/Leaseback Sub-Committee to the Task Force On Housing Options For The Elderly is doing.

By definition a Sale/Leaseback transaction is the sale of a home to a second party and after closing, the home is immediately leased back to the original owner of the property. Purchase payments for the home can be made in several ways. The senior could become the mortgagee, thus receiving a downpayment and monthly payments of principal and interest in exchange for holding the note. Another means used in Sale/Leaseback transactions is the purchase of the property with cash or funds received from a loan outside the transaction. The funds would then be placed in an income-generating fund such as a trust or annuity. This fund would provide the senior with monthly income. In all cases the senior is given a lease on the home with a lifetime renewable option. The senior pays rent as would any tenant. The rent could be paid through a deduction from the monthly payment made by the investor or generated monthly by the senior.

There are two general types of Sale/Leaseback transactions. The first occurs between family members and is usually an informal transaction. The second occurs between the seller and an unrelated party. The party could be a non-profit organization, private investor or public entity.

This form of home equity conversion gives the senior the ability to remain in the home for as long as he wishes or lives without the worry of a loan repayment as well as maintenance costs and escalating taxes. The major drawback to the senior with this type of arrangement is his loss of ownership of the home and the benefit of its yearly appreciation.

The sub-committee has been charged with investigating and evaluating existing Sale/Leaseback Programs not only in this state but throughout the country. It will also identify and formulate general documents needed to protect the senior in a sale/leaseback transaction. There have been two additional meetings scheduled this month in an effort to complete and formulate the subcommittee's recommendations to the Task Force. It would be premature of me to make any references to those recommendations at this time. However, one obvious concern that faces us all, is the education of the senior, the public and the professionals involved in a Sale/Leaseback transaction.

Ladies and Gentlemen, thank you for this opportunity.

AA/vm/s3/012

Testimony of the Task Force on Legislative Concerns

Senate Committee on Aging, May 4, 1987.

Equity conversion is a worthwhile study and should be thoroughly investigated.

If the state is to participate in such a program it would certainly involve the disbursement of public funds. Based upon previous experience, legislators more than likely would turn to the Casino Revenue Fund.

The Task Force on Legislative Concerns has long taken the position that the needs of home health care and rental assistance are so great that no further disbursements should be made from the Casino Revenue Fund until viable programs to meet these needs have been enacted.

For fiscal year 1988 the proposed expenditures from the Casino Revenue Fund are \$60 million more than the present year. The expenditure of \$253 million would exceed the projected revenue of the fund by \$48 million. We object to many of these proposed expenditures. This matter should be settled before any new expenditures are proposed.

Most states which have real estate tax assistance programs also have programs of rental assistance. New Jersey's real estate tax assistance program for seniors, although possibly still inadequate, is quite liberal by most standards - there is a homestead exemption of approximately \$240, a tax reduction of \$250 for moderate and low

income homeowners and a \$65 rebate under the Ford law - a total of approximately \$550. Yet renters who comprise 37% of senior households and are in reality real estate tax payers, get little or no assistance.

Some statistics we have seen lately show that 59% of renters in the general population with incomes between \$7,000 and \$10,000 pay more than 35% of their income in rent. Rental assistance was one of the programs specifically mentioned in the original constitutional amendment concerning the casino tax. It is the only program that has been completely ignored by the legislature.

It would be a further inequity to expend more money on programs affecting homeowners without first correcting the imbalance which exists between homeowners and renters. For this reason we respectfully suggest that a viable program be enacted giving rental assistance to those who are paying an exorbitant portion of their income in rent as soon as possible. This action, in addition to a program of home health benefits, should be legislated before any further expenditures are made from the Casino Revenue Fund.

Thank you.

John Tergis, Task Force
on Legislative Concerns



512 South White Horse Pike
Audubon, NJ 08106

a full service agency

SENIOR CITIZENS UNITED COMMUNITY SERVICES OF CAMDEN COUNTY, INC. is an innovative, non-profit social service agency whose primary goal is to improve services offered to the senior citizens of Camden County to enhance the quality of their lives, with an emphasis on those with the greatest socio-economic needs.

The Corporation is located at 512 S. White Horse Pike, Audubon, N.J.

It has been in operation since December, 1979, under the directorship of Donna Kovalevich. The Corporation presently receives funding from the Camden County Office on Aging, New Jersey Transit, Camden County Community Development, N.J. State Division of Youth and Family Services and Camden County Board of Freeholders.

Many of the Corporation's Board of Directors are themselves older people who have first hand knowledge of the problems of senior citizens.

