DS
10
H842
1991c

# P U B L I C  H E A R I N G

before

## ASSEMBLY HOUSING COMMITTEE

## ASSEMBLY BILL No. 4379

("Affordable Housing Programs Assistance Bond Act of 1991," authorizes bonds for $135,000,000, and appropriates $5,000)

February 20, 1991
Room 341
State House Annex
Trenton, New Jersey

**MEMBERS OF COMMITTEE PRESENT:**

Assemblyman David C. Schwartz, Chairman
Assemblyman Louis J. Gill, Vice-Chairman
Assemblyman Gerard S. Naples
Assemblyman David C. Russo

**ALSO PRESENT:**

John B. Lee
Office of Legislative Services
Aide, Assembly Housing Committee

New Jersey State Library

* * * * * * * * * * *

Hearing Recorded and Transcribed by
Office of Legislative Services
Public Information Office
Hearing Unit
State House Annex
CN 068
Trenton, New Jersey 08625

DAVID C. SCHWARTZ
*CHAIRMAN*
LOUIS J. GILL
*VICE-CHAIRMAN*
DANIEL P. JACOBSON
DOLORES G. COOPER
DAVID C. RUSSO

**New Jersey State Legislature**
**ASSEMBLY HOUSING COMMITTEE**
STATE HOUSE ANNEX, CN-068
TRENTON, NEW JERSEY 08625-0068
TELEPHONE: (609) 984-0231

# NOTICE OF PUBLIC HEARING

# AND

# COMMITTEE MEETING

TO: MEMBERS OF THE ASSEMBLY HOUSING COMMITTEE

FROM: ASSEMBLYMAN DAVID C. SCHWARTZ, CHAIRMAN

SUBJECT: **PUBLIC HEARING - COMMITTEE MEETING February 20, 1991**

*The public may address comments and questions to John B. Lee, Committee Aide, or make bill status and scheduling inquiries to Norma Morales, secretary, at (609) 984-0231.*

---

The Assembly Housing Committee will meet on **Wednesday, February 20, 1991 at 11:00 a.m. in Room 341, in State House Annex, Trenton** to discuss the following bill:

| | |
|---|---|
| A-4379<br>Schwartz/Doria | "Affordable Housing Programs Assistance Bond Act of 1991," authorizes bonds for $135,000,000, and appropriates $5,000. |

The Assembly Housing Committee will meet on **Wednesday, February 20, 1991 at 1:00 p.m. in Room 341, in State House Annex, Trenton** to consider the following bill:

| | |
|---|---|
| A-4379<br>Schwartz/Doria | "Affordable Housing Programs Assistance Bond Act of 1991," authorizes bonds for $135,000,000, and appropriates $5,000. |

Issued 2/6/91

# ASSEMBLY, No. 4379

# STATE OF NEW JERSEY

INTRODUCED JANUARY 8, 1991

By Assemblymen SCHWARTZ, DORIA, Jacobson, Gill, Cimino, McGreevey, Mattison, Mazur, Baer, Assemblywoman Ford, Assemblyman Patero, Assemblywoman Kalik, Assemblymen Cohen, Penn, Kavanaugh, Watson, Doyle, Mecca, Bryant, Salmon, Assemblywoman Bush, Assemblymen Duch, Kronick, Deverin, Menendez, Adubato, Pelly, Naples, Roberts, Zangari, Pascrell, Spadoro, Marsella, Scerni, Villapiano, Hudak, Otlowski, Assemblywoman Mullen, Assemblymen McEnroe and Kelly

*AN ACT* authorizing the creation of a debt of the State of New Jersey by the issuance of bonds of the State in the aggregate principal amount of $135,000,000 for the purpose of funding grants, loans and other forms of subsidy and assistance to increase and improve housing in the State, to meet the State's constitutional obligation to provide realistic opportunities for persons and families of low and moderate income to obtain adequate and affordable housing, and to facilitate home ownership by citizens and residents of the State; authorizing the issuance of refunding bonds; providing the ways and means to pay and discharge the principal of and interest on the bonds and refunding bonds; providing for the submission of this act to the people at a general election, and making an appropriation therefor.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. This act shall be known and may be cited as the "Affordable Housing Programs Assistance Bond Act of 1991."

2. The Legislature finds, determines and declares:

a. Housing problems in this State have been, and continue to be, acute, especially in the following areas:

(1) Adequate accommodations, at affordable cost, are increasingly unavailable to lower-income families, often leading to the homelessness of such families.

(2) Prospective first-time home buyers in all but the very highest income categories are thwarted by rapidly escalating initial costs of home acquisition.

(3) Many persons and families are in such circumstances that they cannot, without assistance, obtain accommodations suitable to maintain minimal standards of stability in their living arrangements.

(4) Appropriate accommodations for the semi-dependent elderly, the mentally and physically handicapped, unattached persons and single-parent families of meager means, and others with special housing needs, are increasingly unavailable through traditional sources and under existing housing market conditions.

(5) Densely populated urban areas are grossly undersupplied with housing, particularly for their elderly, low-income and special-need populations.

b. Accordingly, it is the purpose of this act to provide funding for an array of remedies for the above-cited problems by establishing, through the sale of State bonds, a fund from which appropriations may be made for the support of legislatively enacted housing programs.

3. As used in this act:

"Bonds" means the bonds authorized to be issued, or issued, under this act; and

"Government securities" means any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any federal agency, to the extent those obligations are unconditionally guaranteed by the United States of America, and any certificates or any other evidences of an ownership interest in those obligations of, or unconditionally guaranteed by, the United States of America or in specified portions which may consist of the principal of, or the interest on, those obligations.

4. a. Bonds of the State of New Jersey are authorized to be issued in the aggregate principal amount of $135,000,000 for the purpose of funding grants, loans and other forms of subsidy and assistance to increase and improve housing in the State, to meet the State's constitutional obligation to provide realistic opportunities for persons and families of low and moderate income to obtain adequate and affordable housing, to facilitate home ownership by citizens and residents of the State , and to address the needs of the State's homeless population, as may be available pursuant to housing programs established by law.

b. Such housing programs as shall be established by law may include, but shall not be limited to:

(1) a tenant ownership program, to provide grants and technical assistance to qualified nonprofit corporations to help them organize, plan and execute tenant ownership projects, through lease-purchase arrangements or other means;

(2) a first-time home buyers assistance program of low-cost loans, and in certain cases grants, to enable eligible buyers to meet down payment and closing-cost requirements and to reduce the carrying costs of their first mortgage;

(3) an affordable housing production program to extend assistance to municipalities to meet their obligations for the provision of affordable housing;

(4) a targeted housing development program which may be administered by a subsidiary corporation established by the New Jersey Housing and Mortgage Finance Agency pursuant to section 18 of P.L.1983, c.530 (C.55:14K-18);

(5) a special-needs housing program, for assisting, with loans or grants, the development of housing especially designed for the

needs of the elderly, the disabled, the mentally ill and other vulnerable segments of the population;

(6) a housing for the homeless program, for assisting the production of appropriate housing for homeless persons or families; and

(7) projects or programs eligible to receive grants or loans from the Neighborhood Preservation Nonlapsing Revolving Fund for the effectuation of the purposes of that fund as set forth in section 20 of the "Fair Housing Act," P.L.1985, c.222 (C.52:27D-320).

5. The bonds authorized under this act shall be serial bonds, term bonds, or a combination thereof, and shall be known as "Affordable Housing Programs Assistance Bonds." These bonds shall be issued from time to time as the issuing officials herein named shall determine, and may be issued in coupon form, fully registered form or book-entry form. These bonds may be made subject to redemption prior to maturity and shall mature and be paid not later than 35 years from the respective dates of their issuance.

6. The Governor, the State Treasurer and the Director of the Division of Budget and Accounting in the Department of the Treasury, or any two of these officials, herein referred to as "the issuing officials," are authorized to carry out the provisions of this act relating to the issuance of bonds, and shall determine all matters in connection therewith subject to the provisions of this act. If an issuing official is absent from the State or incapable of acting for any reason, the powers and duties of that issuing official shall be exercised and performed by the person authorized by law to act in an official capacity in the place of that issuing official.

7. Bonds issued in accordance with the provisions of this act shall be direct obligations of the State of New Jersey, and the faith and credit of the State are pledged for the payment of the interest and redemption premium thereon, if any, when due and for the payment of the principal thereof at maturity or earlier redemption date. The principal of and interest on the bonds shall be exempt from taxation by the State or by any county, municipality or other taxing district of the State.

8. The bonds shall be signed in the name of the State by the Governor or by his facsimile signature, under the Great Seal of the State, which seal may be by facsimile or by way of any other form of reproduction on the bonds, and attested by the manual or facsimile signature of the Secretary of State, or an assistant Secretary of State, and shall be countersigned by the facsimile signature of the Director of the Division of Budget and Accounting in the Department of the Treasury and may be manually authenticated by an authenticating agent or bond registrar, as the issuing officials shall determine. Interest coupons, if any, attached to the bonds shall be signed by the facsimile signature of the Director of the Division of Budget and

Accounting in the Department of the Treasury. The bonds may be issued notwithstanding that an issuing official signing them or whose manual or facsimile signature appears thereon has ceased to hold office at the time of issuance or at the time of the delivery of the bonds to the purchaser thereof.

9. a. The bonds shall recite that they are issued for the purposes set forth in section 4 of this act, that they are issued pursuant to this act, that this act was submitted to the people of the State at the general election held in the month of November, 1991, and that this act was approved by a majority of the legally qualified voters of the State voting thereon at the election. This recital shall be conclusive evidence of the validity of the bonds and of the authority of the State to issue them. Any bonds containing this recital shall, in any suit, action or proceeding involving their validity, be conclusively deemed to be fully authorized by this act and to have been issued, sold, executed and delivered in conformity herewith and with all other provisions of laws applicable hereto, and shall be incontestable for any cause.

b. The bonds shall be issued in the denominations and in the form or forms, whether coupon, fully-registered or book-entry, and with or without provisions for the interchangeability thereof, as may be determined by the issuing officials.

10. When the bonds are issued from time to time, the bonds of each issue shall constitute a separate series to be designated by the issuing officials. Each series of bonds shall bear the rate or rates of interest as may be determined by the issuing officials, which interest shall be payable semiannually; except that the first and last interest periods may be longer or shorter, in order that intervening semiannual payments may be at convenient dates.

11. The bonds shall be issued and sold at the price or prices and under the terms, conditions and regulations as the issuing officials may prescribe, after notice of the sale, published at least once in at least three newspapers published in New Jersey, and at least once in a publication carrying municipal bond notices and devoted primarily to financial news, published in New Jersey or in the city of New York in the state of New York, the first notice to appear at least five days prior to the day of bidding. The notice of sale may contain a provision to the effect that any bid in pursuance thereof may be rejected. In the event of rejection or of failure to receive any acceptable bid, the issuing officials, at any time within 60 days from the date of the advertised sale, may sell the bonds at a private sale at such price or prices and under such terms and conditions as the issuing officials may prescribe. The issuing officials may sell all or part of the bonds of any series as issued to any State fund or to the federal government or any agency thereof, at a private sale, without advertisement.

12. Until permanent bonds are prepared, the issuing officials may issue temporary bonds in such form and with such privileges as to their registration and exchange for permanent bonds as may

be determined by the issuing officials.

13. The proceeds from the sale of the bonds shall be paid to the State Treasurer and be held by him in a separate fund, which shall be known as the "Affordable Housing Programs Assistance Fund." The proceeds of this fund shall be deposited to the credit of the fund in such depositories as may be selected by the State Treasurer.

14. a. The moneys in the "Affordable Housing Programs Assistance Fund" are specifically dedicated and shall be applied to the costs of the purposes set forth in section 4 of this act. However, no such moneys shall be expended for those purposes, except as otherwise authorized in this act, without the specific appropriation thereof by the Legislature, but bonds may be issued as herein provided, notwithstanding that the Legislature has not adopted an act making a specific appropriation of any of the moneys. Any act appropriating moneys from the "Affordable Housing Programs Assistance Fund" shall identify or describe the specific project or program to be funded by those moneys.

b. At any time prior to the issuance and sale of bonds under this act, the State Treasurer is authorized to transfer from available money in any fund of the treasury of the State to the credit of the Affordable Housing Programs Assistance Fund such sums as he may deem necessary. Any sum so transferred shall be returned to the same fund of the treasury by the State Treasurer from the proceeds of the sale of the first issue of bonds.

c. Pending their application to the purposes provided in this act, the moneys in the Affordable Housing Programs Assistance Fund may be invested and reinvested as are other trust funds in the custody of the State Treasurer, in the manner provided by law. Net earnings received from the investment or deposit of moneys in the fund shall be paid into the General Fund.

15. If any coupon bond or coupon or registered bond is lost, mutilated or destroyed, a new bond or coupon shall be executed and delivered of like tenor, in substitution for the lost, mutilated or destroyed bond or coupon, upon the owner furnishing to the issuing officials such evidence satisfactory to them of the loss, mutilation or destruction of the bond or coupon; the ownership thereof; and the security, indemnity and reimbursement for expenses connected therewith, as the issuing officials may require.

16. The accrued interest, if any, received upon the sale of the bonds shall be applied to the discharge of a like amount of interest upon the bonds when due. Any expense incurred by the issuing officials for advertising, engraving, printing, clerical, authenticating, registering, legal or other services necessary to carry out the duties imposed upon them by the provisions of this act shall be paid from the proceeds of the sale of the bonds by the State Treasurer, upon the warrant of the Director of the Division of Budget and Accounting in the Department of the Treasury, in the same manner as other obligations of the State

are paid.

17. Bonds of each series issued hereunder shall mature, including any sinking fund redemptions, not later than the 35th year from the date of issue of the series, and in such amounts as shall be determined by the issuing officials. The issuing officials may reserve to the State by appropriate provision in the bonds of any series the power to redeem any of the bonds prior to maturity at the price or prices and upon the terms and conditions as may be provided in the bonds.

18. The issuing officials may issue refunding bonds in an amount not to exceed the amount necessary to effectuate the refinancing of any bonds issued pursuant to this act, at any time and from time to time, for the purpose of refinancing any bond or bonds issued pursuant to this act, subject to the following provisions:

a. Refunding bonds may be issued at any time prior to the maturity or redemption of the bonds to be refinanced thereby as the issuing officials shall determine.

b. Each series of refunding bonds may be issued in a sufficient amount to pay or to provide for the payment of the principal of the bonds to be refinanced thereby, together with any redemption premium thereon, any interest accrued or to accrue on the bonds to be refinanced to the date of payment of the outstanding bonds, the expense of issuing the refunding bonds and the expenses, if any, of paying the bonds to be refinanced.

c. No refunding bonds shall be issued unless the issuing officials shall first determine that the present value of the aggregate principal amount of and interest on the refunding bonds is less than the present value of the aggregate principal amount of and interest on the bonds to be refinanced thereby; provided, for the purposes of this limitation, present value shall be computed using a discount rate equal to the yield of those refunding bonds, and yield shall be computed using an actuarial method based upon a 360-day year with semiannual compounding and upon the price or prices paid to the State by the initial purchasers of those refunding bonds.

d. Any refinancing authorized hereunder may be effected by the sale of the refunding bonds and the application of the proceeds thereof to the immediate payment of the principal of the bonds to be refinanced thereby, together with any redemption premium thereon, any interest accrued or to accrue on those bonds to be refinanced to the date of payment of those bonds, the expenses of issuing the refunding bonds and the expenses, if any, of paying those bonds to be refinanced, or, to the extent not required for that immediate payment, shall be deposited, together with any other moneys legally available therefor, in trust with one or more trustees or escrow agents, which trustees or escrow agents shall be trust companies or national or state banks having powers of a trust company, located either within or without the State, to be applied solely to the payment when due

of the principal of, redemption premium, if any, and interest due and to become due on the bonds to be refinanced on or prior to the redemption date or maturity date thereof, as the case may be. The proceeds or moneys so held by the trustees or escrow agents may be invested in government securities, including government securities issued or held in book-entry form on the books of the Department of Treasury of the United States; provided those government securities shall not be subject to redemption prior to their maturity other than at the option of the holder thereof. Except as otherwise provided in this subsection, neither government securities nor moneys so deposited with the trustees or escrow agents shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, redemption premium, if any, and interest on the bonds to be refinanced thereby; provided that any cash received from the principal or interest payments on those government securities deposited with the trustees or escrow agents, to the extent the cash will not be required at any time for that purpose shall be paid over to the trustees or escrow agents, and to the extent the cash will be required for that purpose at a later date, shall, to the extent practicable and legally permissible, be reinvested in government securities maturing at times and in amounts sufficient to pay when due the principal of, redemption premium, if any, and interest to become due on the bonds to be refinanced, on and prior to the redemption date or maturity date thereof, as the case may be, and interest earned from those reinvestments, to the extent not required for the payment of bonds, shall be paid over to the State, as received by the trustees or escrow agents. Notwithstanding anything to the contrary contained herein: (1) the trustees or escrow agents shall, if so directed by the issuing officials, apply moneys on deposit with the trustees or escrow agents pursuant to the provisions of this section, and redeem or sell government securities so deposited with the trustees or escrow agents, and apply the proceeds thereof to (a) the purchase of the bonds which were refinanced by the deposit with the trustees or escrow agents of the moneys and government securities and immediately thereafter cancel all the bonds so purchased or (b) to the purchase of different government securities; provided, however, that the moneys and government securities on deposit with the trustees or escrow agents after the purchase and cancellation of the outstanding bonds or the purchase of different government securities shall be sufficient to pay when due the principal of, redemption premium, if any, and interest on all other bonds in respect of which the moneys and government securities were deposited with the trustees or escrow agents on or prior to the redemption date or maturity date thereof, as the case may be; and (2) in the event that on any date, as a result of any purchases and cancellations of the bonds or any purchases of different government securities as provided in this subsection, the total amount of moneys and government

New Jersey State Library

securities remaining on deposit with the trustees or escrow agents is in excess of the total amount which would have been required to be deposited with the trustees or escrow agents on that date in respect of the remaining bonds for which the deposit was made in order to pay when due the principal of, redemption premium, if any, and interest on those remaining bonds, the trustees or escrow agents, shall, if so directed by the issuing officials, pay the amount of that excess to the State. Any amounts held by the State Treasurer in a separate fund or funds for the payment of the principal of, redemption premium, if any, and interest on bonds to be refinanced, as provided herein, shall, if so directed by the issuing officials, be transferred by the State Treasurer for deposit with one or more trustees or escrow agents as provided herein, to be applied to the payment when due of the principal of, redemption premium, if any, and interest to become due on those bonds to be refinanced, as provided in this section, or be applied by the State Treasurer to the payment when due of the principal of, redemption premium, if any, and interest on refunding bonds issued hereunder to refinance those bonds. The State Treasurer is authorized to enter into contracts with one or more trust companies or national or state banks, as provided herein, to act as trustees or escrow agents, as provided herein, subject to the approval of the issuing officials.

e. Notwithstanding the provisions of section 11 of this act, any series of refunding bonds issued pursuant to this section shall mature at any time or times not later than five years following the latest scheduled final maturity date, determined without regard to any redemptions prior thereto, of any of the bonds to be refunded thereby, and in no event later than 35 years following the date of issuance of that series of refunding bonds,and those refunding bonds may be sold at public or private sale at prices and under terms, conditions and regulations as the issuing officials may prescribe. Refunding bonds shall be entitled to all the benefits of this act and subject to all its limitations, except as to sale provisions and to the extent therein otherwise expressly provided.

f. Upon the decision by the issuing officials to issue refunding bonds pursuant to this section, and prior to the sale of those bonds, the issuing officials shall transmit to the Joint Budget Oversight Committee, or its successor, a report that a decision has been made, reciting the basis on which the decision was made, including an estimate of the debt service savings to be achieved and the calculations upon which the issuing officials relied when making the decision to issue refunding bonds. The report shall also disclose the intent of the issuing officials to issue and sell the refunding bonds at public or private sale and the reasons therefor.

g. The Joint Budget Oversight Committee, or its successor, shall have authority to approve or disapprove the sale of refunding bonds as included in each report submitted in

accordance with subsection f. of this section. The committee, or its successor, shall notify the issuing officials in writing of the approval or disapproval as expeditiously as possible.

h. No refunding bonds shall be issued unless the report has been submitted to and approved by the Joint Budget Oversight Committee, or its successor, as set forth in subsection g. of this section.

i. Within 30 days after the sale of the refunding bonds, the issuing officials shall notify the Joint Budget Oversight Committee, or its successor, of the result of that sale, including the prices and terms, conditions and regulations concerning the refunding bonds, the actual amount of debt service savings to be realized as a result of the sale of refunding bonds, and the intended use of the proceeds from the sale of those bonds.

j. The Joint Budget Oversight Committee, or its successor, shall, however, review all information and reports submitted in accordance with this section and may, on its own initiative, make observations and recommendations to the issuing officials, or to the Legislature, or both, as it deems appropriate.

19. Any bond or bonds issued hereunder shall no longer be deemed to be outstanding, shall no longer constitute a direct obligation of the State of New Jersey, and the faith and credit of the State, shall no longer be pledged to the payment of the principal of, redemption premium, if any, and interest on the bonds, and the bonds shall be secured solely by and payable solely from moneys and government securities deposited in trust and with one or more trustees or escrow agents, which trustees and escrow agents shall be trust companies or national or state banks having powers of a trust company, located either within or without the State, as provided herein, whenever there shall be deposited in trust with the trustees or escrow agents, as provided herein, either moneys or government securities, including government securities issued or held in book-entry form on the books of the Department of Treasury of the United States, the principal of and interest on which when due will provide money which, together with the moneys, if any, deposited with the trustees or escrow agents at the same time, shall be sufficient to pay when due the principal of, redemption premium, if any, and interest due and to become due on the bonds on or prior to the redemption date or maturity date thereof, as the case may be; provided the government securities shall not be subject to redemption prior to their maturity other than at the option of the holder thereof. The State of New Jersey hereby covenants with the holders of any bonds for which government securities or moneys shall have been deposited in trust with the trustees or escrow agents as provided in this section that, except as otherwise provided in this section, neither the government securities nor moneys so deposited with the trustees or escrow agents shall be withdrawn or used by the State for any purpose other than, and shall be held in trust for, the payment of the

principal of, redemption premium, if any, and interest to become due on the bonds; provided that any cash received from the principal or interest payments on the government securities deposited with the trustees or escrow agents, to the extent the cash will not be required at any time for that purpose, shall be paid over to the State, as received by such trustees or escrow agents, free and clear of any trust, lien, pledge or assignment securing the bonds; and to the extent the cash will be required for that purpose at a later date, shall, to the extent practicable and legally permissible, be reinvested in government securities maturing at times and in amounts sufficient to pay when due the principal of, redemption premium, if any, and interest to become due on the bonds on and prior to the redemption date or maturity date thereof, as the case may be, and interest earned from the reinvestments shall be paid over to the State, as received by the trustees or escrow agents, free and clear of any trust, lien or pledge securing the bonds. Notwithstanding anything to the contrary contained herein: a. the trustees or escrow agents shall, if so directed by the issuing officials, apply moneys on deposit with the trustees or escrow agents pursuant to the provisions of this section, and redeem or sell government securities so deposited with the trustees or escrow agents, and apply the proceeds thereof to (1) the purchase of the bonds which were refinanced by the deposit with the trustees or escrow agents of the moneys and government securities and immediately thereafter cancel all bonds so purchased, or (2) the purchase of different government securities; provided, however, that the moneys and government securities on deposit with the trustees or escrow agents after the purchase and cancellation of the bonds or the purchase of different government securities shall be sufficient to pay when due the principal of, redemption premium, if any, and interest on all other bonds in respect of which the moneys and government securities were deposited with the trustees or escrow agents on or prior to the redemption date or maturity date thereof, as the case may be; and b. in the event that on any date, as a result of any purchases and cancellations of bonds or any purchases of different government securities, as provided in this sentence, the total amount of moneys and government securities remaining on deposit with the trustees or escrow agents is in excess of the total amount which would have been required to be deposited with the trustees or escrow agents on that date in respect of the remaining bonds for which the deposit was made in order to pay when due the principal of, redemption premium, if any, and interest on the remaining bonds, the trustees or escrow agents shall, if so directed by the issuing officials, pay the amount of the excess to the State, free and clear of any trust, lien, pledge or assignment securing the refunding bonds.

20. Refunding bonds issued pursuant to section 18 of this act may be consolidated with bonds issued pursuant to section 5 of

this act or with bonds issued pursuant to any other act for purposes of sale.

21. To provide funds to meet the interest and principal payment requirements for the bonds issued under this act and outstanding, there is appropriated in the order following:

a. Revenue derived from the collection of taxes under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.), or so much thereof as may be required; and

b. If, at any time, funds necessary to meet the interest, redemption premium, if any, and principal payments on outstanding bonds issued under this act are insufficient or not available, there shall be assessed, levied and collected annually in each of the municipalities of the counties of this State, a tax on the real and personal property upon which municipal taxes are or shall be assessed, levied and collected, sufficient to meet the interest on all outstanding bonds issued hereunder and on the bonds proposed to be issued under this act in the calendar year in which the tax is to be raised and for the payment of bonds falling due in the year following the year for which the tax is levied. The tax shall be assessed, levied and collected in the same manner and at the same time as other taxes upon real and personal property. The governing body of each municipality shall cause to be paid to the county treasurer of the county in which the municipality is located, on or before December 15 in each year, the amount of tax herein directed to be assessed and levied, and the county treasurer shall pay the amount of the tax to the State Treasurer on or before December 20 in each year.

If on or before December 31 in any year, the issuing officials, by resolution, determine that there are moneys in the General Fund beyond the needs of the State, sufficient to meet the principal of bonds falling due and all interest and redemption premium, if any, payable in the ensuing calendar year, the issuing officials shall file the resolution in the office of the State Treasurer, whereupon the State Treasurer shall transfer the moneys to a separate fund to be designated by the State Treasurer, and shall pay the principal, redemption premium, if any, and interest out of that fund as the same shall become due and payable, and the other sources of payment of the principal, redemption premium, if any, and interest provided for in this section shall not then be available, and the receipts for the year from the tax specified in subsection a. of this section shall be considered part of the General Fund, available for general purposes.

22. Should the State Treasurer, by December 31 of any year, deem it necessary, because of insufficiency of funds collected from the sources of revenues as provided in this act, to meet the interest and principal payments for the year after the ensuing year, then the State Treasurer shall certify to the Director of the Division of Budget and Accounting in the Department of the Treasury the amount necessary to be raised by taxation for those

purposes, which is to be assessed, levied and collected for and in the ensuing calendar year. The director shall, on or before March 1 following, calculate the amount in dollars to be assessed, levied and collected in each county as herein set forth. This calculation shall be based upon the corrected assessed valuation of each county for the year preceding the year in which the tax is to be assessed, but the tax shall be assessed, levied and collected upon the assessed valuation of the year in which the tax is assessed and levied. The director shall certify the amount to the county board of taxation and the treasurer of each county. The county board of taxation shall include the proper amount in the current tax levy of the several taxing districts of the county in proportion to the ratables ascertained for the current year.

**23. For the purpose of complying with the provisions of the State Constitution, this act shall be submitted to the people at the general election to be held in the month of November, 1991. To inform the people of the contents of this act, it shall be the duty of the Secretary of State, after this section takes effect, and at least 60 days prior to the election, to cause this act to be published in at least 10 newspapers published in the State and to notify the clerk of each county of this State of the passage of this act; and the clerks respectively, in accordance with the instructions of the Secretary of State, shall have printed on each of the ballots the following:**

**If you approve of the act entitled below, make a cross (x), plus (+), or check (✓) mark in the square opposite the word "Yes."**

**If you disapprove of the act entitled below, make a cross (x), plus (+), or check (✓) mark in the square opposite the word "No."**

**If voting machines are used, a vote of "Yes" or "No" shall be equivalent to these markings respectively.**

| | | |
|---|---|---|
| | | AFFORDABLE HOUSING PROGRAMS ASSISTANCE BOND ACT OF 1990 |
| | YES. | Shall the "Affordable Housing Programs Assistance Bond Act of 1991," which authorizes the State to issue bonds in the amount of $135,000,000 for the purpose of funding grants, loans and other forms of subsidy and assistance to increase and improve housing in the State, to meet the State's constitutional obligation to provide realistic opportunities for persons and families of low and moderate income to obtain adequate and affordable housing, to facilitate home ownership by citizens and residents of the State, and to address the needs of the State's homeless population; and in a principal amount sufficient to refinance any of the bonds if the same will result in a present value savings; and providing the ways and means to pay the interest on the debt and also to pay and discharge the principal thereof, be approved? |
| | | INTERPRETIVE STATEMENT |
| | NO. | Approval of this act would authorize the sale of $135,000,000 of general obligation bonds of the State for the purpose of funding grants, loans and other forms of subsidy and assistance to increase and improve housing in the State, to meet the State's constitutional obligation to provide realistic opportunities for low and moderate income households to obtain adequate and affordable housing, to facilitate home ownership by citizens and residents of this State, and to address the needs of the State's homeless population. These purposes shall be accomplished pursuant to programs to be established by law which may include first-time home buyer assistance, municipal assistance to meet affordable housing obligations, targeted housing development, special-needs housing, housing for the homeless and tenant ownership assistance. This act also authorizes the issuance of bonds in a sufficient amount to refinance all or any of these bonds if the same will result in a present value savings. |

The fact and date of the approval or passage of this act, as the case may be, may be inserted in the appropriate place after the title in the ballot. No other requirements of law of any kind or character as to notice or procedure, except as herein provided, need be adhered to.

The votes so cast for and against the approval of this act, by

ballot or voting machine, shall be counted and the result thereof returned by the election officer, and a canvass of the election had in the same manner as is provided for by law in the case of the election of a Governor, and the approval or disapproval of this act so determined shall be declared in the same manner as the result of an election for a Governor, and if there is a majority of all votes cast for and against it at the election in favor of the approval of this act, then all the provisions of this act not made effective theretofore shall take effect forthwith.

24. There is appropriated the sum of $5,000 to the Department of State for expenses in connection with the publication of notice pursuant to section 23 of this act.

25. Upon establishment by law of a housing program for which an appropriation from the bond fund may be made, the official designated by law to administer the program shall be required to submit to the State Treasurer pursuant to the provisions herein a plan for the expenditure of funds from the "Affordable Housing Programs Assistance Fund" for the upcoming fiscal year. If the designated official is a commissioner of an executive department, the plan shall be included with the department's annual budget request. Any other designated official shall submit a plan on or before November 1 of each year for the upcoming State fiscal year. Such plan shall include, but not be limited to, a performance evaluation of the expenditures made from that fund to date; a description of programs planned during the upcoming fiscal year, a copy of the rules and regulations governing the operation of programs to be financed, in whole or in part, by funds from the "Affordable Housing Programs Assistance Fund," and an estimate of expenditures for the upcoming fiscal year.

26. Not less than 30 days prior to the designated official of a housing program entering into any contract, lease, obligation or agreement to effectuate the purposes of this act, the designated official shall report to and consult with the Joint Budget Oversight Committee, or its successor.

27. All appropriations from the bond fund shall be by specific allocation for each housing program, and any transfer of any funds so appropriated shall require the approval of the Joint Budget Oversight Committee, or its successor.

28. Immediately following the submission to the Legislature of the Governor's annual budget message, the designated official shall submit to the Senate Land Use Management and Regional Affairs Committee and the General Assembly Housing Committee, or their designated successors, and to the Joint Budget Oversight Committee, or its successor, a copy of the plan prepared pursuant to section 25 of this act together with such changes therein as may have been required by the Governor's budget message.

29. This section and sections 23 and 24 of this act shall take effect immediately and the remainder of the act shall take effect as provided in section 23.

STATEMENT

This bill would authorize the issuance of State bonds in the aggregate amount of $135,000,000 for several housing programs, subject to the approval of the voters. The bill also appropriates $5,000 for the publication of required public notices.

The bond funds may be allocated to programs to be established by law which may include, but shall not be limited to, the following:

(1) A tenant ownership program to provide grants and technical assistance to qualified nonprofit corporations to organize, plan and execute tenant ownership projects;

(2) A first-time home buyers assistance program of low-cost loans and grants to enable first-time home buyers to meet down payment and closing-cost requirements and to reduce the carrying costs of their first mortgage;

(3) An affordable housing production program to extend assistance to municipalities to meet their obligations for the provision of affordable housing;

(4) A targeted housing development program which may be administered by a subsidiary corporation of the New Jersey Housing and Mortgage Finance Agency;

(5) A special-needs housing program for assisting, with loans or grants, the development of housing especially designed for the needs of the elderly, the disabled, the mentally ill and other vulnerable segments of the population;

(6) A housing for the homeless program for assisting the production of appropriate housing for persons and families; and

(7) Additional funds for projects and programs eligible for grants or loans from the Neighborhood Preservation Revolving Fund for the purposes set forth in section 20 of the "Fair Housing Act," P.L.1985, c.222 (C.52:27D-320).

HOUSING AND CONSTRUCTION

"Affordable Housing Programs Assistance Bond Act of 1991," authorizes bonds for $135,000,000, and appropriates $5,000.

