



**FY24 PATHWAYS TO REMOVE OBSTACLES
(PRO) HOUSING **DRAFT** APPLICATION**

NJ DEPARTMENT OF
CommunityAffairs

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EXECUTIVE SUMMARY

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EXECUTIVE SUMMARY

PURPOSE: The New Jersey Department of Community Affairs (NJDCA), Division of Housing & Community Resources (DHCR) is excited and proud to propose the **New Jersey HOMES (Housing Opportunities for Municipal Equity & Success) Institute (NJ HOMES)** for the Pathways to Remove Obstacles (PRO Housing) Housing Notice of Funding Opportunity (NOFO). In March 2024, Governor Phil Murphy signed into law bill A4/S50 (A4), landmark legislation to support towns in meeting their affordable housing obligations by developing a new, streamlined framework for determining and enforcing municipal affordable housing obligations under the New Jersey Supreme Court’s Mount Laurel Doctrine and the State’s Fair Housing Act. NJDCA is proposing to utilize \$7,000,000 million dollars from PRO Housing to provide resources, training and technical assistance to NJ municipalities to facilitate sound planning and kickstart the production, rehabilitation and preservation of affordable housing units across New Jersey.

The purpose of NJ HOMES is to combat obstacles and barriers to housing by providing municipalities with training, technical assistance and financial resources to plan for and implement affordable housing, with an emphasis on “missing middle” projects. These projects, featuring a variety of models from single-family homes to duplexes/triplexes to townhomes to accessory dwelling units, small apartment buildings and others, offer the opportunity to create not only much-needed affordable housing, but walkable, dynamic communities to meet resident needs and spur economic development. NJ HOMES will also develop communications and outreach materials, training and other resources to help municipalities overcome stigma, resident resistance and NIMBYism, including education on the benefits of affordable housing for their community in terms of providing life-cycle housing, housing for workers including at small businesses and care providers, and other ways in which affordable housing will increase quality of life and spur sustainability and growth. NJ HOMES will:

1. Develop and publish an Affordable Housing Playbook & Toolkit in order to provide “how to” guidance to municipalities on how to plan and finance affordable housing projects with an emphasis on “missing middle” housing – small scale, diverse housing projects designed to integrate into a variety of communities. This will include an interactive web portal to share case studies, best practices for planning, zoning amendments and financing mechanisms to address infill development, redevelopment, creative placemaking and economic development as part of addressing municipal housing obligations. The portal will include an educational element with instructive videos and webinars on how to successfully develop projects from start to finish and will include a marketing tool to help municipalities address opposition, hostility and NIMBYism associated with affordable housing – integrating and assisting the public on understanding the importance of affordable housing.
2. Implement a series of trainings to New Jersey municipalities to fulfill their 2025-2035 Municipal Housing Obligations (Fourth Round) and assist municipalities with devising strategies and partnerships for new affordable housing development. This will include additional tutorials on how to implement small and large scale, affordable housing mechanisms that integrate public participation amongst residents and stakeholders and foster community-supported approaches to affordable housing development – ensuring informed decision-making in the attempts to eliminate stigmas and barriers to affordable housing.

3. Provide technical assistance and grants to municipalities who intend to comply with the Fourth Round to devise successful housing elements and fair share plans, economic development and redevelopment strategies, and regulatory changes to local zoning barriers to the production of affordable housing. This selection process will first target HUD's PRO Housing Geographic Priority Areas but will also include those municipalities with prospective need obligations in high opportunity areas throughout the State of New Jersey. Additionally, the program will strive to implement meaningful action to ensure compliance with Affirmatively Furthering Fair Housing (AFFH).

According to the National Low Income Housing Coalition (NLIHC) report entitled *The Gap: A Shortage of Affordable Homes*¹, there are only 31 affordable rental homes available for every 100 extremely low-income households in the Garden State. Not surprisingly, it also shows that 74% of extremely low-income (ELI) renters in New Jersey are severely housing cost-burdened, spending more than 50% of their income on housing.