COMMUNITY RELATIONS AND OUTREACH PROGRAM

CROP endeavors to make the general public, as well as senior citizens, more aware of the programs and services offered by the Camden County Office on Aging and its sub-grantees.

Information and Referral

Clients visit and call the office for information on the varied services available and referral to appropriate offices for assistance.

The speaker's bureau, known as the Aging Information Network, promotes the concerns and problems of aging to the general public.

Outreach

An outreach worker visits nutrition sites, senior centers and makes home visits to disabled elderly.

Recreation

Additionally, CROP plans daily activities for the ten nutrition sites.

Golden Voice

CROP is responsible for the distribution of the Golden Voice newspaper to area residents. This publication is designed as a means of updating senior residents on new and current services available to them and addresses their concerns.

CROP is funded by a grant from the Camden County Office on Aging.

Additional information may be received by calling 546-2666.

EMERGENCY SERVICES

24 Hour Help

EASE is designed to answer the growing need for emergency relief created by the changing climate of government funding which has resulted in a reduction of many federally sponsored services.

A 24 hour hotline operated in conjunction with Contact 609 enables seniors immediate access to services.

Between the hours of 9 a.m. and 4 p.m., Monday through Friday, calls should be made directly to 546-2666.

After 4 p.m. and on weekends and holidays, calls should be made to Contact 609 at 667-3000 and ask for the "SCUCS" Emergency Services.

The Contact 609 worker will determine the problem and the extent of the emergency from the caller. If the problem is not severe and can wait until the next working day, the caller will be asked to call EASE direct.

Food Shelf/Lending Closet

The second phase of EASE includes an emergency food shelf and a lending closet of appliances for senior citizens.

The food shelf offers a three to five day supply of food to seniors experiencing financial difficulties.

The lending closet provides certain medical appliances for a three month period of time. During this time the client is expected to purchase the appliance through their Medicare coverage.

Shut-In Shopping

Emergency Services operates a project to provide Shut-In shopping for disabled individuals/seniors. The volunteer shoppers will provide this service to clients screened and interviewed by the coordinator.

You may receive additional information on EASE programs by calling 546-2666.

Emergency Services is funded by grants from the Camden County Office on Aging, local donations and the joint efforts of the Feed Consortium.

IN-HOME SERVICES SYSTEM

Homemaker Assistance Network (HAN)

HAN provides homemaker services through trained staff to residents needing help with daily living routines.

HAN operates in senior housing buildings including: Audubon, Clementon, Pennsauken, Stanfill, Edgewood Acres and Echelon Towers.

HAN provides an evaluation of the client's needs: light housekeeping, laundry service, some personal services and appropriate referral to other senior services as needed.

HAN can be contacted by calling 546-2666.

HAN is offered as a free service by SCUCS through a grant from the N.J. State Division of Youth and Family Services (DYFS).

Respite Project

Respite provides temporary support and relief to the caregiver of a 45+ individual who cannot be left unattended, through trained, competent personnel who care for the sick, handicapped clients. For additional information call 546-2666 and ask for the Respite program.

Respite Care is funded by the State Division of Youth and Family Services and a grant from the Camden County Board of Freeholders.

GOLDEN HANDS GIFT SHOP

This consignment store provides an outlet for the creative endeavors of any Camden County resident 60 years and older. All articles are sold on a consignment basis only.

Merchandise will only be accepted at the shop Tuesday through Thursday from 10:00 a.m. to 3:00 p.m.

This project is funded through a grant from the Camden County Office on Aging. Store hours are 10:00 a.m. to 4:00 p.m., Tuesday through Saturday.

For information, call 858-6540. The store is located at 717 Haddon Avenue, Collingswood, NJ.

SEN-HAN TRANSIT

Sen-Han Transit provides a coordinated and consolidated transportation system to meet the varied transportation needs of the elderly and handicapped residents of Camden County.

Medical Transportation

A non-emergency door to door service operating in Camden County, Monday through Friday on a first come, first serve basis. Clients needing this service are to call 546-2777 between 10:30 a.m. and 4:00 p.m. to make an appointment.

Limited transportation is available to center city Philadelphia for non-emergency medical rides. Please call for times available.

Rides are to be confirmed the day before your scheduled ride between 9:00 a.m. and 10:30 a.m. only. Rides must be confirmed or cancelled at this time.

Medical transportation is available to disabled or elderly (60+) Camden County residents.

Handicapped residents needing a wheelchair equipped vehicle are instructed to give this information to the clerks.