TABLE OF CONTENTS


| | Page |
|---|---|
| Regina Purcell<br>Associate Director<br>New Jersey Catholic Conference | 13 |
| Reverend Jean Paul Richter<br>Associate Director<br>New Jersey Council of Churches | 16 |
| Carol Kasabach<br>Director<br>Lutheran Office of Governmental<br>Ministry in New Jersey | 17 |
| Douglas H. Palmer<br>Mayor<br>Trenton, New Jersey | 19 |
| Alan J. Gibbs<br>Commissioner<br>New Jersey Department<br>of Human Services | 21 |
| Raymond L. Bramucci<br>Commissioner<br>New Jersey Department of Labor | 24 |
| Wilfredo Caraballo<br>Public Advocate<br>New Jersey Department<br>of the Public Advocate | 25 |
| Melvin R. "Randy" Primas, Jr.<br>Commissioner<br>New Jersey Department<br>of Community Affairs | 27 |
| George R. Zoffinger<br>Commissioner<br>New Jersey Department of Commerce,<br>Energy and Economic Development | 28 |
| Lieutenant Colonel William C. Lowe<br>Director, Administrative Division<br>New Jersey Department of<br>Military and Veterans' Affairs | 29 |
| E. Robert Levy<br>Executive Director<br>Mortgage Bankers Association<br>of New Jersey | 32 |

TABLE OF CONTENTS (continued)


| | Page |
|---|---|
| Edmond V. Lawlor, Jr.<br>President<br>New Jersey Savings League | 34 |
| Susan Covais McGuinness<br>Government Affairs Director<br>New Jersey Association of Realtors | 36 |
| Marion Rhode<br>New Jersey Home Builders Association | 37 |
| Carl Zeitz<br>Corporate Alliance for<br>Intelligent Growth | 38 |
| Frank DeMaria<br>Assistant to President Archer Cole<br>New Jersey State Industrial<br>Union Council, AFL-CIO | 39 |
| David Weiner<br>President<br>Communications Workers of America<br>Local No. 1081, and<br>Board Member<br>Right to Housing,<br>Newark Coalition for Low-Income Housing,<br>Vice President<br>Apostle's House Shelter, Newark | 42 |
| Peter Lamprakos<br>Perth Amboy Federation of Teachers | 43 |
| Jack Johnson<br>Interfaith Neighbors of Monmouth County,<br>and Past Chair<br>New Jersey Hunger Commission | 44 |
| Susan Richmond<br>Director<br>Legislative and Advocacy Services<br>New Jersey Developmental<br>Disabilities Council | 46 |
| Marshall Bord<br>Assistant Executive Director<br>Association for Advancement of<br>the Mentally Handicapped, and<br>New Jersey Nonprofit Affordable<br>Housing Network | 48 |

TABLE OF CONTENTS (continued)


| | Page |
|---|---|
| Assemblyman Robert Menendez<br>District 33<br>(sworn in as Senator on 3/4/91<br>to replace the late Senator<br>Christopher J. Jackman) | 51 |
| Father William J. Smith<br>Our Lady of Hungary Church<br>Perth Amboy, New Jersey | 54 |
| Barbara DeMarco<br>Director<br>Legislative and Advocacy Services<br>Association for Retarded<br>Citizens - New Jersey | 58 |
| Kate Blisard<br>Consumer Advocate<br>United Cerebral Palsy of New Jersey | 59 |
| John C. Kelly<br>Councilman<br>Atlantic City, New Jersey | 62 |
| Stuart Sendell<br>Volunteer Treasurer<br>Morris Shelter, and<br>Chairman<br>Housing Subcommittee<br>Morris 2000 | 65 |
| James H. Brown<br>Legislative Chairman<br>Hands '91 | 68 |
| Carl Blumenthal<br>Director<br>Community and Economic Development<br>Long Branch, New Jersey, and<br>Organizer<br>Environmental Housing<br>Coalition of New Jersey | 73 |
| Phyllis R. Elston<br>Hands Across New Jersey | 77 |
| Assemblyman Joseph V. Doria, Jr.<br>Speaker of the General Assembly<br>District 31 | 90 |

TABLE OF CONTENTS (continued)


| | Page |
|---|---|
| Mary G. Moffitt<br>Vice President<br>New Jersey Association of<br>Black Housing Administrators, and<br>New Jersey Black Issues Conference | 95 |
| Tanya Bennett<br>Volunteer<br>Interfaith Hospitality Networks<br>for the Homeless | 96 |
| Edward O'Connor<br>National Association of Social Workers | 103 |
| Diane Sterner<br>Director<br>Affordable Housing Network<br>of New Jersey | 104 |
| Sue Dondiego<br>Legislative Chairman<br>New Jersey Foster Parents Association | 106 |
| Arthur M. Goodstone<br>Coordinator<br>Old Bridge, New Jersey Chapter<br>Hands Across New Jersey | 108 |
| James Mohn<br>New Jersey State Rainbow Coalition | 112 |
| Ray Kalainikas<br>Private Citizen | 114 |
| **APPENDIX:** | |
| Statement submitted by<br>Regina Purcell | 1x |
| Statement plus attachments<br>submitted by Carol Kasabach | 3x |
| Statement submitted by<br>Commissioner Raymond L. Bramucci | 9x |
| Statement submitted by<br>Public Advocate Wilfredo Caraballo | 14x |
| Statement submitted by<br>Commissioner Melvin R. Primas, Jr. | 20x |

TABLE OF CONTENTS (continued)

APPENDIX (continued):


| | Page |
|---|---|
| Statement submitted by Mayor Douglas H. Palmer | 24x |
| Statement submitted by Edmond V. Lawlor, Jr. | 27x |
| Statement submitted by Peter A. Buchsbaum, Esq. Corporate Alliance for Intelligent Growth | 28x |
| Statement submitted by Jack Johnson | 30x |
| Statement submitted by Marshall Bord | 33x |
| Statement plus attachments submitted by Carl Blumenthal | 35x |
| Statement submitted by Phyllis R. Elston | 41x |
| Statement submitted by Sue Dondiego | 43x |
| Letter addressed to the Honorable David C. Schwartz plus attachment from William G. Dressel, Jr. Assistant Executive Director New Jersey State League of Municipalities | 46x |
| Statement submitted by the New Jersey Housing and Mortgage Finance Agency | 48x |
| Statement submitted by State Street Housing Corporation Camden, New Jersey | 51x |
| Statement submitted by Richard Godfrey, Esq. Former Deputy Treasurer State of New Jersey | 53x |

TABLE OF CONTENTS (continued)

APPENDIX (continued):


| | Page |
|---|---|
| Statement submitted by<br>Nancy L. Randall<br>Executive Director<br>Neighborhood Housing<br>Services of Camden, Inc., and<br>Vice President<br>New Jersey Non-Profit<br>Affordable Housing Network | 57x |


* * * * * * * * * * *

mjz: 1-116

ASSEMBLYMAN DAVID C. SCHWARTZ (Chairman): Ladies and gentlemen, I am David Schwartz, Chairman of the Assembly Housing Committee. Adequate notice of this public hearing, and the Committee meeting, have been given to the press and the public in accordance with the statute -- law of New Jersey, the Open Public Meetings Act. I now declare this public hearing and Committee meeting to be in session.

We are joined this morning by the Vice Chairman of the Committee, Assemblyman Lou Gill, who is seated to my far right. And, by order of the Speaker, Assemblyman Gerry Naples -- our distinguished colleague from the City of Trenton -- will be sitting in at this Committee meeting and, episodically, at the public hearing, replacing Assemblyman Dan Jacobson, who is unable to be with us. I am informed by Republican staff -- Minority staff -- that Assemblywoman Dolores Cooper, who is a regular member of our Committee, will not be here due to illness, and we are sorry about that. I certainly hope that at our future Committee meetings and public hearings Dolores will be able to participate.

We are joined at this very moment by Assemblyman Russo, of the Minority. Let me extend this courtesy to the Minority at this time and say that if there are other members of the Republican Minority at this time who are able to substitute for Dolores and would like to do so, by order of the Speaker I would be happy to accommodate them.

Ladies and gentlemen, I am very glad that you are all here for what is the first in a series of meetings, both here and elsewhere in the State, to consider both the need for, and the fiscal prudence of a major piece of legislation. We will consider this day, for the purpose of securing testimony about the need for and, to some extent, the fiscal prudence of Assembly Bill No. 4379, sponsored by myself -- Dave Schwartz -- and Speaker Doria, and cosponsored in the Senate by the Senate President, John Lynch.

It is my anticipation that we will primarily focus this day on the need for this legislation, and that at other public hearings we will focus rather more exclusively on the fiscal prudence of this legislation. As sponsor of this bill, I am going to give you a few minutes of background on the legislation, what it is we are seeking to do, and how it is we are seeking to do it with this bill. I will indicate to you in what manner this bill has already changed, and in what manner we anticipate changes from a bill we had last year -- the Affordable Housing Bond Act of 1990. This bill is both systematically similar to, but somewhat different from that legislation, and I want you to understand it.

I am very glad, speaking personally and on behalf of the many sponsors of this bill, that you are here. I hope each and every one of you will continue to stay with us during the course of the legislative life of this legislation. We need your input; we welcome your input. This bill was, last year, the subject of many hearings, and it will be again. We want full and complete consideration, a serious and high-minded consideration of this important legislation. We want the press and the public to know that this will not be a rush to judgment. But, of course, it never can be a rush to judgment when you have a bond bill.

This legislation will be heard first in the Assembly Housing Committee. Assuming favorable release, it will then go to a subcommittee of the Assembly Appropriations Committee. It will then be heard -- if it is successful there -- by the full Appropriations Committee. If it is successful there, it will be heard of the floor of the General Assembly. If it is successful there, it will go to a standing reference committee in the Senate. If it is successful there, it will go to the Appropriations Committee in the Senate. If it is successful there, it will go to the floor of the Senate, at which time you might think it would be ready for final action by the

Governor. But, a bond bill has to make another stop; namely before the Capital Budget and Planning Commission.

So there will be at least nine separate actions on this bill, and in most of them -- on the Committee side anyway -- there will be ample opportunity for public testimony. There will not be a rush to judgment, either in this Committee or elsewhere. There will be a complete, serious, and high-minded discourse about the need for this legislation and about its fiscal prudence.

Let me give you the background of this legislation, so we can be clear and we can be unambiguous about both the need for the legislation and its anticipated fiscal prudence. I believe I can say without fear of meaningful contradiction that there would be unanimity in the room on the part of all who have studied the issue of housing, whatever their political party, whatever their political persuasion, that would indicate the following has happened in New Jersey, and in the nation in the 1980s:

Homeownership -- the American dream of homeownership -- has declined. Ther percentage of New Jerseyans able to afford a home of their own has fallen in New Jersey, as it has fallen in the United States. The principal reason for that is clear. We have seen, ladies and gentlemen, house prices outstrip income, down payment requirements outstrip savings. We have seen mortgage interest rates rise and fall on a roller coaster, highly destabilizing to home buying. Young, hard-working families, two incomes and more, struggling to get ahead cannot accrue the down payment. Sixty-three percent of the American people who do not own a home now cannot afford a down payment. And the percentage of New Jerseyans able to afford a down payment on a home in New Jersey fell again last year.

But, while homeownership is down, when we want it to be up, homelessness is up, when we want it to be down. Let us

be clear: I had the honor to Chair this Committee in 1982, as I do now. In 1982, there were 20,000 homeless persons in New Jersey. Today, by common consentual numbers, that number has doubled or, in fact, close to tripled. The number of Americans -- no, the number of New Jerseyans, our citizens, who are living, and some of them dying in the cold streets and alleys of this State, has doubled or tripled within this decade. I know of no one who refutes that statistic, and I am sure I know of no one who is happy about it.

The number of affordable rental units-- What do I mean by that? I mean rental units on the market for people who are working in New Jersey, with one or two or three incomes, working hard every day, which have declined in New Jersey. National statistics -- which have been unrefuted -- have suggested that New Jersey has the third worst crisis of housing affordability on the rental side in the whole country.

Now, let's be clear what that means. That means that the second richest State, this blessed State of plenty, even while in the midst of this recession, is the third worst off with reference to being able to bring on-line affordable rental units. So, homeownership is declining and affordable rentals are declining, and homelessness is up. This is a rip-off not only of the people, but it is a rip-off of the taxpayers. We have thousands of people who are in mental institutions and other institutions who could -- and you're paying $30,000, $40,000, and $50,000 a year to keep them there -- be out of those institutions if we had affordable housing. We have thousands of people on welfare who are living in welfare motels at a cost of $40, $50, $60, $70, $80, and $90 a night, who could be in transitional permanent housing, at a break to the taxpayers.

The legislation we are going to consider today is designed to help home buyers, renters, senior citizens, the handicapped, the near homeless, and the homeless -- everybody.

We are an all-everybody coalition. We are in this together. The legislation we are going to consider today would borrow $135 million, and return to the State's economy $1.8 billion. Those are not my numbers. I didn't make those numbers up. I am not qualified to run a computer or to make an economic analysis. Those are numbers given to us, not by the Republicans, and not by the Democrats, but by the nonpartisan Office of Legislative Services, which has indicated that the construction activity we will sponsor, the home buying and the economic stimulation that home buying implies, the moneys we will save for the taxpayers, will generate $1.8 billion for borrowing $135 million.

At a future public hearing, ladies and gentlemen, I will show-- We will have witnesses from the financial community, the Wall Street community, the housing community, the scholarly community of academia who will demonstrate that this program -- this $135 million, 35-year bond program -- will be solvent every year of the 35 years. That will take no very heavy lifting, because we have been doing housing programs in New Jersey since 1968, and the agencies involved have shown a public sector profit every year since 1968. That's the New Jersey Housing and Mortgage Finance Agency, originally the Housing Finance Agency -- and the Mortgage Finance Agency merged with it in 1983. Those entities have shown a profit every year. Indeed, as some of you may know, those agencies do not get a dime of public taxpayer money. They are funded exclusively on the interest payments from the bonding.

Later today, I will offer an amendment to this bill that will have 100% of the moneys collected under this $135-million bond issue dedicated to housing, with no administrative costs at all. (applause) We don't accept applause, but I do appreciate the sentiment. (laughter)

Let me say to you that that is one of the changes we are going to make in this bill. Last year, ladies and

gentlemen, we knew the need was urgent, and we had a good bill. Today I am here to tell you that the need is greater, and we have a better bill. Let me say that the bond issue we put before the voters last year would have had 98.7% of the money go unambiguously to housing, and 1.2%-plus -- about 1.2% -- go for administrative costs. We have improved the bill. There will be no administrative costs.

Secondly, we will offer an amendment today that will dovetail -- administratively link -- the bond issue money to the Veterans' Administration and other Federal mortgage programs, so that returning veterans from Desert Storm will have an opportunity, not only to get a VA mortgage -- to which they are entitled by Federal law -- but, rather, to get a mortgage with our participation that will make homeownership even more affordable to our returning service persons. That is the second improvement in the bill, because you would want a clear and unmistakable linking of State funds to Federal funds.

Now, ladies and gentlemen, the bond issue last year had a clear and unmistakable linkage to many Federal programs. It didn't have a clear and unmistakable linkage to veterans' programs, and now it will.

Thirdly, we are going to be considering legislation, of course, that will change the name of this Bond Act to the Housing and Jobs Bond Act, because we want to indicate unambiguously that this legislation does more than provide housing to people who need it. We want to make clear that this is a way by which we can fight the recession that is besetting our government.

Ladies and gentlemen, I said earlier that we knew in 1990 that we had an urgent need. I said further that the need has gotten greater. I will not bore you with statistics because we have a witness list of 40 or 50 people here, and they are going to present the need, rather than my doing so. But I want to tell you what you already know: Homeownership

has gone down worse. The number of families requesting shelter and the amount of moneys that the State taxpayers are paying for emergency shelter, for working families-- Remember, the majority of the homeless in New Jersey are children, and many of them are of working parents. The number of working people who request shelter assistance is up. We can solve that problem, too.

We have a situation in New Jersey in which the shortage of rental housing got worse in 1990, and the number of homeless families went up in 1990. So, even as we were debating this legislation, even as we were discussing it with the public, the situation, the need got worse. I have indicated to you that the bill is better, and I have indicated to you some of the impovements, the key improvements being the linkage to Federal programs and the absolute elimination of all administrative costs.

Let me say this to you: Over the course of the last few months, I have been meeting with New Jerseyans day and night, both organized groups and individual citizens, talking with them about this bond issue. I don't take -- as the sponsor of this bill or as the Chairman of this Committee -- the arrogant posture that, "We put a bill before the public. They should have passed it." By a handful of votes -- a few thousand votes out of a million-and-a-half cast -- they did not. We are coming right back with that bill, and we are going to see whether you like it or not. You made a mistake. That is not an arrogant posture. I do not take any such posture. This bill needs to be improved, and your participation in the process is welcomed.

There are other amendments that may well be considered during the course of the weeks ahead. Some of the groups -- taxpayer groups, taxpayer protection groups, individuals who took leadership in seeking tax reform -- have come to see me. They have come into my office, where I visited with them, and

my staff has visited in the homes of some of those people. We want to find the perfecting amendments that will simultaneously allow us to meet the housing need, while unambiguously protecting the interests of the taxpayers.

I belive we can find those perfecting amendments. I believe that if we disagree, but act in a manner that is not disagreeable, we will find the time, over the weeks ahead, whether it is in this Committee or in the Appropriations Committee or on the floor or in the Senate-- We will find the perfecting amendments that will allow us to go forward as unanimously as possible. If we are unable to be unanimous, so be it. If ultimately there are disagreements about the nature of this bill, then that will happen, but we will disagree after we have had a full and complete and open and frank discussion, with all views being heard.

I do not take the posture that we really have a hidden agenda here, that what we want to do is go through some process and sprinkle some magic water and make you feel that you are part of the process, when we really know it is inauthentic. On the contrary, ladies and gentlemen, you are here for an authentic process. It is a process that works. You are going to hear from the religious community, the labor community, the government community, the handicapped community, social work organizations, banking organizations, home builders, Realtors, and mortgage bankers. The people who are here in this room today are leaders. Yes, that's true. I think we are seeking to lead. At least we are trying to lead ourselves and our families into a better future. But we are a coalition of everyday people.

The people we relate to are the people living in this State. It is them -- our people, in this State -- who are thought to be helped by this legislation. I know of no one who has been advantaged in New Jersey-- Literally, I know no one who has been advantaged by the declining rate of

homeownership. There is no one. If you are a taxpayer worried about paying your tax bill, you are not helped when your neighbor cannot afford to buy a house, or when declining house values happen to you. The declining rate of homeownership does not help the taxpayer. It doesn't help the property taxpayer or the State taxpayer. The declining rate of homeownership in New Jersey hurts you as a taxpayer.

If you don't know that now, I hope that over the course of the weeks ahead we will learn that together. No one is helped by the declining rate of homeownership. No one is helped by homelessness. When that working mother, or that working family, despite their hard work, loses a job, becomes injured, becomes ill, goes on the public dole, when we could have prevented that homelessness, when we could have housed that homeless mother and her children, or that homeless family, at a cost that would be a fraction of what you are paying in welfare-- The taxpayer is not advantaged by homelessness. By permitting the continued decline of our homeownership rate, the continued increase in our homelessness rate, and the continued destituteness of our rental housing industry-- That doesn't help you.

When home builders in New Jersey are going bankrupt and our housing supply has plummeted, which is the story of the 1980s, and residential -- I don't want to bore you with statistics -- home building applications are at their lowest point in the decade-- We are seeing an absolute plummet. This is a depression, not a recession, in the home building industry. The 17,000 people who work in that industry-- When they get unemployed, does that help you? No, that hurts you; it hurts the taxpayers in New Jersey.

So I am here to suggest only this: I have offered, I believe-- Certainly I have worked many hours, and talked with many people, in seeking to offer a bill that offers the people of New Jersey an opportunity to make a prudent investment in

their future -- creating jobs, improving the economy, saving the taxpayers money, while meeting the housing needs of all of our people -- home buyers, renters, the handicapped, the elderly, all of our people.

At this moment I will shut up -- which I am sure will make it a popular moment in the hearing -- and I will permit any member of the Committee who wishes to, to make a statement at this time on the bill. Subsequent to that, it is my intention to take testimony. You can see the witness slips. If you can't, ladies and gentlemen, just stand for a second and you can see that there is a blizzard of paper on my desk. We have a lot of people who want to testify. We have also been besieged by requests to testify as early as possible, and I appreciate that.

I would like to have everybody testify in the next 20 minutes, because that is what all of them are asking for. But we are not going to be able to achieve that. We are going to do the very best we can. We know we have people who have other meetings and hearings, but we are going to be here, probably, until 3:00 or even 3:30 today. If we do not hear everybody today, don't worry. We are going to have another public meeting. I can't say another "public hearing," because I don't know that, but we will have another public meeting, of which there will be adequate notice and full consideration and plenty of testimony.

I am hoping I can get everybody who wishes to speak today on. If I cannot, I apologize to you in advance. No disrespect is meant. If you testify later, rather than earlier, ladies and gentlemen, I beg you to understand that that is not an indication that I do not respect you, or that the Committee does not care about your testimony. It is simply that we have just lots and lots of people who want to testify. And that is good. There is nothing bad about the process of having this array of witnesses, because ultimately we want to

be together, if we can be, and certainly we want to assure the public that we are not offering the people of New Jersey a pig in a poke. We are not offering the people of New Jersey some hidden trick. We are not offering the people of New Jersey some piece of legislation that derives from an inauthentic process. We are offering the people of New Jersey the most fiscally prudent bond issue that will protect the taxpayers' interest, while at the same time it meets the housing needs.

We are going to stay here, if not today, then the next time, until that is as clear as we can make it. We will have expert testimony, and we will have citizen testimony. We will understand this legislation before we go forward. I will not permit a vote in this Committee until I am satisfied that we have at least heard once from all of the social sectors. That does not mean from every witness. We had a little breakfast this morning with some of the people who supported it last week, and some of the groups have 150 members, 200 members, 500 members. Well, hey, you can't bring me 500 witnesses. But, we will hear from as many people as we can. We want to demonstrate our good will, our openness, our concern for the public welfare being found -- public interest being discovered, through clear and unmistakable expanded testimony.

At this time I would ask Assemblyman Gill if he has a statement he would like to make?

ASSEMBLYMAN GILL: Yes, Mr. Chairman. Thank you very much.

I would like to begin by praising you for your strong leadership and the efforts you have shown on this issue. I would like to thank everyone who is here to testify on behalf of the Housing Bond Act of 1991.

Mr. Chairman, the housing bond was defeated last year because of a lack of public knowledge of the subject. For example, last fall before the election, I received a letter from a constituent who stated that she was voting against the

bond issue for "financial reasons." The letter stated that as a "middle-income taxpayer," she was sick and tired of supporting the poor and paying for programs that didn't benefit her and her family. She was factually incorrect. In fact, the bond issue would not have cost the taxpayers a single penny, and would have benefited everyone, especially the middle-income persons like her and her family.

Mr. Chairman, as you know, the bond issue was self-supporting and would have gone to middle-, moderate-, and low-income households for down payment and closing cost assistance for first-time home buyers, and would also address the needs of renters, senior citizens, disabled New Jerseyans, and others with special housing needs. Over one billion dollars of new economic activity and thousands of new jobs would have been created over the life of the bond.

Mr. Chairman, I feel that we should give the voters of our State another opportunity to approve a housing bond. I am confident that if they are properly educated on the subject, they will not make the same decision two years in a row.

Thank you, Mr. Chairman.

ASSEMBLYMAN SCHWARTZ: Thank you, Lou. I want to say to you, I appreciate your support of this bond issue and of our work in this Committee. Just as we want to educate the public about the benefits of this bond issue, we also want to educate ourselves, and have the public educate us about their concerns. I would anticipate, as I said earlier, that there will be amendments as we go forward, none of which will hurt housing in any way, but which will provide clear and unmistakable continued enhancement of taxpayer protection, even as we enhance our housing programs.

Assemblyman Naples will return around 1:30, at which time I will call the three amendments which I hope will be, and anticipate will be consentual, and which I anticipate will pass today. David, I think you know what they are. Would you like to make a statement at this time?

ASSEMBLYMAN RUSSO: The only thing I was going to ask the Chair is-- We are going to be dealing with the amendments today, and not the bill, because we are going to have more public hearings. Right?

ASSEMBLYMAN SCHWARTZ: That's right. We will not be voting on the bill. We will probably have additional amendments down the road. The three amendments I want to hear at 1:30 or so are:

1) that which conforms to the legislation on VA mortgages for Desert Storm, and generally;

2) that which eliminates all administrative costs. There was about $1.2 million out of $135 million that we were going to use for administrative costs, but that is all eliminated; and

3) Speaker Doria, who is a cosponsor, has requested that in order to indicate his concern for the jobs and anti-recessionary aspects of this, we change the name of the bond issue to "Housing and Jobs."

There may well be other amendments, but there will never be any surprises.

With that, I am now going to begin the process of calling witnesses. I would begin by calling Regina Purcell, New Jersey Catholic Conference, who will be speaking for the Catholic bishops of the State and for Archbishop McCarrick today.

**R E G I N A P U R C E L L:** Good morning. I am Regina Purcell, Associate Director of the New Jersey Catholic Conference, which represents the Catholic bishops of the State. The Most Reverend Theodore E. McCarrick, Archbishop of Newark, and all of the bishops of the State of New Jersey, asked me to convey today their strong support for A-4379, the Affordable Housing Programs Assistance Bond Act of 1991.

Although the Bond Act signed into law in 1990 was narrowly defeated at the polls, we must remember that the poll

results indicated wide support for the need for affordable housing programs. It is the hope of the bishops that increased efforts to educate and inform the public on the facts of the Bond Act will generate the additional support needed to ensure its passage on November 5, 1991.

Because of the continued commitment of Assemblyman David Schwartz, Assembly Speaker Joseph Doria, Senate President John Lynch, and many others, including the important support of Governor Florio, we now have another opportunity to pass an affordable Housing Bond Act.

The New Jersey Catholic Conference, the public policy arm of the bishops, urges the Legislature and the general public to support this bill because it will enable our State to take action to meet New Jersey's increasing housing needs. We witnessed, during the last year, greater numbers of people unable to afford housing. As the economy dips into a deeper recession, the housing crisis is touching the lives of thousands of families which never would have anticipated its effects. Now, more than ever, we must act to address the housing crisis.

The Catholic Church believes strongly that all people have a right to housing. That right is based in the inherent dignity and priceless worth that each individual possesses because he or she is created in the image of God. That fundamental right is being violated in New Jersey, where well over 50,000 people are homeless, and scores of families are doubling and tripling up in homes or are living in indecent housing.

That the crisis is deepening with time is evidenced by a report of one State program in the Department of Human Services. The Emergency Assistance Program recently reported that the number of people applying for EA jumped from about 8000 in the month of June 1989 to almost 16,000 in the same month of the following year. EA is a program to provide assistance to people who are homeless or near homeless.

Homelessness, inadequate housing, and the high cost of available housing have a devastating impact not only on the dignity of each person, but also on the value of the family and the fabric of our society. Today we will hear many statistics on the housing crisis, but behind the statistics are people; people with severely disrupted lives; people with uncertain futures; people who are often on the brink of despair. There are people in New Jersey for whom decent, affordable housing is not available. Concrete and urgent solutions to the housing crisis are needed.

The bond issue the Committee is considering today is a means by which the solutions can be found. The answers to the housing crisis are not easy or simple. They require commitment. As the New Jersey bishops urged in their January 1990 Statement on Affordable Housing, "Action is needed desperately if the suffering of those without a decent home is to be relieved."

We urge the people of New Jersey to act by supporting A-4379. Thank you.

ASSEMBLYMAN SCHWARTZ: Thank you, Regina. We deeply appreciate your testimony and, of course, appreciate your leadership and that of the Archbishop and the other Catholic bishops on this issue.

MS. PURCELL: Thank you.

ASSEMBLYMAN SCHWARTZ: I have no questions of this witness. David?

ASSEMBLYMAN RUSSO: No questions.

ASSEMBLYMAN SCHWARTZ: I would now call to the witness table, Reverend Jean Paul Richter, Associate Director, New Jersey Council of Churches.

For the information of the Governor's Cabinet who are here in large numbers, the Cabinet will be called up in about 10 minutes, so you can adjust your schedules.

REVEREND JEAN PAUL RICHTER: I welcome the opportunity to speak to this bond issue again. We have testified before and have given you some statistics about the need for affordable housing in this State. I come to reiterate that need.

As many of you know, many of the homeless who formerly dwelled in the streets are often found in our church basements throughout the State. Many of our churches which undertook sheltering programs four or five years ago thought it was going to be an emergency measure. They are finding that it is becoming more and more permanent, with more and more people requiring housing.

Sometimes when I confront the housing issue, as well as other issues in the State, I think of the two fish in the fishbowl in a "New Yorker" cartoon. The caption is: "The only way out is to evolve." (laughter) I'm glad we are not fish, and I hope this isn't a fishbowl. I am glad that we have people like Assemblyman Schwartz who is concerned about housing, and others who are sponsoring this legislation.

We need to move forward very rapidly. The housing situation is becoming worse as the economy is becoming worse. Increasing numbers of people are finding it hard to find shelter at all and to afford it, and are spending greater and greater amounts of their income for housing. The latest national survey on housing indicates that over half of the people making $5000 or less in this country, are spending 75% of their income for housing.

ASSEMBLYMAN SCHWARTZ: That would be mostly elderly persons on Social Security?

REVEREND RICHTER: A good number of them would be, but there are also families. I don't know how many in this room could afford to meet other costs if they spent as high as 75% of their income for their housing.

The New Jersey Council of Churches is in support of this legislation, particularly as it relates to the low-income households -- providing housing for them -- and also for senior citizens and for rental housing. This is one of the greatest needs we have in this State. We support this, and we are glad to be here to testify again.

The New Jersey Council of Churches is an ecumenical group of 17 denominations with about 3000 congregations throughout the State. We are happy that we are starting to talk about this early in the year and be able to begin to explain to people what this bond issue is about.

Thank you for the opportunity.

ASSEMBLYMAN SCHWARTZ: Thank you, Reverend. I have no questions of this witness. Hearing no further, I thank you so much.

I call at this time Carol Kasabach, Lutheran Office of Governmental Ministry in New Jersey. Carol, we will distribute your statement. Please go ahead, but please summarize it.

**C A R O L K A S A B A C H:** Yes, sir. These are not all pages of testimony, just some things for your information.

My name is Carol Kasabach. I am Director of the Lutheran Office of Governmental Ministry in New Jersey. This office is a partnership of the New Jersey Synod of The Evangelical Lutheran Church in America with the New Jersey Council of Churches and the Lutheran Social Ministries of New Jersey. The purpose of this office is to advocate justice for the poor and powerless. Today I come before you to express the concerns and views of the policy board of this office and in response to a resolution regarding homelessness and affordable housing adopted on May 17, 1990 by over 750 delegates at the Third Annual Assembly of the New Jersey Synod-ELCA, representing the 200 congregations with a combined membership of over 85,000. That resolution is attached on the second page. I especially ask you to look at number 2 at the bottom

of the page, a. through e., where the needs of very specific groups of people are outlined, including working and nonworking adults whose need is for a single room or an efficiency unit.

Also, as Vice President of the Alliance for Affordable Housing, Inc. and as a member of the Board of Right to Housing, I am well aware of the need for low-income, affordable housing in this State.

Also attached you will find the New Jersey insert to the January 30, 1991 issue of our church's magazine, "The Lutheran." This gets distributed to all of our congregations and their members in our State. These are just a few examples of how the members of this church are living out their faith by providing shelter, housing, and advocacy.

It is not enough. The need is great. I really encourage you to take a look at some of those articles. Assemblyman Gill, there is an article from someone in Bogota. That pastor is working with an interfaith action group in the Meadowlands to provide low-income, affordable housing. They work with the Town Council in Bogota to get some good zoning laws in there.

All through 1990 -- as Assemblyman Schwartz knows -- we worked closely with the Assemblyman to ensure that the $135 million that would be allocated by this Bond Act would, in fact, address the housing needs of the most vulnerable residents of this State. That bill is now languishing in the Senate Revenue Committee, just waiting for this bill to catch up.

ASSEMBLYMAN SCHWARTZ: It's not languishing; it's waiting.

MS. KASABACH: It's waiting. I had "waiting" in my written statement, but then I changed it to "languishing." We are confident that A-2925 in its final form will begin to address the housing needs of those of low income in New Jersey, and look forward to making A-4379 -- whatever you are going to call it -- come to fruition.

ASSEMBLYMAN SCHWARTZ: Thank you so much, Carol. I have no questions of this witness, and hearing no others--

I want to say something for a moment, if I might. I know we have quite a number of pastors here. Ordinarily, I would continue hearing from the religious community and try to get all the clerics out in some kind of order. But at this time -- because we have some public officials here who have to meet other schedules -- I would ask the remaining pastors who are here to please be patient; you see the witness list. I will return to testimony from the religious community. We are deeply grateful for your attendance and for your leadership on the issue.

But, at this time, I want to acknowlege the presence of someone who has always been a strong supporter. Apparently he just wants to say that he is a supporter, but not speak at length. Mayor Douglas Palmer.

**M A Y O R D O U G L A S H. P A L M E R:** (speaking from audience) I'll take your lead, Assemblyman.

ASSEMBLYMAN SCHWARTZ: Well, Mayor, if you want to hang tough, we'll hear you in a few minutes -- if you can stay.

MAYOR PALMER: I tried.

ASSEMBLYMAN SCHWARTZ: You know that this has been a bipartisan effort -- all of the bills that have gone forward. We're bipartisan. Last year's bond issue had a whole array of Republican sponsors in both Houses. I assume that this one will, too, as we move forward. Already some members of the Republican Assembly are on this bill, and others will be. We have had a wide array of public support, which we anticipated. And, of course, we have been pleased to observe Governor Florio's support for this program, as evidenced in the "State of the State."

There are a wide number of public officials who are here, some of them representing the Florio administration in different aspects. That is especially useful, I think, for us

as a Committee, and for you, as the public. What we are going to hear in a few moments is not how this is good for cities, from Randy Primas, but also how it is good for business from George Zoffinger, the Commissioner of Commerce, and what it means in Human Services from Commissioner Gibbs. We are also going to hear from the Veterans' Department as to what this amendment will do.

So, in an unusual act, in order that we do not have picking and choosing, and who has a schedule to meet conflict, I would now be honored to ask to the witness table: the Honorable Alan J. Gibbs, the Honorable Ray Bramucci, the Honorable Randy Primas, the Honorable Wilfredo Caraballo, and Lieutenant Colonel William C. Lowe. I will ask you to speak individually; you cannot speak with one voice. Oh, and George R. Zoffinger, our distinguished Commissioner of Commerce. We would have bad trouble if I forgot him. Please see to it that there are an appropriate number of chairs available for the Cabinet, if you will? And a chair for the Lieutenant Colonel as well.

I believe, gentlemen, that you represent the record here. I assume we have a near quorum of the Florio Cabinet here this morning, ladies and gentlemen. (laughter) I don't know what the Sunshine Act permits them to do, but I know what the Sunshine Act permits me to do; that is to tell you that this is the-- In the 14 years that I have served in the Legislature, this is the largest array of Cabinet officials at any one hearing, on any one bill. I am very pleased that they are here. I know the individual expertise and commitment they bring to meeting the human services needs, the labor needs, the business needs, the needs of our communities, the needs of our disadvantaged population, and the needs of our veterans. That is a very impressive list.

If time permitted -- and, obviously, with 40 or 50 witnesses I am not going to take the time -- I would be happy

to go through the very brilliant -- ladies and gentlemen, hear me -- careers these gentlemen have had and permit their resumes, if you will, their private and public sector achievements to be heard. That time is not available, ladies and gentlemen -- I mean, gentlemen-- That is just not available at this time with the length of the witness list.

So I will simply, moving from left to right, ask if you would summarize your testimony. The Honorable Alan Gibbs.