Much of this is attributed to the lack of general housing availability in New Jersey but most certainly the lack of new affordable housing production. According to Fair Share Housing Center and the newly enacted A4/S50 Bill (P.L. 2024, c.2), New Jersey has a 200,000-unit affordable housing deficit. This unprecedented shortage, due much in part to the 15-year stall that occurred between 2008 and 2023, disproportionately impacts low-income New Jerseyans and communities of color – further exacerbating racial disparities and segregation statewide.

This deficit is the result of significant barriers that – despite the incredible work New Jersey has done historically to address affordable housing policy – continue to underserve the needs of many low- and moderate-income residents and families in the Garden State. This is why it is so critical to provide a collaborative approach so municipalities will comply with the State's Fair Housing Act (FHA) of New Jersey. NJDCA identifies these barriers and provides responses to addressing them in various sections of this NOFO proposal.

Facilitating a collaborative approach to planning, zoning and implementation is necessary to ensure that New Jersey does not fall back to the failed system that occurred in the last two (2) decades. It is with this proposal that NJDCA hopes to facilitate creative solutions to affordable housing policies and models that reduce address barriers such high land costs, inadequate infrastructure, lack of unit inventory, age of housing stock, financing, restrictive zoning, redevelopment and expiring affordability.

GOALS: NJDCA strongly believes that its proposal, as well as much of New Jersey's housing policies, strongly meet the NOFO's competition goals. NJDCA has been hugely successful in implementing its CPD programs and does so fairly to ensure that the State meets the needs of millions of residents.

Very much like this proposal, the Department has been aggressively pursuing creative approaches to identifying barriers using data-based assessments of need and employing programs to remove those barriers to ensure preservation and production of affordable housing without displacement.

¹ [THE GAP: The Affordable Housing Gap Analysis 2021 \(nlihc.org\)](https://www.nlihc.org/publications/the-gap)

New Jersey's existing framework and this proposal will ensure removal of the barriers identified in this application in order to increase housing production that affirmatively furthers fair housing by eliminating exclusionary zoning policies through the facilitation of proactive municipal planning, training, education and grant support.

PRIORITY: The Department's proposal is committed, in its entirety, to facilitating planning processes to produce affordable housing units exclusively available to low- and moderate-income (LMI) households. This is required by the State's FHA. The Department's proposal seeks to foster priorities to addressing local planning and zoning barriers, while requiring affirmative marketing of units to address those populations least likely to apply or know of the opportunity, ensure fair and equal opportunities through a randomized, lottery process, deconcentrate minority populations and poverty by moving new affordable housing production and housing choice to high opportunity areas that have access to jobs, transportation, centers of activity and better educational opportunities. All while ensuring that the location of new housing opportunities will not be sited within environmental sensitive or constrained areas consistent with New Jersey's environmental protections regulations.

STRATEGIC PLAN GOALS: The Department's proposal is committed to supporting HUD's Strategic Plan Goals, as much of what HUD identifies is consistent with the mission of NJDCA. Much of this proposal intends to address many of the goals and sub-goals identified in HUD's Strategic Plan – specifically to *Support Underserved Communities, Advance Housing Justice, Reduce Homelessness, Invest in the Success of Communities, Ensure Access to and Increase the Production of Affordable Housing and Increase the Supply of Housing.*

REQUEST FOR FUNDS: NJDCA is requesting \$7,000,000 in PRO Housing funds from the United State Department of Housing & Urban Development (HUD) for NJ HOMES. NJDCA is proposing to leverage \$4,000,000 from a State appropriation to NJDCA for the implementation of Bill A4/S50 – much of which includes the activities proposed in the Department's FY24 PRO Housing application – and \$5,000,000 from the State's Affordable Housing Trust Fund (AHTF).

