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- Appendix C : list of positive steps other than specific
Zonings ordinance changes that can be taken by
the defendant municipalities to affirmatively
provide for low and moderate

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APPENDIX C

This appendix provides a list of positive steps other than specific zoning ordinance changes that can be taken by the defendant municipalities to affirmatively provide for low and moderate income housing units. It also provides a complete listing of available federal and state programs which can be used to facilitate implementation of a municipality's fair share.

In the event that defendants fail to produce adequate provision on their own this list might be used in fashioning a specific remedy to provide this fair share.

Municipalities can:

1. Create a housing authority (pursuant to N.J.S.A. 55:14A-1 et seq.) and provide such financial support necessary to enable the housing authority to fulfill the municipality's fair share allocation (e.g., make application for Federal funds, etc.)
2. Work with existing housing authorities in contiguous municipalities, pursuant to Title 55, N.J.S.A.
3. If the county creates a county housing authority, pass the necessary resolutions providing that the county housing authority may construct, lease, or rehabilitate units for families and senior citizens within the municipality.
4. Pass a resolution of need under the NJ HFA law (55:14J-1 et seq.)
5. Adopt a resolution specifying that tax abatement will be provided to non-profit or limited dividend housing

constructed in the municipality under NJ HFA provisions, Section 8, or similar programs.

6. Pass a resolution specifying that the municipality shall facilitate wherever possible the construction or rehabilitation of housing under Federal & State housing programs, and shall use its good offices to support the activities of non-profit sponsors, assist in obtaining suitable housing sites, direct infrastructure and facility improvements toward such sites, entertain reasonable variations from existing land use, including subdivision, regulations, etc.

7. Make application through the housing authority or other body designated by the municipality's governing body for Section 8 funds to be applied to existing housing units; further, ensure that such funds be used without hindrance through wide publicity of the program to both tenants and landlords, active encouragement of the program, and use of municipal good offices to facilitate participation in the program by interested landlords.

8. Utilize a reasonable share of available community development revenue sharing (CDRS) funds for rehabilitation/home improvement activities as provided under the 1974 housing act.

9. Utilize a reasonable share of CDRS funds for provision of infrastructure extensions and improvements to existing infrastructure in a manner directly benefiting,

and improving the housing conditions of, low and moderate income families living in existing housing units in the municipality.

10. Apply for State funds for home improvement/housing rehabilitation as well as any Federal funds (e.g., Sec. 312) not tied to CDRS. Furthermore, a municipality can use its good offices with accessible private lenders to increase the flow of funds for home improvement and rehabilitation at reasonable terms.

11. Affirmatively encourage black and Hispanic families to obtain residence in the community, both in existing and new low and moderate income housing through such efforts as the creation and funding of special outreach programs, advertising in the minority media, development of cooperative relationships with existing resource groups such as the Urban League.

12. The following list of state and federal programs is provided as a resource list:

Section 8, 42 U.S.C. 1437f

Section 8 is a leased housing assistance payments program which provides subsidies to owners or developers on behalf of tenants[/] who live in market rate units. The Department of Housing and Urban Development (HUD) sets rents based on prevailing market levels for moderately priced housing.

[/] The statute provides assistance be made available to families of "low income" (earning no more than 80 percent of the median income) and "very low income" (earning no more than 50 percent of the area median income).

Owners who may be either private or public, are paid the difference between this rent and between 15 to 25 percent of the assisted family's income.

The subsidy applies to newly constructed, substantially rehabilitated, or existing housing and all types of units and structures, including mobile homes.

Section 235

Section 235 (as revised) provides home ownership assistance to lower income families by authorizing the Secretary to make monthly payments to lenders who make home mortgage loans to qualified families. Owners of condominium units are considered home owners for this purpose.

This assistance reduces the mortgage interest cost to as low as 5 percent. The homeowner must contribute at least 20 percent of his adjusted gross income towards monthly mortgage, insurance and tax payments on the house.