Funding sources: Camden County Office on Aging and Casino Revenue Funds appropriated by the Camden County Board of Chosen Freeholders.

Nutrition Transportation

Transportation is available to inner-city residents attending a Camden City site. To make arrangements to be transported call the site manager at the location nearest your home. The main office number for the Camden County Nutrition project is 338-1700.

The Sicklerville and Camden County College nutrition sites have limited transportation available and information may be received by calling Sicklerville at 728-1144 and the College at 227-7200 ext. 296 between 10:00 a.m. and 2:00 p.m., Monday - Friday.

Funding sources: Camden County Office on Aging and Casino Revenue Funds appropriated by the Camden County Board of Chosen Freeholders.

Nutrition Transportation - Social Day Centers

Supplemental transportation is offered to the Archway Senior Center in Collingswood and the Neighborhood Assistance Program in Audubon. Rides may be arranged by calling Archway at 854-0340 and Neighborhood Assistance Program 547-9528.

Funding source: Casino Revenue Funds appropriated by the Camden County Board of Freeholders - 60+ population and disabled.

Medical Transportation - Lower County 546-2777

Lower county non-emergency medical transportation provides rides to all residents of these areas: Winslow Township, Waterford Township, south of Camden County College in Blackwood and the Kresson section of Voorhees Township; east of Evesham Road.

Rides are to be confirmed the day before your scheduled ride between 9 a.m. and 10:30 a.m. only. Rides must be confirmed or cancelled at this time.

Children under 18 must be accompanied by an adult.

Funding source: Provided by a grant from New Jersey Transit, Section 18 of the Urban Mass Transportation Act and open to all lower county residents regardless of their age.

Medical Day Care Transportation

Supplemental transportation is offered to clients of Promise Medical Day Care, Lakeland Medical Day Care*, Archway Medical Day Care - Berlin Archway Medical Day Care - Camden and Brachfeld Medical Day Center*. Clients may arrange rides by calling Lakeland at 227-3000, Promise at 662-3555, Archway-Berlin at 768-6797, Archway-Camden at 966-1020 and Brachfeld Medical Day Center at 667-3100.

Funding source: Casino Revenue Funds appropriated by Camden County Board of Chosen Freeholders - 60+ population and disabled.

*Casino and New Jersey Transit, Section 18 of the Urban Mass Transportation Act - lower county residents.

Employment Transportation

Transportation is available to clients of Bestwork Industries 854-3388, Goodwill Industries 964-5800 and the Occupational and Training Program 768-0845.

Limited transportation is available by referral to the Senior Aides program 962-6666.

For information please call the above projects.

Funding source: Casino Revenue Funds appropriated by Camden County Board of Chosen Freeholders - 60+ population and disabled.

Educational Transportation

Limited transportation for handicapped residents may be provided to local colleges for clients unable to use public transportation. For information, call 546-2777.

Supplemental transportation is provided to St. John of God and the Abilities Center. Clients may call St. John of God at 848-7400 and Abilities Center at 848-1025 to request information.

Funding source: Casino Revenue Funds appropriated by Camden County Board of Chosen Freeholders - 60+ population and disabled.

Volunteer Transportation

Transportation is provided for 60+ volunteers registered with the Retired Senior Volunteer Program. For information on transportation call RSVP at 962-6666.

Funding source: ACTION Funds administered by Community Planning and Advocacy Council (CPAC).

Shopping Transportation

Fixed route shopping transportation is provided to municipalities without their own buses to local supermarkets for supplemental shopping on a weekly basis. For information call 546-2777.

Funding source: Camden County Office on Aging - 60+ population, Casino Revenue Funds appropriated by Camden County Board of Chosen Freeholders - 60+ population and disabled and New Jersey Transit, Section 18 of the Urban Mass Transportation Act - lower county residents of all ages.

Shopping Transportation - County Nutrition Sites

Weekly shopping transportation is provided to six nutrition sites operated by the Camden County Nutrition Project. For information on center shopping trips call 546-2666.

Funding source: Camden County Office on Aging - Title III funds and Casino Revenue Funds appropriated by Camden County Board of Chosen Freeholders.

SHARED HOUSING

A program which matches older adults looking for affordable, decent housing with homeowners having trouble meeting the high costs of utilities and taxes

Senior Shared Housing is open to single or married adults, 45 years or older. The program is open to anyone who lives or wants to live in Camden County.

Counseling is available to clients before, during and after the matching process.