ELIGIBLE APPLICANT AS A STATE: NJDCA is eligible as a State government. It should be noted that NJDCA is the administrator and responsible entity for New Jersey's Community Development Block Grant (CDBG), HOME Investment Partnerships (which includes Tenant Based Rental Assistance (TBRA), Housing Production Investment (HPI) and Community Housing Development Organization (CHDO) sub funds), the National Housing Trust Fund (NHTF), the Recovery Housing Program (RHP), the Emergency Solutions Grant (ESG) and the Housing Opportunities for Persons With AIDS/HIV (HOPWA), as well as the Section 8 Housing Choice Voucher (HCV) and CDBG-DR (Disaster Recovery) programs.

COST SHARE/MATCH: Of the \$7,000,000 being requested from PRO Housing, NJDCA is providing a match of \$9,000,000. That funding is leveraged by \$4,000,000 from a State appropriation to NJDCA for the implementation of Bill A4/S50 – much of which includes the activities that will complement those proposed in this application – and \$5,000,000 from the State's Affordable Housing Trust Fund (AHTF). NJDCA has demonstrated commitment of these funds as a match in **APPENDIX I**.

DELIQUENT DEBT/DEBARMENT/FALSE STATEMENT/LOBBYING: Per the requirements of the PRO Housing NOFO, NJDCA does not have any delinquent debt, is not debarred from Federal funding, has and shall not provide false statements or violate the lobbying requirements of Federal funding. As such Pre-selection Review of Performance does not apply. The State (SAM UEI #NFGKVVF89Q55) shall comply with all Mandatory Disclosure Requirements. The State's financial management system meets Federal standards as described at 2 CFR 200.302.

NATIONAL OBJECTIVES: NJ HOMES wholly requires and intends to facilitate the planning and implementation of housing production, rehabilitation and preservation of units restricted to households making less than 80% of the area's median income (AMI) consistent with HUD's **National Objective #1: Benefiting Low- and Moderate-Income Persons**. This is required via State law, which requires deed restrictions, affirmative marketing, randomization processes for tenant selection (i.e. – lottery), income certification, refinance and recertification procedures, resale oversight and long-term monitoring. Many of these long-standing procedures ensure monitoring of units throughout the affordability period and ensuring preservation and/or replacement of units through the planning process in New Jersey.

ELIBIGILITY ANALYSIS: NJ HOMES is eligible pursuant to section 105(a) of the Housing and Community Development Act of 1974 and applicable program regulations at 24 CFR part 570, as applied and modified by this NOFO. The activities provided herein shall provide for planning assistance for New Jersey municipalities to develop housing plans and establish creative planning, zoning and financing approaches to affordable housing strategies.

ELIBIGLE ACTIVITIES: NJ HOMES fulfills Section I.F.1(c)I of the NOFO, as these activities fall under “*planning and policy activities supporting affordable housing*”. The Department believes that this proposal directly, and indirectly, serves to foster the following eligible activities:

- A. Developing or updating housing plans, community development strategies, and zoning and land use policies such as overlays to encourage multifamily and mixed-use development or access to affordable housing, floating zones (such as redevelopment, workforce housing, or live/work zones in high opportunity areas), incentive zoning, transit-oriented development zones, floodplain management or climate resilience plans, or ordinances to encourage housing development or preservation;*
- D. Developing new incentive programs for affordable housing development;*
- E. Expanding existing affordable housing incentive programs to wider geographies, including high-opportunity neighborhoods;*
- J. Developing proposals to rezone to allow multifamily or mixed-use development including housing in office, commercial, and light industrial zones;*
- R. Creating affordable housing planning resources for member jurisdictions; and*
- S. Developing regional planning models that enhance location efficiency by focusing on connecting housing, transportation, and economic growth.*

SCOPE OF IMPACT: NJDCA's proposal addresses the first major barrier and roadblock to affordable housing policy – and that is planning for housing. Much of the New Jersey's housing policies are rooted in sound land use planning, as the State Planning Act of 1985 was a sister Act to the FHA. Affordable housing plans (known as Housing Element & Fair Share Plans (HEFSP)

in New Jersey) identify suitable sites and realistic opportunities for affordable housing development and facilitates amendments to zoning ordinances to produce units. This is true for rehabilitation opportunities – for which every municipality in New Jersey is required to address as part of their “present need” – as it is for new construction opportunities (also known as “prospective need”), which applies to all but 47 urban municipalities (known as Qualified Urban Aid municipalities), as they are exempt (approximately 8.3% of all towns).