To be eligible for such assistance, the family must have an adjusted family income not exceeding 80 percent of the median income for the area, with appropriate adjustments for smaller and larger families.

Farmer's Home Administration (FmHA) - Title V

There are several rehabilitation programs administered by the Farmers' Home Administration. Under a special section of section 502 home ownership program, rural homeowners can secure a loan to improve or enlarge existing buildings or complete one on which substantial construction work already has been done.

Under Section 504 of the Housing Act of 1949 (42 U.S.C. 1441) the Farmers Home Administration may make loans and/or grants to very low income rural homeowners to make minor repairs and improvements to their homes.

Under Section 515 of the Housing Act of 1949, 42 U.S.C. §1485, the Farmers Home Administration is authorized to make low-interest direct loans to individuals, corporations, associations, and other eligible entities to provide rental or cooperatively-owned housing for moderate-income rural persons. Such loans may cover the entire development costs or the value of the mortgaged property, whichever amount is smaller.

Section 236

Subsidies under the "Section 236" program, 12 U.S.C. §1715z-1, as amended, are available to owners of multifamily rental projects whose tenants are lower income families. The Secretary of HUD is authorized to subsidize the owner's mortgage interest payments down to one percent, provided that the resulting savings be passed along to the residents of the project in the form of lower monthly rental payments. The Secretary is also authorized to make additional assistance payments to subsidize certain operating expenses. In projects containing an unusually high percentage of very low income persons, HUD may grant additional subsidies for up to 20 percent of the dwelling units.

Section 202

Under the "Section 202" program, 12 U.S.C. §1701q, as amended, federal loans are available to finance the construction of housing for the elderly and the handicapped, so long as such housing is being sponsored by a non-profit organization. In addition, Section 8 Leased Housing payments may be used to subsidize rents which such housing would bear under HUD fair market rent guidelines. The interest rate on "202" housing would be equal to the U.S. Treasury borrowing rate, plus an allowance to cover overhead costs.

Title I of the Housing and Community Development Act of 1974,
42 U.S.C. 5305 et seq.

A community development program under Title I of the above act can be used to provide for the "acquisition, construction, reconstruction, or installation" of a community's infrastructure (§5305(a)(2))

Such a program can also be used for rehabilitation of buildings and improvements (§5305(a)(4)).

New Jersey Housing Finance Agency Program

The state Housing Finance Agency program relevant here, (under N.J.S.A. 55: 14J-1 et seq) provides assistance for limited dividened and non-profit sponsors of moderate income multi-family dwellings (both rentals and cooperatives). This program enables these sponsors to obtain a lower mortgage interest rate than that available generally.

State Demonstration Fund Program

Under N.J.S.A. 52:27D-59 et seq. a municipality may submit a plan for a "demonstration" to be funded by the state.

Demonstrations presently in existence involve rehabilitation of low and moderate income housing, management of public housing and programs where tenants assume certain responsibilities in public housing projects.

Under the Neighborhood Reservation Housing Rehabilitation Loan and Grant Act of 1975, N.J.S.A. 52: 27D-152 through 161, grants are provided for neighborhood housing rehabilitation programs on an experimental basis.

Obviously the relief ordered by this Court to correct the proven violations of the New Jersey Constitution will redound to the benefit of the minority group plaintiffs and the class they represent. For too long these plaintiffs have borne the burden of racial prejudice, in addition to economic discrimination. The remedy for these plaintiffs includes the provision of units and must necessarily include a variety of affirmative action or "outreach" programs designed to attract the minority family to the new and rehabilitated units that will become available. Without special outreach programs, advertising in the minority media, the development of cooperative and consultative relationships with brokers serving the minority community, establishing of fair housing groups, cooperation with existing organizations such as the

Urban League and similar programs (as testified by Mr. Mallach on the last day of trial) minority families will not perceive that they are welcome. Indeed, without the ordering of such relief, minority plaintiffs will perceive the opposite -- that not coming under the special protection offered by the court is indicative that they are not as welcome as white low and moderate income families.