This project is operated with funds from the Division of Youth and Family Services and a Camden County Community Development Block Grant.

For additional information call 546-0456.

COMMUNITY RELATIONS and OUTREACH
IN-HOME SERVICES SYSTEM
GOLDEN HANDS GIFT SHOP
EMERGENCY SERVICES
SHARED HOUSING
SEN-HAN TRANSIT

o full service agency





A free service primarily designed to benefit senior citizens with limited incomes.

A program which matches older adults looking for affordable, decent housing with homeowners having trouble meeting the high cost of utilities and taxes.

An attempt to place compatible people in a housing arrangement which benefits them economically, as well as socially.

A concept which has been successful throughout the country by increasing the housing options of older adults.

A program which combats loneliness and isolation through companionship.



Single or married adults.*

Anyone who lives or wants to live in Camden County.

Older persons who are mentally and physically in good health.

***At least one person in each match will be a senior citizen.**



All clients are thoroughly screened during extensive personal interviews when personality traits, temperament and personal likes and dislikes are noted.

After a possible match is suggested both parties meet and spend a "trial weekend".

A contract is developed that is unique and specific to each individual match. The contract is renewed monthly.

Counseling is available to clients before, during and after the matching process.

Neither party is "responsible" for the other if sickness and/or disability occurs.

Pre-Application Form

I AM INTERESTED IN
SHARING MY HOME

I AM IN NEED OF
AFFORDABLE HOUSING

NAME _____ AGE _____ PHONE _____

ADDRESS _____

Return this Pre-application to:

Shared Housing Program

512 S. White Horse Pike

Audubon, NJ 08106

For more information call:

546-0456

Mon. - Fri. 9 a.m. - 4 p.m.

SENIOR SHARED HOUSING OF CAMDEN COUNTY

Senior Citizens United Community Services

512 S. White Horse Pike

Audubon, NJ 08106

NON-PROFIT ORG
U. S. POSTAGE
PAID
Mt. Ephraim, NJ
Permit #81



SENIOR SHARED HOUSING

of Camden County

ADMINISTERED BY SENIOR CITIZENS UNITED COMMUNITY SERVICES
FUNDED BY THE CAMDEN COUNTY COMMUNITY DEVELOPMENT BLOCK GRANT
PROGRAM AND THE DIVISION OF YOUTH AND FAMILY SERVICES

SENIOR

SHARED

HOUSING



512 South White Horse Pike
Audubon, NJ 08106
546-0456

34X

New Jersey State Library

What, Who, Why, Where - Shared Housing ?

The program is designed to increase the housing options of low and moderate income senior citizens. It is being operated by SCUCS and funded through the Camden County Community Development Block Grant and the Division of Youth and Family Services at no cost to the clients.

The program is for senior citizens looking for affordable, decent housing and homeowners who are having trouble maintaining their homes because of the high costs of utilities and taxes. The program is for healthy seniors- those able to care for themselves.

The program was developed to answer the need for affordable housing as evidenced by the extremely long waiting lists at most of the senior citizen apartment complexes in the county. If a program of this type works, millions of dollars can be saved in building additional subsidized housing units.

The program is open to all residents of Camden County. Attempts will be made to place senior homeseekers in homes within or very close to their own communities if desired.



What is the Matching Process ?

The matching process will be handled very carefully and will involve several steps:

1) Home visits will be made to the potential homesharers and each will be interviewed personally by the social worker. A detailed questionnaire designed to identify a client's personality, likes, dislikes and temperment will be completed during this visit.



2) References will be taken during the home interview and a release of information form signed. References will be checked before a match is completed.



3) An on-site home evaluation will be made to check the housing conditions, any safety or health hazards and make any necessary recommendations to the homeowners.



4) We will bring both parties of a potential match together for a chance to meet and talk about any concerns and to indicate the client's goal for a Shared Housing match being either financial or fear of loneliness.

Note: It has been our experience that most clients meet 2 to 3 potential homesharers before making a suitable match. You should not feel this is a personal reflection

on yourself, or be discouraged by this. Our goal is to find you the most compatible homesharer possible.



5) We also plan to have the two spend a trial period together. During this trial period there will be no exchange of payment except food costs.



6) A "contract" will be developed between the two parties including any financial arrangements, services to be performed and other special considerations will be agreed upon by both parties.



7) The Shared Housing Coordinator is available throughout the match for counselling.



Contract Considerations -

The contract is signed by the homesharers in the presence of the coordinator. A Disclaimer/Waiver of Liability is signed by the homesharers freeing the Housing Program and its employees, consultants, counselors, and volunteers from any liabilities, claims, damages, injuries, or actions arising from these services.