This proposal will also address another significant barrier and roadblock to the development of affordable housing – “Not In My Backyard” (NIMBY) concerns and stigma about affordable housing from local officials and residents. By providing education, communication materials and resources to understand the variety of options in affordable housing and how to develop projects that meet a community’s needs, as well as the benefits to the overall community and its potential for economic development, NJ HOMES will reduce these barriers that often prevent or delay development.

WAIVERS: NJDCA does not anticipate any waivers, as the Department is certain that the proposal meets the intent of the NOFO and applicable regulations, as modified by the NOFO.

AMENDMENTS: If any amendments are anticipated, they shall be requested within reason to HUD post-award. However, NJDCA has no reason to believe amendments will be necessary. If necessary, NJDCA will consult HUD if amendments to program are necessary or required and follow those necessary procedures.

AFFH: NJDCA provides a summary of compliance with Affirmatively Furthering Fair Housing (AFFH) goals in the Soundness of Approach section of this proposal.

CRITERIA FOR BENEFICIARIES: NJDCA will ensure that any subgrantees are compliant with this NOFO and its appendices, statutory and regulatory provisions governing the CDBG program, including Title I of the Housing and Community Development Act of 1974 and 24 CFR part 570 and where 24 CFR part 570 subpart I applies (i.e. – the NOFO waives the requirement for states to distribute funds through a method of distribution as is required for annual State CDBG funds).

INTERGOVERNMENTAL REVIEW: Per Executive Order 12372, the State of New Jersey has not designated a State Point of Contact (SPOC) and therefore, has not chosen to participate in the intergovernmental review process. Therefore, Intergovernmental Review does not apply.

STATUTORY TIME LIMITS: NJDCA is sure that it is capable and experienced to implement, commit and expend the entire award in compliance with the PRO Housing NOFO and prior to the Period of Performance deadline of September 30, 2030.

NJDCA anticipates that it can start mobilizing NJ HOMES as soon as February of 2025. The aforementioned A4 bill imposes statutory deadlines as part of rolling out the Fourth Round of municipal housing obligations for New Jersey municipalities. The statutory and proposed program timelines are provided below (with NJ HOMES timelines provided in the blue boxes below).

- **September 2024:** NJDCA receives all reporting on Non-Residential and Residential Development Fee collections from municipalities, including expenditures, and the status of affordable housing units.
- **October 2024:** NJDCA to publish a report on the calculation of regional needs and municipal obligation for each region in New Jersey.
- **January 2025:** Municipalities must adopt the determination of their obligation.
- **February 2025:** Any interested party may challenge the municipal determination.
- **March 2025:** A decision on the challenge will be issued no later than March 31, 2025 (otherwise, a municipality’s determination shall be established by default beginning on March 1, 2025.)

- ***April 2025:** Draft curriculum for municipal obligation trainings to provide successful examples of implementation of affordable housing models. Deploy technical assistance by NJDCA’s Division of Local Planning Services (LPS) and Division of Housing & Community Resources (DHCR).*

- ***May 2025:** Draft Affordable Housing Playbook & Toolkit, as well as interactive web portal. Deploy a Request For Proposal (RFP) on NJDCA’s SAGE (System For Administering Grants Electronically) for municipalities to apply for grant funding to create municipal Housing Elements and Fair Share Plans, including proposed amendments to local zoning ordinances and other strategies, to remove barriers to affordable housing production and comply with the State’s constitutional obligations.*

- **June 2025:** Municipal Housing Elements and Fair Share Plans, including proposed drafts of zoning and other ordinances and resolutions, are required to be endorsed and filed with the Administrative Office of Courts (AOC).