**COMMISSIONER ALAN J. GIBBS:** Thank you, Mr. Chairman, and good morning to you and to the members of the Committee. I am pleased to be here this morning to testify in support of Assembly Bill No. 4379. A-4379 is a bill that presents great opportunities to the citizens of the State, and I sincerely hope that these opportunities will not be passed by a second time.

Assembly Bill No. 4379 will help our citizens make the dream of homeownership a reality. It will assist private nonprofit organizations and municipalities with the development of affordable housing programs. The Department of Human Services is also very supportive of the provisions in the bill that address housing programs for special populations such as the elderly, disabled, mentally ill, and the homeless.

According to a study by a national housing group, New Jersey ranks third from the bottom in affordable housing. Interestingly, New Jersey ranks third from the top in operating government programs to provide temporary shelter for homeless people. Clearly, these two rankings are related.

The Department of Human Services spends more than $70 million on homeless services, a figure that has more than tripled over the last few years.

Under the Emergency Assistance Program, we provide some 15,000 poor, homeless people with rental assistance, temporary apartments, beds in shelters or, when no other options are available, motel rooms. In addition, we provide

grants for back rent, mortgage payments, and other costs to prevent people from losing their homes.

All of these efforts are meant to help people get back on their feet. But they are temporary solutions that are costly. Taxpayers spend as much as $8000 to house a family temporarily in a motel for five months, and at the end of those five months, the family may still be unable to find an apartment they can afford. To give you an idea of the problem, the number of Aid to Families with Dependent Children -- AFDC -- cases receiving emergency assistance in motels for the week ending February 1, 1991 totaled 828, and the number of AFDC cases in shelters totaled 519.

What can we do to truly address the problem of homelessness? Invest in more affordable housing and jobs.

Homelessness touches many of the clients of the Department of Human Services in different ways. It is not always a simple problem of economics. For example, more affordable housing would enable more mentally ill or developmentally disabled New Jersey residents -- who frequently do not have high paying jobs -- to afford to live on their own or in a group home. In fact, many people who do not need intensive services are living in costly institutions, primarily because there is a lack of affordable housing and community services for them.

The Division of Developmental Disabilities, on December 31, 1990, had a waiting list of 2554 persons who reside in the homes of relatives or guardians, but who actually need specialized housing such as group homes, skilled homes, and supervised apartment living. Unfortunately, these services are not available at this time. Also, approximately 1500 persons who are now residing in our developmental centers are awaiting community placement. As you are aware, some of these individuals may remain on the waiting list for several years because of the lack of appropriate community housing.

In our mental hospitals, we have more than 400 persons who are capable of functioning in less restrictive living arrangements, but they cannot be released from institutional care without housing and support services in our communities.

As you can see, several of the client groups served by the Department of Human Services, such as the disabled, mentally ill, and the homeless will benefit from the affordable housing programs provided for in A-4379.

ASSEMBLYMAN SCHWARTZ: So will the taxpayers. If you are paying $1600 a month--

COMMISSIONER GIBBS: Absolutely.

ASSEMBLYMAN SCHWARTZ: Commissioner, your testimony is that in some cases, instead of having a program that might have a rent cost of $300 or $400 a month-- If we had an affordable unit and the taxpayer was facilitating these people and their families paying $300 or $400 a month, you could save $1600 a month in some cases?

COMMISSIONER GIBBS: We could avoid the costly motel placements.

ASSEMBLYMAN SCHWARTZ: That is a very important statistic. I'm sure the Committee will want to come back to that -- if not today, then at a subsequent hearing -- because that is a very important taxpayer benefit that needs to be articulated.

COMMISSIONER GIBBS: That is why this bill should be looked at as an investment.

ASSEMBLYMAN SCHWARTZ: Thank you very much, Commissioner. Did that conclude your testimony?

COMMISSIONER GIBBS: Yes, it did.

ASSEMBLYMAN SCHWARTZ: Thank you very much, Commissioner.

At this time, the Honorable Raymond Bramucci, Commissioner of Labor.

COMMISSIONER RAYMOND L. BRAMUCCI: Well, Mr. Chairman, just an observation: I think you have to come out of your shell. (laughter) Just express yourself forthrightly.

Mr. Chairman, if we didn't have the economic downturn or the recession we now have in New Jersey and along the East Coast, and if we didn't approach the time when our construction industry, especially the home building industry, has hit rock bottom -- if it hasn't hit rock bottom, it is close to it-- This bill makes sense in this climate, but it would make sense if we were at full employment, because it is simply an investment in the future. It is an investment in our young people. It has something to do with the quality of our lives, and our sense of humanity. But basically, it keeps a promise to young people that there is hope and that they can afford a home and can afford to build a family and sink roots down, so that we have some continuity in our communities.

I applaud you. We were on board last year. We think we have not explained ourselves as well as we can, but this makes sense from every point of view. There are a lot of things the government does that I, in my private life, question the need for. This is not one of them, because the marketplace has simply not made available to our population a realistic amount of affordable housing. I applaud you for the vigor of your approach.

ASSEMBLYMAN SCHWARTZ: Thank you. I appreciate your testimony, Ray. I assure you that I will begin to be less shy on this issue as we go forward. This is the way I begin a campaign, but when we get into it, hopefully we will go forward as a unified society on behalf of meeting this need. I will probably get turned on later. (laughter)

But I do thank you, and I applaud the work you are doing. We know how hard you are working at the Department of Labor, and we are glad to have you aboard.

Mr. Caraballo?

P U B L I C A D V O. W I L F R E D O C A R A B A L L O: Mr. Chairman, members of the Committee: Thank you for the opportunity to come before you. I will take your remarks quite seriously, and actually try to shorten my remarks here. You have a copy of my testimony.

ASSEMBLYMAN SCHWARTZ: Yes. We will circulate it to all the members of the Committee.

PUBLIC ADVOCATE CARABALLO: I am here today to support this bill. The Public Advocate is uniquely aware of the overwhelming need for the types of affordable housing that would be authorized under this bill, because many of my divisions, in fact, work in the areas that this bill would touch on.

For over 15 years, the Division of Public Advocacy has led the effort to ensure that municipalities meet their constitutional Mount Laurel obligation to make affordable housing available to low- and moderate-income households. The progress on this front, however, has been far too slow. The Council on Affordable Housing has estimated that there is a need for 145,000 units of low- and moderate-income housing. At the present time, we have an estimate -- a quite conservative estimate -- that there are only 20,000 units available in municipal plans. As a result, 125,000 additional units of affordable housing are needed to meet the State's minimum needs, as calculated by the Council.

Our experience representing homeless families and individuals over the last decade similarly demonstrates the compelling need to support the Affordable Housing Bond Act. Too many families with children spend months, and even years, in welfare motels simply because permanent housing is either unavailable or unaffordable. Even worse, we have witnessed hundreds of children separated from their parents and placed into foster care, for no other reason than that their parents could not locate suitable housing they could afford.

Homelessness, as far as we are concerned, is the most severe form of deprivation in our society. It exacts an untold cost from the children, from the families, as well as from our communities.

Other State agencies have also recognized the tremendous need for affordable housing for these and other segments of our population. The DHS has repeatedly acknowledged the relationship between the lack of affordable housing in New Jersey and the incidence of both homelessness and the placement of children in foster care. Moreover, in a report to the DHS Commissioner on the appropriate standard of assistance to the Aid to Families with Dependent Children, a committee of experts determined that a three-person household on AFDC requires $637 a month to pay for safe and decent housing. Yet, this same AFDC household currently receives only $424 per month to cover the family's costs, not only of housing, but of transportation, clothes, and other household needs.

This bill constitutes, I believe, a substantial step toward meeting our critical needs in this State. The narrow defeat of the Bond Act last year makes us that much more determined this year to help the voters to understand the vital importance of this Act. I am confident that when everyone understands the critical need for this housing, they will respond to the fundamental necessities of a humane and compassionate society by approving the Affordable Housing Bond Act of 1991.

I urge this Committee to act favorably.

**ASSEMBLYMAN SCHWARTZ:** Thank you very much, Commissioner.

Coming out of a sick bed this morning, someone who cares a lot about all the communities -- suburban, urban, and rural in this State-- I did not expect to see him this morning because I know he has been ill, but he is a dynamo on behalf of

all of our communities. He has seen to it that we can build our communities, and he is certainly a great supporter of affordable housing as well. I am grateful that DCA Commissioner Randy Primas is here. Randy?

**C O M M. M E L V I N R. "R A N D Y" P R I M A S, JR.:** Thank you very much, Assemblyman. I am delighted to be here to join my colleagues and other housing advocates throughout the State, as we show our support for the bond issue.

In the interest of time, I will just give you copies of my prepared remarks.

ASSEMBLYMAN SCHWARTZ: We will circulate it.

COMMISSIONER PRIMAS: I will just merely make a couple of observations: I would not want anyone to think that because the real estate market is down and we see many "For Sale" signs that have been up for months, if not for years, that there is not a demand for affordable housing throughout the State. I can tell you that at the Department we are besieged with requests for affordable housing. I am not talking about just for individuals at the low end of the economic ladder, but all the way up to middle-income New Jersey. That is why we are delighted to be a part of this process of supporting this bond issue.

We pledge to you that we are going to do everything we can up and down the State to get the message out. I truly believe that if the citizens of our State understand the issue, they will recognize that this is truly an investment in the future of New Jersey. It is an investment in our children, and we are all inextricably tied to that together.

In closing, let me just offer our full support in working with you and the folks throughout the State, as we try to educate our citizens to get this bond issue passed.

ASSEMBLYMAN SCHWARTZ: I thank you so much.

Commissioner Zoffinger, Department of Commerce.

C O M M I S S I O N E R  G E O R G E  R.  Z O F F I N G E R: Thank you, Mr. Chairman and members of the Committee. While the Housing and Jobs Bond Act does help certain groups of people in particular, such as first-time home buyers, the elderly, and the homeless, it also helps all of us in New Jersey, including the business community. Mr. Chairman, others will speak, and have spoken about the moral issues of this Bond Act. I would like to address the economics.

ASSEMBLYMAN SCHWARTZ: Please.

COMMISSIONER ZOFFINGER: First, if we analyze the current economic downturn, we see that the two hardest hit industries are construction and real estate. Passage of this bond issue will help to give a boost to these two important sectors of our economy.

Second, affordable housing for workers is consistently cited by New Jersey companies as a major factor in business location and relocation analysis. Simply put, people who are working for the businesses in New Jersey need affordable housing close to their place of work, in order to make us competitive in terms of business in the State. By helping to address this issue, this Act will bolster my Department's efforts to keep New Jersey businesses in New Jersey, and to attract new businesses from around the country and around the world.

You will find, Mr. Chairman and members of the Committee, that there is strong support for this bond issue in the business community because it will result in jobs.

I would also like to point out that due to the fact that New Jersey has been able -- that New Jersey is one of only eight states in the entire country with a AAA bond rating, which is the highest bond rating given by Standard and Poor's and Moody's, the interest costs on this bond issue will be much lower.

I encourage swift passage of A-4379 by the Legislature. For our part at the Department of Commerce, I intend to support the effort to bring this message to the business community in New Jersey.

ASSEMBLYMAN SCHWARTZ: Thank you, George. Let me say before hearing the last of the Cabinet witnesses, we are going to have another hearing on the economics of this bond issue, both what impact it will have on the economy at large, and how the bonds will work day after day, month after month, year after year. We will invite you back for that, with your permission. Some of the data you cited may be relevant to that as well.

Lieutenant Colonel Lowe?

**L T. C O L O N E L W I L L I A M C. L O W E:** Good morning, Mr. Chairman.

ASSEMBLYMAN SCHWARTZ: Good morning.

LIEUTENANT COLONEL LOWE: I am Lieutenant Colonel Lowe. I am here on behalf of General Morgano, who is busy with things that are going on outside of our control. He is busy today, or I wouldn't be here.

Since the very first of Desert Storm and Desert Shield, New Jersey residents have been taken from their homes and prior to even the first active Army soldiers arriving in Saudi Arabia, they were there. These were members of the New Jersey Air National Guard. Since that time, from both the National Guard, as well as the other Reserve components, over 5000 New Jersey residents have been called to active duty and deployed overseas. Those people represent some 15,000 family members.

The beauty of what you are doing here is twofold: First of all, these people have been severely impacted in their daily lives. Their families have been ripped apart; they have been deployed. In addition, it has had an economic impact. Regardless of whatever efforts have been made by the Governor

or other people to provide differential pay, they have had a severe economic and emotional impact. What you are doing here is sending a message to them -- to their families and to the people who have actually been deployed -- that somebody cares about what their going has meant. It is an essential message. It removes a great deal of excess baggage from the shoulders of the soldiers who are in Desert Shield.

I am sure that with your efforts we can continue to do the same type of thing. I commend you, and I appreciate it. Thank you.

ASSEMBLYMAN SCHWARTZ: Thank you so very much. I have no questions of these witnesses. I appreciate deeply your being here.

For those of you who are latecomers and who may not have understood precisely what the Colonel was suggesting, the amendment we will adopt -- or at least which I will propose for adoption, and I anticipate will be consentual around 1:30 -- will conform our down payment mortgage program in this bill to the Veterans' Administration program, an advantage to veterans, especially those now serving in the Middle East.

At this time-- I am very grateful that he stayed, because he is a forceful speaker and a good guy. I would like our Mayor of Trenton, Doug Palmer, to please come forward. The next witness will be Mayor-- Is Mayor Joe Voss (phonetic spelling) still here?

UNIDENTIFIED SPEAKER FROM AUDIENCE: He'll be back.

ASSEMBLYMAN SCHWARTZ: Well, we will hear the Mayor when he returns. Doug?

MAYOR PALMER: Thank you, Assemblyman Schwartz. I will be brief. I also want to commend you for the outstanding work you have been doing in housing for New Jersey throughout your tenure in office. I am glad to see that there is a bipartisan effort with regard to this.

I am delighted to be here today to add my voice to the chorus of support for Assembly Bill No. 4379, the Housing and Jobs Bond Act of 1991. This bill will not only create desperately needed housing units and preserve jobs for hard-working New Jerseyans, but it will show that, at the depths of the State's recession and fiscal crisis, we have not broken faith with our duty as elected officials to improve the quality of life for the State's citizens, particularly those of low- and moderate income.

What I will do for the sake of brevity, because I know there are a lot of speakers here-- I will give you the rest of my remarks in a written statement, and just say to you that I was very disheartened by the narrow defeat of the bond issue, but I am glad to see that through your leadership you have become determined and have reached out to all New Jerseyans to see that this money is needed. Not a day goes by in my office where there are not people literally lined up to my door in need of decent, affordable housing.

It is my hope that with the coalition we have established right here, that we will educate the people to know that this is not a handout; it is a hand that will also help us.

Thank you very much for allowing me to speak.

ASSEMBLYMAN SCHWARTZ: Thank you, Doug. I have no questions of this witness. Thank you.

Is Mayor Rainear here? (no response) Well, later in the day, or at the next hearing-- It is my understanding that the New Jersey League of Municipalities is endorsing this bill and that the New Jersey Conference of Mayors will be endorsing this bill. So, we will be hearing from other mayors. When Mayor Voss returns, we will be happy to hear him.

At this time, I think we will change direction a little bit and hear -- knowing I am going to try to return to all sectors -- from some people in the housing industry who

will speak to the economic advantages or disadvantages they see in this legislation. I believe there are four witnesses here who primarily represent one or another aspect of the industry.

At this time, perhaps I would hear first from Bob Levy, Executive Director of the Mortgage Bankers Association of New Jersey.

**E. R O B E R T L E V Y:** Thank you very much, Mr. Chairman and members of the Committee. It is a pleasure to be here today. I am also -- like your other speakers -- going to try to speak quickly and concisely, which is difficult for me, but I am going to do it anyway.

We -- the Mortgage Bankers Association of New Jersey -- represent over 300 mortgage lenders in the State of New Jersey, and related entities. These are the companies that do the bulk of the mortgage lending in New Jersey, and include banks -- commercial banks, savings banks, thrifts of all types, mortgage bankers, mortgage brokers, and so on.

We are an extremely sensitive organization when it comes to affordable housing. We have worked with Assemblyman Schwartz for many years, and we have come to learn of his total dedication and commitment to the issue of affordable housing and his concern about that issue; and more than that, his ability to get things moving. Our organization, in particular, appreciates that, because a lot of times we just hear rhetoric. Assemblyman Schwartz, as Chairman of this Committee, gets things done, as we can see here today.

So, Mr. Chairman, we very much appreciate your efforts, and--

**ASSEMBLYMAN SCHWARTZ:** It is a pleasure to work with you always.

MR. LEVY: Thank you. And we appreciate the efforts of your Committee. I would simply say that we have a total commitment to affordable housing. We are presently working on a compendium of existing laws and regulations and other

affordable housing issues, and we are certainly going to present your Committee with that document when it is completed in the next few weeks.

This bill -- A-4379 -- appears to be a major step forward in terms of a focus and a recognition of the key issues and the key items that must be dealt with in the State of New Jersey as we see them. We see tenant assistance, the ability to meet down payment requirements, closing cost requirements, special need programs, and a real effort to try to develop a housing program as a major step forward. We support it fully -- our Association does -- with all of its expertise, and our members stand ready, willing, and able to support you in your efforts, Mr. Chairman, and the Committee's efforts, in the Legislature.

We thank you very much again.

ASSEMBLYMAN SCHWARTZ: Thank you. We appreciate your support. We certainly understand that we are not going to move forward with this bill and have the public misunderstand and think that this is essentially government money. This is essentially investor money. People are going to lend us this money and we are going to put that money out, in conformity with the highest underwriting practices of your profession, and through your members and the members of other banking organizations.

So, this is not a government loan program. Let's be very clear about that. I appreciate your being here to make that clear. We are going to use the highest, the most serious, the most prudent underwriting criteria. This is not a giveaway, as Doug Palmer said. This is a loan program. It is a responsible down payment loan program. Your members would not take our money and say, "Oh, gee, that's great. I have some government money. I don't have to pay it back." That is not it. Everybody is paying us back. This is a prudent loan program, and we will use the best underwriting criteria and professional underwriters of your Association, and others.

I know that in another context we have Stu Sendell here who is really here on a shelter operation in some ways, but he is a distinguished mortgage banker in this State, and I know there are people wearing a lot of different hats. I want to give you assurance, and, Stu, I want to give you assurance that we are going to do this program the way it should be done, so that the people of New Jersey -- the taxpayers of New Jersey -- can be assured that the highest, most prudent underwriting criteria will be used.

I am glad you are in the room to hear that and to give voice that you wouldn't do anything else. Thank you very much. I have no questions of this witness, and I hear no others.

MR. LEVY: I appreciate it, Mr. Chairman.

ASSEMBLYMAN SCHWARTZ: I would call at this time, Ed Lawlor, New Jersey Savings League. Presumably your banks would like to make these mortgages as well.

**E D M O N D V. L A W L O R, JR.:** Thank you, Mr. Chairman. I also will be brief.

ASSEMBLYMAN SCHWARTZ: I appreciate that.

MR. LAWLOR: Members of the Committee: I am Ed Lawlor, President of the New Jersey Savings League. Our members represent 125 of the thrift institutions in the State. Our members are one of the major providers of home mortgages in this State, and we hope we will be able to use the resources of our industry to implement the purposes of this bill.

Obviously, we are here to support it, Mr. Chairman. I know you want to address the need today. I just want to give the Committee one brief example of the need for this program.

About a year ago, in the City of Camden, they had the most ideal program that could possibly have been put together for affordable housing. It was called the "Camden Two For" program. It was a small project, but it provided low-income people with the opportunity to buy a two-family home. The

program included the opportunity for them to get a federally subsidized renter in the other apartment. It was just a perfect program. It brought together the lenders. Our members formed a regional consortium to provide the funds to fund this program. We thought we were on our way to a statewide program in which we would be able to provide housing for the people who needed it in this fashion. We thought this was going to be a prototype.

As it turned out, it had to be stopped. This one program did succeed. It is under construction now, almost completed, and it worked beautifully. But it had to be stopped because of the lack of appropriations.

Our members are dedicated to helping in this area of affordable housing, Mr. Chairman. I think you know that. We are anxious to do it. We think this housing bond issue will provide us with the help we need in order to be able to do it.

ASSEMBLYMAN SCHWARTZ: Thank you very much for your testimony. Ordinarily, as you can see -- and as the members of the press and the public can see -- we are sort of saying, "No questions of the witnesses," because we are trying to move this along due to the lengthy witness list.

I must, at this time, ask one question, though: Tell me about the Federal Home Loan Bank Program. Your members are part of the new Federal Home Loan Bank Subsidy and Assistance Program, are they not?

MR. LAWLOR: Yes, Mr. Chairman.

ASSEMBLYMAN SCHWARTZ: Is it the case that there are some millions of dollars in new private sector lending moneys that could be made available to drop the interest rates for New Jerseyans?

MR. LAWLOR: Yes.

ASSEMBLYMAN SCHWARTZ: Well, I want to tell you, and give this assurance to you and to the taxpayers, this legislation anticipated the operation of the Federal FIRREA --

the savings and loan bailout. This bill that we are considering today -- and its companion in the Senate -- dovetails our mortgage program with the Federal Home Loan Bank Program, so there will be additional affordability enhancements at no cost to the State.

Thank you very much, Ed. Are there any other questions of the witness? (no response) Thank you. I appreciate your testimony.

MR. LAWLOR: Thank you, Mr. Chairman.

ASSEMBLYMAN SCHWARTZ: I guess we will stay with the industries for a little bit. Susan Covais McGuinness, Government Affairs Director for the New Jersey Association of Realtors.

**S U S A N C O V A I S M c G U I N N E S S:** Thank you, David. I just briefly want to say-- I know there are more speakers waiting to speak and they can speak a little bit more eloquently than I about the housing issues that face our State, but I just want to commend you for your leadership and for your continued persistence on this issue. We really need this bond issue. We look forward to working with you. We look forward, this year, to getting the message out about how important this housing bond issue is.

Thank you very much.

ASSEMBLYMAN SCHWARTZ: Thank you. I appreciate the fact that you have not taken our time this morning. Those of you who are familiar with the tremendous recession in the real estate industry-- There are 40,000 people who have real estate licenses in New Jersey, and a number of those persons, many of them supporting families, are hurting very severely at this time. It would have taken Susan probably about an hour to document why this bill will help the real estate industry. These are working people who have real estate licenses in our State. They are our neighbors; they are our friends, probably some of you.

So, Susan, I appreciate the fact that you did not take our time, but I want you to know that this Committee is deeply mindful that the real estate licensees of this State, our neighbors, are in trouble at this time. If this bill can give them a hand, we are happy to do it.

I have no questions of the witness, and I hear no other questions of the witness.

MS. McGUINNESS: Thank you.

ASSEMBLYMAN SCHWARTZ: At this time, I call Marion Rhode, New Jersey Home Builders Association.

**M A R I O N R H O D E:** Good morning.

ASSEMBLYMAN SCHWARTZ: Good morning.

MS. RHODE: Thank you, Mr. Chairman and members of the Committee. On behalf of the New Jersey Home Builders Association, we are in full support of Assembly Bill No. 4379 -- the Housing and Jobs Bond Act of 1991 -- which will result in the creation and maintenance of additional affordable housing opportunities for needy New Jersey citizens.

The legislation, as you know, authorizes the sale of State bonds in the amount of $135 million. We believe that a variety of worthwhile housing programs will be supported with this bond issue, including assistance to low-income families and first-time home buyers in this State to attain homeownership; to enable elderly homeowners to maintain and adapt their dwellings to their financial and physical capabilities; and to extend assistance for the production of affordable housing in areas and for persons with particular and identifiable housing needs.

We look forward to working with the Legislature to develop the specifics in the accompanying programs, and we thank you for taking this action. The NJBA joins with you in your statewide effort to convince the public of the need to support this bond issue, which is essential to the home buying public.

Thank you.

ASSEMBLYMAN SCHWARTZ: Thank you. We know that the number of residential building permits in New Jersey which your members have taken out have fallen to the lowest level since 1982. We know there is a depression in your industry. If this bond issue can be helpful in providing housing opportunities, and at the time time provide employment among the 17,000 workers in your industry, we would be very happy.

MS. RHODE: We fully support your efforts, and look forward to working with you.

ASSEMBLYMAN SCHWARTZ: Hearing no additional questions of the witness, I will say that we were happy to have you here.

MS. RHODE: Thank you.

ASSEMBLYMAN SCHWARTZ: I will call at this time, Peter Buchsbaum and Carl Zeitz, who are both on the same witness sign-in sheet. Is this a chorus here, or what?

C A R L Z E I T Z: Peter had to leave, but I am here.

ASSEMBLYMAN SCHWARTZ: All right. Mr. Zeitz is here representing the Corporate Alliance for Intelligent Growth, which is located within the firm, I guess, of Hannoch Weisman.

MR. ZEITZ: Well, they are a member. I should explain that the Corporate Alliance is a group of two dozen or so leading businesses and business organizations in New Jersey, including the Beneficial Corporation, the First Fidelity Corporation, the Southern Jersey Development Council, the Business and Industry Association, and many others.

I know you are pressed for time. I previously submitted the remarks that were to be delivered by Mr. Buchsbaum. I think I can summarize them succinctly by saying that we are fully supportive of this bill, Mr. Chairman and members of the Committee. We believe it is a matter of jobs now and jobs later. One of the concerns of the members of the Corporate Alliance is adequate housing for an adequate work force in New Jersey, and that is a future provision that the State has to make. We believe that very strongly.

Thank you.

ASSEMBLYMAN SCHWARTZ: Thank you, Carl. We were disturbed as a Committee, I think to a person, when a leading division of Prudential left New Jersey with hundreds of workers, citing explicitly that they could not afford to find housing in New Jersey. They moved to rural Pennsylvania. That didn't help anybody in New Jersey -- to lose those taxpayers. It didn't help the taxpayers of New Jersey to lose those workers. It didn't help. That was a no win for the taxpayers of New Jersey; that was a loss to the taxpayers of New Jersey. So, if the corporate community supports our bill, I am glad.

Hearing no questions for the witness, I excuse you at this time.

MR. ZEITZ: Thank you.

ASSEMBLYMAN SCHWARTZ: At this time, I would think it appropriate, having heard from some business leaders, to hear from some labor officials. Perhaps Frank DeMaria, the Industrial Union Council.

Members of this Committee may know, and I am sure this witness will say, we received calls from a number of labor leaders who indicated their inability to be here, including Archer Cole, who has some leadership in the IUC. But we are very glad that you are here.

F R A N K D e M A R I A: My name is Frank DeMaria. I am the Assistant to President Archer Cole of the New Jersey Industrial Union Council, AFL-CIO. I am here today to register the enthusiastic support of our organization for A-4379, the Housing and Jobs Bond Act of 1991.

Assembly Bill No. 4379, together with A-2925, will allow New Jersey citizens to vote in a referendum in November for legislation which will call for the issuance of $135 million in bonds to fund urgently necessary programs to provide affordable housing in this State.

Like many people in New Jersey, I worked for, and looked forward to the passage of the affordable housing referendum last November. I am confident that had we started our campaign earlier in the year and more vigorously gotten our message across the State, the referendum could have been passed and we would now see new housing initiatives underway.

Now that we are back on track with this new legislation, I want to commend Assemblyman David Schwartz, Speaker Joseph Doria, and Assemblyman John Watson for not taking "no" for an answer and in acting to get this new referendum on the ballot.

It is urgent that these bills move swiftly through the Legislature, so that early in the game we can go to our union members and to citizens at large with vital information about the importance of the Housing and Jobs Bond Act of 1991 and how it will benefit thousands of people who need help from government to become homeowners or occupants of decent, affordable rental apartments.

We must also have the active support of the Governor and his administration in winning at this time.

As an active trade unionist, I am proud that it has been the labor movement which has made homeownership a dream come true for working people.

From the start of this nation, working men and women couldn't think of buying homes, because wages were so low and job security nonexistent.

It is noteworthy that the first minimum wage adopted in 1937 was $10 a week, hardly enough to keep body and soul together, let alone allow workers to save up for a home.

The growth of organized labor during the New Deal, during and after World War II, brought millions of Americans higher wages and improved job security, making it possible for the American dream to become a reality.

At the same time, the launching of Federal and State financial support for housing programs for people of ordinary means helped spark unprecedented housing development in this country.

Our parents bought their first homes during this period. Now, as we approach the 21st century, our children find themselves priced out of the housing market and the dream of homeownership being denied them.

The loss of government support during the Reagan/Bush administrations, the retardation of real wages and job security, and the record high cost of housing have deprived millions of people in the United States of homeownership and the ability to rent decent housing.

With the Housing and Jobs Bond Act of 1991, we in New Jersey can start reversing this disastrous trend and November 1991 will be none too soon.

Housing starts and housing sales have hit bottom in the past year. Unemployment in the building trades is reaching alarming proportions. If ever we needed a stimulus in the building of affordable housing, now is the time!

Passage of these two pieces of legislation will assist low- and moderate-income families to qualify for homeownership, with assistance to meet down payments and mortgage payments; with assistance in the rehabilitation and construction of homes in the cities and suburbs; and with funds for the physically handicapped and the disabled, as well as the homeless.

These are goals worth working for. We of the IUC pledge our commitment for their attainment. Thank you very much, Mr. Chairman.

ASSEMBLYMAN SCHWARTZ: Thank you, sir. Let me say also that the members of the press and public will be interested in knowing, during the course of these moments that we have been taking testimony, one of the recurrent themes that has developed here, obviously, is that we want this bond issue

to dovetail with, and to be enhanced by private sector funds. Last Friday, in Bal Harbour, Florida, the AFL-CIO announced a $14 million labor/mortgage program. We will, through this bond issue, be able to draw down those dollars and to facilitate its program. So, we are working with organized labor.

MR. DeMARIA: Would you like copies of this written statement?

ASSEMBLYMAN SCHWARTZ: Yes, please. Hearing no questions of the witness, thank you for your testimony.

I now call David Weiner, Communications Workers of America.

**D A V I D W E I N E R:** Thank you. I am David Weiner, President of Local No. 1081 of the Communications Workers of America, representing 800 nonmanagerial employees of the Essex County Division of Welfare.

As a family service worker and former homeless unit worker, I have witnessed the pain and suffering, combined with the fiscal waste rampant within the homeless program in Essex County, the largest such program in the State. As a Board member of Right to Housing, the Newark Coalition for Low-Income Housing, and Vice President of the Apostle's House Shelter in Newark, our local has endeavored to act constructively and effectively to address the problem of housing.

Millions of dollars of taxpayers' money are squandered on motel rooms costing the public more than $80 per night to shelter homeless women and children. These motels are breeding grounds for disease, drugs, scholastic atrophy, and even worse, if you can conceive that.

Our union fully supports this measure, as we did the last one, particularly 4.b. (6), and I quote: "a housing for the homeless program, for assisting the production of appropriate housing for homeless persons or families."

Thank you very much.

ASSEMBLYMAN SCHWARTZ: Thank you. Hearing no questions of the witness, I thank you for your testimony.

I now call Peter Lamprakos -- if that is the correct pronunciation -- Perth Amboy Federation of Teachers. Is that the correct pronunciation?

P E T E R L A M P R A K O S: Yes.

ASSEMBLYMAN SCHWARTZ: Thank you, sir.

MR. LAMPRAKOS: And the Retired Employees Chapter of the Perth Amboy Federation.

We in the Perth Amboy Federation of Teachers wholeheartedly endorse the Housing and Jobs Bond Act Referendum of 1991 -- A-4379. We deplore the defeat of the original version -- A-2924 -- last November, especially in this critical time of the housing shortage. There are tens of thousands of hard-working, responsible people out there who are in desperate need of affordable housing. They are among the low- and moderate-income segment of our society. All they ask is for a piece of the American dream and a loan to get them started, decent housing to bring up their families, be it from rental or financial assistance, and specially constructed dwellings.

This bill, and its companion, A-2925, will give them the chance they need. Both of these bills will allow for the expansion of the supply of housing for the homeless, which is a growing problem in this State and all over the country.

The Legislature and the people of this State must not fail this time. This isn't a boondoggle; it is not a handout. It is an investment in people. There is monitoring and accountability built into this $135 million referendum. It will work.

Thank you.

ASSEMBLYMAN SCHWARTZ: Thank you. Hearing no questions for the witness, I will now call Jack Johnson, Interfaith Neighbors of Monmouth County, and Past Chair of the New Jersey Hunger Commission.

J A C K  J O H N S O N: Thank you, Mr. Chairman. I will submit my written comments to the Committee. There are just three things I want to pick up on. As a reference, I represent 80 congregations in Monmouth County that have been--

ASSEMBLYMAN SCHWARTZ: How many congregations?

MR. JOHNSON: Eighty congregations that have raised over $200,000 to assist homeless families -- some 190 families -- again mindful that we were paying somewhere between $1200 and $1600 a month to keep those families in motels. Those families are now living in their own homes.

Another observation: I was reminded that two of the major findings of the Hunger Commission were that while we commend nonprofit organizations for the kind of work they do, they cannot do it alone. We are so dependent upon governmental direction. So it is that we are continually supporting this bond issue.

I also want to remind you again of the major finding as it relates to hunger in New Jersey. The housing costs were most often cited as the reason people go hungry here in this State. The estimate we made, as you will recall, was that some 600,000 people, or 7.7% of the State's population do not have enough money each month for food. Again related to that is housing.

Finally, Interfaith Neighbors this past year, in its support for this housing bond issue, hosted a press conference last fall where we brought together a coalition of religious, civic, and political leadership. When I say "political leadership" in Monmouth County, I mean all the Assemblypersons, as well as the three State Senators in Monmouth County, who endorse this issue. My concern to you today, as the Chair of this Committee, and also to the other members of the Committee-- My hope would be that we would again have this bipartisan support for this legislation. And, if it is not too late, please encourage other colleagues to sign aboard as

cosponsors of this legislation so we can see ultimate success, and that is the passage of this bond issue.

Thank you, Mr. Chairman.

ASSEMBLYMAN SCHWARTZ: I certainly hope that will happen, and we certainly will make it available to all of our colleagues.

Ladies and gentlemen, I think I am going to begin to take some testimony now on behalf of the elderly and the handicapped. Again, if you are part of the religious community, I recognize that we have gone a little ways on that, but we will come back to you and all of the different sectors. I am trying to get the testimony rather broadly.

For your information, it is my anticipation that we will take testimony until 1:15, break for 15 minutes, resume at 1:30. Sometime between 1:30 and 2:00, presumably we will hear the three amendments, and will continue thereafter taking testimony on the bill until, let's say, 3:30. I don't know that we will be able to hear everybody today, but we are going to try. To the extent that we do not, I want to make this pledge to you unambiguously: Every--

UNIDENTIFIED SPEAKER FROM AUDIENCE: May we have testimony from the opposition? So far, you have been taking all the testimony pro.