Consideration should be given to the following:

What happens if one should marry, become ill or die?
Does the "homeseeker" who is ill owe the "landlord" for time spent in the hospital or nursing home?
Will the "homeseeker" be allowed by family of "landlord" to stay in house if "landlord" becomes ill?
If a couple is sharing and one spouse dies will the other remain? If so, for how long?

You may want to include a provision for sharing of expenses and household duties.

It may be best to have this in writing.



A self questionnaire for the Home Provider -

HOME/APARTMENT: IS MY HOME SUITABLE FOR SHARING?
WOULD I PREFER A MAN OR WOMAN?
WOULD I CONSIDER A COUPLE?
WILL ANY ALTERATIONS TO MY HOME BE
NECESSARY IN ORDER TO ACCOMODATE HOME-
SHARERS?

COST: HOW MUCH INCOME, IF ANY, DO I NEED IN
ORDER TO SATISFACTORILY REDUCE MY
HOUSING COSTS?
HOW MUCH DO I NEED THIS TENANT(S) TO
CONTRIBUTE TO HOUSING COSTS?

LIFESTYLE/HOUSEMATE(S): WHAT IS MY REASON FOR WANTING TO
SHARE MY HOME?
WHAT KIND OF HOMESHARING RELATIONSHIP DO
I WANT?
AM I ONLY INTERESTED IN RENTING A ROOM
OR ROOMS?
DO I WANT A COMPANION WITH WHOM TO SHARE
MY LIFE?
WILL MY NEEDS FOR PRIVACY AND SUITABILITY
BE MET?
TO WHAT DEGREE DO I WANT TO SHARE MY
KITCHEN, LIVING ROOM, AND OTHER COMMON
SPACES?

AM I COMPATIBLE WITH THIS HOMESHARER?

ARE OUR VALUES SIMILAR?

WILL WE SHARE HOUSEHOLD DUTIES?

AM I A DAY OR NIGHT PERSON? IS IT IMPORTANT
TO ME THAT THE OTHER PERSON BE THE SAME?

DO I ENJOY A WARM OR COOL HOME ENVIRONMENT?

WHO WILL CONTROL THE THERMOSTAT?

WILL UTILITY COSTS BE SHARED?

WHAT IS ESSENTIAL TO ME IN A HOMESHARING SITUATION?

FOR EXAMPLE:

- NO PETS
- A COMPANION WITH WHOM TO SHARE
ACTIVITIES
- NON-SMOKER
- RELIGION

WHAT DO I LIKE MOST ABOUT THIS POTENTIAL HOMESHARER?

WHAT NEEDS OF MINE WOULD HOMESHARING WITH THIS PERSON MEET?

WHAT DO I NOT LIKE ABOUT THIS PERSON OR THE POSSIBILITY OF
HOMESHARING WITH HIM/HER?

CAN OUR DIFFERENCES BE OVERCOME?

NOTE: IF YOU HAVE ANY ADDITIONAL CONCERNS OR QUESTIONS,
PLEASE FEEL FREE TO DISCUSS THEM WITH THE
COORDINATOR.



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A self questionnaire for the Home Seeker -

- LOCATION: WILL I BE HAPPY LIVING IN THIS LOCATION?
IS IT NECESSARY TO BE CLOSE TO MY FRIENDS
AND FAMILY?
ARE PUBLIC TRANSPORTATION, STORES AND SERVICES
NEARBY?
- COST: CAN I AFFORD TO LIVE HERE COMFORTABLY?
TOTAL HOUSING COSTS (RENT AND UTILITIES)
SHOULD GENERALLY NOT BE MORE THAN 30% OF
MY INCOME.
- LIFESTYLE: WILL I WANT TO SHARE GROCERIES OR BUY MY OWN?
AM I COMFORTABLE IN THE HOME AND NEIGHBORHOOD?
AM I COMPATIBLE WITH THIS HOMESHARING
COMPANION(S)?
ARE OUR VALUES SIMILAR?
WILL MY NEEDS FOR PRIVACY AND SOCIABILITY BE MET?
TO WHAT EXTENT WILL WE SHARE OUR LIVES AND
COMMON INTERESTS? i.e. (travel, bingo)
WILL WE COOK AND EAT MEALS TOGETHER, SHARE
THE HOME'S COMMON SPACES (i.e. living room),
SHARE DAILY ACTIVITIES AND COMPANIONSHIP?
DOES THIS POTENTIAL HOMESHARER HAVE SIMILAR
VALUES, NEEDS AND INTERESTS? i.e. (travel)

WOULD I BE HAPPIER LIVING A LIFE RELATIVELY
SEPARATE FROM MY HOUSEMATE(S)?