- ***July 2025:** Commence trainings to municipalities and interested parties via in-person events and webinars to provide successful examples of implementation of affordable housing models and tools used to eliminate barriers. Continue technical assistance by NJDCA’s Division of Local Planning Services (LPS) and Division of Housing & Community Resources (DHCR).*

- **August 2025:** Interested parties are permitted to file responses.

- ***October 2025:** Finalize Affordable Housing Playbook & Toolkit, as well as interactive web portal and update often to showcase new innovative ideas and strategies as municipalities stand up their Housing Elements and Fair Share Plans and implement their zoning ordinances.*

- **December 2025:** Municipalities have until December 31, 2025 to address a challenge to its plan.

- **January 2026:** Update trainings to include strategies for monitoring affordable housing units to ensure preservation and compliance in conjunction with LPS to train Municipal Housing Liaisons (MHLs) and Administrative Agents (AAs).

- **March 2026:** Municipalities have until March 15, 2026 to adopt a revised Housing Element and Fair Share Plan and change their zoning accordingly.

- **Post-March 2026:** Continue trainings to municipalities and interested parties via in-person events and webinars to provide successful examples of implementation of affordable housing models. Continue technical assistance by NJDCA's Division of Local Planning Services (LPS) and Division of Housing & Community Resources (DHCR). Update and append new strategies to the Affordable Housing Playbook & Toolkit, as well as interactive web portal to showcase new innovative ideas and strategies as municipalities stand up their Housing Elements and Fair Share Plans, implement their zoning ordinances and bring new units online. Annually update calculation of regional needs and municipal obligations. Provide guidance and oversight for Mid-Point Monitor reviews (by January 2030).