ASSEMBLYMAN SCHWARTZ: Are you finished?

UNIDENTIFIED SPEAKER FROM AUDIENCE: Yes.

ASSEMBLYMAN SCHWARTZ: The Committee will not be interrupted again by unrecognized witnesses. I would ask that you follow the legislative procedure so we can, in fact, move forward. All witnesses will be heard -- as many as possible -- and there will be witnesses this day -- today -- persons seeking amendments and persons who are opposed. That will happen before the end of the day.

Let me say, however, that if you don't get heard today, I want to give you my assurance that you will be heard

before this Committee. So nobody should feel that they won't get heard. We will try to hear everybody today.

I also want to say, in response to the question that was asked, it is true that I have witness slips here for about 50 people, of whom I have two seeking amendments, three who are opposed, and 45 in favor. So, naturally, we will be hearing primarily from people who are in favor of this today, since the ratio in this room, of course, is about nine to one.

At this time, however, I would like to begin testimony from some of the people representing the handicapped. There are just a lot of you, so I will just try to move along with it.

Rick Abrams, New Jersey Association of--

MR. LEE (Committee aide): Rick had to leave.

ASSEMBLYMAN SCHWARTZ: All right, that moves us forward. Rich left testimony. Susan Richmond, New Jersey Developmental Disabilities Council.

**S U S A N R I C H M O N D:** Good afternoon. My name is Susan Richmond. I am the Director of Legislative and Advocacy Services for the New Jersey Developmental Disabilities Council. On behalf of the Council, I would like to thank you for introducing the Housing and Jobs Bond Act of 1991.

The Developmental Disabilities Council is concerned about the growing numbers of individuals with developmental disabilities who are added to the waiting list for community living arrangements each year.

ASSEMBLYMAN SCHWARTZ: Susan, I am not sure you can be heard. Can she be heard in the back? (negative response from audience)

MS. RICHMOND: I'm sorry.

ASSEMBLYMAN SCHWARTZ: You will have to emote. Come out of your shell, Susan.

MS. RICHMOND: All right. I'll try.

MR. LEE: The microphone is only for the recorder.

MS. RICHMOND: Oh, I see, okay. We are also concerned about the--

ASSEMBLYMAN SCHWARTZ: Just a minute -- one second. I am sorry to interrupt your testimony. Ladies and gentlemen, the microphones you see apparently are hooked into the transcription system, but apparently are not so structured as to enhance voice communications in the room. So I am going to ask witnesses to do what Ray Bramucci asked me to do -- come out of your shell.

MS. RICHMOND: Okay. We are also concerned about the severe shortage of affordable housing for people with low incomes. Many people with developmental disabilities are people with low incomes because of their reliance on income support programs that provide income at below the poverty level, or because their employment income is similarly at or below the poverty level.

The basic goal of having a home to call one's own is one that could never be realized by these individuals with the grim realities of the current State financial situation. This bond issue would offer an alternative to the traditional sources of revenue for the development, purchase, and rental of homes to enable these individuals to achieve this goal.

All of the proposed housing programs established in the bill have the potential to impact upon persons with developmental disabilities. People with disabilities do not only require "special" housing programs. They can be first-time home buyers, participate in tenant ownership programs, renters, or homeless individuals. The Council would like to commend you for addressing the critical issue of affordable housing for all New Jersey citizens in an integrated, consolidated manner. It is the only way such a critical issue should be addressed.

One of the roles of the New Jersey Developmental Disabilities Council is to educate the public about the issues

that impact upon people who are developmentally disabled. The defeat of this bond issue by the voters in 1990 serves as a reminder to all of us of the need to continue educating New Jersey constituents about the social and economic importance of this legislation.

We would like to offer our support and assistance to you and your staff to ensure the victory of this bond issue in the November election. Thank you.

ASSEMBLYMAN SCHWARTZ: Susan, I want to thank you. I want to say, unambiguously, that the vote of this Committee, which was unanimous last year, and the vote in the Legislature, which was nearly unanimous in both Houses, was, I thought, an affirmation of the proposition that handicapped people are good neighbors. Now, I don't think we need to be any more clever than that in telling the truth. I appreciate deeply your testimony.

At this time I will call someone who taught me that handicapped people can be good neighbors, Marshall Bord, please, representing the American-- I don't know what group this is.

**M A R S H A L L B O R D:** (speaking from audience) I don't know either.

ASSEMBLYMAN SCHWARTZ: Please tell me what AAMH stands for.

MR. BORD: On the way up, the Association for Advancement of the Mentally Handicapped.

ASSEMBLYMAN SCHWARTZ: Thank you.

MR. BORD: I don't think I ever had a shell to come out of, so hopefully I will be all right.

It is a rare opportunity that we have where we can do both well and do good at the same time. This bond issue is blatantly, clearly one of those circumstances.

Commissioner Gibbs and others have addressed some of the populations, their specialties, and the handicapped people

that I would like to touch upon. I would like to supplement a little bit some of the -- to some degree -- comments Commissioner Gibbs made.

I am also here, by the way, representing the New Jersey Nonprofit Affordable Housing Network, which is a network of some 90 nonprofit agencies that are involved in the development of housing across the State of New Jersey. I am also, and probably primarily here representing the AAMH, which over the last three years has become heavily involved with housing for a number of people with a variety of handicapping conditions. In so moving into that field from the human services, social services perspective, the need is blatant; it is glaring. Rarely a day in the week goes by where some parent or family member doesn't call up with the literally pitiful questions: "What is going to happen? Where is my child" -- who may be 30, 35, 40, or older -- "going to live when I die?"

I literally had to pick my chin up off the floor at a parent meeting of a statewide group, not too many months ago, where four parents got up and addressed the group of several hundred, saying, "My prayer at night, and my prayer in the morning, is that my child will die before I do, because when I go, there will be no place for my child to live." To hear parents say that, and mean it, absolutely blew my mind -- absolutely blew my mind.

ASSEMBLYMAN SCHWARTZ: That is a devastating statement.

MR. BORD: And one of the critical needs is for housing.

Let me briefly move to another area. I again recognize the number of people behind me. Several years ago -- 1987-1988 -- the AAMH conducted a massive statewide study of what has come to be known as the "aging out population of the State of New Jersey." These are kids under DYFS' supervision who, as they approach or hit the magic age of 18, the age of majority, have their cases closed. Each year, approximately

2000 of these youngsters hit the streets of New Jersey. Most of them cannot go home again because there is little or no home to go back to. Most of them are semiskilled at best. Most of them end up-- Well, they hit every community in the State of New Jersey, because that is where they come from, and where they come from, that is back where they will go.

We conducted a series of eight meetings right across the State of New Jersey, in urban areas, rural, northern, central, southern, suburban, whatever. We tried to get as good a mix as we could of people from the special education field, juvenile corrections, from the private providers of care, from DDD, DYFS, Mental Health, etc. At each of these eight meetings, at least 20 different areas were represented -- professions, occupations relating to kids or older adolescents. The number got as high as 40 in a few of the counties.

At every one of those meetings -- every one of those meetings -- the primary, first, and by far strongest need identified for these youngsters, or older adolescents, or young adults was the absence of -- forget about affordable -- adequate housing, any housing. In other words, these kids then often hit the streets, become part of the homeless population, become part of the adult correctional system, become part of the adult mental health system, and end up in Marlboro, end up in wherever, costing us $40,000, $50,000, $60,000 a year. I would like to throw one more number out. The people in Brisbane are going for about $130,000, the older people and the adolescents.

Surely we can do better than that. Surely the need for housing is critical. This bond issue is a marvelous opportunity for the State to do well by itself, and to do well for the people it will serve.

Thank you.

ASSEMBLYMAN SCHWARTZ: Thank you, Marshall. I am really devastated by the proposition that somebody would wake up and pray that their child would die before they, so there would be some assurance that the kid would not be faced with homelessness. That is devastating. That is a horrifying thought.

I appreciate your testimony. I sense no questions of the witness. Thank you.

MR. BORD: Thank you.

ASSEMBLYMAN SCHWARTZ: I would call one of our colleagues-- Many of our colleagues in the Assembly and the Senate wanted to testify today, but were unable to be here for one reason or another. We are very fortunate, however, to be able to hear from one of the Assembly's most articulate and thoughtful legislators, a leader on the Appropriations Committee, the Honorable Bob Menendez.

**A S S E M B L Y M A N R O B E R T M E N E N D E Z:** Thank you, Mr. Chairman, for your very kind comments

Mr. Chairman and members of the Committee: I am proud and honored to join with you today -- I'm sorry I couldn't be here before; I was doing my duties on the Appropriations Committee -- and Speaker Doria as a supporter of this bill. It may be called an act about raising money for housing, but it is also an act of conscience, and I think an act of morality.

It is, in fact, about housing, but it is also about homes. Both fill a fundamental need these days. We need houses, places where people can live, and we need homes, places where families can flourish and where love can be nurtured. From the creation of the houses will come the homes. We need homes for the young families just starting out, and we need houses at a price that working families can afford. We need houses for senior citizens, for the mentally and physically handicapped, for our veterans, and our cities need new and decent housing. And, of course, the homeless need housing.

In this tough economic environment, in these harsh times, I believe it is manifestly government's job, its obligation to become a provider and a facilitator of housing. The Act calls for several million dollars in new bonds to be issued for the purpose of creating houses and homes. State dollars are stretched thin these days, but not to put forth this money, Mr. Chairman, would be the far greater miscarriage of justice.

Rest assured -- I know you have been an advocate -- that we will see a return on this investment many times over. We will see our investment returned with revitalized construction, real estate, banking, and other industries. There will be jobs, which will be the multiplier of millions of dollars breathing life into a more abundant economy.

Let me share this with you, Mr. Chairman and members of the Committee: Yesterday we had the chief economist, Dr. Scanlan, of the Port Authority of New York and New Jersey, before the Appropriations Committee talking about our economy, talking about what we can expect in the days ahead. She made two very important remarks. One of them, I think, is particularly pertinent to the bill before you and the consideration of this issue of putting forth this housing bond.

She said that projects, particularly public works projects, in her words are: "A vital and powerful countercyclical force in a recession." That is why I think we can be proud that New Jersey is moving correctly. She also talked about major investment in education. Those are the two things that in the regional economy we are in, New Jersey being part of that regional economy, and having that type of synergistic relationship, that, in fact, tell us we are doing the right things. Clearly, the development of housing is part of that powerful countercyclical force that we can, in fact, seek to enjoy and try to use as a force to spur our economy forth. And that produces taxes, and it produces generations of

funds for the State of New Jersey, and it helps our overall economy.

Certainly we were all dismayed as we listened to the radio this morning and heard about the Federal government's numbers on housing starts, nationally down to 13%, and in the Northeast, 29%. Those are devastating numbers.

But I think we are also going to get an investment back with our families. They can finally see their dreams realized. Our investment will come back with senior citizens, who will be able to stay in the communities they helped to build. Our investment will come back from the handicapped, who can become part of the whole community. Our investment will come back from families on the edge, who will no longer have to choose between food and shelter.

ASSEMBLYMAN SCHWARTZ: I think we just found our Chairman of the Hudson County campaign this year. (laughter) There are not a lot of-- That was a pretty eloquent statement, Assemblyman. This is great stuff.

ASSEMBLYMAN MENENDEZ: Thank you. Our investment will come back when the shame of hopelessness is removed from our streets. And I think our investment will come back with the renewed hope that homeownership is once again a right of working people, as well as the wealthy.

But I am not only here today, Mr. Chairman, to praise your efforts with this bill, but to sound a warning about the efforts needed to bring it to fruition. Had things gone better last fall, we would be sitting here at the beginning of a harvest of the results from this bill, instead of sweating for its passage yet again. So it falls to us to do an even better job of education, of inclusion, and of persuasion this time around.

Mr. Chairman, I want you to know that I, personally, recommit myself to those efforts. The fact that this bill is a noble and needed law is not quite enough, and we cannot be smug

in our belief that in the quiet virtue of this law it will sell itself. We've got to be loud and strong in our advocacy, and unstinting in our hard work. Then, and only then, will the housing we demand become the homes we need.

Mr. Chairman, I want to thank you for the opportunity. I want to commend you for the work you have done in this area, and continue to do. I will be more than happy to answer any questions you might have.

ASSEMBLYMAN SCHWARTZ: Yes, I have a question: Would you be willing to serve on the Steering Committee? (laughter)

ASSEMBLYMAN MENENDEZ: Yes. Mr. Chairman, a great Republican -- and I don't have that many that I think are great -- Abraham Lincoln, said: "He who believes he has the right to criticize, must have the heart to help." I certainly believe in putting my money where my mouth is, so I would be very happy to join with you.

ASSEMBLYMAN SCHWARTZ: It was a pleasure to hear your testimony. When I introduced you, I said that you were one of the most articulate members of the Assembly. I think our assemblage can agree with that.

Sensing there are no questions of this witness, but deeply grateful for your commitment to serve on the Steering Committee, and to perhaps chair the Hudson County activities, I thank you for your testimony.

ASSEMBLYMAN MENENDEZ: Thank you, Mr. Chairman and members.

ASSEMBLYMAN SCHWARTZ: At this time I would call Father William Smith, Our Lady of Hungary Church, in the City of Perth Amboy. Father, we are honored to have you.

F A T H E R W I L L I A M J. S M I T H: Thank you. Assemblyman Schwartz and other members of the Assembly Housing Committee, thank you for the opportunity to testify before you. For identification purposes, my name is Father William J. Smith, a Roman Catholic priest, pastor of Our Lady of Hungary

Church, Perth Amboy, and a member of the Mayor's Task Force on Housing for the City of Perth Amtoy.

I am going to show you how I changed my attitude on housing in a couple of minutes, and why I support this bill so strongly.

I was born at Raritan Bay Medical Center when it was formerly known as Perth Amboy General Hospital. I was raised in Middlesex County when Perth Amboy and New Brunswick were the religious, political, and economic centers for Middlesex County. Because I was raised in a working-class and middle-class environment, it wasn't until my ordination to the Roman Catholic priesthood that I realized the problems or issues surrounding adequate, decent, and affordable housing. Previous to my ordination, while in graduate studies at the seminary, I studied the problems of housing in our country, but I never realized the reality of the needs of those without housing, or adequate and affordable housing.

I had to overcome previous prejudices, which was not achieved until I became a priest and began to see the realities of the homeless and of the inadequate housing. These realities became alive in three of my four parish assignments: Saint Peter's, New Brunswick; St. Ambrose, Old Bridge; and Our Lady of Hungary, Perth Amboy. At St. Peter's, I served as parochial vicar, which was my first assignment. I personally took homeless individuals and families to hotels on Route 1 in Edison, New Jersey for temporary shelter. When the Ozaman Shelter in New Brunswick opened, I took homeless men there.

My second assignment was St. Ambrose in Old Bridge. Again, I served as parochial vicar. While there, I took people to hotels on Route 9 or the Ozaman Shelter when they appeared at my door. On one occasion, we allowed a member of St. Ambrose who became homelsss to stay at the parish rectory until arrangements for housing were established.

My third assignment that I made reference to is my present one. Fifteen months ago, I became pastor of Our Lady of Hungary Church, Perth Amboy. It was there that I learned the most about the problems of housing. It comes from my experience as a pastor and from serving on the Mayor's Task Force on Housing. The former comes from visiting members of my parish community and people in the neighborhood I live in. Within a block of where I live, there are people in housing situations I wouldn't ask an animal to live in, much less human beings; but they do. I have seen situations where the housing seems illegal. There are conditions which seem inadequate -- people living in attics and/or cellars that have only one access route and seem to be fire hazards. There are cases of many people in residences only set up for two or three people.

There are properties that could be made available for housing, but because of cost factors involved the renovations cannot be done, and so the units are underutilized or remain vacant. The cost for landlords to renovate and remodel units are too prohibitive for the private individual or small businessperson. Economic conditions and the fear of the cost factors prevent many people from making the necessary investments for more decent, safe, and affordable housing.

In relationship to working with the homeless, I was invited to a meeting of Ami Place, a hospitality center for the homeless in the Perth Amboy area. Being a new pastor, I had to learn what they were about. This winter, one night a month, I served as host and co-supervisor for the resident homeless of Ami Place. Most of those we care for are working poor or individuals who fell between the cracks of our bureaucracy and have no place to live. Ami Place is not just a hospitality center, but tries to help people out of their predicaments. For example, last year an elderly gentleman was homeless, very sick, and had no sense of dignity for himself. He was able to be placed in a nursing home and die with dignity. Another

individual who profited from the social services of Ami Place last year, this year became one of our volunteers at Ami Place.

I have shared with you my pastoral experiences with the problems of housing, and in two sentences will share a few reflections as a member of the Mayor's Task Force on Housing. From our research and our deliberations, I believe these are some conclusions reached: There is a need for affordable homeownership, a need for making illegal units legal, and a need for renovating units that are vacant.

Groups most affected by housing problems are: senior citizens, single parent families, large families, and the working poor. People who also are genuinely caught in a bind are owner/occupant landlords of illegal or unsafe units who financially cannot bring their units into compliance with housing, zoning, and fire regulations.

The funds provided by A-4379 will not alleviate all of the problems, but they will begin to deal with the complicated problems surrounding the issue of housing. I support A-4379 and will do whatever I can to get it approved by the State Senate, the General Assembly, and on election day. My strong support for A-4379 comes from my belief in the Judeo-Christian ethic that calls on us to be concerned for those who are defenseless, those who have no one to speak up for them, and those who are oppressed by our society.

It can be summed up from the Hebrew scriptures, which are part of the Christian tradition, in the words of the prophet Isaiah: "Cease to do evil. Learn to do good. Search for justice. Help the oppressed. Be just to the orphan. Plead for the widows." Or, the words of the prophet Jeremiah: "Practice honesty and integrity. Rescue the man who has been wronged from the hands of his oppressor. Do not exploit the stranger, the widow, the orphan."

Thank you.

ASSEMBLYMAN SCHWARTZ: Thank you, Father. Sensing no questions of this witness, we are grateful for your testimony.

At this time, Barbara DeMarco, Association for Retarded Citizens - New Jersey.

**B A R B A R A D e M A R C O:** Mr. Chairman, members of the Assembly Housing Committee: I am Barbara DeMarco, Director of Legislative and Advocacy Services for the Association for Retarded Citizens - New Jersey, an organization of 14,000 members concerned about the welfare of people with mental retardation and other developmental disabilities.

I am privileged today to speak in favor of Assembly Bill No. 4379, a bill that addresses the critical need for additional affordable community living arrangements -- group homes, if you will.

As you know, there is an appalling waiting list for community residential placement and other community services, a list that continues to grow at the rate of one person per day. Commissioner Gibbs said that that number is up to 4054 people. Add one a day, and it keeps growing. ARC/NJ is completely committed to eliminating this staggering waiting list for residential placement. In addition, we are committed to providing services for those most urgently in need. Further, the ARC is undividedly committed to those people we represent who reside in our developmental centers, either because they are appropriately placed or because they are among the 1500 individuals in those centers who we know have been identified, but continue to wait for community placement.

It is the ARC's understanding that at least $15 million of this bond issue would be designated for additional community housing program assistance for the disabled and other vulnerable segments of our population. Although $15 million of a $135 million bond issue does not sound like a large portion, it illustrates the continued commitment by the citizens of the State of New Jersey toward eroding a grim, unremitting waiting list for community placement and services.

Due to the present fiscal climate, New Jersey faces tremendous challenges to continue to expand those community services our population wants and needs. This bond issue will help ease some of these wants and needs. As Assemblywoman Marlene Lynch Ford so eloquently wrote in a February 8, 1991 letter to the editor: "Programs that give independence and dignity to our disabled citizens are both cost-effective and good investments."

On behalf of the Association for Retarded Citizens - New Jersey, I would like to thank you for hearing me today, and we support the bill.

Thank you.

ASSEMBLYMAN GILL: Thank you very much. Are there any questions? (no response)

At this time we would like to hear from Kate Blisard, United Cerebral Palsy of New Jersey. Kate?

**K A T E B L I S A R D:** Good afternoon.

ASSEMBLYMAN GILL: Good afternoon, Kate.

MS. BLISARD: In view of the time it usually takes to get up to this witness table, I am going to make sure that I keep my testimony to the point.

My name is Kate Blisard. I am a consumer advocate with United Cerebral Palsy of New Jersey. United Cerebral Palsy applauds Assembly Bill No. 4379, and wholeheartedly supports it. United Cerebral Palsy of New Jersey supports any development of adequate and affordable housing appropriate to the needs of the people of New Jersey. United Cerebral Palsy stands ready, with its expertise and its consultation services, to assist in the establishment of the Tenant/Ownership Program.

Now that that is said, I would like to talk as a disabled citizen, a taxpayer, and a homeowner. Most service organizations have people who serve persons with disabilities. I am a disabled person. I work with disabled people. I speak for them when I say that we also share the same dream of

homeownership. We also share the same dream of living in the community. And we also share the same dream of being taxpayers, instead of tax burdens.

This bill will assist persons with disabilities to do that. It makes a lot more sense for people who are disabled in New Jersey to be part of making New Jersey work, instead of always having to receive from the State.

As a disability advocate, I can tell you that with funds provided, many people can remain in their homes. All that is needed is housing rehabilitation; that is, rehabilitation and renovation of existing housing. These are homes that they either live in with their families, or they inherit, or they are able to purchase, but they are inaccessible and they do not have the funds in order to make them livable. It is better for disabled persons to maintain their own homes, than to be maintained.

Most of what has been said in the past few minutes by other representatives and disability organizations and groups, I can only concur with and endorse. I am also speaking for United Cerebral Palsy.

But there is one last thing: May we suggest, with all due respect, a slight modification in the language of the bill, so as to read: "To meet the State's constitutional obligation to provide realistic opportunities for persons and families of low and moderate income to obtain adequate, affordable, and accessible housing"? Would not such language include and provide for all citizens of this great State?

Thank you.

ASSEMBLYMAN SCHWARTZ: I want to thank you for your testimony. I don't know if everyone could hear it. If you did, I am sure you were moved, as I was.

Early in this hearing, a lot of politicians got their pictures taken. If I had had full awareness of the testimony that you have just given, I would have asked the photographers

to take yours, because that was moving and important testimony. I will speak to both the Speaker of the General Assembly -- who is my cosponsor, who will be here to testify at 2:00 -- and Senator Lynch, by phone, this day, to see to it that the amendment you are suggesting is accepted.

MS. BLISARD: Thank you.

ASSEMBLYMAN SCHWARTZ: I don't know if anyone wants to talk after that, but I am moved, and I thank you for your testimony.

MS. BLISARD: Thank you.

ASSEMBLYMAN SCHWARTZ: It is my anticipation, ladies and gentlemen, that the Committee will take 10 more minutes -- or a little less than 10 minutes -- of testimony at this time, break for 15 minutes, and resume at about 1:30, during which time we will hear testimony from a variety of folks, including, as I indicated earlier, persons seeking amendments and persons who may be opposed to this legislation. I understand that the Speaker of the Assembly, and cosponsor, wants to appear at about 2:00. It is also my understanding that sometime between 1:45 and 2:00, Gerard, with your permission, we will vote on the three--

ASSEMBLYMAN NAPLES: Dave, I will push my meeting back, if I have to, but if we can vote at that time it would be--

ASSEMBLYMAN SCHWARTZ: It is my anticipation that we will take testimony from 1:30 to--

ASSEMBLYMAN NAPLES: Okay, but don't worry; I will be here.

ASSEMBLYMAN SCHWARTZ: --about 10 of two, a quarter of two, break from the public hearing portion, convene the public meeting portion to do the consentual -- what I hope are consentual amendments. I will indicate again what they are at that time. We will then reconvene. If you wish to be excused at that time, you may be. It is my understanding that at 2:00

we will hear from the Speaker, and will go right on for as long as we can. I think probably we must break by 3:30, for a variety of other obligations, but we will try to do what we can.

So that is my anticipation in terms of the time schedule. I am trying to be as courteous as I can.

We have some persons in the room who are public officials in other jurisdictions, all within New Jersey. I thank them for their courtesy. I know they have other obligations as well. I believe we have John Kelly, Councilman from Atlantic City. Is John still here?

**C O U N C I L M A N J O H N C. K E L L Y:** Yes.

**ASSEMBLYMAN SCHWARTZ:** The Honorable John C. Kelly, of Atlantic City. It will be hard to follow Kate's testimony, I know.

COUNCILMAN KELLY: You're quite right.

Good afternoon, members of the Committee. I am here to testify in favor of the housing bond legislation -- A-4379. I think this is a very important question. I think probably what happened last year was, we had a preconceived idea because it was so important -- the need and the justice and the fairness of it -- that we sort of assumed that it would pass. However, we found out that we were wrong.

I would like to inform you that the City Council in Atlantic City passed a resolution unanimously supporting that bill last year, and I am quite sure it will do the same for this one.

I want to tell you about an incident that happened to me: A young lady came into my office not too long ago. If you are aware -- and I know legislators are aware -- of the CRDA and the building of some homes through that Act-- There were 135 homes put up. She wanted to know from me how she could go about attaining one of these homes, either for buying or renting. She wanted to go see them. I personally took her in my car because she had no vehicle to get there. She looked at

the homes and she fell in love with them, and began to talk about what a pleasure it would be to raise her two daughters in one of those homes. She is a single woman with two children.

We went back to the office and I took out the criteria to tell her what she would have to do to qualify for one of those homes; what it was necessary for her to do. She would have to have a down payment of $3500 and carry a mortgage of approximately $550 per month for 30 years, because of the nature of her job, which paid a little less than $20,000.

However, at the present time, she is paying $520 per month. So she couldn't qualify for the purchase of the home. When we looked down the criteria for the rental, she was over the income for the rental. She sat in my office and she cried tears like a little child. This really got to me, and I realized that there was the dilemma, and I think the answer lies in this very same bill we are talking about putting up now. So I think it is very important that we utilize all of our efforts, and that we try to get this bill passed.

I would also like to say something to you about my City -- Atlantic City. I can only speak for my City, because that is the City I know. In some areas, I can speak for the general State of New Jersey. You heard a lot about what is needed in Atlantic City for the further growth of the City. You hear talk about an expanded airport, and maybe an expanded airport is needed. But it will not substantially help the citizens of Atlantic City. Housing is the most critical issue in my City, and housing will help the residents of Atlantic City.

You hear talk about a new convention center, and maybe a new convention center will be needed somewhere along the line, but it will not substantially help the residents of Atlantic City. Housing will help the residents of Atlantic City.

You have heard talk about pending legislation creating a specific demolition act without companion development. Demolishing structures where people can live and where we have a shortage of housing at the present time, and not rehabilitating those structures, is not going to help the residents of Atlantic City. Again, the most critical need in Atlantic City is housing.

You hear talk about intercept parking to keep vehicles out of Atlantic City. You also hear about demolition of housing units to create inner-city parking for casino employees, so they will be closer to their jobs and hopefully they can revitalize some businesses along the avenue -- Atlantic Avenue -- where they may shop. This will not help the citizens of Atlantic City. Housing will.

So I would like to say to you that it is imperative that we bring this housing bond issue back before the good citizens of New Jersey, and that we use all our energies and all our powers to ensure the passage and the implementation of this Act.

I thank you.

ASSEMBLYMAN SCHWARTZ: Thank you, Councilman. I appreciate your testimony. Your Assemblywoman from Atlantic City, Dolores Cooper, is ordinarily a member of this Committee, and voted for this bill last time, as did 76 others.

Ladies and gentlemen, at this time I am going to declare a 15-minute break. We have 22 additional witnesses. If everybody takes about four or five minutes, we will be able to hear every single witness today. If you don't, then probably before the end we will not be able to hear everyone.

When we return I will try to get to as many people as possible. The first four witnesses I will call, so you can be preparing your testimony, subsequent to the break, will be: Mr. Stuart Sendell, representing Morris Shelter and Morris 2000, for the homeless; Mr. James H. Brown, Hands '91; Mr. Carl

Blumenthal, Director of Community Development for the City of Long Branch; and Ms. Phyllis R. Elston, Hands Across New Jersey. They will be the first four witnesses when we return.

(RECESS)

AFTER RECESS:

ASSEMBLYMAN SCHWARTZ: Ladies and gentlemen, may I have your attention, please? This public hearing on Assembly Bill No. 4379 -- the Housing and Jobs Bond Act of 1991 -- will reconvene. The first witness of this afternoon's session will be Mr. Stuart Sendell, who is here representing Morris Shelter and Morris 2000. As Mr. Sendell approaches the witness table, let me tell you that I am aware, ladies and gentlemen, that we have a whole bunch of people who represent a variety of programs for the homeless. I will hear you. I am hoping that if everybody takes four minites or less, that by 3:30 today everyone will have been heard. I that achievement fails, we will come back. I know some of you have other appointments, but obviously we have a lot of witnesses.

I do care deeply that you are here. I want to hear you. If you don't get on today, you will be heard. Stuart Sendell, Morris Shelter, Morris 2000. Welcome to the witness table.

S T U A R T S E N D E L L: Thank you, Assemblyman Schwartz. I want to thank you for your leadership, and pledge my personal support for your push for this bill.

I would like to report very quickly on two Morris County initiatives and how this bill would help them to provide needed services in that county.

I am the volunteer Treasurer of the Morris Shelter, which is a private homeless shelter located in Morristown -- in the Morris Township area of the county. It's 45 beds. It

operates at a cost of $29 a night, compared to the $80 that you heard about earlier this morning. For that $29, we provide not only the shelter, the meals, laundry services, but 24-hour counseling for all residents. So you can see that it is not only more cost-effective, but it is providing a much more comprehensive service. I am also proud to say that of that $29, only $7 is government funds. The balance is all private contributions by individuals and church groups. Because of that, this bill could help that shelter to provide additional services with the kind of multiplying effect you can see there.

We are into plans for building a transitional housing project for those families which are in our shelter who need to be in a more stable atmosphere after their emergency situation has been alleviated. That, again, is being spearheaded by private dollars from corporations and individuals in the county. But this bond issue could help us to provide more units, if we could use a portion of this type of a bond issue to provide the services.

So we look forward to working with you to show how that kind of a multiplying effect can work.

The second group is Morris 2000, where I am the Chair of the Housing Subcommittee. This is a countywide effort, and all areas of life in Morris County are covered. Each five years we do an inventory of life in the County of Morris and provide recommendations on how we think it can be improved. This year, the Housing Subcommittee has proposed -- and it has been approved by the Board of Morris 2000 -- that a new nonprofit corporation be formed to act as a technical adviser, developer, and manager of affordable housing in the County of Morris.

We find, in meeting with the League of Municipalities -- and I might add that Randy Primas will be speaking to them tonight -- that many of the local communities have local needs and local nonprofits that wish to provide housing, but do not

have the technical advice they need or the funds to make it work. This new nonprofit would combine the leadership of local banks, local corporations, local church groups, to bring together what is a very unusual situation in the State of New Jersey right now. We have a lot of small pockets of funds, and this bond issue would be one major player there. But you need to bring them all together to build housing. This nonprofit would help to do that by being able to go to the Federal Home Loan Bank, being able to go to see the area officers of the local banks, being able to reach out to the corporations for employer assisted housing, and be sort of like a central clearinghouse for the knowledge and the funds that are necessary to build.

I think you will see this model repeated in other counties. We look forward to the bond issue as being able to be a catalyst to make that grouping more effective.

ASSEMBLYMAN SCHWARTZ: I must say to you, Stuart, the nonpartisan Office of Legislative Services estimated that this $135 million in borrowing would generate $1.8 billion in economic activity and would pay for itself. It would be self-financing. As we will show at a future meeting, year by year we did not have available to us some of the leveraging from the nonprofit community, and basically used as our model the model from the University of Maryland, from the other input/output models, and from trade associations of for-profit agencies.

You are bringing us -- and I know I have a ton of people here from the nonprofit community who want to testify, and others around the State who could not be here today -- evidence that more than $1.8 billion will be generated for this $135 million.

I appreciate your testimony. I sense no further questions of this witness. Thank you.

MR. SENDELL: Thank you.

New Jersey State Library

ASSEMBLYMAN SCHWARTZ: At this time, I would call to the witness table Mr. James H. Brown, Hands '91. Jim, welcome.

**J A M E S H. B R O W N:** Thank you very much, Assemblyman Schwartz. In listening to the testimony of the various people who have been here, I found that Senator Menendez (Robert Menendez sworn in as Senator on 3/4/91, to replace the late Senator Jackman) said something I thought was very profound. He said: "He who has the right to criticize, should also have the heart to help." Perhaps that might epitomize the tax movement that is now going on in this State. We did criticize, yes, and we had many demonstrations. But we are here to show our leaders -- our legislators -- that we also have the heart to help.

I think shortly after November when you reached out and called Hands '91-- By the way, I am Jim Brown, and I represent Hands '91. I am the Legislative Chairman for the organization. We represent taxpayers in the State of New Jersey. You called us; you reached out and you said, "Jim, let's get together and talk. Let's see if we can compromise." That is really what our democratic society is all about. We did disagree, but not with the intent of your bill. We do understand and agree wholeheartedly that housing must be addressed in the State of New Jersey. That was not our bone of contention.

ASSEMBLYMAN SCHWARTZ: Right.

MR. BROWN: Our bone of contention was the way the funding was going to be handled and the moneys released to the General Fund, or how they were going to be distributed. And I must say that in meeting with you, Assemblyman Schwartz-- I sincerely must say I think you are a very fair man. I think you are sincere in what you are trying to do. You have done what I think all your colleagues should really look into, and should do themselves, talk to the people of New Jersey.

We talked about many amendments, which I will speak briefly about right now.

ASSEMBLYMAN SCHWARTZ: Please.

MR. BROWN: These will not be introduced today -- I understand that -- because we have to discuss this further, which we will do. But I am very grateful to see that you want to go through this process; that you want to do it right. You want to take the time so that this time around the people will be educated. If they vote yes, they will do it with the education on why they are voting yes; if they vote no, they will vote with the education on why they are voting no. At least they are going to have the facts.

One of the problems we had was, where will the money go if we invest the money and we have net proceeds from this? You addressed it, I think, very well. It is going to a totally dedicated fund, as it should. In other words, no one's hands goes into the cookie jar, and that is important.

ASSEMBLYMAN SCHWARTZ: Excuse me for one moment, Jim. Members of the Committee and staff, you will find in your Committee packet a variety of amendments. Mr. Brown is now addressing an amendment which is available to you, but which is unlikely to be moved today. Nonetheless, it is here for your review. He is addressing an amendment that we worked on together which would dedicate all funds deriving from the sale of bonds to an affordable housing fund, or, in this case, a set of funds, none of which would go to the General Fund; all of which would be arrayed in, and all payments made out of these funds.