AM I A DAY OR NIGHT PERSON? IS IT IMPORTANT
THAT THE OTHER PERSON BE THE SAME?

DO I ENJOY A WARM OR COOL HOME ENVIRONMENT?

WHO WILL CONTROL THE THERMOSTAT?

WILL UTILITY COSTS BE SHARED?

WHAT IS ESSENTIAL FOR ME IN A HOMESHARING SITUATION?

FOR EXAMPLE:

RELIGION

QUIET STREET

NON-SMOKERS

ROOM FOR FAMILY HEIRLOOM
FURNITURE

PETS

WHAT DO I LIKE MOST ABOUT THIS HOME AND HOMEPROVIDER(S)?

WHICH NEEDS DOES THIS SITUATION MEET FOR ME?

WHAT DO I NOT LIKE ABOUT THIS SITUATION?

WHICH NEEDS WOULD NOT BE MET FOR ME?

CAN ANY OF THESE THINGS BE CHANGED OR OVERCOME TO SUIT ME?

NOTE: AM I FEARFUL OF SELLING MY HOME, TERMINATING MY
LEASE OR DISPOSING OF MY FURNITURE?

FEEL FREE TO DISCUSS THE OPTIONS WITH THE COORDINATOR

Tenants Bill of Rights

Every resident shall have the following rights:

- a) To manage his own financial affairs;
- b) To wear his own clothing;
- c) To determine his own dress, hair style, or other personal effects according to individual preferences;
- d) To retain and use his personal property in his immediate living quarters, so as to maintain individuality and personal dignity, except where the licensee can demonstrate that such would be unsafe, that it would be impractical or would infringe upon the rights of others and that mere convenience is not the licensee's motive in restricting this right;
- e) To receive and send unopened correspondence;
- f) To have unaccompanied access to a telephone at a reasonable hour (but not the right to make toll calls at any other person's expense) and to have a private telephone at his own expense;
- g) To privacy;
- h) To retain the services of his own personal physician at his own expense or under a health care plan and to confidentiality and privacy concerning his medical condition and treatment;
- i) To unrestricted communication, including personal visitation, with any person of his choice, at any reasonable hour;
- j) To make contacts with the community and to achieve the highest level of independence, autonomy and interaction with the community of which he is capable;

-
- k) To present grievances on behalf of himself or others to the licensee, governmental agencies or other persons without reprisal or threat of reprisal in any form or manner whatsoever;
 - l) To a safe, healthful and decent living environment and considerate and respectful care that recognizes the dignity and individuality of the resident;
 - m) To practice the religion of his choice, including the right to have adequate substitutes provided for foods or combinations of food which the resident's religious beliefs forbid him to eat, or to abstain from religious practice;
 - n) To not be deprived of any constitutional, civil or legal right solely by reason of residence in a shared housing situation.

This project is operated with funds from a Camden County Community Development Block Grant and the Division of Youth and Family Services.



SENIOR CITIZENS UNITED COMMUNITY SERVICES OF CAMDEN COUNTY, INC. is an innovative non-profit social service agency whose primary goals are to improve services offered to the senior citizens of Camden County to enhance the quality of their lives, with an emphasis on those with the greatest socio-economic needs.

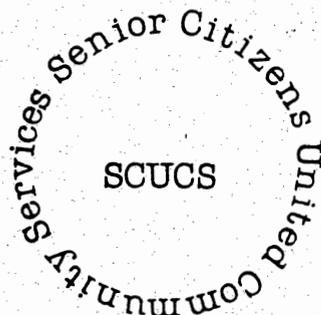
The Corporation is located at 512 S. White Horse Pike, Audubon, NJ 08106

It has been in operation since December, 1979, under the directorship of Donna Kovalevich. The Corporation presently receives funding from the Camden County Office on Aging, New Jersey Transit, Camden County Community Development and the Division of Youth and Family Services.

The Corporation's Board of Directors are themselves older people who have first hand knowledge of the problems of senior citizens.

The Board Members are:

San Angell - President
Marie Doyle - Vice President
Robert Stephens - Secretary
John Smythe - Treasurer
Sister Mary Ryan
Dr. Leonard Coplein
Thomas P. Pierce



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a full service agency