

CA - Metuchen

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- Responses to questions submitted by Martin A. Spritzer, Attorney for the Borough of Metuchen.
- List of questions from Spritzer to Marchetta
- Community Development Program objective

11 pages

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April 5, 1976

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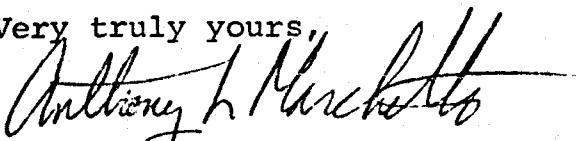
Re: Questions on CDRS and  
Federal Programs

Dear Mr. Spritzer:

Enclosed are my responses to the questions you submitted. I have tried to answer these questions as best as time and available information allowed.

You will find some additional material which should clarify your understanding of the subject matter, however if I can be of any further assistance, please feel free to call.

Very truly yours,

  
Anthony L. Marchetta  
CDRS Administrative Assistant

ALM:pat  
Enc.

cc: Mr. Edward J. Johnson  
Mr. Gary M. Schwartz  
Honorable David Furman  
Douglas S. Powell

RESPONSES TO QUESTIONS  
SUBMITTED FROM MARTIN A. SPRITZER  
ATTORNEY FOR THE BOROUGH OF METUCHEN

1. Yes, Middlesex County submitted an application on behalf of the "urban county" of 20 municipalities in the spring of 1975. The application was approved on August 11, 1975, and the approved program is now in execution.
2. To quote the Federal Regulations Part 570.2, "The primary objective of the Community Development Program is the development of viable urban communities, including decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income." The eligible activities and use of community development funds are summarized on the attached sheet.
3. Twenty municipalities and the county government, have entered into a cooperation agreement which is necessary if they are to form a so called "urban county," they are Carteret, Cranbury, Dunellen, East Brunswick, Helmetta, Highland Park, Jamesburg, Old Bridge, Metuchen, Middlesex, Milltown, Monroe, North Brunswick, Piscataway, Plainsboro, South Amboy, South Brunswick, South Plainfield, South River, Spotswood.
4. To be funded a project must fall within the scope of eligible activities and principally benefit persons of low and moderate income.
5. Examples of activities approved and now under execution include projects to construct or improve water and sewer services, street reconstruction, neighborhood centers, housing code enforcement and rehabilitation, and recreational facilities.
6. The federal government has allocated funds to be distributed over a three year period. We are presently in the first program year which ends August 10, 1976. An application for second program year funding is about to begin the nearly four month approved process.
7. The first year figure is \$655,000 the second year tentative figure is \$1,449,000, the third year figure beginning in August 1977 can only be speculated at approximately 2 million dollars.
8. It is possible that any of urban county municipalities could have applied for funds from what is called the discretionary pot or secretary's fund, for community development activities. In as much as there is only a small amount, 2 percent of the annual federal appropriation, available and the eligibility requirements and competition much more severe, the likelihood of receiving these funds is negligible, in Middlesex County.
9. Yes, the application includes what is called a Housing Assistance Plan, HAP. This plan projects the housing needs for low and moderate income housing in the urban county and establishes goals to achieve the calculated needs. However, the plans do not specify that the urban county itself shall implement the activities to create the needed housing, i.e. rent subsidy. Any construction of new housing or substantially rehabilitated housing to receive rent subsidy will have to be done by individual municipalities or private developers.

10. Section 8 of Title II of the Housing and Community Development Act of 1974 addresses itself to Assisted Housing via annual contributions, i.e. rent subsidies, to owners of new or substantially rehabilitated lower income housing units.

In essence, the owner of new or substantially rehabilitated dwelling units can apply to receive annual contributions to supplement the rents of lower income families. The monthly subsidy will represent the difference between the HUD established market rent for the particular type of unit and 1/12 of twenty-five percent of the low-income families annual income.

The owner may request that all of the units in a non-elderly 50 unit plus complex receive rent subsidies, however, the act specifies that preference will be given to projects in which only have 20% subsidized units.

HUD advertises regularly as to the number of Section 8 dwelling units available to a specific area, all developers public or private may apply. (See enclosed advertisement)

11. As indicated in the previous answer rental subsidies are requested by private developers or individual municipal agencies. Rent subsidies are not applied for in the HAP component of the CDRS application.
12. The Housing Assistance Plan in the approved CDRS application, revised and submitted on July 27, 1975, indicates a three year goal of 677 new units of elderly/handicapped on pages 75, 76 and 77.
13. Yes, if the developer of municipal agency sought Section 8 funding from the State HFA it is conceivable that rent subsidies would be available.
14. The Housing Assistance Plan in the approved CDRS application does not differentiate housing needs of the elderly/handicapped and non-elderly/handicapped by municipality. Rent subsidies for either of these categories would be possible if the proposed project conformed to the Section requirements and the appropriate application requirements were fulfilled. However, a locational map shows that 100 units of Senior Citizen housing is to be built in Metuch
15. The estimated housing needs figure were based on data from the 1970 Census, and cross tabulations of this data. The household with annual incomes below \$10,000 and spent more than 25% of this income for rent or elderly owners who spent more than 25% for household costs (taxes, utilities and maintenance) were estimated. The actual methodology was created with recommendations from HUD and can be found on pages 69, 70 of the approved HAP. The 100 units in Metuchen were based on a proposed semi-private developers project in the Borough.
16. The first year 1975 application included several municipal activities which were directed to rehabilitation of existing substandard housing. These communities were Cranbury \$5,000, East Brunswick \$7,000, Monroe \$5,000. The second program year application 1976 which is about to undergo the process for approval includes \$279,000 for housing rehabilitation principally in a regional program to assist all municipalities in the urban county.