Please continue.

MR. BROWN: Thank you, Assemblyman Schwartz. Second, we addressed accountability: How are we going to account to make sure that this money is spent properly, that it goes where it is supposed to go, and that it is going to reach the people for whom it is intended? I was glad to hear you say there

would be no administrative costs. I know you were talking about, at one point, $1.2 million administrative costs, which would be low because you would still be under 1%. But now if you are talking no administrative costs, that means that is an additional $1 million that hopefully is going to help the people in this State.

ASSEMBLYMAN SCHWARTZ: Right, and that one we hope to do today.

MR. BROWN: You came up with something where you created a Housing Bond Commissioner of Community Affairs. This would be an oversight board that would make sure that this bill -- this enactment, this bond -- is acted out properly, of which Hands '91 hopefully, because you will accept four members of the general public-- We would like to have a representative on that committee, because we want to stay involved, and we want to make a difference.

ASSEMBLYMAN SCHWARTZ: Let me hold you up again for a moment. Members of the Committee, Mr. Brown is now addressing an amendment which is available to you in your packet; unlikely to be voted upon today, but in which Mr. Brown and I have been talking about the development of a Bond Oversight Committee.

UNIDENTIFIED MEMBER OF STAFF: That is not in the packet.

ASSEMBLYMAN SCHWARTZ: Not in the packet? It will be made available to you.

SECOND UNIDENTIFIED MEMBER OF STAFF: The last one wasn't in the packet either.

ASSEMBLYMAN SCHWARTZ: Both of those will be made available to all members of the Committee and to both staffs. Certainly we will not move on either of them today in any case, but we would not have without putting them in the packet. I'm sorry. Mr. Brown is now addressing an amendment not available to you, but which will be made available to you tomorrow, in which a Bond Oversight Committee would be established.

MR. BROWN: Okay. I will just touch on one other amendment. There are other things we did talk about which are good, but again further meetings are needed.

The taxpayers have a great concern because since this is a general obligation bond, our sales taxes could be affected in the event that in any year there was a shortfall of funds and we could not make the principal and interest payments. Due to the amendment where we are going to have this dedicated fund-- Now this bill, if it is amended -- as we talked about -- will be a safeguard for the taxpayers of this State. Before they go to our tax dollar pockets, they will use the money prudently that has been invested, if need be. Hopefully, it will not be, but if it is this amendment will safeguard our tax dollars, and we will use the money that has been invested to pay for the principal and interest.

One amendment we did not talk about, and we could talk more about-- One interesting point is: Many people testified that this bond issue will generate, hopefully, many dollars. As an example, say, in 20 years if we do have $20 million or $30 million in this dedicated fund, a good suggestion might be to maybe take $10 million of that money to recall these bonds at that point, thereby truly reducing the debt service of this State. Again, that is just a suggestion, which we can talk more about.

ASSEMBLYMAN SCHWARTZ: And it is a good one.

MR. BROWN: In closing -- and I will be brief on this -- Assemblyman Schwartz, we want to thank you very much for reaching out to us. We feel you are sincere. When we started in November, we felt we had a wide gap between us. Okay? Because of our conversations and our meetings, we feel that gap has been closed, but there is another bridge that has to be built.

ASSEMBLYMAN SCHWARTZ: Sure, sure. I want to thank--

MR. BROWN: It is just my opinion--

ASSEMBLYMAN SCHWARTZ: Oh, I'm sorry for interrupting.

MR. BROWN: That's all right. It is just my opinion, but hopefully we can get a consensus of the people of this State to support this issue, because housing must be addressed. Again, at future meetings, hopefully we will get to the point where the people can support this.

ASSEMBLYMAN SCHWARTZ: I deeply appreciate your testimony. It's true that subsequent to the November election I reached out to you, and you reached out to me. We were able to talk again and again, about what it is that would make us be able to come together so we could have affordable housing, and at the same time taxpayer protection. The amendments you have talked about -- some of which are not here, but which all members will have tomorrow -- move in the directions you indicate.

They move in the direction of eliminating all administrative costs -- that I hope to do today -- and they move in the direction of seeing to it that the expenditure under these bond acts will have complete public input through a Bond Oversight Committee. As soon as we have total agreement on this bill, I will ask both Speaker Doria and Senate President Lynch to accept that amendment. They move and drive in the direction of seeing to it that there is a recapture of dollars for these funds from all investments, and would authorize a variety of alternative investments to keep the taxpayers secure in this State. In fact, I think that was the intent of my legislation, but you correctly improved the bill by pointing out the need to say it in words. I think that is good.

Finally, the indication is, as you made mention of it at the last meeting, there may come a time when, if our investment is sufficiently excellent, if the housing appreciates appropriately and the other investments move forward, it may be possible that the funds -- the residual funds, the accrual funds -- will be so substantial that it may

be possible at that time for the Bond Oversight Committee to recommend a calling of the bond.

Let me say again, the calling of the bond, as a fiscally prudent matter, was always available in the previous bill. Let us be clear. It is not, "Gee, I didn't think about that," or, "We didn't know about that." But, on the other hand, I think it is a contribution to the public discourse and debate that Mr. Brown is making, saying, "Why don't you say it in the bill? If it is implied, if it could be done, if it ought to be done, why don't you say it in the bill that at such a time that that is appropriate, then the Bond Oversight Committee will, in fact, make that recommendation, and the Treasurer will act in conformity with that recommendation?"

Let me say that I deeply appreciate your testimony. I appreciate your willingness to come to my office. I appreciate the fact that you have entertained my staff in your home, I gather. So, we do need to negotiate; we do need to talk. But there is a high moral stature behind the process we have begun. I appreciate deeply your participation in it, and your testimony.

MR. BROWN: Thank you.

ASSEMBLYMAN SCHWARTZ: Are there any other questions of the witness? (no response) If not, thank you, Mr. Brown. I also appreciate my colleagues not asking too many questions today, because we have so many other people.

Mr. Carl Blumenthal, Director, Community and Economic Development, City of Long Branch. Carl, welcome to the witness table.

**C A R L B L U M E N T H A L:** Thank you, Assemblyman Schwartz.

ASSEMBLYMAN SCHWARTZ: You're welcome.

MR. BLUMENTHAL: Earlier, I handed out copies of my testimony.

ASSEMBLYMAN SCHWARTZ: Yes, we have them.

MR. BLUMENTHAL: Okay. So I will summarize parts of it, but other parts I want to read because what I am going to say is different from what anyone else has said today.

I am here wearing two hats: First as Director of Community and Economic Development for the City of Long Branch. I am here on behalf of our Mayor, Adam Schneider, to tell you that we both support the housing bond issue -- A-4379. Then as an organizer of the Environmental Housing Coalition of New Jersey, which is an ad hoc group of environmentalists, affordable housing advocates, and planners. I helped to organize this Coalition last year, which has been concerned about bringing together environmentalists and affordable housing advocates to work together. I call affordable housing advocates advocates of Red Bricks, and environmental protection advocates advocates of Green Fields.

ASSEMBLYMAN SCHWARTZ: Sounds like a movie to me.

MR. BLUMENTHAL: I want to mention that our group, with funding from the "Fund for New Jersey," has planned a conference on March 21 at Rutgers, New Brunswick. The conference is entitled, "Affordable Housing Production and Open Space Preservation in an Age of Austerity."

Now, during the campaign for the housing bond issue last fall, our group was not ready to take a position. We are made up of about 25 groups. As I said, we are ad hoc at this point. We are still not going to take a position until our March 21 conference. So what I am going to say now are my own views, but I think they reflect the discussions we have had within the Coalition since the beginning; namely that the State needs a joint affordable housing/open space bond issue. Because you have already drafted half of such a bond issue, $135 million for Red Bricks, I ask for your support for an equivalent amount for Green Fields, or Green Acres, if you like.

To this Committee and my affordable housing colleagues, the idea of expanding the scope of the housing bond

issue may appear as a roadblock, just when you are picking up steam again. That is not my intent, and I apologize for not introducing the idea sooner. I worked for the 1990 bond issue and asked every major environmental group in the State to support it. But because it failed, I now ask you to examine whether a single issue bond referendum is the surest way of creating new resources for affordable housing.

Granted, the bond issue was, I think, unfairly caught in the tax backlash. Making the bill more sensitive to taxpayers' concerns may be the answer. But what if the economy and tax situation worsens? I am sure you will agree that a second straight defeat of the affordable housing bond issue would not help the affordable housing cause. The defeat of our housing bond issue, and of environmental bond issues in other states last November shows why affordable housing and open space advocates must stick together. When citizens become preoccupied with taxes and the economy, they may forget that such social goods as affordable housing and environmental protection are, by their nature, almost totally dependent on public resources.

Last week's Eagleton Poll illustrates that taxes and the economy now concern New Jersey residents much more than the environment, the perennial favorite. Historically, affordable housing has lagged considerably behind the environment in the polls. Now that environmentalists are down in the dumps too, they should be more open to combining Red Bricks and Green Fields.

I think the timing is right. This Committee is looking again at a housing bond issue, and the 1989 Green Acres bond issue will be exhausted by the end of this year. In addition, environmentalists have tried and failed for six years to create a natural resources trust fund, like the State's Affordable Housing Trust Fund. This added source of moneys would have been steadier than bond issues alone.

But political expedience is not the only reason for combining bond issues. The State plan contains new ways of linking old concerns: for environmental protection to make redeveloping cities more inviting and for denser affordable housing to prevent suburban sprawl. A Red Bricks/Green Fields bond issue could be among the first attempts to realize State planning wisdom, which I summarize as, "Build only the housing we really need, in the places best suited for it." If you want stricter linkage than just splitting the money 50/50, I suggest basing the open space funds on COAH compliance, and the affordable housing funds on a complete Green Acres inventory. That would be fair, but maybe not realistic.

Finally, there are precedents. Little Vermont created a Housing and Conservation Board in 1987, funded by a variety of mechanisms, including a joint bond issue. Since then, the Board has preserved and created more than 1500 affordable housing units and 25,000 natural resource acres. And, believe it or not, the Board only funds nonprofits. By the way, leaders of the Vermont Housing and Conservation Coalition will be keynote speakers at the March 21 conference.

Massachusetts has had an Environmental Housing Coalition for as long as Vermont has. In 1987, just before the state economy turned sour, the Massachusetts group almost passed a housing and land bank bill, which would have enabled municipalities to use a realty transfer tax for affordable housing and open space. Rhode Island started a coalition recently and it, too, has its sights on a joint bond issue. Dutchess County, New York is another example. I am sure other coalitions exist because this seems to be an idea whose time has come.

If this Committee agrees with the idea, I and other members of the Environmental Housing Coalition would be happy to work with you to make it a reality.

Thank you for listening to my testimony.

ASSEMBLYMAN SCHWARTZ: Thank you very much. That is challenging testimony worthy of some consideration. I will appreciate reading it, and I am sure I or individual members of the Committee will come forward and be back at you.

MR. BLUMENTHAL: Thank you.

ASSEMBLYMAN SCHWARTZ: Sensing no additional questions of the witness, I call on Phyllis Elston, Hands Across New Jersey.

**P H Y L L I S R. E L S T O N:** Thank you, Mr. Chairman and members of the Committee. We at Hands Across New Jersey congratulate and commend you for the impressive array of witnesses that have been gathered here today. You know, it has been a lot of hard work that has solidified such support behind your effort for the affordable housing bill.

Hands Across New Jersey as an organization of course is well-known as a group -- a grass-roots group -- which has been able to muster tremendous support of taxpayers and people in general for almost a year now for mainly one purpose: accountability and efficiency and responsibility in government. I think just as no one would ever speak against the handicapped, the needs of the homeless, the desires of the organized churches, the desperate need for affordable housing we have here in this State, so also does it become impossible for anyone to speak out against efficiency, accountability, and oversight, particularly in these difficult economic times. Therefore, the remarks that I will make on behalf of Hands Across New Jersey today will address themselves largely to the economic tightening we feel is necessary in the bill.

Hands Across New Jersey finds, and is troubled with the lack of specificity with regard to the programs and expenditures in the proposed A-4379. I am going to make specific comments to the bill which we hope that sometime after the fact we will be able to iron out in the form of additional amendments. We understand there is amending material coming

along today, but I, for one, have not seen it. So we are glad to hear that this hearing is one of a continuing series.

In section 4.b. of the proposed legislation, affordable housing-- The legislation states: "Such housing programs as shall be established by law may include, but shall not be limited to--" The bill stops there and goes on to name seven specific program categories which may -- and I emphasize the word "may" -- be funded. We have a problem with the permissive word "may," in that any of the programs named could, or could not be funded. Voters, we feel then, are being asked to approve entities which are completely uncertain, due to this language in the bill. There is no indication that all of these programs are required to be funded. None, or all, or some, may or may not be funded. We feel there is a tightening needed there that would bring about further fiscal responsibility, which is needed.

**ASSEMBLYMAN SCHWARTZ:** So, you would prefer to see on page 2, lines 32 and 33 of the bill-- You would prefer that the last word on line 32 should be replaced by the word, "shall."

MS. ELSTON: Yes. Well, Mr. Chairman, let me take up the next paragraph of my written statement here, and I think that will clarify what we have to do with the language, or what we feel needs to be done with the language. We have to deal with that nonpermissive "shall" which, as it is currently used in the bill, puts the taxpayers in a situation where they are positioned to absorb a large amount of debt for purposes, again, that are virtually unknown. There is a lack of language that says exactly what the programs shall be. We have a lot of them we know. We have seven of them that we know may be, and they are all laudable and worthy, but then there is that, "shall not be limited to." So we are looking down a dark tunnel with a question mark at the end. We hope to be able to get together with you and fix that so it will be good and

tight, and so that the public which is being asked to assume this debt knows exactly what they are being asked to assume.

Additionally, many terms that are pertinent to the implementation of this legislation are not defined specifically in the bill. I refer to things like: "annual income," "down payment," "eligible buyer," and "first-time home buyer." Most particularly, what is "low income," what is "moderate income"? Again most particularly, what really is a "qualified nonprofit corporation?" etc. We would like to see, as was last time the case, this language specifically defined in the definition section of the bill.

Further, in section 14.b., language would allow the State Treasurer to transfer available money from any fund in the Treasury to the Affordable Housing Assistance Fund, with any sum so transferred to be returned to the same fund from which it was drawn. In view of the fact that the program funding specifics have not been articulated, again the taxpayers are in the position of having their money being borrowed back and forth from this fund to that fund, again for projects unknown.

We feel it would be much more responsible to limit the transfers to the housing fund-- We realize they may be necessary, but let us limit them to moneys drawn from funds with the same kinds of purposes. This, we feel, would be very constructive in helping to build the confidence of the bondholders that their money is, indeed, going for the declared purposes in the bill.

Also, the amount of time that these kinds of funds could be borrowed, we feel should not be open-ended. We would like to see some kind of a limit if there is this type of borrowing from one fund to another. Perhaps there should be a statement that these borrowed funds would be returned within six months.

There are historically, we all know, bond issues that are passed at the polls, but lay dormant for quite some time. Some of them, I imagine, perhaps are passed and never funded. So theoretically, the way this bill reads now, we can see funds being borrowed by the Treasurer from some fund somewhere, and being put into this trust fund that may, indeed, never be effectuated by bonds. I mean, that is a far-out possibility which we assume would never happen, but it is possible. So we feel, let's tighten that up so it is clear that that cannot happen. These bonds, we assume, will go forward, and moneys from other funds borrowed will be returned promptly, if that borrowing is necessary.

ASSEMBLYMAN SCHWARTZ: Excuse me. On that point, you are talking about a mandatory sale, or issuance of bonds within a time certain?

MS. ELSTON: Yes, correct.

In section 14.c., language would direct net earnings-- I believe you may have already-- You may be attempting to deal with this.

ASSEMBLYMAN SCHWARTZ: Right, we have, but you ought to complete your testimony so that I can comment.

MS. ELSTON: Okay. Net earnings received from the investment or deposit of moneys in the fund to be paid into the General Fund-- We feel that in order to advance the programs specified in the bill and the amounts we hope will be joined with those programs, it would be very fiscally responsible to direct net earnings into a dedicated trust fund tied to the purposes of the bill. Again, this can only help us by building confidence in the people who are the bondholders or those considering the purchasing of the bonds.

While we fully understand the need for the programs outlined in the bill, we also consider the fact that this bond issue will add, on principal only, $135 million in debt to the residents of our State. This is really, if we picture us as

one collective entity, the same as obligating New Jerseyans for a collective mortgage for the next 35 years. The citizens incur a liability regardless of the success of the programs. Rather than asking the citizens to incur the full weight of this indebtedness, we have an idea, and that is to suggest that industry might consider underwriting a portion of this.

You have had already, and you will no doubt have more before you, individuals from the building and banking industries and such, who are clearly supporting the bill. So we ask the rhetorical question then: Should not these industries be willing to underwrite perhaps a portion of these programs? This would be very much in line with suggestions we have seen recently as to how to involve the insurance industry, the medical profession, and the legal profession, in putting forth moneys and cooperating to finance our way out of health care and auto insurance dilemmas. Perhaps we can get some industry involvement here.

ASSEMBLYMAN SCHWARTZ: Are you making reference to the proposal that there be a tax on payroll? Is that--

MS. ELSTON: No, no, no, no. I'm saying, can we investigate the possibility that industry, even in these poor times, might be willing to come into some sort of a joint venture and underwrite some of these programs.

ASSEMBLYMAN SCHWARTZ: Invest in these bonds, or issue them privately?

MS. ELSTON: Whatever way we can investigate.

ASSEMBLYMAN SCHWARTZ: Okay, thank you.

MS. ELSTON: Let's get industry involved in the financing. In other words, the taxpayers are being asked to underwrite all of this. We, indeed--

ASSEMBLYMAN SCHWARTZ: I hear you.

MS. ELSTON: --will benefit economically, and so will the industry. Let's get the industry involved.

Other possibilities for tightening financial accountability in this proposed legislation include: consideration of elimination of grants and expansion of the low-interest loan programs -- you have already said that you are capping or getting rid of administrative costs; that's wonderful; directing excess funds which may exist in any given fiscal year back into the fund; and here is one that I don't know if you have considered-- Let's consider easing the regulatory process for these kinds of housing programs. By that I mean, let's consider easing the permitting process for the types of programs contained within the bill. Let's give them priority. If they are juxtaposed with development that does not have to do with affordable housing, let's consider a priority standing for these programs that are the affordable housing programs in the maze of permitting on all levels; that's local, county, and State.

We are glad, Mr. Schwartz-- I do not have to deliver this part of my testimony, because it concerned our confusion on the fact that we expected a series of hearings, and then with the notice of this hearing, combined with the Committee meeting, there was a fear on the part of many of those of us interested in the topic that the bill, you know, was in danger of coming out, and our input could not be properly--

ASSEMBLYMAN SCHWARTZ: Well, that is a very real danger, because I could have scheduled it for a complete vote, and then you would only have had a chance to testify in eight other committees. So I can certainly appreciate why you would be terrified of that thought. But we are not going to do it.

MS. ELSTON: I will diverge and say, one of the reasons I am terrified of that is because I experienced that recently in a very important transportation issue, where it was to have gone to several committees, and it just hopscotched and went directly. So, you know, it makes you gun-shy. I am glad we are going-- I hope to God that this will go through the full range of committees. I'm sure you mean it when you say it.

ASSEMBLYMAN SCHWARTZ: It is going to do that. It did last year, and it will again.

MS. ELSTON: Good. We will all get to know each other very well.

Finally, another thing: I don't know if you have considered this. This is perhaps by way of being something new popping out of a hat, although not new, because a bill -- AJR-93 -- came through this Committee. Mr. Schwartz, you were the sponsor of the bill, and the bill wisely, to some degree, stated that reliance on the traditional method of long-term financing through the issuing of bonded debt is clumsy and expensive, lacks in flexibility, etc., etc., and sometimes isn't used to the greatest utility. In that bill you aimed to set up a capital study commission that might be able to handle financial matters quickly and more efficiently than bonding. Therefore, we wonder why you have turned to bonding in this instance? We are going through a process that we have gone through before. It may be a good process, but perhaps we should step back and reexamine the aims of AJR-93 and the capital study commission it would create, and see of what use a body like that might be in aiding these programs to go forth.

I would like to try to be brief. We want to study the amendments. We want to work with you to help this to go forward, but most importantly, really -- and I know the group is speaking out on behalf of those million people who signed the petitions-- Let's get these programs fiscally tight so there isn't room for one more turn of the screw. Only then, really, should the taxpayers be asked to assume any additional indebtedness. When they know where every cent is going, when it is all there in black and white, when they feel they have the screw tightened to where it can't be tightened anymore, I am sure you will have everyone from all groups behind you.

ASSEMBLYMAN SCHWARTZ: All right. I thank you very much for your testimony. I just want to clarify, by way of

factual encounter, what I understand, on behalf of this Committee, this testimony is. Then I will defer, because you want to make a statement.

ASSEMBLYMAN NAPLES: No problem, Dave.

ASSEMBLYMAN SCHWARTZ: All right. As I understand it, your testimony has the following characteristics: On page 2, lines 32 and 33, it would read: "Such housing programs as shall be established by law shall include--" It would not permit "may," and it would not have "but not be limited to."

MS. ELSTON: That's right.

ASSEMBLYMAN SCHWARTZ: Secondly, you want -- or, you are recommending additional definitions of the terms -- I say "additional definitions" because all of the terms you mentioned -- "down payment," "low income," and "qualified nonprofits" -- are defined in the legislation which is in the Senate now, what is called the Revenue Bill or the Spend Down Bill.

MS. ELSTON: Right.

ASSEMBLYMAN SCHWARTZ: But I understand your testimony to be that you would like them repeated here.

MS. ELSTON: Yes, especially since the other bill has been--

ASSEMBLYMAN SCHWARTZ: Thank you. To me, all that is, is additional printing, but I am happy to accommodate you. I will ask the Senate President and the Speaker to accommodate you, too, so we will just have the same definitions in both bills. Maybe there is some utility to that, so that nobody can ever say in a court of law, "Well, it said that there, but it didn't say it here." I do not have a problem with that.

MS. ELSTON: Exactly. I have seen problems because of that.

ASSEMBLYMAN SCHWARTZ: I don't have a problem with that. I do not speak for my cosponsors, but I do not have a problem with that.

Thirdly, you want a limitation of transfers from the General Fund in anticipation of the borrowing in two ways: by the funds from which they could be taken and by the months and years in question. Is that correct?

MS. ELSTON: Yes.

ASSEMBLYMAN SCHWARTZ: I don't see that as a great difficulty. The number of weeks or days or months we might have to discuss, to make sure that we, in fact, can do that consistent with law and good financial practice.

What this is, by the way, for those of you who are sort of not really excited by cash management accounts, is simply that in anticipation of borrowing we often do bond anticipation notes. The State does that all the time, just as a municipality does. Or, we can use a cash management account if we have a very good opportunity to do a housing project, while the bonds are being drawn down. Testimony here from Ms. Elston on behalf of Hands Across New Jersey is that they would like to be sure they knew where it was coming from, and for how many weeks. As long as we can come to an agreement that doesn't prevent us from seizing good housing opportunities, I don't have a problem with that.

The mandatory sale or issuance of these bonds within a time frame-- Obviously I like that. I know the Treasurer won't, but I do. So I don't have any difficulty with that. That simply says if you pass bond bills, you should implement them.

Let me say that I think you are completely correct. We have $2.1 billion in authorized nonissued debt. I don't want this to swell the dust-gathering shelf of bond bills. So I agree with you wholly on that.

We have already agreed with your point -- which I take to be a point that we discussed earlier in Mr. Brown's testimony -- that we are going to reserve all funds in the housing funds, and not in the General Fund.

The notion of exploring industry write-downs is something we can talk about. I would be happy to talk about it with you. That is a much broader discussion than can be had at this hearing. I would not be willing -- speaking as a prime sponsor -- to hold up this bond bill and this activity for an industry write-down of these bonds, because, as you may know, on Monday, in the Appropriations Committee, my legislation to do exactly that on the donation of land-- It is up in the Appropriations Committee. It is a challenge to the industrial community of New Jersey. I ask you and your members, just as I ask the present public, to understand that this is a major bond issue, but it is not the only housing bill in the Legislature. This bond bill is embedded in a housing policy that is moving forward in the Legislature.

So, the notion of industry's contribution-- I agree with you, and I congratulate you. But please don't think that is would be properly done here -- although I am willing to discuss it with you -- because we have a major bill seeking industrial write-downs in another matter. I would be unwilling to accept the proposition that we ought to eliminate all grants, because that is not, in my judgment, an appropriate response. I would be happy to discuss with you the loan program. I beg you to understand -- and I want the present public to understand -- that in talking about a program that is self-funded, that is self-financing, that amortizes itself, that is costless to the taxpayers, the grants have been factored in because of the interest rate difference on the loans.

This is a very fiscally prudent bill, even with the grants. I would not be willing to eliminate all grants. I am willing to discuss it with you.

The conversation you had -- or, the testimony regarding the easing of the permitting process, is an intriguing one. I already have that bill which is already over

in the Senate, so I won't put it in the bond bill because it would be a violation of our non-germane rider rule. But I will say that I agree with you. You have a bill already in the Senate if you want to support it. My staff will come to talk to you soon. It passed the Assembly overwhelmingly, and it is in the Senate for rapid permitting of affordable housing programs.

Finally, the functioning of AJR-93-- Finally, if I have understood your-- Have I gotten everything so far?

MS. ELSTON: Well, I think we have missed the fact that the $135 million figure is a figure that-- Unless at least the majority of the moneys are assigned to the seven topics, then the $135 million figure is a figure that is not really grounded in fact.

ASSEMBLYMAN SCHWARTZ: Yes. I am going to suggest in our discussions and negotiations as this Committee moves forward, that we restrict, by way of adopting your first amendment, all of this to the seven programs. So, the $135 million will be totally allocated within those seven programs. I think we are all right on that. I suspect we will be all right.

Finally, if I have gotten everything you have said, there is the question of AJR-93, and I will be happy to discuss what its function is. Its function cannot be to hold up the needed housing programs, but it could operate as part of the bond oversight process. If that summarizes your testimony, I think we have a good basis for continued negotiations.

MS. ELSTON: It summarizes it very well. There is one more point that we needed to make, but I don't know if it is appropriate since you have not brought forth your amendments. It concerns the appropriateness of joining the needs of the veterans with this particular bill. When I found out that that was being considered, I made a late night call to a friend of mine in Washington, D.C. last night, and I got some figures

about the numbers of residents who are in the Gulf. We have a tremendous amount of Vietnam and Korean veterans here who need help in getting housing. They need what they need. We are not at all sure that those needs should be rolled into this, particularly in light of the defeat that this experienced the last time.

We would not want to see this legislation, you know, joined with that, simply to capitalize on the emotional aspect of that and hopefully make it more palatable, if we are not exactly sure that this is fiscally what it needs to be. So, may we save for a subsequent hearing commentary on the efficacy of joining this with veterans' needs?

ASSEMBLYMAN SCHWARTZ: I will call you back to the witness table if it is the decision of this Committee to move the Desert Storm amendment today. If it is Hands Across New Jersey's intention at this time to ask that it be held or opposed, that would be your opportunity to do so. I would be happy to discuss with you at that time--

MS. ELSTON: Good.

ASSEMBLYMAN SCHWARTZ: --what the fiscal consequences are based on our assessment from our official data on the Veterans' Administration -- we didn't call late at night but rather over the course of days because we knew we were going to do this -- and to tell you precisely how many Desert Storm veterans need this help, why it is fiscally responsible, and why we could not do it under this bond act for the Vietnam and Korean War veterans, unless Hands is prepared to enhance this bond issue to $146 million. If that would be your testimony, we could probably do that.

MS. ELSTON: Okay. Well, then, I hope I will be allowed to comment when you consider--

ASSEMBLYMAN SCHWARTZ: Sure. You will be invited back to the witness table at that time.

MS. ELSTON: Thank you.

ASSEMBLYMAN SCHWARTZ: Gerry, we have kept you here longer than you anticipated. I appreciate deeply your--

ASSEMBLYMAN NAPLES: Let me just say a couple of words: I don't want anyone here to think that my jumping up and down and running to other meetings was due to disinterest. I am not a member of this Committee. I am here at the request and sufferance of my good friend, Dave Schwartz, of Middlesex County. But today we unveiled another bill -- Speaker Doria is here -- the new QEA bill. I am Education Chairman, so you know what I have been going through. I have been running all over the place. Please, please, do not interpret my jumping up and leaving as a lack of interest or a lack of concern about this measure. It is a most important one. I hope it will be released from this Committee.

I have to be going now. Thank you for the honor of allowing me to serve, Mr. Chairman.

ASSEMBLYMAN SCHWARTZ: Thank you very much.

Ladies and gentlemen, I want to announce before I take the Speaker of the General Assembly, the Honorable Joe Doria, as our next witness and then begin coming back to our previous witness list, that in light of the conversation just had, I will not move the amendments today because I want to fully consult with all witnesses on the question of the Vietnam veterans' amendment. It would be my anticipation, however, that tomorrow you will all receive copies of all the amendments we are considering. And at the next meeting, which will also be a public meeting of the Committee -- I don't know that we will have another public hearing and spend the taxpayers' money on more transcripts -- I would be anticipating that there would be a motion to move the amendments in question.

During the interim we will be discussing with Mr. Brown and presumably with Ms. Elston, or others in her organization, how it is that we could fashion amendments which are perfecting in nature and, while enhancing housing in New

Jersey, would be assuring the taxpayers that they are getting the most prudent bill possible.

With that, I would call on the Honorable Joe Doria, Speaker of the General Assembly. It is a pleasure to have you here, Mr. Speaker.

**ASSEMBLY SPEAKER J O S E P H V. D O R I A, JR.:** Thank you very much, Assemblyman Schwartz. It's good to be here, and it is a pleasure to have the opportunity to testify before the Committee. I want to commend Assemblyman Schwartz for his efforts in the area of housing, specifically in this area concerning the housing bond issue. I commend the members of the Committee for the fine work they have done in the past in this very important area, which is obviously the area of housing.

Since the turn of the century, people in every generation have come to believe that if they work hard they can have a better, more financially rewarding life than their parents. But things have not been working out that way over the past few years, unfortunately. Hard-working people are discouraged and frustrated. For many of them it is a backbreaking and futile struggle just to attain the type of life-style which their parents regarded as middle class.

One of the greatest symbols in our country of this tremendous sense of dissatisfaction is the cost of housing. In New Jersey, the prices of single-family houses have doubled and, in some cases, tripled in the last decade. Young parents just starting to raise their families can no longer afford the down payment on houses in the very towns in which they grew up. Single mothers struggling for financial independence cannot find affordable apartments anywhere within a reasonable commute to their jobs. Middle-class tenants whose buildings are going condo do not have the $15,000, or thereabouts, they need up-front to buy their apartments, and older people who just can't afford the property taxes on the houses they have owned for many years have nowhere to turn.

The American dream of homeownership is simply beyond the reach of far too many people here in New Jersey. That is why we in the Legislature must bring this dream a little closer to reality for thousands of New Jersey families by setting up a series of highly innovative loan and grant programs to help working people with down payments and costs and encourage the construction and rehabilitation of affordable homes.

To finance this effort, we placed the question on last November's ballot, asking New Jersey voters to approve the sale of $135 million worth of bonds. I had the privilege of cosponsoring this very important piece of legislation with the Chairman of this Committee, who has done a great deal of work on this. As you know, it was defeated, a victim of the antitax sentiment that swept the State of New Jersey last year.

What is even more troubling than the defeat of the bond issue, is the fact that it was probably defeated because so many people were under the wrong impression about just what it would and would not do. There were people who thought we were actually going to build the houses -- the State itself. There were a lot of other misconceptions, unfortunately, perpetrated.

Let me make it perfectly clear that this bond issue is a winner in every way; a winner that will not increase property taxes. Some simply did not understand the bonding process, and said that the State could not afford this program. It can. Fortunately, the State of New Jersey is in a position to have a AAA bond rating, the best in the nation, as a result of the actions taken by this Legislature last June.

Now we are placing the issue back on the ballot, and we hope the voters will take the time to study the proposal and form their own opinions on the plan. Obviously, we need your support for Assembly Bill No. 4379. I know the Committee has already been very actively involved in this, which will place the public question on the bond issue before the voters this November.

We also need help to ensure voter approval of the program on election day. This bill will provide affordable housing opportunities for working men and women, senior citizens, first-time home buyers, and tenants, as well as New Jersey's handicapped, disabled, and homeless population. It will also boost our State's economy. Make no mistake about it, this money is not for charity; it won't be just given away and wasted. Yes, there is a component to build housing for the homeless people, and some funds will be set aside for housing for the elderly, the disabled, and the mentally handicapped. But these are all groups that are deserving of the help and support, and groups which it is necessary for us, as a responsible society, to help.

But most of the money will be in the form of either low-interest loans -- and let me emphasize "loans" -- to people who want to buy homes, or incentives to those who are willing to build houses which police officers, teachers, fire fighters, nurses, and other working people can afford. In terms of our State's economy, this bond issue will mean jobs: jobs for construction workers who build the houses; jobs for Realtors who sell them; jobs for the people in the banks who handle the financing; and jobs for the people in the retail stores who sell the furniture and the appliances to the homeowners who need to set up housekeeping.

In short, our experts estimate that every dollar raised by this bond issue will have a multiplier effect of $7, which means that this money will be pumped back into New Jersey's economy, which obviously in this state of national recession we find ourselves in will be beneficial to all of us in the State of New Jersey.

Don't forget that all New Jersey bonds are sound. Let me reemphasize again that we have a balanced budget, which is required by our Constitution, and that our property tax rates are such that Moody's, and Standard and Poor's, have given us that AAA bond rating which I mentioned earlier.

Our State has historically bonded prudently and carefully. In fact, traditionally New Jersey has one of the lowest bond indebtednesses in the nation at the present time for a State of our size and our budget. Because New Jersey is considered a good credit risk by Wall Street, our taxpayers will pay much lower long-term interest rates on bonds than people in other northeastern states, or in other states in general, which recently saw their bond ratings downgraded because of shaky financial situations.

This is an innovative, yet sound, stable, prudent proposal that took Assemblyman David Schwartz, a nationally recognized housing expert, more than three years to prepare and develop. I just want to emphasize the fact that Assemblyman Schwartz has put much time and effort into this bond issue, and I commend him for the efforts he has made, and the efforts he continues to make in the area of housing, because that is very important to us here in this State. We are fortunate that he is a member of our Legislature.