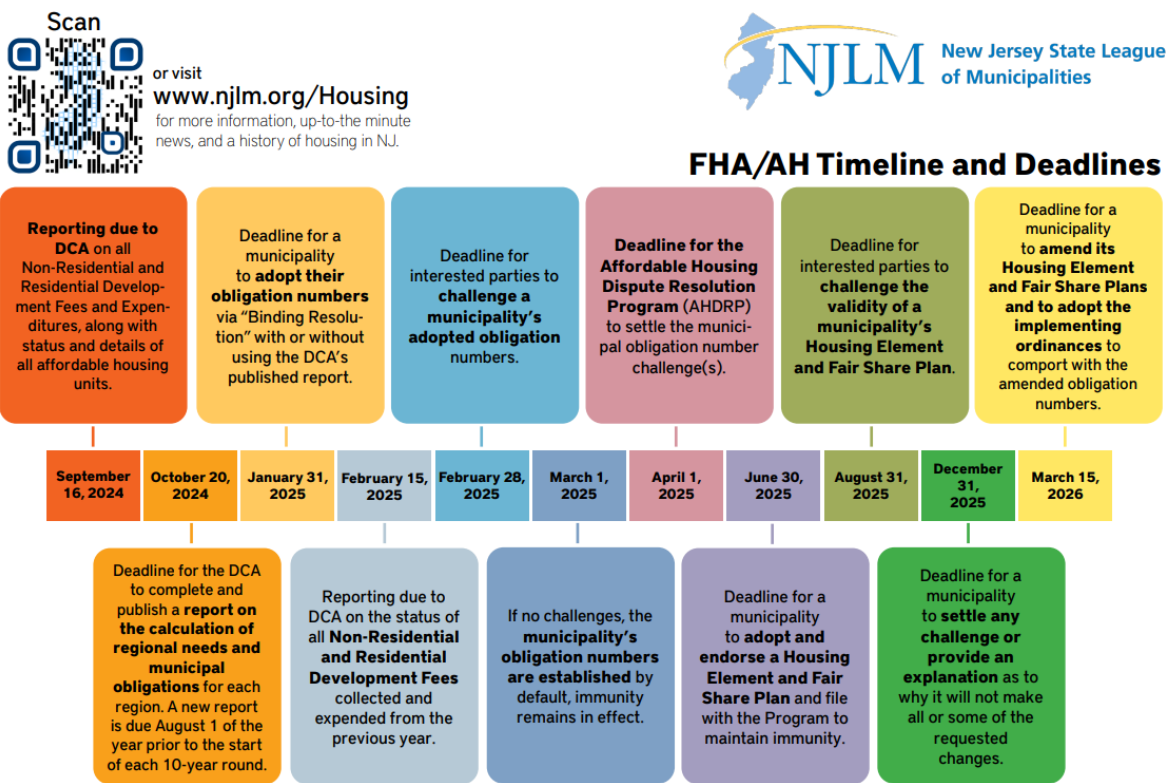


Figure 1: NJSLOM FHA/AH Timeline & Deadlines²

COST CONTROL STANDARDS: NJDCA has provided a Grant Application Detailed Budget Worksheet (424-CBW), which estimates costs that represent economically viable estimates

² [FHAAH-Timeline-and-Deadlines \(njslom.org\)](https://njslom.org/FHAAH-Timeline-and-Deadlines)

associated with carrying out the proposed activities. The 424-CBW can be found in **APPENDIX VI**.

INDIRECT COST RATE: NJDCA does not intend to utilize an indirect cost rate at this time. However, should NJDCA be successful in its award and needs an amendment for indirect costs, those costs will comply with 2 CFR part 200, subpart E.



**THRESHOLD REQUIREMENTS & OTHER
SUBMISSION REQUIREMENTS**

NJ DEPARTMENT OF
CommunityAffairs

THRESHOLD REQUIREMENTS & OTHER SUBMISSION REQUIREMENTS

RESOLUTION OF CIVIL RIGHTS: NJDCA has no outstanding civil rights disputes with HUD.

LIMITED ENGLISH PROFICIENCY (LEP): Notice for the FY24 PRO Housing application has followed NJDCA's Language Access Plan, which provides for notices of public hearings to be translated into Spanish (see **ATTACHMENT B**). The notice also provides for the following language disclaimer:

If English is not your primary language, you may request language translation services for housing program documents that are available to the public. These translation services are available free of charge. For more information, please call 1-800-822-5552. The agent will connect you with an interpreter or arrange for an interpreter to return your call at your convenience.

PHYSICAL ACCESSIBILITY: The public hearing for this proposal was held in HYBRID format on Tuesday, October 2, 2024 at 11:00 AM – via in-person and via Microsoft Teams. The location of the in-person hearing was held at the New Jersey Department of Community Affairs located at 101 S. Broad Street in Trenton, New Jersey 08625 and is a physically accessible facility in accordance with the American Disabilities Act (ADA).

ENVIRONMENTAL REVIEW RECORD (ERR): NJ HOMES activities are Exempt per 24 CF 58.34(a)(1) and 58.34(a)(9). An ERR for these Exempt activities has been provided in **APPENDIX II**.



NEED

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NEED

NEED (Progress): New Jersey has a long, storied history surrounding civil rights, exclusionary zoning, and access to affordable housing. However, since 1975, New Jersey has made significant strides in combating racism and segregation in housing policies as noted below.

In **1975**, the New Jersey Supreme Court ruled in favor of Southern Burlington NAACP, which had sued Mount Laurel Township for its exclusionary zoning practices. This decision, known as Mount Laurel I (Mount Laurel Doctrine), outlawed exclusionary zoning and required all New Jersey municipalities to provide their constitutional “fair share” of their region’s affordable housing and provide a realistic opportunity for the construction of their fair share of affordable housing through planning, zoning, and land use regulations, which must not act in a way that would prohibit affordable housing from being built. This landmark civil rights case established one of the strongest frameworks in the country to prevent and address residential segregation.