17. The variables of inadequate plumbing facilities plus overcrowded conditions plus lack of private kitchen facilities were included in the formula using data from the 1970 Census to arrive at a figure of substandard units by municipality.
18. The various urban county municipalities could establish their own rehabilitation program utilizing their own revenues or fund from their CDRS allocation. They could also, participate in the regional program which will provide \$200,000 to be distributed among all the twenty urban county municipalities, in specific target areas.
19. The urban county has requested that additional \$200,000 of federal low interest residential rehabilitation loans be made available to supplement the regional rehabilitation programs funds.
20. The low-interest residential rehabilitation loan program is provided for in the Housing Act of 1964 in Section 312. The Section 312 loan programs provide direct 3% interest residential rehabilitation loans to homeowners directly from the federal government. An application must be prepared and submitted for approval by HUD, the amount of funds available at this time is unknown, however, if they do become obtainable the regional rehabilitation program's staff could aid homeowners in the preparation of the application. The urban county has requested that \$200,000 of Section 312 loans be made available to eligible residents in its jurisdiction.
21. If a municipality seeks to receive rent subsidies it must have or expect to have the necessary dwelling units, therefore in certain situations a municipality might have to construct dwelling units prior to applying for rent subsidies.

In establishing a rehabilitation program of its own a municipality could utilize its own funds or those of its urban county allocation for both administrative costs and rehabilitation loan or grants. If it participates in the regional rehabilitation program the time of some existing municipal staff would be needed to support the implementation of the rehabilitation program.

22. The bulk of the original expenditures to organize the "urban county" and obtain an approved program which amounted to approximately \$25,000 in staff time was absorbed in the County Planning Board budget. The administrative costs since the approval of the CDRS application and in the future will be completely reimbursed.
23. The only program that could provide funds for the rehabilitation of existing substandard units which are privately owned is the Section 312 Rehabilitation Loan Program. The funding of this program at this time, however, is uncertain.
24. A. If the Section 312 program were available to municipalities the administrative costs of the rehabilitation program would have to be incurred.  
B. A public housing authority would not be essential to receive Section 312 Rehabilitation Loan funds.

25. We believe that this "urban county" application provides the most assessable and lucrative source of funding from the Department of Housing and Urban Development to the participant municipalities.

1. Has Middlesex County submitted an application for Community Development Revenue Sharing funds under the Housing and Community Development Act of 1974 as an urban county?

2. Under Title I of this Act, for what purposes are funds available?

3. What municipalities in Middlesex County have participated in the urban county application?

4. To be eligible for funding of a project under Title I, what must the relationship of the project be to low and moderate income families?

5. What are some examples of the projects submitted by the 20 municipalities?

6. Over what period of years has the application for funding been made?

7. What is the anticipated amount of funding each year?

8. Under the law and HUD regulations, is it possible or likely that one of the 20 municipalities could have obtained these funds by making application separate from the urban county application?

If no, why?

9. As a component of the Urban County application for CDRS funds, was it necessary for the application to contain a separate housing assistance plan involving rental subsidies from HUD for low and moderate income families?

10. If answer is yes, can you state what section of the Act requires this, and how the rental subsidies work?

11. Can you identify the pages in the CDRS application wherein rental subsidies for elderly and non-elderly were applied for as part of a housing assistance plan?



12. Can you identify the pages in the CDRS application where new units for the elderly are mentioned as part of a housing plan, whether financed by HUD or through the New Jersey Housing Finance Agency?

13. Would these units also be eligible for Section 8 rental subsidies?

14. In respect, specifically to the Borough of Metuchen, would there be 100 new units for senior citizen housing and approximately 34 people eligible for rental subsidies outside of senior citizen housing?

15. How were these figures arrived at?

16. Are any monies being received from the CDRS application being allocated or earmarked for rehabilitation of existing sub-standard units in each municipality?

17. Will you state the manner in which the criteria for and number of sub-standard housing were determined in the urban county application?

18. Briefly, what would each municipality have to do in order that any of its residents receive partial grants to aid in rehabilitation?

19. In addition, are the urban county municipalities applying to HUD for further housing rehabilitation aid under any other law?

20. If so, can you name the law, the applicable section, also explain how the program works and what amounts are being applied for?

21. In applying for aid under the above federal programs, whether it be funds for projects, rental subsidies, or rehabilitation of sub-standard housing, must the municipality expend any monies which will not be reimbursed through grants by HUD?

22. Does the County of Middlesex expend any monies in administering the programs which are not reimbursed by HUD?

23. Do you know of any other federal or state programs which municipalities, members of the urban county application, could participate in to obtain funds for rehabilitation of existing sub-standard units. If answer is yes, can you name the applicable laws and specific programs, whether they be funded, and whether the funds are immediately available?

24. If any of these programs are available separate from the urban county grant, do you know whether participation in them would require:

- a) An expenditure of municipal funds which would not be reimburseable
- b) Whether the municipality would have to appoint a public housing authority to obtain any of the funds?

25. Do the Middlesex County officials in charge of the urban county application believe they have applied for and will obtain the maximum amount of funding for the 20 municipalities available from HUD, considering the amount of funds available nationwide?

COMMUNITY DEVELOPMENT PROGRAM OBJECTIVE  
Federal Register 570.2

"The primary objective of the Community Development Program is the development of viable urban communities, including decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income."

The Community Development Program should address itself to the specific objectives of:

1. elimination of slums, blight and prevention of blighting influences;
2. elimination of conditions detrimental to public health, safety and welfare through code enforcement, demolition and rehabilitation;
3. conservation and rehabilitation of existing housing stock;
4. improving and expansion of community services principally for those of low and moderate income;
5. increasing diversity and vitality of communities by expanding the range of housing opportunities in homogenous high and low income neighborhoods; and,
6. preservation and restoration of places of special historical value.