This has been highly praised and publicly supported by numerous organizations in our State. The bond money is not for luxury items like a baseball stadium. Rather, it is for something that is necessary, something that is needed; that is, housing for our people. This money is for concrete, visible things that everybody needs -- homes. We know this plan will work. It will give hope and help to thousands of middle-class people who are feeling the squeeze of increased costs and diminished expectations, but who are fighting to get a piece of the American dream for themselves and for their families.

Obviously I urge you to support this bill. I know you are working very diligently to put together a piece of legislation that will be acceptable to all parties. I commend the Chairman and the members of the Committee for their reasonableness and for their willingness to hear the members of the general public. I urge you to move this as quickly as

possible, so we can begin to prepare for the program necessary to inform the members of the general public -- the voters of the State -- of the importance of this bond issue next November.

ASSEMBLYMAN SCHWARTZ: Joe, thank you. You know, I have served under a lot of Speakers. I have served here in the Legislature for 14 years. All of the Speakers we have had in the Assembly have been compassionate, I think, or men and women of compassion who have tried hard to understand the needs of the State and the needs of the Legislature in meeting those.

I simply want to say that in the 14 years I have served, you are unique as a Speaker, in my judgment, in trying to upgrade the capacity of this Legislature to respond to the people. This legislation, very frankly, without your support, would not get out-- Of all the millions-- I just told the public this morning about the nine stops this is going to make. Without your support, it wouldn't happen. Without your support the tax credit bills -- which are part of getting industry to underwrite some of the costs-- would not get out of committee. And with so many of the other things we have done here, you have your own quiet way of manipulating -- or, managing is a better phrase -- managing the legislative process. (laughter)

ASSEMBLY SPEAKER DORIA: Thank you very much; thank you all. Thank you for the opportunity.

ASSEMBLYMAN SCHWARTZ: Ladies and gentlemen, it is clear to me now that in the one hour left of this marathon hearing, we are not going to get to all of the witnesses, including all of the people who keep coming forward. Again, David, you are welcome to stay, but I am not going to move any amendments, so you can just leave whenever you want.

ASSEMBLYMAN RUSSO: Okay.

ASSEMBLYMAN SCHWARTZ: At this time, I would like to ask-- I am going to go through a whole bunch of names to find out who is still here. Then I will sort of indicate where I

see this hearing going in the next hour. Perhaps some of you would be willing to accommodate others by coming back and being major early witnesses at the next hearing, which will take place -- at the next meeting, which will take place within the next 14 days, possibly within the next eight.

So let me ask if the following people are still here: Etta Masrchese? (positive response from audience) Still here. Marcia Steinberg? (no response) Not here. Mary Moffitt?

**M A R Y G. M O F F I T T:** (speaking from audience) I'm here. If you haven't had a black speaker today, then I'm it.

**ASSEMBLYMAN SCHWARTZ:** All right. Donna Monra? (no response) Not here. Jim Mohn? (positive response from audience) You're still here. John Young? (no response) Not here. Sue Dondiego? (positive response from audience) Still here. Verna Morgan? (no response) Not here. Doug (speaking to Doug Opalski in the audience), could I ask you to be among the lead witnesses at the next meeting? In reality the next one -- and Kev, too (referring to Kevin Quince, also in the audience) -- is going to be on the economics, rather than on the need. Would you be willing? I appreciate your being here. Would you be willing to be a lead witness, or lead witnesses, next time, rather than in the next hour? (indiscernible positive response from audience) Thank you, Kevin. I appreciate it.

Is Ed O'Connor still here? (positive response from audience) Still here. Janet Coates?

**UNIDENTIFIED SPEAKER FROM AUDIENCE:** She had to leave for a moment, but she will be back.

**ASSEMBLYMAN SCHWARTZ:** She will be back. Sandra Averill? (positive response from audience) Still here. Tanya Bennett? (positive response from audience) Still here. Wes Kennedy? (no response) Not here. Susan Clow? (positive response from audience) And, Louise Conklin? (no response)

Okay. (indiscernible comment from member of audience) Oh, yeah, I'm sorry. Arthur Goodstone? (positive response from audience) Very good. Frank Kiernan? (no response) Not here. Ray Kalainikas? (positive response from audience) Very good.

All right. Let me be clear: Of the people who are still here -- and I have one, two, three, four, five, six, seven, eight, nine, ten, eleven, twelve-- If each of you takes four minutes, you can all testify today. If you want to talk longer, I will tell you that not everybody will testify today. So if there is a disposition on your part to be courteous to your fellow persons-- I will call the witness list at this time.

UNIDENTIFIED SPEAKER AT COMMITTEE TABLE: And Diane Sterner.

ASSEMBLYMAN SCHWARTZ: And Diane Sterner. We want to hear from Diane.

Perhaps it will go more quickly if I ask the persons who represent the New Jersey Interfaith Coalition for the Homeless from various counties to come forward: Susan Clow, Tanya Bennett. You are both from the same organization, aren't you?

**T A N Y A B E N N E T T:** Yes.

ASSEMBLYMAN SCHWARTZ: All right. May I ask you to speak to us together, and quickly? I don't mean quickly, but expeditiously.

MS. BENNETT: My name is Tanya Bennett. I am a volunteer for the Interfaith Hospitality Networks for the Homeless, testifying on behalf of Karen Olson, Chairman, New Jersey Interfaith Coalition for the Homeless.

Last year, we had the opportunity to address one of the most pressing issues facing our State today -- the need for affordable housing. Today, we are given a second chance to approach this need through the reintroduction of the affordable

housing bond issue, a positive, proactive measure that will aid first-time home buyers, the disabled and elderly, and our State's homeless citizens. It is particularly important that we seize this opportunity in light of Federal housing cutbacks over the past decade that have taken over much of the funds originally allocated for affordable housing and redistributed them to other programs.

Many private and public organizations have struggled for years to provide temporary shelter to our homeless population. The New Jersey Interfaith Coalition for the Homeless involves the work of over 12,000 volunteers and 400 churches and synagogues. Together, these resources provide shelter, meals, and housing and job placement assistance to over 3000 homeless family members each year. The goal of the Coalition is to support these volunteers as they provide safe, temporary shelter to homeless families and help them to find permanent housing. Our volunteers have face-to-face contact with a population that is growing in numbers and hopelessness as the resources initially designed to help them have evaporated.

While over 50% of the families referred to the Hospitality Networks and temporary shelters are working families, they cannot afford to live in the communities where they work, go to school, attend church, and have friends and family. The time it takes to find permanent housing has increased substantially since the program was started in 1986. The lack of affordable, reasonable housing is extremely evident as we search for homes for these families. When they do find homes, many families will spend 70% or more of their income on housing, forcing them to choose between food, clothing, child care, and transportation, or a safe place of their own to live.

Many of these families would hope to find asssitance through State and county programs like Section 8 certificates and public housing. However, the reality is that Section 8

certificates have not been available to homeless families in many of our most highly populated counties, like Union and Bergen Counties, for many months; and public housing is not only closed with enormous waiting lists, but is crime-ridden and, in many cases, unsafe.

Even when we do find housing for our families that they can afford, it is often expensive and below standard. For example: Joan and her four sons were referred to the Morris County Network last summer. Joan has a good office job, but has limited resources due to the expense of child care and lack of her own car. Shortly after their arrival with our Network, Joan found an apartment close to her job with enough space for her family. The only drawback was some nonfunctioning plumbing in the kitchen and bathroom which the landlord promised to repair. He arrived, disconnected the pipes, and never returned. With no running water, Joan contacted the local Health Department for help. Upon inspecting the apartment, the Health Department found a total of 12 violations, including zoning violations, and condemned the apartment, putting Joan and her children back on the street. They are now again guests of the Morris County Network.

While our program and others like it can address the immediate need for shelter, they cannot address the long-term need these families have for permanent, affordable, and safe housing.

The most disturbing factor about our State's homeless population is the rising number of families with young children who are homeless today. The State estimates that over 50,000 people are homeless today in New Jersey, and that half of those people are children. Many of these children will grow up with physical and mental problems that will plague them for the rest of their lives.

Although children are required to attend school even while housed temporarily in shelters, studies have shown that

homeless children often fall behind academically due to their living arrangements, which may not allow them to sleep well or to prepare properly for school.

Also, many homeless children will develop chronic health problems. Homeless children are one-third as likely as other poor children to be fully immunized. Children's mental health also suffers when they are homeless. Often, these children will show signs of developmental lags as well as clinical depression and anxiety.

We believe that we cannot afford to condone the development of a new generation of homeless citizens. With the current decline in the economy, aided by the war in the Persian Gulf, we must do all we can to counteract the factors that could further erode our small store of affordable housing, and all we can to increase the numbers of affordable housing units in our State while the means are available to us to do so.

We need to stop looking at housing as something we can have if we can afford it and start realizing that safe, permanent housing is a basic right. We need to look beyond our own problems straight into the eyes of those thousands of New Jersey children who woke up this morning not knowing where they would sleep tonight.

ASSEMBLYMAN SCHWARTZ: Thank you. Your testimony was moving. Will you submit that to the Committee? You did an excellent job in presenting it, and I thank you very much. (witness submits written testimony) Thank you so much.

MS. BENNETT: That's fine. It simply dovetails on what has been said.

ASSEMBLYMAN SCHWARTZ: I appreciate your courtesy. You will be recorded-- You have already been recorded as in favor of the legislation. We will keep you on our mailing list.

MS. BENNETT: Thanks.

ASSEMBLYMAN SCHWARTZ: You're welcome. Thank you. Mary Moffitt?

New Jersey State Library

MS. MOFFITT: Mary Moffitt will stay well within the time period.

ASSEMBLYMAN SCHWARTZ: I'm sorry?

MS. MOFFITT: Mary Moffitt will stay well within the prescribed time period. I have a copy of my testimony for all of you gentlemen.

ASSEMBLYMAN SCHWARTZ: Thank you.

MS. MOFFITT: Good afternoon. My name is Mary Moffitt. I represent the New Jersey Association of Black Housing Administrators, of which I am Vice President. We have 40 members -- administrators -- throughout the State. I also represent the New Jersey Black Issues Conference, of which we have 52 member organizations -- black or other organizations -- throughout the State. I am their Treasurer, and I Chair the Housing Task Force.

You are to be commended, Assemblyman Schwartz. I worked diligently for your bill the last time. I must say, I am in Atlantic County, and we did pass it. It is our intention this time to extend our efforts throughout the State, since we do hit every county. What we are going to do is start an educational program. The first one is scheduled for April 6, so I will be communicating with your assistant.

I bring to you today a resolution in support of this most important bill: the "New Jersey Black Issues Convention Resolution in Support of the Affordable Housing Program Assistance Bond Act of 1991." This was done prior to us realizing that you were going to change the name of it to "Housing and Jobs," but the resolution is in line with housing and jobs:

WHEREAS, a goal of the New Jersey Black Issues Convention -- NJ BIC -- is to implement the Black Leadership Family Plan through predominantly black statewide organizations; and

WHEREAS, NJ BIC is an organization whose purposes are to enhance opportunities for the exchange of information among predominantly African-American political, religious, social, business, and/or civil rights statewide organizations via a structured network; and

WHEREAS, NJ BIC shall discuss critical issues affecting the black community, adopt pertinent policy recommendations, and disseminate relevant issues and policies information; and

WHEREAS, NJ BIC recognizes that there is a housing crisis facing families of limited income, first-time home buyers, young homeowners, and urban dwellers in the State of New Jersey; and

WHEREAS, this critical shortage of adequate accommodations at affordable costs is a growing problem leading to an increase in the numbers of New Jersey African-American residents who are homeless; and

WHEREAS, affordable housing for New Jersey residents should be a right, rather than a privilege; and

WHEREAS, NJ BIC understands the necessity of creating jobs that positiviely impact on the State's economy; and

WHEREAS, NJ BIC sees the deepening recession and the need for concentrated efforts to stimulate the State's economy; and

WHEREAS, NJ BIC views the passage of the Affordable Housing Program Assistance Bond Act of 1991 as a means of appropriation of funds for the construction of housing which not only assists municipalities to meet their needs, but stimulates the economy by providing jobs for the skilled and unskilled laborers; and

WHEREAS, NJ BIC views the passage of this Act as a means of raising the quality of life for not only African-Americans, but other New Jersey citizens and residents:

NOW, THEREFORE, BE IT RESOLVED, that the New Jersey Black Issues Convention vigorously endorses the passage of the Affordable Housing Program Assistance Bond Act of 1991 and not only vows to work for its passage, but implores all New Jersey citizens, organizations, and groups to support this Act.

In addition to that, there have been a few other things that have been said today that I would like to comment on: Hands Across New Jersey made reference to some recommendations they had. I say that the incorporation of the definitions with additional clarify of terms, I think is good. I say that the elimination of all grants-- It is nice to see that she would not go for that. We wholeheartedly do not agree with eliminating those grants. The recommendation of easing the regulatory process on a local, county, and State level-- I am extremely glad to see that you are working on that. It is definitely a very positive step in the right direction.

Once again, we felt that one of the primary causes for the defeat was the lack of education, as far as what the specifics of the bill meant in plain English. I have worked in housing for 30 years, and I have worked with groups that are primarily in low-income housing. What we will be doing is taking the language to a level that they can readily understand--

ASSEMBLYMAN SCHWARTZ: Right on.

MS. MOFFITT: --so they will get out and vote for it. We cannot talk over their heads.

ASSEMBLYMAN SCHWARTZ: You're right. I appreciate that. I am chastened by your comment, and I agree with you wholeheartedly.

MS. MOFFITT: Thank you for the opportunity to address you this afternoon.

ASSEMBLYMAN SCHWARTZ: I thank you.

MS. MOFFITT: It is not the last time you will hear from NJ BIC, or from Mary Moffitt.

ASSEMBLYMAN SCHWARTZ: We were glad to have you, and we appreciate your testimony.

Is Ms. Coates here?

UNIDENTIFIED SPEAKER FROM AUDIENCE: No.

ASSEMBLYMAN SCHWARTZ: No, well, not this day then. But we will hear her the next time, if she wants to come.

UNIDENTIFIED SPEAKER FROM AUDIENCE: Okay. Please schedule her for the next time.

ASSEMBLYMAN SCHWARTZ: I will. She is on for the next time. At this time, Mr. Ed O'Connor, National Association of Social Workers.

**E D W A R D O ' C O N N O R:** Mr. Chairman, we will make a gift to the Committee by just turning in our written--

ASSEMBLYMAN SCHWARTZ: (brief interruption here by persons starting to leave the room) Do you have to go? Do you really all have to go? (indiscernible positive response from audience) All right.

MR. O'CONNOR: I hope it is nothing I said. (laughter)

ASSEMBLYMAN SCHWARTZ: No, no, excuse me.

I thank you. I am very sorry that you stayed this long and did not have a chance to testify. But I have each of your witness slips. I know your organizations, and you will be on our mailing list. I thank you. I am awfully sorry that you didn't get a chance to testify. Mr. O'Connor?

MR. O'CONNOR: We will submit our testimony in writing for your perusal at a later time. I want to simply congratulate you for your intrepidness in returning with this issue and bringing it to us once again. I pledge the support of the National Association of Social Workers in New Jersey in seeing that the bill is successful this time.

ASSEMBLYMAN SCHWARTZ: Thank you, and I do appreciate your hanging tough all this day.

Diane Sterner, Affordable Housing Network of New Jersey. Before you speak, Diane, I would like to make sure I

do or don't know who has just left the room. Louise Conklin is still here; Jim Mohn is still here; Etta Masrchese is no longer here. Sue Dondiego -- you're still here. Sandra Averill is no longer here; Arthur Goodstone is still here; and Ray K. -- if I may call you that, because I am not sure I have the right pronunciation. Is there anyone else still here who wishes to testify? (no response) All right. I make that the witness list. Diane, thank you so much.

**D I A N E S T E R N E R:** Thank you, and thank you for the opportunity to speak in favor of this bill. I am Diane Sterner. I am the Director of the Affordable Housing Network of New Jersey. The Network is an association of 85 nonprofit housing development corporations operating throughout the State, and others which support their work. The Network's purpose is to support the efforts of these organizations and to help to create a climate more conducive to their work.

Nonprofit housing corporations in New Jersey are acutely aware of the serious housing crisis this State is in. According to a 1990 report published by the Low-Income Housing Information Service in Washington, D.C., New Jersey is the eighth least affordable State in the nation, with 47% of renter households unable to afford one-bedroom apartments, and 54% unable to afford two-bedroom apartments at the fair market rents. According to New Jersey's Comprehensive Homeless Assistance Plan, in 1989 there were an estimated 25,000 homeless persons in New Jersey. The current condition of the economy is likely to push many more at-risk families onto the street.

Affordable, decent dwelling units have become an increasingly rare commodity for those New Jersey residents of modest means. Community development organizations have produced over 5000 units of low- and moderate-income housing in New Jersey. They constitute a rapidly growing sector that has the potential to help solve New Jersey's low-cost housing

crisis. Nonprofit housing corporations operate in some of the poorest neighborhoods in New Jersey, where much of the private and government-owned housing stock is characterized by deterioration and decline.

Through creativity and sheer determination, over 80 such groups are piecing together funds from banks, private foundations, and government to build hundreds of units of housing for the low-income residents of their communities. Network members build homes for the low- and moderate-income working families, for the homeless, for single-parent families, for individuals with special needs, for senior citizens; in general, for those segments of the population that face the severest problems finding housing in local housing markets.

Nonprofit developers have 40 or more qualified applicants for every affordable unit they build. Many of these organizations got involved in the low-cost housing business by necessity, after government and the private sector backed away from the production of affordable housing in their areas. Over the years, a number of these groups have developed considerable expertise, so that they are now able to build housing as efficiently as, and sometimes at a lower cost, than the average for-profit developer. In many cases, these community organizations have been able to create a vision of how to rebuild their neighborhoods that no one in the public or private sectors has had.

Nonprofit housing development corporations are providing a very valuable service to this State. Unfortunately, their work depends heavily on funding programs operated by the Department of Community Affairs, and funding levels for many of DCA's housing programs dropped substantially last year. The work of these groups cannot continue, even at the present level, without the investment of significantly greater amounts of public and private funds.

The Affordable Housing Network strongly endorses the Affordable Housing Programs Assistance Bond Act of 1991. Network members and staff have worked with Assemblyman Schwartz to help to shape this legislation, and will continue to do so. We believe this represents one of the best approaches for developing new resources to address the State's housing crisis. We encourage support for this bill, and our membership will do everything possible to promote passage of the bond issue in the November election.

ASSEMBLYMAN SCHWARTZ: Thank you, Diane. I want to say, I believe you are completely correct in saying that your nonprofits are doing work that has been needed to be done, and that the for-profit sector -- at least the for-profit sector alone -- has not found a way to do-- You guys need to work better together. You know I think that, but I do think you are doing wonderful work. Thank you very much.

MS. STERNER: Thank you.

ASSEMBLYMAN SCHWARTZ: The witness list will conclude as follows: Sue Dondiego, Arthur Goodstone, Jim Mohn, Ray K., and Louise Conklin. That will be the witness list. We have a little over 30 minutes to occupy this room.

UNIDENTIFIED SPEAKER FROM AUDIENCE: I think I will have to leave. You have my written testimony.

ASSEMBLYMAN SCHWARTZ: And you don't mind being a witness next time?

UNIDENTIFIED SPEAKER FROM AUDIENCE: I don't mind. I just want to tell you how wholeheartedly we welcome-- (remainder of comment indiscernible; no microphone)

ASSEMBLYMAN SCHWARTZ: Thank you very much. Sue?

**S U E D O N D I E G O:** Thank you. You have my testimony, so I will not read it. (talking in audience at this point)

ASSEMBLYMAN SCHWARTZ: Excuse me. Let us give our attention to the witness.

MS. DONDIEGO: Did you hear me?

ASSEMBLYMAN SCHWARTZ: Yes. We do have your testimony.

MS. DONDIEGO: Right. I just want to make a few points. My name is Sue Dondiego. I am a foster parent, and Legislative Chair for the New Jersey Foster Parents Association.

I was very pleased this morning when a member of the Cabinet mentioned the problem with foster care and homelessness. That was very good. You have heard that piece of it. What was not said was that the lack of affordable housing also becomes a problem once children are in foster care and other out-of-home placements, because they have no homes to go home to, and foster care, in particular, is supposed to be temporary. Children are lingering in foster care or other out-of-home placements because they have no homes to go home to. I think that was the important piece.

The other thing I want to say that is not in my testimony -- and I was reminded of it by some other witnesses here today -- is, for most youths in foster care, when they are 18, that is the end of services. They only go on to another system, whether it is welfare, homelessness -- as was mentioned -- drugs, the criminal system, or something else. So I think this is going to be a big help.

You have the rest of my testimony, as I said. My last question is: Is everyone on your list going to get notices of future meetings and hearings, because we would like to know about them?

ASSEMBLYMAN SCHWARTZ: Yes.

MS. DONDIEGO: Okay, because we need to be kept informed.

ASSEMBLYMAN SCHWARTZ: I have been assured by staff -- whose job depends on the correctness of that response -- that the answer to that question is, "Yes." Should you fail to be notified, call me up and we will see whether this man continues to serve. Thank you, Sue. I appreciate your testimony, as does the Committee.

MS. DONDIEGO: Thank you very much.

ASSEMBLYMAN SCHWARTZ: Arthur M. Goodstone, Hands Across New Jersey.

**A R T H U R M. G O O D S T O N E:** Mr. Chairman, what I would like to do here today -- within the four-minute constraint we have--

ASSEMBLYMAN SCHWARTZ: And I appreciate your honoring it.

MR. GOODSTONE: I think my role here today, being that we have more testimony which will come to you through Hands Across New Jersey-- I am the Coordinator of the Old Bridge, New Jersey Chapter.

Certain printed reports fell into my hands recently. These were newspaper reports which date back to The Star-Ledger, the 10th month, sixteenth day, 1990. There was a mention here of the bond issue which would fund seven programs. I wonder if you might, just off the top of your head, know what these seven programs are?

ASSEMBLYMAN SCHWARTZ: Yes, I do.

MR. GOODSTONE: Could we be provided with that information?

ASSEMBLYMAN SCHWARTZ: Yes. I will mail it to you.

MR. GOODSTONE: All right, fine. One of the things that was brought out in this report -- and I sort of felt it was a low ball deal -- was, Assembly Speaker Joseph Doria suggested racism. He raised the question of racism in the voter rejection. I was wondering if that is a serious situation that we should consider; that if any rejection of a program should have racism thrown into it, it seems like a low ball deal. So I would like to point that out. If we could leave this out of further negotiations, it would be most welcome.

ASSEMBLYMAN SCHWARTZ: I think that is a constructive suggestion.

MR. GOODSTONE: All right. Then we have The Star-Ledger, Thursday, November 1, 1990: "MidAtlantic Corporation Chairman, Robert Van Buren, the head of a coalition urging the approval of the bond issue, said that 75 groups have now endorsed the measure, including unions, major corporations, churches, and ethnic associations." Would it be possible, Mr. Chairman, that we may also have the names of these unions and corporations?

ASSEMBLYMAN SCHWARTZ: To the extent that we have them, certainly.

MR. GOODSTONE: Thank you. The other thing I would like to bring up is, in a statement allegedly spoken by yourself, sir, you asked why no representative of Hands testified on the bond issue, or a companion bill -- spending bill -- now before the State Senate, and you challenged the group, Hands Across New Jersey, to recommend safeguards to prevent any new tax levies to retire the bonds. I think, and I hope, that we, today, or at least by the next session, will be able -- if we have not already done so -- to meet this criteria.

ASSEMBLYMAN SCHWARTZ: Oh, you have. No question about that. I do not want to interrupt your testimony, but I would like you to complete it within the next two minutes. There is no question about it. The suggestions that Ms. Elston made, which I gather were on behalf of Hands Across New Jersey, are affirmative suggestions. I can tell you without fear of meaningful contradiction that unless I am very mistaken, the vast preponderance of what it is you are seeking ought to be achievable.

MR. GOODSTONE: Thank you.

ASSEMBLYMAN SCHWARTZ: That is, the majority of those propositions are fine. We may get into a couple of areas where we just have to do some stuff that we haven't contemplated up to this point, but most of what I heard today from Hands Across New Jersey is straight-out stuff. You want definitions; you want--

MR. GOODSTONE: Straight out.

ASSEMBLYMAN SCHWARTZ: As long as we are talking about ways of ensuring--

MR. GOODSTONE: Absolutely.

ASSEMBLYMAN SCHWARTZ: --that housing goes forward but the taxpayers are protected--

MR. GOODSTONE: Yes.

ASSEMBLYMAN SCHWARTZ: --we are not going to have a problem. The only difficulty I heard -- maybe three things in her testimony which strike me that we won't have any trouble providing we can be reasonable with each other--

MR. GOODSTONE: Sure.

ASSEMBLYMAN SCHWARTZ: One of them has to do with the question of the timing of borrowing from bond anticipation or cash management accounts. If you let me have three to five months, I can live with it, because that is the way that works. But I can give you guarantees in the legislation that it will not be longer than, let's say, six months, or four months. We have to figure that out. I want to talk to the bond issue making note folks and the cash management people. We have to talk about the question-- I don't want to wait for AJR-93, but I want to roll that into the oversight committee--

MR. GOODSTONE: Yes.

ASSEMBLYMAN SCHWARTZ: --and give you representation in such a manner that that can work. Then on the grants, I just have to show you why that is responsible.

MR. GOODSTONE: Yes. Mr. Chairman, I think one of the other things I would like to point out, according to this article here, is, one of our coordinators from Monmouth County, Jim Brown--

ASSEMBLYMAN SCHWARTZ: Yes?

MR. GOODSTONE: He contacted your office back in September.

ASSEMBLYMAN SCHWARTZ: Yes, he did.

MR. GOODSTONE: He submitted his questions in writing. I think, according to his statement here, he sent those in on October 1. So far, he has had no phone call or response to his letter. Do you know if any follow-up took place?

ASSEMBLYMAN SCHWARTZ: Yes. We met--

MR. GOODSTONE: There has been something?

ASSEMBLYMAN SCHWARTZ: Oh, yes. Mr. Brown has been to my office. My aide was in his home last night. We are trying to talk with Mr. Brown. We are willing to talk with anybody.

MR. GOODSTONE: Yes.

ASSEMBLYMAN SCHWARTZ: I want to make it clear that while Mr. Brown, at that time, was representing, I think, Hands Across New Jersey, now I understand it may be a parallel organization, or a different organization. I am not going to try to figure out who is doing what to whom. Anybody who wants to come to talk to me, or to this Committee, and understands what we are trying to do, and can play a constructive role within the time frame of getting something on the ballot -- because you know the clock runs all the time; we ultimately have to have a bill that is ready for the ballot within the statutory limits of the State -- I am willing to talk to them.

MR. GOODSTONE: All right, sir.

ASSEMBLYMAN SCHWARTZ: May I ask that you complete your testimony at this time?

MR. GOODSTONE: Sure, all right. The only other thing I want to point out here is basically-- I am just trying to get an oversight--

ASSEMBLYMAN SCHWARTZ: Right.

MR. GOODSTONE: --of little things that slipped through the cracks. This way we will have it all put together. Aside from that, I am trying to put-- One hundred thousand dollars was spent in pitching the bond issue. Now, that is a lot of money to try to push through, or ram through a bill; money that could have been spent in much better ways.

Now, I am just wondering, are you familiar with a bill that was passed here in New Jersey called the Open Housing Act? Are you familiar with that bill?

ASSEMBLYMAN SCHWARTZ: Not by that title.

MR. GOODSTONE: Not by that title?

ASSEMBLYMAN SCHWARTZ: I can't respond back and forth in this manner anymore, although I will be happy to stay afterward personally and answer your questions. I am going to ask you to complete your testimony, in fairness to the other witnesses.

MR. GOODSTONE: All right. Then I will conclude at this point, because my function here, as of today, within the four-minute constraint--

ASSEMBLYMAN SCHWARTZ: Right.

MR. GOODSTONE: --is to sort of get some questions answered that have not been answered. I think that will conclude them.

ASSEMBLYMAN SCHWARTZ: I am happy to have had you here. I am happy to respond to your questions, and I would be happy to have further discussions. I will invite you back to the next meeting, which will take place within the next 14 days. Thank you, sir.

MR. GOODSTONE: I thank you.

ASSEMBLYMAN SCHWARTZ: Mr. Jim Mohn. As I understand it, Mr. Mohn is representing the New Jersey State Rainbow Coalition.

**J A M E S M O H N:** The New Jersey State Rainbow Coalition represents, in large measure, minorities in the State. It tends also to represent many union members. I guess a good way to talk about it would be: People who probably fall into the category of the working poor. It doesn't take much imagination to figure out that these are the ones who have been hit the hardest by the housing crisis.

To that end we have also, as a Coalition, worked very closely in forming Housing Now, which has become very well-known. I submit one of their fact sheets for your perusal.

ASSEMBLYMAN SCHWARTZ: Thank you very much, sir.

MR. MOHN: I guess what we have tried to figure out is why this housing crisis has hit our people to the extent it has. I guess our evaluation of it has been that market rate housing never, ever did the job in the whole history of the country. You always had to have an additional player if you wanted to have effective housing, as long as you had an industrial society. When we had an agrarian society, people could build their own homes. But from the time that we had an industrial society on, you could never have housing solved solely by market forces.

What has happened is, the other key player in the scheme -- namely the government -- has largely opted out.

ASSEMBLYMAN SCHWARTZ: The Federal government?

MR. MOHN: Right. When the government opts out, that causes effects all the way down the line, from homelessness on one end to people who are struggling with trying to buy a house that is two or three times more expensive than what it was a few years back. So the only way we can get anything going now -- and this is why your bill is so important -- in New Jersey, or the country at large, is to have the government again move in and take a very firm position. If the government doesn't pick that up, and clearly the private sector has not chosen to pick it up, what we will have then are people who have the rental housing in the urban areas then moving into condominiumizing it, which will further squeeze the people who used to be able to afford the rental housing.

So, some of this is going to be affected by a drastic real estate market. Some of these people will just fall back and have to rent those houses that they have tried to condominiumize. That won't solve it in large measure. What

will solve it in substantial measure are actions such as you are taking here. We would have to say that in our estimation, it is going to take substantially more than what you are doing. That is not to criticize what you are doing, but to say we hope that the State of New Jersey will look at this as a first step.

Thank you for your time.

ASSEMBLYMAN SCHWARTZ: Thank you very much. May I say, Mr. Mohn, that you should understand that when we put out $135 million in bonds, as we invest in housing and the housing stock appreciates, we will get a return. So, it is not at all beyond the realm of possibility that while you think we need to do a lot more, that as the money mounts up in these accounts, we may not have to just endlessly bond. We wouldn't want to be in that position.

I would agree that $135 million is not going to be the end-all here, but I am not sure we are going to-- I don't want to be, and I don't think anyone wants us to be in an endless round of borrowing for housing. We need to invest this money wisely and share in the appreciation. Thank you very much.

MR. MOHN: Thank you.

ASSEMBLYMAN SCHWARTZ: Our last witness will be Ray Kalainikas.

**R A Y K A L A I N I K A S:** I take the position, as I have indicated, in opposition to your bonding proposal. I would not agree that bonding is the way to go for affordable housing. I would try to put it in two points essentially: I would like to say that the essential way to go, number one, is to do away with the property tax. When you do away with the property tax, you have to have an elucidation of land use rights concerning the buying and selling of land. Otherwise, large corporations and people with great wealth would hoard the land. That is very, very important, because essentially as long as you have the property tax, you have no private property in our society.

If you pay for your house, if you pay for your land, but you do not pay your property tax, essentially government takes it away from you. Hence, you only lease from the government. There is no private property within our society. And the poor and the elderly cannot hold onto land with the property tax the way it is going in the State of New Jersey.

The second point with regard to solving the problem with affordable housing is to change laws dealing with zoning and building codes, so that an individual who wants to build a bungalow type structure can. Currently that is very difficult because of zoning laws and building codes. So essentially it is a matter of the lawmakers doing their job as lawmakers to give us the kind of conditions that will allow for affordable housing, not a matter of spending money.

The last point I would like to mention is with regard to the bonding issue of $135 million. I think you have indicated that that is really not enough to take care of all affordable housing in the State of New Jersey. I think other people have indicated that that is so. But I think the benefit, from where I sit, of perhaps you, or any Democrat, wanting to put -- and I am not a Republican or a Democrat; I am an independent-- It seems to me that the plus of doing something like this is a political payback for all of those people who supported the Democratic Party in the last election, or prior to. They are the people who are going to benefit mostly.

So, I would say that essentially, from where I sit, this is perhaps the major thrust of this bonding issue, because it seems to me that doing away with the property tax and changing laws dealing with zoning and building codes is really the best way to go for all of us. All of us can benefit from that; not just a certain few, from the $135 million.

That is all I would like to say.

ASSEMBLYMAN SCHWARTZ: Thank you very much. I appreciate your testimony.

At this time I declare that this public hearing of the Assembly Housing Committee, which met this day to consider Assembly Bill No. 4379, and the Committee meeting, which convened this morning with a quorum, but which took no action this day -- but I would anticipate would take some at the next meeting, at least by way of the amendatory process -- closed.

Thank you very much.

**(HEARING CONCLUDED)**

# APPENDIX

# New Jersey Catholic Conference

211 North Warren Street • Trenton, New Jersey 08618-4894
(609) 599-2110

Most Rev. Theodore E. McCarrick
Archbishop of Newark
President

William F. Bolan, Jr., Esq.
Executive Director

February 20, 1991

TO: Members, Assembly Housing Committee

FROM: Regina Purcell RP
Associate Director for Social Concerns

RE: A-4379 "Affordable Housing Programs Assistance Bond Act of 1991"

On behalf of the Catholic Bishops of the State of New Jersey, I am pleased to state our strong support for A-4379, the "Affordable Housing Programs Assistance Bond Act of 1991." The Act authorizes the issuance of State bonds in the amount of $135,000,000 to fund various affordable housing programs.

Regretably, the Bond Act signed into law in 1990 was not approved by the voters. However, out of a total of 1,570,870 votes cast, the housing bond was defeated by only 66,428 votes. Clearly, there is wide support for the need for affordable housing programs. It is our hope that increased efforts to educate and inform the public on the facts of the Bond Act will generate the additional support needed to ensure its passage on November 5, 1991. Specifically, it must be made clear that the sale of housing bonds is not an additional tax burden on our state. It is unfortunate that support for the bond appears to have been swayed last year by those groups which argued incorrectly that the Bond Act was associated with the Governor's tax increase. In fact, there was no association between the two.