In **1983**, the New Jersey Supreme Court upheld its initial Mount Laurel I decision in a second ruling (Mount Laurel II) that created a framework to ensure compliance with the Mount Laurel Doctrine. Most notably by allowing the use of the builder’s remedy. The purpose of the builder’s remedy is to encourage builders to commence litigation against municipalities to defend the constitutional rights of low- and moderate-income households in return for having their properties rezoned for high density multi-family housing, which is identified in the municipality’s Housing Element & Fair Share Plan (HEFSP) (also known as “inclusionary zoning”). This decision also suggested the legislature draft legislation to implement the Doctrine.

In **1985**, in response to Mount Laurel II, the New Jersey Legislature passed the Fair Housing Act (FHA) to implement the Mount Laurel Doctrine. The FHA established the Council on Affordable Housing (COAH) and an administrative process for municipalities to submit HEFSPs to COAH. COAH became responsible for the oversight and compliance of the Mount Laurel Doctrine. One purpose of COAH is to review a municipality's HEFSP and provide "substantive certification" to those plans that would provide a realistic opportunity for the construction of affordable housing within the municipality. Any municipality that received substantive certification would be shielded from the costly court process of a builder's remedy suit. COAH was also responsible for developing regulations and creating criteria related to each municipality's affordable housing obligation (also determined by COAH).

FIRST ROUND (1987): COAH adopts regulations for First Round Obligations applicable from **1987 to 1993**.

SECOND ROUND (1994): COAH adopts regulations recalculating a portion of the First Round obligation for each municipality and computes the additional municipal affordable housing need for **1993 to 1999**.

THIRD ROUND (2004): The first version of COAH’s Third Round rules became effective five years after the end of the Second Round in 1999. At that time the Third Round period was to cover the years **1999 to 2014**. However, these rules were challenged in court, and in January of 2007, the Appellate Division issued a decision requiring COAH to revise its rules.

THIRD ROUND (2008): The second version of COAH's Third Round rules were also challenged. In 2010, the Appellate Division again issued a decision invalidating the second iteration of COAH's rules. In 2013, the NJ Supreme Court affirmed the Appellate Division decision, causing COAH to undertake new rulemaking.

THIRD ROUND (2014): The third version of COAH's amended rules were promulgated but never formally adopted. In March of 2015, the NJ Supreme Court declared COAH moribund and ordered the courts to resume their role as the forum of first resort for evaluating municipal compliance with affordable housing obligations.

In **2015**, after numerous years of nonenforcement of the Mount Laurel Doctrine by COAH, the New Jersey Supreme Court held in Mount Laurel IV that the judicial system would be responsible for municipal compliance with the Mount Laurel Doctrine. The New Jersey Supreme Court held that COAH was moribund and since then, Fair Share Housing Center (a legal advocacy organization) was designated to represent the interests of the public by the New Jersey Supreme Court. This legal process created unprecedented compliance with the FHA, as more than 340 municipalities throughout the state have entered into affordable housing settlement agreements, which has improved local affordable housing policies, enhanced zoning ordinances and the creation of additional affordable housing units.

In **2017**, the New Jersey Supreme Court held that the third round of affordable housing obligations should include the 15-year gap period when COAH did not enforce the Mount Laurel Doctrine. This decision ensured that municipalities would be held accountable for their failure to meet their affordable housing needs for this period. This showcases the Court's continued upholding of the State's constitution and housing as a human right.

From **2015** through **2024**, municipalities went through a litigious process created by the court and overseen by a court appointed special master to obtain the functional equivalent of substantive certification – providing continued immunity from builder's remedy suits for those municipalities that complied with the 2015 order. This process, which has been costly to municipalities and required much negotiation with interested parties, advocacy organization, residents, attorneys and special court masters. The State is hopeful that the new legislation (Bill A4/S50) will entice municipalities to enact more creative, long-term solutions to affordable housing for their communities, as discussed below.