We now have another opportunity to pass an affordable housing bond act. The New Jersey Catholic Conference, the public policy arm of the Bishops, urges the Legislature, the Governor, and the general public to support this legislation because it will enable our state to take action to meet New Jersey's increasing housing needs. We have witnessed during the last year greater numbers of people unable to afford housing. As the





IX

economy dips into a deeper recession, the housing crisis is touching the lives of thousands of families who never would have anticipated its effects. Now more than ever we must act to address the housing crisis.

The Catholic Church believes strongly that all people have a right to housing. That right is based in the inherent dignity and priceless worth that each individual possesses because he or she is created in the image of God. That fundamental right is being violated in New Jersey where well over 50,000 people are homeless, scores of families are doubling and tripling up in homes or are living in indecent housing. An adequate response to this crisis in our State requires a political will and a commitment on the part of all members of our society. As the Bishops state, "the one thing we cannot do is to acknowledge the immoral situation of indecent, inadequate housing and do nothing about it."

Homelessness, inadequate housing, and the high cost of available housing have a devastating impact not only on the dignity of each person but also on the value of the family and the fabric of our society. There are families in New Jersey unable to find apartments with affordable rents, children who live in welfare motels or emergency shelters for the homeless, senior citizens who are unable to afford the cost of living in the homes they own, young couples who simply cannot afford the down payment or mortgage for their first homes. We hear the statistics on the housing crisis. But "behind the statistics are people: people with severely disrupted lives; people with uncertain futures; people who are often on the brink of despair." They are people in New Jersey for whom decent, affordable housing is not available. Concrete and urgent solutions to the housing crisis are needed. The legislation the committee is considering today is a means by which those solutions can be found.

Specifically, the Catholic Bishops support strongly those programs funded by the sale of bonds designed to house the homeless. In legislation developed last year, $10 million was to be targeted for transitional and other appropriate housing for the homeless. It is vital that the same emphasis continue to be given to the needs of the homeless this year. That these needs are growing is evidenced by the reports of one of several State programs. The Emergency Assistance (EA) Program in the Department of Human Services recently reported that the number of people applying for EA jumped from about 8,000 in the month of June, 1989, to almost 16,000 in the same month of 1990. EA is a program to provide assistance to people who are homeless or near homeless.

The answers to the housing crisis are not easy or simple. They require commitment. As the New Jersey Bishops urged in their January 1990 statement on affordable housing, "action is needed desperately if the suffering of those without a decent home is to be relieved." We urge the Legislature, the Governor, and the people of New Jersey to act by supporting A-4379.

RP:ag

# LUTHERAN OFFICE OF GOVERNMENTAL MINISTRY IN NEW JERSEY

*Carol Kasabach, Director* *176 W. State St., Trenton, NJ 08608 609/396/4071 or 609/396/9546*


February 20, 1991

Testimony before the
New Jersey Assembly Housing Committee
RE: A-4379 "Affordable Housing Programs Assistance Bond Act of 1991"

My name is Carol Kasabach, Director of the Lutheran Office of Governmental Ministry in New Jersey (LOGM/NJ). This office is a partnership of the New Jersey Synod of The Evangelical Lutheran Church in America (ELCA) with the New Jersey Council of Churches (NJCC) and Lutheran Social Ministries of New Jersey(LSM/NJ). The purpose of this office is to advocate justice for the poor and the powerless. Today I come before you to express the concerns and views of the policy board of this office and in response to a resolution regarding homelessness and affordable housing adopted on May 17, 1990 by over 750 delegates at the Third Annual Assembly of the NJ Synod-ELCA representing the 200 congregations with a combined membership of over 85,000. Please see attached: RESOLUTION REGARDING HOMELESSNESS AND AFFORDABLE HOUSING especially at the bottom of the page #2, a-e.

Also, as vice-president of the Alliance for Affordable Housing, Inc. and as a member of the board of Right To Housing, I am well aware of the need for low-income affordable housing in this state.

I have attached the New Jersey insert to the January 30, 1991 issue of our church's magazine, The Lutheran. These are just a few examples of how the members of this church are living out their faith by providing shelter, housing and advocacy. It is not enough. The need is too great.

All through 1990, we worked closely with Assemblyman Schwartz to insure that the $135,000,000 that would be allocated by this bond act would, in fact, address the housing needs of the most vulnerable residents of this state: That bill is now languishing in the Senate Revenue Committee just waiting for this bill to catch up.

We are confident that A-2925 in its final form will begin to address the housing needs of those of low income in New Jersey and look forward to making A-4379, the "Affordable Housing Programs Assistance Bond Act of 1991" come to fruition.

3X

# NEW JERSEY SYNOD
Evangelical Lutheran Church in America
1930 STATE HIGHWAY 33
TRENTON, N.J. 08690
Telephone (609) 586-6800


RESOLUTION REGARDING HOMELESSNESS AND AFFORDABLE HOUSING - SUBMITTED BY THE DIVISION FOR WITNESS THROUGH SERVICE AND ADVOCACY.

WHEREAS, the scriptural witness establishes the tradition of hospitality and advocacy; and

WHEREAS, "He who closes his ear to the cry of the poor will himself cry out and not be heard." (Proverbs 21:13); and

WHEREAS, "If a brother or sister is ill-clad and in lack of daily food, and one of you says to them, 'Go in peace, be warmed and filled,' without giving them the things needed for the body, what does it profit?" (James 2:15-16); and

WHEREAS, "...we are commanded to promote and further our neighbor's interests, and when he suffers want, we are to help, share, and lend to both friends and foes." (Large Catechism, Book of Concord, p. 399); and

WHEREAS, "...good works, like fruits of a good tree, certainly and indubitably follow genuine faith, if it is a living and not a dead faith." (Formula of Concord, p. 146); and

WHEREAS, the New Jersey Council of Churches states: "New Jersey has become a state divided by those who work at jobs that permit them to live in extraordinary affluence separated from growing numbers of people who may work but still remain poor--unable to find decent housing and economic security." (The Reshaping of New Jersey: The Growing Separation, 1988); and

WHEREAS, the National Low Income Housing Coalition in Washington, D. C. states that New Jersey has the second worst rental crisis in the country. The number of homes available to low-income renters at affordable prices has decreased dramatically in the last twenty years as evidenced by the fact that one half of low-income renters pay more than seventy per cent of their income on housing; and

WHEREAS, in 1988 there was, nationally, a 5.5 million deficit in rented units; and

WHEREAS, the federal appropriation for low-income housing assistance has been reduced by approximately eighty per cent since 1981;

THEREFORE, BE IT RESOLVED that the New Jersey Synod Bishop communicate to the New Jersey State Governor, Jim Florio, and to the New Jersey State Legislature and with himself, Carol Kasabach, and the chairperson of the Division for Witness Through Service and Advocacy seek an early audience with Governor Florio, the Speakers of the Assembly and the Senate, and the chairpersons of the appropriate committees or their representatives to address:

1. The necessity for the state to protect existing affordable housing units in both the public and private sectors throughout the state;

2. The necessity of giving priority to developing housing for the following:
   a. Single working or non-working adults whose need is for a single room or efficiency unit;
   b. Single parents with children whose need is for a few adequate rooms to rent;
   c. Mentally handicapped and developmentally disabled persons whose needs are facilities for group living;
   d. Intact families with low incomes or receiving public assistance who need adequate rental units;
   e. Middle income young people and retirees whose incomes are such that they cannot afford current rental unit prices;
3. The necessity for easing "red tape" for non-profit agencies working to develop affordable housing.

Adopted May 17, 1990, Third Annual Assembly, New Jersey Synod-Evangelical Lutheran Church in America

REMARKS OF
COMMISSIONER RAYMOND L. BRAMUCCI
NEW JERSEY DEPARTMENT OF LABOR
TO THE ASSEMBLY HOUSING COMMITTEE
A-4379
FEBRUARY 20, 1991

Thank you, Chairman Schwartz and Committee members (Louis Gill, Daniel Jacobson, David Russo, and Dolores Cooper), for addressing the timely and critical issue of affordable housing for New Jersey residents. Assemblyman Schwartz, you are to be commended for sponsoring this legislation and taking the lead on fulfilling this need.

We all understand the substance of this bill--to approve the placement of a $135 million dollar affordable housing bond on

the ballot in November. Today I would like to focus my remarks on why I feel strongly that this bond should be approved.

The average cost of a home in New Jersey is well over $100,000. Despite a recent downward dip, interest rates remain high. Meanwhile, half our young families earn less than $20,000 per year--just barely enough to get by.

The bottom line? Our young people are effectively being priced out of owning a home in New Jersey.

This is certainly not the way to encourage young people to sink roots, to find jobs, to build families. And this is certainly not the way to build the sense of community that is the foundation of our life here in New Jersey.

10X

New Jersey's commitment to our young people can no longer be left to the vagaries of the market. That is fundamentally unfair. Approval of this bond will go a long way to remedying this problem and strengthening our commitment to our young people.

There are other reasons to support the passage of this bond. Anyone interested in strengthening our economy during this recessionary period has to be enthusiastic about the economic impact this bond will have on our State. It will stimulate our construction industry, which will produce jobs in related fields throughout the state.

And when businesses make decisions to relocate, a major factor in chosing a new

11 X

site is the availability of housing for their employees.

Retail businesses will prosper through increased sales of appliances, furniture, floor coverings, fixtures and other durable goods that are required to set up a new home. In fact, it is estimated that the bond will generate almost seven dollars for each dollar spent during its lifetime.

This economic activity, coupled with the promise of helping our young people, clearly makes this bond a win-win situation worthy of a wide scope of support.

Mr. Chairman, I applaud you and your colleagues for your continued perseverance and commitment to this issue of paramount concern to New Jersey.

13X

I stand ready to assist you in any way possible.

Thank you.

13X

STATEMENT

OF

WILFREDO CARABALLO

PUBLIC ADVOCATE OF NEW JERSEY

IN SUPPORT OF A-4378

BEFORE

THE

ASSEMBLY HOUSING COMMITTEE

FEBRUARY 20, 1991

MAR 18 '91 15:17 PA PERSONNEL P.2

TESTIMONY OF THE PUBLIC ADVOCATE

IN SUPPORT OF A-4379

FEBRUARY 20, 1991

CHAIRMAN SCHWARTZ, MEMBERS OF THE ASSEMBLY HOUSING COMMITTEE:

I AM HERE TODAY TO SUPPORT A-4379, THE AFFORDABLE HOUSING BOND ACT OF 1991. THIS ACT OFFERS VOTERS THE OPPORTUNITY IN NOVEMBER TO APPROVE THE CREATION OF A FUND OF $138 MILLION FOR THE CONSTRUCTION OF AFFORDABLE HOUSING. THIS FUND WOULD HELP FIRST-TIME HOME BUYERS MEET DOWNPAYMENT AND CLOSING COSTS, ASSIST IN THE CONSTRUCTION OF HOUSING FOR THE HOMELESS, AND PROVIDE FOR THE SPECIAL HOUSING NEEDS OF THE ELDERLY, THE DISABLED, AND OTHER VULNERABLE CITIZENS.

THE PUBLIC ADVOCATE IS ACUTELY AWARE OF THE OVERWHELMING NEED FOR THE TYPES OF AFFORDABLE HOUSING THAT WOULD BE AUTHORIZED UNDER A-4379, THROUGH THE ON-GOING WORK OF SEVERAL OF MY DIVISIONS. FOR OVER FIFTEEN YEARS, THE DIVISION OF PUBLIC INTEREST ADVOCACY HAS LED THE EFFORT TO ENSURE THAT MUNICIPALITIES MEET THEIR CONSTITUTIONAL MT. LAUREL OBLIGATIONS TO MAKE AFFORDABLE HOUSING AVAILABLE TO LOW AND MODERATE INCOME HOUSEHOLDS. THE PROGRESS ON THIS FRONT, HOWEVER, HAS BEEN FAR TOO SLOW. COMPARED TO THE COUNCIL ON AFFORDABLE HOUSING'S (COAH) ESTIMATED NEED FOR 145,000 UNITS OF LOW AND MODERATE INCOME HOUSING STATEWIDE, AN ESTIMATE THAT WE CONSIDER TO BE QUITE CONSERVATIVE, ONLY 20,000 UNITS HAVE BEEN CREATED OR ARE PROVIDED

MAR 18 '91 15:17 PA PEPSONNEL P.3

FOR IN MUNICIPAL PLANS. AS A RESULT, 135,000 ADDITIONAL UNITS OF AFFORDABLE HOUSING ARE NEEDED TO MEET THE STATE'S MINIMUM NEEDS AS CALCULATED BY COAH.

IN OUR NEGOTIATIONS OVER MT. LAUREL PLANS, WE HAVE OFTEN BEEN TOLD BY MUNICIPALITIES THAT THE RESOURCES TO CREATE AFFORDABLE HOUSING ARE SIMPLY UNAVAILABLE. NOW WE ARE LEARNING THAT IN SOME PARTS OF THE STATE EVEN THE SO-CALLED AFFORDABLE UNITS THAT HAVE BEEN CREATED ARE IN FACT BEYOND THE FINANCIAL RESOURCES OF MOST LOW AND MODERATE HOUSEHOLDS. IN SOME CASES, ALTHOUGH THESE HOUSEHOLDS FALL WITHIN THE LOW AND MODERATE INCOME RANGE, THEY LACK THE MONEY FOR DOWNPAYMENT OR CLOSING COSTS. IN OTHER CASES, THESE HOUSEHOLDS HAVE OTHER DEBTS THAT LEAVE THEM UNABLE TO HANDLE THE MONTHLY MORTGAGE PAYMENTS WITHOUT SOME KIND OF ASSISTANCE. FOR THESE FAMILIES, THE IDEA OF OWNING THEIR OWN HOME, EVEN A SO-CALLED "AFFORDABLE" HOME, IS AN ELUSIVE AND EMPTY DREAM. A-4079 WOULD GO A LONG WAY TOWARD ADDRESSING THIS PROBLEM.

OUR EXPERIENCE REPRESENTING HOMELESS FAMILIES AND INDIVIDUALS OVER THE LAST DECADE SIMILARLY DEMONSTRATES THE COMPELLING NEED TO SUPPORT THE AFFORDABLE HOUSING BOND ACT. TOO MANY HOMELESS FAMILIES WITH CHILDREN SPEND MONTHS, AND EVEN YEARS, IN WELFARE MOTELS SIMPLY BECAUSE PERMANENT HOUSING IS EITHER UNAVAILABLE OR UNAFFORDABLE. EVEN WORSE, WE HAVE WITNESSED HUNDREDS OF CHILDREN SEPARATED FROM THEIR PARENTS AND PLACED INTO FOSTER CARE FOR NO OTHER REASON THAN THEIR PARENTS COULD NOT LOCATE SUITABLE HOUSING THEY COULD AFFORD.



MAR 18 '91 15:18 PA PERSONNEL P.4

16X

THAT ADDITIONAL HOUSING IS ALSO NEEDED FOR HOMELESS FAMILIES AND INDIVIDUALS, AND TO MEET THE SPECIAL NEEDS OF THE STATE'S GROWING NUMBER OF ELDERLY.*

A-4379 CONSTITUTES A SUBSTANTIAL STEP TOWARD MEETING THESE CRITICAL HOUSING NEEDS. THE NARROW DEFEAT OF THE BOND ACT LAST YEAR MAKES US THAT MUCH MORE DETERMINED THIS YEAR TO HELP VOTERS UNDERSTAND THE VITAL IMPORTANCE OF THE ACT. I AM CONFIDENT THAT WHEN VOTERS UNDERSTAND THE CRITICAL NEED FOR THIS HOUSING, THEY WILL RESPOND TO THIS FUNDAMENTAL NECESSITY OF A HUMANE AND COMPASSIONATE SOCIETY BY APPROVING THE AFFORDABLE HOUSING BOND ACT OF 1991.

I URGE THIS COMMITTEE TO ACT FAVORABLY ON A-4379.

---

* NEW JERSEY'S HOUSING NEEDS 1990 - 2010 (N.J. DEPT. OF COMMUNITY AFFAIRS, JUNE 1990) AT 116-119, 125-140 AND 149.



19X

TESTIMONY OF
COMMISSIONER MELVIN R. PRIMAS, JR.
DEPARTMENT OF COMMUNITY AFFAIRS

HOUSING AND URBAN
DEVELOPMENT COMMITTEE
FEBRUARY 20, 1991

Mr. Chairman, Members of the committee, I'd like to thank you for giving me the opportunity to testify today on the Housing and Jobs Bond Act of 1991. Technically speaking, this is the first year of the new decade. We enter that decade facing some of the intractable housing issues of the past, even as we grapple with new housing issues posed by a population that has undergone profound change during the last 10 years.

We know that we can no longer look at housing as an issue of shelter alone. In a population increasingly dominated by single-parent families; in a State in which probably more than 80,000 people wait for a subsidized apartment; in a region in which homelessness is not only growing, but increasingly counting families and children as its victims, it is a social issue, as well.

A house may be a roof overhead, but it is also the structure that gives a sense of permanence to our lives, and anchors us in our communities. It is a basic need, and for too many people in New Jersey, that basic need has become an unattainable luxury.

Housing is an economic development issue, as Commissioner Zoffinger will attest. It is a labor issue, as Commissioner Bramucci will note.

It is at the heart of urban redevelopment and suburban stability; its availability and affordability will ensure that New Jersey remains a dynamic state, economically and socially. Housing is all those issues and more.

But while we talk of housing as a policy issue, we also know that for someone, the housing we speak of in the abstract is a home.

In a State in which a house can average more than $150,000, home ownership is becoming an abstract concept, even for people firmly in the middle class. For those of low and moderate means, it is a fading dream.

It gives me great pleasure to come here today to support placing this bond issue on the ballot this year.

20X

HOMELESSNESS IS THE MOST SEVERE FORM OF DEPRIVATION IN OUR SOCIETY. IT EXACTS AN UNTOLD COST FROM THE CHILDREN AND FAMILIES FORCED TO ENDURE THIS CONDITION AND FROM OUR COMMUNITIES AS WELL. IT ALSO INVOLVES A TERRIBLE WASTE OF GOVERNMENT FUNDS. THE DEPARTMENT OF HUMAN SERVICES (DHS) RECENTLY REPORTED THAT THE STATE PAYS AN AVERAGE OF $6,600 TO SHELTER A HOMELESS FAMILY IN A WELFARE MOTEL ON AN EMERGENCY BASIS.* THE EXPENDITURE OF THESE RESOURCES ON SHORT-TERM, STOP-GAP RESPONSES TO HOMELESSNESS COULD BE AVERTED IF THE HOUSING CONTEMPLATED UNDER A-4378 WERE BUILT.

MY DIVISIONS OF MENTAL HEALTH ADVOCACY AND ADVOCACY FOR THE DEVELOPMENTALLY DISABLED ALSO KNOW THE GREAT NEED FOR HOUSING THAT IS SUITABLE AND AFFORDABLE TO PERSONS WITH DISABILITIES. THESE DIVISIONS HAVE STRUGGLED FOR MANY YEARS TO END THE UNNECESSARY INSTITUTIONALIZATION OF THE PHYSICALLY DISABLED AND MENTALLY ILL AND TO SEE THAT PERSONS WITH SPECIALIZED NEEDS CAN RECEIVE PROPER HOUSING IN THE COMMUNITY. OUR EFFORTS TO ACHIEVE THESE GOALS HAVE FALTERED, NOT BECAUSE OUR CLIENTS ARE INCAPABLE OF LIVING IN THE COMMUNITY, BUT BECAUSE APPROPRIATE HOUSING SIMPLY DOES NOT EXIST. INDEED, AT PRESENT THERE ARE AT LEAST 955 PERSONS DIAGNOSED AS MENTALLY ILL WHO THE COURTS HAVE ORDERED RELEASED FROM INSTITUTIONS BUT FOR WHOM NO APPROPRIATE PLACEMENT IS AVAILABLE IN THE COMMUNITY.

OTHER STATE AGENCIES HAVE ALSO RECOGNIZED THE TREMENDOUS NEED FOR AFFORDABLE HOUSING FOR THESE AND OTHER SEGMENTS OF OUR

---

* REPORT ON EMERGENCY ASSISTANCE FOR AFDC PAYMENTS, DHS, DIVISION OF ECONOMIC ASSISTANCE (DECEMBER 18, 1990).



MAR 18 '91 15:18 PM PERSONNEL P.5

POPULATION. THE DHS HAS REPEATEDLY ACKNOWLEDGED THE RELATIONSHIP BETWEEN THE LACK OF AFFORDABLE HOUSING IN NEW JERSEY AND THE INCIDENCE OF BOTH HOMELESSNESS AND THE PLACEMENT OF CHILDREN IN FOSTER CARE.* MOREOVER, IN A REPORT TO THE DHS COMMISSIONER ON THE APPROPRIATE STANDARD OF ASSISTANCE FOR THE AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC) PROGRAM, A COMMITTEE OF EXPERTS DETERMINED THAT A THREE PERSON HOUSEHOLD ON AFDC REQUIRES $837 PER MONTH TO PAY FOR SAFE AND DECENT HOUSING.** YET, THIS SAME AFDC HOUSEHOLD CURRENTLY RECEIVES ONLY $424 PER MONTH TO COVER THE FAMILY'S COSTS OF NOT ONLY HOUSING BUT TRANSPORTATION, CLOTHES AND OTHER HOUSEHOLD NEEDS.

LIKEWISE, THE DEPARTMENT OF COMMUNITY AFFAIRS (DCA) RECENTLY ESTIMATED THAT DURING THE 1990'S, NEW JERSEY WILL NEED MORE THAN 20,000 NEW AFFORDABLE UNITS ANNUALLY TO MEET THE NEEDS OF THE STATE'S GROWING NUMBER OF LOW AND MODERATE INCOME HOUSEHOLDS. THE DCA CALCULATED THAT THERE IS A PRESENT NEED FOR AT LEAST 1,000 ADDITIONAL COMMUNITY RESIDENCES FOR THE MENTALLY ILL. AN ADDITIONAL 650 COMMUNITY RESIDENCES FOR THE DEVELOPMENTALLY DISABLED WILL BE NEEDED BY 1995. THE DCA NOTED

---

* SEE, E.G., REPORT OF THE DEPARTMENT OF OF HUMAN SERVICES TO THE LEGISLATURE IN RESPONSE TO ASSEMBLY RESOLUTION 63 (MARCH 10, 1988); AGENCY SUMMARY OF PROPOSED AMENDMENTS TO N.J.A.C. 10:82-5.10, 19 N.J.R. 1171, 1173-73 (JULY 6, 1987) AND 19 N.J.R. 2190 (NOV. 16, 1987). THIS RELATIONSHIP HAS BEEN RECOGNIZED BY THE COURTS, AS WELL. SEE FRANKLIN V. DHS, 111 N.J. 1, 8, 18 (1988); MATICKA V. CITY OF ATLANTIC CITY, 216 N.J. SUPER. 434, 447 (APP. DIV. 1982).

** REPORT TO THE COMMISSIONER OF HUMAN SERVICES, STANDARD OF NEED ADVISORY COMMITTEE (OCTOBER 1990).



MAR 18 '91 15:19 PM PERSONNEL P.6

I'd like to thank Chairman Schwartz, especially, for his preseverance on behalf of this bond issue, and on housing issues in general. Last year's housing bond issue, I believe, was not rejected because people dented there is a need to provide housing opportunities to New Jersey's families.

It fell victim to a more visceral reaction that had little to do with the issue at hand.

This morning, we saw a good indication that, whatever our differences in the past, we are ready to present a united front this year in support of this bond issue. It couldn't have come at a better time.

We've heard a lot of talk lately of pump-priming. The creation of jobs and spillover economic effects from governmental investment.

Our ability to prime the housing pump has been strained lately. Last year, we marshaled almost $18 million to help municipalities meet their Mount Laurel fair share obligations. But that balanced housing fund, driven by the proceeds from the realty transfer fee, is only as healthy as the real estate market. Right now, that's not real healthy. This year's budget anticipates about $11 million in the balanced housing fund -- almost a 40 percent drop.

Obviously, government's ability to prime the pump is limited by the depth of government's pockets.

This bond issue holds out the hope that, while we wait for the economic pendulum to begin swinging up again, we can continue building the foundation for secure families, revitalized neighborhoods and a sense of pride in self and community.

We can start by making that sense of community attainable to the residents of the State: To the families headed by a single parent; to young, working families; to the elderly, the disabled and the mentally ill, to tenants looking to cement their place in their community by owning their apartment; and to the people whose only barrier to owning a home is the downpayment on that home.

In the last couple of years, we have witnessed an almost unprecedented drop in the real estate market in New Jersey. But despite the vacant condominiums and the weathered for sale signs that sit for months outside homes, there is a pent-up, largely untapped demand for housing out there. It can be seen in the low-downpayment mortgages that are snapped within months of a New Jersey Housing and Mortgage Finance Agency bond sale.

It can be seen in the number of calls the Department of Community Affairs has received since the Governor announced Fannie Mae's decision to back up to $250 million in low-downpayment mortgages in New Jersey.

It can be seen in a departmental study that shows the potential for huge demands for affordable and special needs housing in the coming decades.

And it can be seen in the census figures that show we are living in a state far different, demographically, than the one we lived in a decade ago.

This bond issue addresses those issues, and gives the state the flexibility to address new ones as they present themselves. A first-time homebuyers program will allow young families to get their foot in the door of the homeownership market.

The commitments to provide for the specialized housing needs of the elderly and disabled recognize that as a society we are getting older, and that meeting the distinct shelter needs of elderly residents and the disabled is critical.

This bond act, like other bond acts, is a catalyst.

You'll hear today from people who see it as a catalyst for the real estate industry, or the construction industry, or the labor market as a whole. Using economic multipliers, we can calculate spinoff effects and economic ripples even before the first dollar is spent. These are all vital considerations for any spending proposal.

But just as vital is the social spinoff.

During the 1980s, the real estate market in New Jersey went on a wild ride. Construction boomed, sales went through the roof, houses appreciated at doulbe-digit rates in a matter of a year. It seemed every day brought a new developer to Town Hall with a proposal for a project that was sold even before the blueprints were filed.

If the 1980s was a wild ride, it left a lot of people standing at the gate.

Now, we're living through a kind of post-'80s housing hangover. There is much to be done; there are staggering needs to be met. And with this bond issue, the State is poised to step in and fill the gaps in New Jersey's housing spectrum.

This is a remarkable opportunity, not only to revive the flagging construction and real estate industries, but also to make an investment in New Jersey's future.

That is a future that is going to be written by young families and tenants, senior citizens and the disabled.

If we can provide them with the means to meet their housing needs, we have reinforced the foundation of our neighborhoods, our towns and cities and our State.

Our Department is in the business of redevelopment, and I can tell you, as a former urban Mayor, that redevelopment efforts will rise and fall on residents' and businesses' commitment to their home. With that commitment, a shared sense of pride and a feeling that you have a mutual stake in success, you can overcome almost any obstacle. Without it, you can't hold the shifting pieces of a redevelopment effort together.

This bond issue gets to the heart of that commitment. The best social and economic anchor we can provide to the people of this state is a place they can call home. The best hope we can hold out to the redevelopment of our cities, towns and suburbs, is that the state can make home a reality again.

Thank you very much.

STATEMENT OF MAYOR DOUGLAS H. PALMER BEFORE THE ASSEMBLY HOUSING COMMITTEE, FEBRUARY 20, 1991

Assemblyman Schwartz, members of the housing committee, and friends. I am delighted to be here today to add my voice to the chorus of support for Assembly Bill 4379, the "Housing and Jobs Bond Act of 1991". This bill will not only create desperately needed housing units and preserve jobs for hard-working New Jerseyans, but it will show that, at the depths of the state's recession and fiscal crisis, we have not broken faith with our duty as elected officials - to improve the quality of life for the state's citizens, particularly those of low and moderate income.

As a mayor of an older city, New Jersey's state capital, I feel this particularly strongly. Our housing needs are great. Thousands of housing units in Trenton are in need of rehabilitation or replacement, while many thousand more families are living in overcrowded conditions, or spending 40, 50 percent or more of their total income for shelter. These families did not benefit from the boom years of the 1980's. In fact, as housing prices soared, but little low income housing was built, their situation became worse.

We in Trenton are committed to trying to meet the housing needs of our citizens at all income levels. My department of housing and development has carved out an ambitious housing strategy for the city, to create housing for both homeownership and rental, for both low income and moderate income families, as well to address the needs for transitional housing for the homeless and housing for other special need populations. We are eager to encourage renters to become home owners, and to attract people to buy affordable homes in our city. We have the committment. But we lack the tools.

Meeting people's housing needs takes money. We are doing what we can. We offer city-owned land and buildings, sometimes for as little as $100 for a vacant house or lot. We have recently enacted a city ordinance which provides tax abatement for all new housing units built in Trenton. We are targeting more of our Community Development Block Grant money - which President Bush now proposes to take away from the cities - for affordable housing. But more is needed.

25X

Without money to reduce the cost of a house to a homebuyer or an apartment to a renter, or help a new homebuyer with the down payment he needs, we cannot reach the people who need the housing. With real estate activity near a standstill, the Balanced Housing Program at the Department of Community Affairs has less and less money to offer. If we are even to begin to meet our citizens' housing needs, we need this bond issue.

The defeat of last year's bond issue is still painful. This year, we must redouble our efforts to make sure that the voters fully understand how important it is, not just to any one city or township, but to the entire State of New Jersey. The City of Trenton is ready to take an active part in working for the success of the Housing and Jobs Bond Act in November.

Thank you.

TESTIMONY
ASSEMBLY HOUSING COMMITTEE

A-4379

THE HOUSING AND JOBS BOND ACT OF 1991

MY NAME IS EDMOND V. LAWLOR, JR., AND I AM PRESIDENT OF THE NEW JERSEY SAVINGS LEAGUE. I AM HERE TO TESTIFY IN SUPPORT OF A-4379, "THE HOUSING AND JOBS BOND ACT OF 1991."

THE NEW JERSEY SAVINGS LEAGUE IS ESPECIALLY APPROPRIATE TO TESTIFY IN SUPPORT OF THIS BILL. OUR 125 MEMBERS HAVE OVER 73 PERCENT OF TOTAL ASSETS IN HOME MORTGAGES. OVER THE LAST FIVE YEARS, NEW JERSEY SAVINGS INSTITUTIONS ORIGINATED OF $16 BILLION PER YEAR IN MORTGAGE LOANS. WE HAVE HELPED APPROXIMATELY 900,000 FAMILIES REALIZE THE DREAM OF HOMEOWNERSHIP.

IT IS NO SECRET THAT THE REAL ESTATE MARKET IN NEW JERSEY TODAY IS A DEPRESSED MARKET. THE HOUSING BONDS OF 1991 WILL GO A LONG WAY TOWARDS ACCELERATING THE RECOVERY OF HOME PURCHASING, PARTICULARLY AT THE LOW END OF THE PRICE CURVE. ALTHOUGH PRICES HAVE COME DOWN IN SOME SECTIONS OF THE STATE, THERE IS STILL AN AFFORDABILITY GAP. THIS MOSTLY AFFECTS THE FIRST-TIME HOME BUYER AND THE WAGE EARNERS OF THE MODERATE INCOME FAMILIES.

THESE PURCHASERS ARE VERY IMPORTANT TO THE HOME PURCHASE MARKET BECAUSE ACTIVITY AT THE LOWER END HAS A VERY POSITIVE RIPPLE EFFECT, WHICH HELPS THE WHOLE MARKET.

THE HOUSING BONDS ADDRESS, IN SEVERAL UNIQUE WAYS, THE NEED FOR AFFORDABLE HOUSING IN NEW JERSEY, AND WE ARE PLEASED TO SUPPORT THIS PROGRAM.

2/20/91

**REMARKS BY PETER A. BUCHSBAUM, ESQ.**
**FOR THE CORPORATE ALLIANCE FOR INTELLIGENT GROWTH**
**ASSEMBLY BILL 4379**
**FEBRUARY 20, 1991**

Chairman Schwartz and members of the committee, I am here on behalf of the Corporate Alliance for Intelligent Growth to urge support for your renewed effort to adopt a housing bond issue for New Jersey.

Our organization believes this bond issue is every bit as great an economic and social imperative for New Jersey as it was last year. Considering that the economic slowdown last year has become a recession this year, the factors that make this bond issue vital to the future of the state are now even more compelling.

The Corporate Alliance believes the proposed bond issue will help to build a housing guarantee for this generation and for the next generation in New Jersey.

Passage of an affordable housing bond issue in 1991 should be undertaken for two clear reasons.

First, the bond issue will help to stimulate the state economy by creating jobs and putting dollars into the service and supply sectors.

Second and critically important, this legislation is a vital initiative to address the pressing long-term housing needs of New Jersey and its workforce.

The Housing Bond Act of 1990 received our strong endorsement. This proposal for a Housing Bond Act in 1991 has the same strong endorsement of the Corporate Alliance.

The Alliance is a group of New Jersey's leading businesses and business organizations with a long-term interest in a sound state economy.

It is clearly vital to the state economy that New Jersey attract and keep skilled and educated workers. To do that it is essential that the working men and women of New Jersey find suitable and adequate opportunities for affordable home ownership.



28X

The bill before you would authorize a ballot proposal to raise $135 million for first time home buyers, for management of the problems of the homeless, for special housing needs, and for tenant ownership of housing among its important provisions.

First time home buyers would find $60 million earmarked to help them become homeowners.

The bill is a financially prudent public sector plan to close the housing gap in New Jersey. It will leverage public dollars to put the private sector to work building and financing homes the families of New Jersey's working men and women need, want and ought to have the chance to own.

New Jersey has preserved a solid AAA bond rating in the toughest of times. There is no better way to put that excellent credit rating to work than to help finance critically needed housing for qualified middle, moderate and low income households.

Analysis of the 1990 housing bond showed it would generate $1.8 billion in economic activity in New Jersey during the 20-year span of the issue.

We believe a similar analysis will be equally valid for the proposed 1991 housing bond issue. That means that every housing bond dollar the state invests will generate a $7 return for the New Jersey economy in construction payrolls and payroll purchasing power; related financial transactions; and purchases of building supplies and equipment, home furnishings and durable goods like home appliances.

The Corporate Alliance for Intelligent Growth supports the 1991 housing bond legislation. We believe it is essential to increase the supply of housing to maintain a viable workforce in New Jersey and we urge you to adopt it.



29X

INTERFAITH NEIGHBORS INC.

1210 Grand Avenue
Asbury Park, New Jersey 07712

Mr. Chairman: My name is Jack Johnson, and I come to you today as President of Interfaith Neighbors of Monmouth County, a Coalition of eighty Churches and Synagogues in our county who have sought to address the issue of homelessness for residents of Monmouth County.

Founded in 1988 over the concern for homeless families living in motels throughout the county, our organization has been able to assist one hundred and ninety-three homeless families through cooperative efforts between the religious community and County Government.

Our initial work was done through funding by supporting congregations. In 1988, over $44,000 was raised through congregational support, in 1989 $66,000, and in 1990 $52,000 was raised from our faith communities. These funds were targeted for rental subsidies for families who have been designated as "working poor". These families, both single parent homes and homes with both parents in residence, are families who receive no public assistance, yet their household income still does not enable them to afford to live in our county.

In addition to rental subsidies, we have sought to aid these families by matching the family unit with a local congregation that seeks to be supportive of their needs. One of the unique features of our program is the component that engages involvement of a volunteer staff. We currently have over forty active volunteers interfacing with families in our program.

Because of our early accomplishments in addressing this critical issue, and our broad base support of our corporation by the eighty congregations,

County officials recognized our record by awarding funding under the Family Shelter Strategy program for 1989, 1990, 1991. The funding has not only enabled us to assist more families, but to provide an administrative component to our organization to better serve the families, as well as to enable more congregations to be aware of the opportunity for them to become a part of a creative and innovative program.

Yet, as you know Mr. Chairman, having served as a member of the New Legislative Commission on Hunger, that one of their major findings regarding the work of non-profit organizations is perhaps more applicable to the issue of housing than hunger. I quote from that report that noted under the heading major findings: "Private non-profit and community volunteer organizations have been both impressive and innovative in their efforts to help hungry people. However, as governmental efforts decrease, these organizations are often underfunded, under staffed and overworked."

Need I remind you that another major finding as it relates to hunger in New Jersey was that "housing costs were most often cited as the reason people (an estimated 600,000 or approximately 7.7 % of the state's population) did not have enough money for food."

During this past year Interfaith Neighbors was responsible for hosting a Press Conference in Support of the Affordable Bond Issue. On October 31st a coalition of Monmouth County religious, political, banking, corporate, labor, and civic leadership gathered to affirm their support for the Board referendum for affordable housing.

On that occasion we noted that "we believe this bond act provides the citizens of New Jersey the opportunity to do something specific about affordable housing in our state. This issue is not limited to homeless families, rather it is a much broader program that assists low and moderate income families in New Jersey. We are aware that this issue is of critical

concern to the residents of Monmouth County, where our children find it difficult to continue to live in a county where housing costs displace many a young couple."

As we know, this referendum was unfortunately defeated by the electorate of New Jersey. Needless to say, our concern today is not with the content of the legislation which we again affirm, but our desire to see the citizens of New Jersey affirm this issue when it appears on the ballot in November of 1991.

Mr. Chairman, may I respectfully request that you and your committee make additional efforts to add co-sponsors to this important piece of legislation. It is my perception that critical to this legislation's ultimate agenda, the passage of the Bond issue on the ballot, is a broader bi-partisan support of Assembly Bill No. 4379.

It was our experience that the entire Monmouth county legislative delegation, a group of six Assembly persons and three Senators, both Republicans and Democrats, were supportive of the Bond referendum. I believe critical to its passage in 1991 will be that support. I believe it will be important as you review this proposed legislation that you address the concerns of your colleagues in order that you may achieve the broad support necessary for its passage.

Interfaith Neighbors stands ready today to be a partner in this agenda. We will make every effort to solicit the support of our county legislative delegation on this important legislature initiative. We also stand ready to again appeal to a broad coalition of leadership in our county to support this issue, and to encourage the communities which they represent to do the same.

It is our hope that the voters of New Jersey will affirm your efforts this day by their support of the Affordable Bond Issue. It is our hope that you, Mr. Chairman, and members of the committee, make additional efforts to obtain support from your colleagues on this most important issue for the citizens of our state.

February 20, 1991

32X

AAMH

TESTIMONY SUBMITTED TO

NEW JERSEY ASSEMBLY, HOUSING COMMITTEE

Submitted by: Marshall Bord, Assistant Executive Director
February 20, 1991

**Association for Advancement of the Mentally Handicapped**
60 Prince Street
Elizabeth, NJ 07208-3261
Tel: 908 354-3040
Fax: 908 354-2665

33X

This Testimony is offered in support of A-4379.

The AAMH, through its contracts with DDD and DYFS as well as with hundreds of private citizens with handicapped family members has clearly identified the strong need for low and moderate income housing for a wide range of handicapped individuals. This bond issue, if passed, would mark a major step forward in providing the much needed financial resources required to develop housing for handicapped people.

Many of those acknowledged by the Department of Human Services either receive little or no support services, e.g., DDD's waiting list, or are costing the state far more than is necessary by being kept in institutions such as Marlboro Hospital or developmental centers. Literally thousands are in these institutions "discharged" pending community placement. That section of this proposed bond issue could go a long way toward providing low cost housing for these people. In many cases, the cost to the state will likely decrease.

Each year approximately two thousand youngsters under DYFS supervision have their cases closed. Many have no family capable of providing shelter. Many of these young adults are destined to swell the ranks of the homeless along with those discharged from our mental hospitals. Again, this bond issue offers substantial hope that adequate housing can be obtained for these people. Not only can lives literally be saved but costs for welfare, prisons, and hospitals may well be diminished, or at least, not be increased.

It is a rare and welcome opportunity that offers us the chance to do well by doing good. A-4379 would seem to be such a bill. We strongly urge your support.

HOUSING AND JOBS BOND ACT OF 1991
A-4379
Assembly Housing Committee
February 20, 1991

Testimony by
Carl Blumenthal
Director
Community & Economic Development
City of Long Branch
Organizer
Environmental Housing Coalition of New Jersey

Mr. Chairman, Committee members: Good morning! My name is Carl Blumenthal. I am director of community and economic development for the City of Long Branch and a member of the Non-Profit Affordable Housing Network of New Jersey. I am also a technical advisor to the Association of New Jersey Environmental Commissions and the environmental representative on DCA's Construction Code Advisory Board.

Although affordable housing and environmental protection are longtime concerns of mine, advocates of "red bricks" and "green fields," as I like to call them, are sometimes at odds with each other, especially in suburban communities with Mt. Laurel obligations. Because I believe both groups have more in common than they realize, last year I organized the Environmental Housing Coalition of New Jersey, an ad hoc group of planning, environmental and housing advocates.

The organizations which have regularly attended our meetings are the Council on Affordable Housing, the Alliance for Affordable Housing, the State Planning Commission, DEP's Division of Coastal Resources, the Middlesex-Somerset-Mercer Regional Council, Morris 2000, Trust for Public Land, the Burlington and Hunterdon county planning boards and the Association of New Jersey Environmental Commissions; 15 other groups have participated. With support from the Fund for New Jersey, we have planned a conference on March 21 at Rutgers, New Brunswick. The conference is entitled "Affordable Housing Production and Open Space Preservation in an Age of Austerity."

-more-

During the campaign for the housing bond issue last fall, our group was not ready to take a position. Nor will we take one before our March 21 conference. While I am expressing my personal views today, they reflect discussions by the Coalition since our first meeting, namely that the state needs a joint affordable housing-open space bond issue. Because you have already drafted half of such a bond issue, $135 million for red bricks, I ask for your support of an equivalent amount for green fields, or Green Acres if you like.

To this committee and my affordable housing colleagues, the idea of expanding the scope of the housing bond issue may appear as a roadblock just when you are picking up steam again. That is not my intent and I apologize for not introducing the idea sooner. I worked for the 1990 bond issue and asked every major environmental group in the state to support it. Because it failed, I now ask you to examine whether a single-issue bond referendum is the surest way of creating new resources for affordable housing.

Granted the bond issue was unfairly caught in the tax backlash. Making the bill more sensitive to taxpayers' concerns may be the answer. But what if the economy and tax situation worsen? I am sure you agree that a second straight defeat would weaken the affordable housing cause.

The defeat of our housing bond issue and of environmental bond issues in other states last November shows why affordable housing and open space advocates must stick together. When citizens become preoccupied with taxes and the economy, they forget that such social goods as affordable housing and environmental protection are by their nature almost totally dependent on public resources.

-more-

Last week's Eagleton Poll illustrates that taxes (41%) and the economy (15%) now concern New Jersey residents much more than the environment (8%), the perennial favorite. Historically affordable housing has lagged considerably behind the environment in the polls. Now that environmentalists are down in the dumps too, they should be more open to combining red bricks and green fields.

The timing is right: This committee is looking again at a housing bond issue and the 1989 Green Acres bond issue will be exhausted by the end of this year. In addition environmentalists have tried and failed for six years to create a Natural Resources Trust Fund. Like the state's Affordable Housing Trust Fund, this added source of monies would have been steadier than (Green Acres) bond issues alone.

But political expedience is not the only reason for combining bond issues. The State Plan contains new ways of linking old concerns: for environmental protection to make redeveloping cities more inviting and for denser, affordable housing to prevent suburban sprawl. A "red bricks-green fields" bond issue could be among the first attempts to realize state planning wisdom, which I summarize as "Build only the housing we really need in the places best-suited for it." If you want stricter linkage than just splitting the money 50/50, I suggest basing the open space funds on COAH-compliance and the affordable housing funds on a complete Green Acres inventory. That would be fair but maybe not realistic.

Finally there are precedents. Little Vermont created a Housing and Conservation Board in 1987, funded by a variety of mechanisms, including a joint bond issue. Since then the Board has preserved and created more than 1500 affordable housing units and 25,000 natural resource acres. And believe it or not, the Board only funds non-profits. (By the way, leaders of the Vermont Housing and Conservation Coalition will be keynote speakers at the March 21 conference.)

-more-

Massachusetts has had an environmental housing coalition for as long as Vermont has. In 1987, just before the state economy turned sour, the Massachusetts group almost passed a "housing and land bank" bill, which would have enabled municipalities to use a realty transfer tax for affordable housing and open space. Rhode Island started a coalition recently and it too has its sights on a joint bond issue. Dutchess County, New York is another example. I am sure other coalitions exist because this seems to be an idea whose time has come.

If this committee agrees with the idea, I and other members of the Environmental Housing Coalition would be happy to work with you to make it a reality.

Thank you for listening to my testimony!

-end-

Vermont Housing and Conservation Board (VHCB)

ALLOCATION OF VHCB RESOURCES AS OF 9/15/90

CONSERVATION:

77 Projects
VHCB Commitment: $10,861,256
% of Total Committed Resources: 38.7%

HOUSING:

96 Projects
VHCB Commitment: $13,082,084
% of Total Committed Resources: 46.6%

DUAL GOAL PROJECTS:

26 Projects
VHCB Commitment: $4,142,975
% of Total Committed Resources: 14.7%

TOTAL COMMITMENTS: $28,086,315 (for 199 projects)

Total Acres Preserved: 29,359

Total Affordable Units Created/Preserved: 1703

Loans: $13,122,029 (47%)

Grants: $14,964,286 (53%)

COMMITMENTS BY YEAR:

FY 1988 $2,263,916

FY 1989 $11,760,770

FY 1990 $12,833,480

# Massachusetts Affordable Housing Alliance

**169 Massachusetts Ave.**
**Boston, MA 02115**
**(617)536-1200**


## Housing And Land Bank Fact Sheet

### What Is A Housing & Land Bank?

It's a locally controlled fund that cities and towns could use to pay for affordable housing and environmental protection. State wide legislation would give local governments the authority to collect and use this money. Each city and town would then have the option of voting to adopt a Housing and Land Bank. The state bill would not require any community to adopt one. More than 40 cities and towns have already filed home rule petitions asking the legislature for this authority. Many more are now considering this in their efforts to provide affordable housing and environmental protection for their residents.

Revenues raised would he divided as follows:
25% must be used for affordable housing
25% must be used for city parks and open space preservation
50% may be used for either or these 2 uses, or for water, sewer, & solid waste projects

### Where Would The Money Come From?

Local Housing and Land Banks would be funded by a real estate transfer tax of up to 1%. People who sell residential and commercial property would pay up to 1% of the sales price into a fund in the city or town in which they sell it. The money would be used to provide affordable housing, to help pay for water, sewer and solid waste treatment facilities, and to save open space within that city or town. Those who sell homes to first time buyers would not have to pay this tax.

### Who Would Decide How To Use The Money?

The decisions about how to spend Housing & Land Bank money are made by residents of the communities that adopt them. The state wide legislation is very flexible as to how the money may be used. The housing money can be used for new housing construction or for preservation of existing affordable units. Local governments draw up plans outlining how they will spend the money. These plans then have to be approved by the state Executive Office of Communities and Development (EOCD) and by the Executive Office of Environmental Affairs (EOEA).

For information, call Hillary Frank of the Mass. Affordable Housing Alliance at 536-1200; 40X

# HANDS ACROSS NEW JERSEY

TESTIMONY BEFORE THE ASSEMBLY HOUSING COMMITTEE by Phyllis R. Elston, Legislative Agent -- RE: A-4379 (SCHWARTZ, DORIA, etc.)"Affordable Housing Programs Assistance Bond Act of 1991"; February 20, 1991; Trenton, NJ

Hands across New Jersey (HANJ) finds a lack of specificity with regard to the programs and expenditures to be problematical in the proposed A-4379, legislation to authorize the "Affordable Housing Programs Assistance Bond Act of 1991." Specifically, Section 4b in the proposed legislation states that "Such housing programs as shall be established by law may include, but shall not be limited to:..."; -- the bill goes on to name seven specific program categories which MAY be funded. The problem with the permissive "MAY" is that any of the programs named could or could not be funded. Voters are being asked to approve entities which are completely uncertain. There is no indication that all of these programs are required to be funded. None or all or some may or may not be funded.

Our problem with the non-permissive SHALL is that it puts the taxpayers in a situation where they are positioned to absorb debt for purposes which are virtually unknown. We suggest that each program expenditure be defined in the bill. Unless program expenditures are defined, the aggregate figure of $135 million is a figure not grounded in demonstrated need.

Additionally, many terms pertinent to the implementation of the legislation are not defined -- terms such as "annual income"; "down payment"; elegible buyer"; first-time home buyer"; "homeless person"; "housing region"; "low income"; "moderate income"; "qualified nonprofit corporation"; and "tenant ownership project" are undefined in the bill. Further, in section 14b, language would allow the State Treasurer to transfer available money from any fund of the Treasury to the Affordable Housing Programs Assistance Fund, with any sum so transferred to be returned to the same fund from which it was drawn. In view of the fact that the program funding is not articulated, taxpayers would be in a position of having their money being borrowed back and forth from one fund to another for "projects unknown." We feel it would be more responsible to limit transfers to the Housing Assistance Fund to money drawn from funds with similar purposes, thus building the confidence of bondholders that their money is being used for declared purposes. Also, the amount of time that such funds will be "borrowed" should not be open-ended. Such "borrowed" funds, we feel, should be returned within a specific time limit -- perhaps six months. There are, historically, bond issues passed but never funded. Theoretically, we could see funds being borrowed from anywhere to go to a Fund which may or may not be effectuated by bonds actually issued.

Also, in Section 14c, language would direct net earnings received from the investment or deposit of moneys in the Fund to be paid into the General Fund. We feel that, in order to advance the programs specified in the bill, it would be more fiscally responsible to direct such net earnings into a dedicated trust fund tied to the purposes of the bill. Again, this can only serve to build confidence for bondholders and/or prospective bond buyers.

41X

Testimony by Phyllis R. Elston on A-4379; 2/20/91 -- Assembly Housing Committee

While we fully understand the need for the programs outlined in the bill, we also consider the fact that this bond issue will add another $135 million in debt to the residents of our State. This is really the same as obligating New Jerseyans with a collective mortguage for the next 35 years. The citizens incur a liability regardless of the success of the program. Rather than asking the citizens to incur the full weight of this indebtedness, we suggest that Industry be asked to consider underwriting a portion. There will, no doubt, be individuals from the building and/or banking industries before you in support of this bill. We ask the rhetorical question: Should not these industries be willing to underwrite a portion of the programs? This would be in line with the Administration's policy stating that the Indurance Industry and medical and legal professions cooperate to finance a way out of our health care and auto insurance dilemmas.

Other possibilities for tightening financial accountability in the proposed legislation include elimination of grants and expansion of low interest loans, capping administrative costs (at 1%??); directing excess funds which may exist in any given fiscal year back into the Fund; and consideration of a more efficient regulatory process for these housing projects by way of a priority status for permit review.

We were under the impression from Chairman Schwartz's remarks in the press that there would be a series of public hearings on this very urgent but very complicated issue. We are dismayed at a process which would combine a public hearing with a Committee Hearing in which the release of the proposed bill is a strong possibility. We do not understand how Public input can be adequately digested with the combination of the two types of forums back-to-back. We are anxious to be a constructive part of the process. Thus, we urge you and all members of the legislature to seriously consider taking sufficient time <u>at this level</u> to insure thorough public participation The action of the voters on this proposal in Nov., 1989 speaks for itself. Without substantial change in the proposal and without complete accountability and clarity, we fail to see why the posture of the voters or the position of HANJ should change.

Finally, we note that a bill was released by this Committee -- AJR 93, sponsored by Chairman Schwartz -- which states,"...Reliance on the traditional method of long-term financing through the issuance of bonded debt is clumsy and expensive, and often lacking in the flexibility needed to direct these funds to objectives of the greatest utility." We wonder, therefore, why you are immediately resurrecting that exact process for this measure. We remind you that this bond initiative failed at the polls -- even in the Chair's home county. Would it not be worth considering letting the proposed Capital Study Commission, which would be created by AJR 93, function to set up a fiscal mechanism to deal with such a fiscally important and far-reaching proposal as set forth in A-4379.

Thank you for the opportunity to comment on behalf of Hands Across New Jersey.

Telephone Contact: (609) 393-9232 (P. Elston)
(609) 882-4498 (J. Coates,HANJ)

Phyllis R. Elston, Legislative Agent
Leg.Office: 395 West State St.
Trenton, NJ 08618

42X

TOUCH A LIFE

# New Jersey Foster Parents Association

224 East State Street • Trenton, New Jersey 08608 • (609) 599-4772 • FAX: (609) 599-1536

**Public Hearing**
**Assembly Housing Committee**
**Honorable David C. Schwartz, Chairman**

**State House Annex**
**Room 341**
**Trenton, New Jersey**

**Testimony of:** **New Jersey Foster Parents Association**

**Presented by:** **Sue Dondiego, Legislation Chair**

My name is Sue Dondiego. I am a foster parent and Legislation Chair for the New Jersey Foster Parents Association. I want to thank you for the opportunity to speak to you today about the importance of the bill before you as it pertains to foster care.

In recent years, as you are all aware, affordable housing has all but vanished from the face of New Jersey. One of the greatest hardships this situation has caused is the break-up of families.

While many of these families may have multiple problems, one cannot expect these problems to be resolved when the family does not even have the barest essential of a roof over their head.

The lack of affordable housing, once children are placed in foster care, creates a second problem. This problem occurs when it becomes appropriate for children in foster care to return to their birth parents.. and there is no home to return to.

Foster care, in the vast majority of cases, is the most appropriate setting for children needing out-of-home placement. As a foster parent I have cared for children who have been abandoned, abused or neglected. I and others did not become foster parents to care for children who have not been abandoned, abused or neglected but are simply the victims of the state's inability to provide adequate affordable housing.

The foster care program is usually viewed as a system in crisis. While I can attest to many improvements in foster care, I am also aware that "crisis" is often an appropriate term to use. No sooner is one problem solved, when two or three others appear.

Because of the number of women in the work force today, a lack of child care and the fact that those who choose to become foster parents must have the financial resources to subsidize the foster care program, it is becoming more and more difficult to recruit foster parents.

Because the Division of Youth and Family Services has done a better job of providing prevention services to keep families in tact, children entering foster care have more serious physical, emotional and medical problems. Only a few years ago, we were not asked to care for infants addicted to crack or cocaine, or who tested positive for the virus which causes AIDS.

These are the infants, children and youth who need us, as foster parents.. but the lack of affordable housing is contributing to the foster care crisis.

We commend you for your efforts to address the housing problem and will, most assuredly, convey our support of this bill to foster parents and others interested in the welfare of children and families.

45X

**Legislative Viewpoint**

NEW JERSEY STATE LEAGUE OF MUNICIPALITIES
407 W. STATE ST. TRENTON, NJ 08618
609-695-3481 FAX 609-695-0151

JOHN E. TRAFFORD, Executive Director
WILLIAM G. DRESSEL, JR., Asst. Executive Director
JON R. MORAN, Senior Legislative Analyst
CHRISTOPHER CAREW, Legislative Analyst
HELEN YELDELL, Legislative Analyst

February 20, 1991

Hon. David C. Schwartz
Chairman, Assembly Housing Committee
92-94 Church Street, 2nd Floor
New Brunswick, NJ 08903

Re: A-4379 on Affordable Housing Assistance Program

Dear David:

Unfortunately an unexpected scheduling conflict has prevented me from attending your committee hearing today on the aforementioned bill.

Please include the enclosed position statement as part of the official hearing record on A-4379.

The League applauds your on-going efforts to increase the availability of affordable housing for New Jerseyans of low and moderate means. This legislation is a crucial first step in accomplishing that goal.

Again, the League strongly supports A-4379 and we will do whatever we can to help you gain passage of this bill.

Very truly yours,

Bill

William G. Dressel, Jr.
Assistant Executive Director

WGD/chb



46 K

Legislative Viewpoint

NEW JERSEY STATE LEAGUE OF MUNICIPALITIES
407 W. STATE ST. TRENTON, NJ 08618
609-695-3481 FAX 609-695-0151

JOHN E. TRAFFORD, Executive Director
WILLIAM G. DRESSEL, JR., Asst. Executive Director
JON R. MORAN, Senior Legislative Analyst
CHRISTOPHER CAREW, Legislative Analyst
HELEN YELDELL, Legislative Analyst

February 12, 1991

Hon. David C. Schwartz
Chairman, Assembly Housing Committee
92-94 Church Street, 2nd Floor
New Brunswick, NJ 08903

Re: A-4379

Dear Dave:

The League of Municipalities enthusiastically endorses A-4379, a measure designed to increase the availability of affordable housing for New Jerseyans of low and moderate means. We respectfully request swift and favorable action on this important initiative.

It has become apparent that the free market alone will never be able to meet the demand for low and moderate income housing. And, since traditional State and Federal assistance programs have disappeared, local government lacks the resources to solve this problem alone. It is, therefore, imperative that State Government address this issue. We applaud Assemblyman Schwartz for attempting to do just that through the introduction of this legislative proposal.

The legislation provides for the issuance of general obligation bonds to fund several new affordable housing programs. Of primary importance to our membership will be the program under this Act which will provide assistance to municipalities for the construction and rehabilitation of their housing obligations. While we would welcome and could productively use much more than allocated, we appreciate this measure as a crucial first step. Further, we commend the sponsor for realizing that municipal government is not responsible for this problem, but is instead a valuable partner that stands ready to work toward a solution. He has crafted a program which respects our rights embodied in the "Fair Housing Act," in the "Municipal Land Use Law" and in the "Uniform Construction Code."

In conclusion, we reiterate our strong support for A-4379. We urge you to move this bill as expeditiously as possible.

Very truly yours,

William G. Dressel, Jr.
Assistant Executive Director

WGD:jg

ASSEMBLY HOUSING COMMITTEE MEETING, FEBRUARY 20, 1991

A. 4379 - $135 MILLION HOUSING ISSUE

Mr. Chairman, Members of the Assembly Housing Committee, I want to thank you for allowing me the opportunity to provide the Committee with testimony on this most important housing legislation. Assembly Bill 4379 would place a $135 million, housing bond issue on the ballot this November.

As Dorothy in the Wizard of Oz stated, "There's no place like home, there's no place like home." However, for a growing number of New Jerseyans, particularly young couples, families and the elderly, there is no place to call home or at least a home of one's own. This housing bond issue would provide to those of us concerned and committed to providing opportunities for home-ownership and basic shelter for all residents of this State the tools and resources to attempt to do something about it.

Despite the fact that the average price of a home in New Jersey declined to $179,000 in 1989 from its peak of $186,000 the previous year, the facts show homeownership is eluding many Americans. From 1980 to 1988, homeownership among 30- to 34-year olds declined by nearly 10 percent. In New Jersey the high cost of housing is hitting young couples the hardest, and in addition to the low- and moderate-income, even those families earning median incomes -- blue collar workers and professionals, such as teachers, police and civil employees -- are finding it increasingly difficult to obtain that first home.

Despite this decline in the real estate market and a drop in the prices of homes, housing prices are such that first-time home buyers -- except those with the highest incomes -- cannot afford to purchase a home. Rental housing is becoming even more scarce with the recent preponderance of condominium conversions. The trend in the rental housing market has been to higher-priced rental units rather than low- and moderate-priced rental units.

This bond issue will make it possible for more residents, including teachers, firefighters, police and many others, to buy a home. This bond issue will also allow still others to have safe, clean rental units.

The Affordable Housing Bond Act will create a revolving fund. Bond moneys from the fund would be earmarked for seven diverse programs to improve housing opportunities for a broad range of New Jerseyans from mortgage assistance loans for middle-income, first-time home buyers to transitional and permanent housing for homeless individuals and families, and special needs housing for the disabled. Another portion of the bond money would be used for construction or rehabilitation of homes and rental units for low- and moderate-income families and senior citizens and for group homes for the disabled. Some of the bond money would be used for loans to individuals (for downpayments on new homes) and to municipalities, housing authorities, non-profit corporations and for-profit corporations and for-profit developers to build or fix up low- and moderate-income housing. Other funds would be used for grants to provide affordable housing.

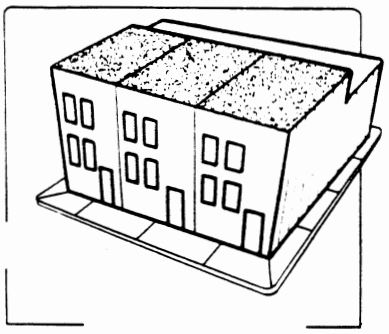
The New Jersey Housing and Mortgage Finance Agency, which over the last 23 years has provided low-interest mortgage financing for nearly 35,000 New Jersey households and more than 100,000 tenants strongly, supports A-4379. Passage of this legislation and approval by the voters or this state will provide the Agency and others committed to affordable housing opportunities a strong vehicle to ensure safe, clean affordable housing.

Chairman Schwartz, author of this landmark legislation and Members of he Assembly Housing Committee, the New Jersey Housing Mortgage and Finance Agency goes on record today in strong support of the affordable housing bond issue and urges its swift and favorable passage through the State Legislature.

Thank you.

AH/dl/2427

50X




# *State Street Housing Corporation*

532 State Street, Camden, New Jersey 08102

(609) 365-4403


**SUMMARY**


State Street Housing Corporation is a Non-Profit housing and service provider located in the city of Camden, New Jersey. The corporation was established in 1972 to provide safe, decent and affordable housing and housing services to families of low to moderate income.

To date we service sixty-one families through out the city. Our housing stock consists of approximately eighty properties and three lot sites, the majority of which are located in the northern section of the city.

We are currently instituting a Transitional Housing Program that will address the needs of Homeless Families and Homeless Adult Males. Funds to rehabilitate properties (4 units) for the Homeless Families are being provided through DCA under the Family Shelter Strategy Program; Funds to rehabilitate properties (3 units) for Homeless Males are being provided through Camden County CEAS Program.

While we have been successful in securing funding to implement the rehabilitation of properties for the Transitional Housing Program, we have not been as successful in securing funding to properly staff these programs, and as a result, we are forced to hold back the entire project until these funds can be secured and the total funding component can be put in place.

The ongoing rental program no longer enjoys the security of being self-sufficient. Of the sixty-one families housed, only four units produce fair market rents, and those four rentals are provided by section 8 certificates holders who may remain in the property at will. The average rental of the remaining families is $250.00 per month for each single family dwelling be it house or apartment.


51X

The need for decent housing, housing services, housing assistances and other family support services in the City of Camden is overwhelming. Many families, even though they have a place to live, NEED basic support services to prohibit them from becoming the next Homeless victim, residents of our program are no exception. With rents set at $250.00 per month, we are forced (in some cases) to take legal action for assistance and relief.

If adequate funds were made available to State Street Housing Corporation, we could implement the Transitional Housing Program as designed; Rehabilitate the 15 vacant units to be used for permanent housing for residents leaving the Transitional Housing Program; Provide the support services for the residents of the on-going rental program, thereby making them self-sufficient, prior to Homelessness; and provide case management and property mantience for all properties and residents of the program.

Testimony on Assembly, No. 4379
February 25, 1991

My name is Richard Godfrey, I have been involved with the financing and production of affordable housing for eighteen years, my entire professional career. Right now I am a lawyer helping with the financing and production of housing in New Jersey and several other states including New York, Connecticut, and New Hampshire. It should also be noted that from 1986 to 1988 I served as Deputy Treasurer for the State of New Jersey. As such I was responsible for budgeting and bonding matters for the State.

I am here to testify in favor of Assembly Bill No. 4379, the Affordable Housing Programs Assistance Bond Act of 1991. Many people have and will testify as to the need for this bond issue to meet the critical housing needs facing New Jersey. I am deeply aware of these needs and believe that the State has an obligation not only to assist people in achieving the American Dream of home ownership but more importantly to provide shelter which is structurally and socially safe.

However, the primary focus of my testimony will relate to the fiscal impact of this bill. For, despite the undisputable social benefits which will flow from this funding for housing, New Jersey's government is faced with numerous worthwhile needs

and insufficient funds to pay for them all. Therefore, the legislature must decide what the State can and cannot afford to pay for.

I would like to first talk about the financial benefits which will flow from this bill. Everyone knows that New Jersey is in a recession and a major reason for that recession is a slump in the real estate market.

The real estate industry has one of the greatest ripple or multiplier effects of any industry. That is why the real estate slump hit the economy hard and, conversely, the reason that stimulating the real estate industry generates such large rewards. Housing construction employs large amounts of local labor and most of the suppliers and subcontractors are also right here in New Jersey. Plus when people move into homes, whether buying or renting, they also spend large sums on furniture, fixtures, paint and the like. Again all of these dollars are spent locally. Thus for every dollar spent on housing production, 4 or 5 dollars ripple through the economy on additional expenditures. Consequently, if state government is looking to give the economy a boost, one of the best ways to do it is to invest in housing.

In addition to the ripple effect of housing investment is the leveraging which will take place with this particular housing bill. Let's take for example the down payment assistance

program. By helping a family with a 5% down payment you allow them to purchase shelter at 20 time that amount. By providing them with a $4,000 downpayment, they could purchase an $80,000 home. Although not all of the eligible programs are as heavily leveraged as single family housing, assuming an average leveraging factor of 10 would mean that the state's investment of $135,000,000 will yield $1,350,000,000 in housing. This leverage also means that the actual cost to the state will be significantly offset by gains in tax revenues. For example, if this bill were to generate $1,350,000,000 in new construction about ½ of that would be in material purchases generating about $50,000,000 in sales taxes. This is just on direct services without the ripple effect. Also it does not take into account realty transfer fees which could add another $5,000,000. Therefore almost half of the initial cost of the bond issue will be immediately recouped through taxes, and the balance will be recovered through the ripple effect. Furthermore since much of the assistance will be in the form of loans, there is a likelihood that the balance of the direct costs will be recovered.

I would also like to address the issue of certain perceived risks to the taxpayers from investing in housing. First of all, housing is one of the safest investments anyone can make, especially over the long term. Secondly, because the state

has ready access to capital markets, short term financing shortages can be easily covered through borrowings. Third, the states' exposure is limited to what it spends and foreclosure proceeds would offset the state's investment. Finally, with a 23 year history of lending money for affordable housing, the New Jersey Housing and Mortgage Finance Agency is one of the most financially secure authorities in the country. They remain in this position after financing about 70,000 housing units in New Jersey and issuing $3.5 billion in housing bonds. Much of this housing has been for families in urban areas, and significant amounts have been for senior citizens. Although individual projects or families have had financial difficulties, the Agency's overall portfolio has been and remains strong, viable and affordable. There is no reason to believe that the application of the proceeds of the proposed housing bond issue would differ from this past performance.

In conclusion the housing bond issue is a safe investment which will provide superior economic benefits to the state at no real cost to the taxpayer. The benefits to families who will receive sound and safe housing will be immeasurable.

Testimony in Support of Assembly Bill No. 4379, the Affordable Housing Programs Assistance Bond Act of 1991.

To be delivered at a hearing before the Assembly Housing Committee, David Schwartz - Chair on February 20, 1991.

Testimony by: Nancy L. Randall, Executive Director
Neighborhood Housing Services of Camden, Inc.

Vice-President, NJ Non-Profit Affordable Housing Network

My name is Nancy Randall. I am director of Neighborhood Housing Services of Camden, Inc. NHS is a community-run, non-profit housing and community improvement organization. The neighborhood where we work, Lanning Square, has a population of 5000, 60% are African-American and 30% are Hispanic.

NHS works to provide affordable housing to neighborhood residents through renovation of vacant, city-owned properties. The cost of rehabilitating these homes averages $85,000. The median family income in our neighborhood is $8,700 per year. Forty-seven percent of families live below federal poverty limits. Families in our neighborhood can afford to pay less than $30,000 for a home and many cannot afford to buy at all. Rents in our area now hover round $550 per month. For most renter families this represents well over 50% of monthly income.

The subsidy dollars necessary to fill the gap between rehab costs of $85,000 and affordable sale prices of $30,000 are no longer available from the federal government. State programs are stretched to the limit. New sources of financing and subsidy must be found or affordable housing development, especially in New Jersey's cities, will stop entirely. NHS of Camden is currently developing 17 affordable units for sale. We have received over 300 applications. Why must we turn hundreds of desrving families away?

Non-profit housing corporations can build for less. We can provide long-term, community-based homeownership counselling and post-occupancy support to our neighbors. We can respond more efficiently to our local markets. Assemblyman Schwartz and his staff know this and have actively sought the support and advice of the NJ Non-Profit Affordable Housing Network in the development of this legislation. I now urge the members of the Legislature to support the Affordable Housing Bond Bill.

57X

As Governor Florio has said, we can no longer have two New Jerseys - urban and suburban, rich and poor. We cannot allow our cities to further sicken and die due to shortsightedness and partisan squabbling. Passage of this bill and a favorable referendum are a matter of survival for city neighborhoods and the families who live there. Please take the lead in educating fellow legislators and your constituents as to the crucial importance and long-term benefits of this bill.

Thank-you.

testimon.wps