NEED (Acute Need): In March of 2024, Governor Phil Murphy signed landmark affordable housing legislation to support towns in meeting their affordable housing obligations, building on his administration's promise to create a stronger, fairer, and more affordable state for all New Jerseyans. The legislation develops a new system for municipalities to meet their Mount Laurel affordable housing obligations, replacing the current process that exists entirely in the courts. The primary bill (known as A4/S50 – now Public Law (P.L.) 2024, chapter 2) establishes a new, streamlined framework for determining and enforcing municipalities' affordable housing obligations under the New Jersey Supreme Court's Mount Laurel doctrine and the State's Fair Housing Act. Starting with the compliance period that begins in July of 2025, NJDCA will publish non-binding calculations of municipalities' present and prospective need for affordable housing

using a formula based on prior court decisions. Disputes about municipalities' affordable housing obligations and plans to meet those obligations will be resolved on an expedited basis by the Judiciary with assistance from a new dispute resolution program.

This process will replace the role previously played by the Council on Affordable Housing (COAH), which has been defunct for over a decade and is formally abolished under this bill. The new process will streamline compliance and reduce litigation-related delays to the construction of new affordable housing and will give municipalities and developers more certainty, which will enable smarter planning around where housing should be built.

As part of this process, the bill contains provisions outlining how municipalities may receive "bonus credits" that allows units of affordable housing to be credited as 1.5 or 2 units in certain circumstances. This bonus credit system incentivizes age-restricted housing, housing set aside for individuals with special needs, and other location or purpose-specific housing projects, such as housing near mass transit stations. The bill caps the use of bonus credit units at 25% of a municipality's prospective need obligations and establishes related parameters for how much of a municipality's obligations must be satisfied through housing available to families with children and through rental housing.

P.L. 2024, c.2 solely addresses housing opportunities for households making less than 80% AMI.

As noted in P.L. 2024, c.2, New Jersey has a 200,000-unit affordable housing deficit. This has been substantiated by the Department's analysis of need set forth in the bill. This methodology, otherwise known as the Jacobson methodology, establishes two (2) sets of obligations for municipalities. This includes:

- **Present Need:** the Present Need obligation applies to all municipalities in New Jersey, as it provides the number of deficient housing units occupied by low- and moderate-income households in the region. This is often addressed by municipalities through housing rehabilitation programs. Present Need is currently calculated across all six (6) housing regions in the State (much of this number is predicated on units that are overcrowded and over 50 years old (pre-1975) and lack complete plumbing or kitchen facilities).
- **Prospective Need:** the Prospective Need obligation applies to all but 47 urban municipalities (known as Qualified Urban Aid municipalities), as they are exempt (approximately 8.3% of all towns). This housing need is calculated to meet the needs of additional LMI households over the next 10 years (2025 through 2035). This need is often addressed by new housing production. Prospective Need is currently calculated across all six (6) housing regions in the State (this analysis utilizes an average allocation factor based on income capacity, land capacity and equalized non-residential valuation factors to calculate each municipal obligation).

NJDCA is charged with conducting a calculation of regional need and municipal present and prospective affordable housing obligations according to the methodology laid out in A4, which will be released later in 2024.

NLIHC's NJ Housing Profile estimates that NJ has a shortage of 214,475 rental homes affordable and available for extremely low income rentals. The NLIHC also estimates that there are 87 affordable and available homes per 100 rental households, and that more than 83% of extremely low income and very low income households, 49% of low income households, and 23% of middle income households are housing cost-burdened, spending more than 30% of their incomes on housing and utility costs.

According to the DCA Office of Homelessness Prevention, in 2023, 130,260 individuals were at risk of homelessness or homeless over the course of the year, as evidenced by their access of the Homelessness Prevention and Services Ecosystem. 26,066 of those individuals were literally homeless over the course of the year. The most common causes of homelessness were reported as formal and informal eviction (asked to leave shared residence), representing more than 43% of this population.

As noted in the Executive Summary, NJDCA is proposing to utilize \$7,000,000 million dollars from PRO Housing to facilitate NJ HOMES to nearly all 564 municipalities in New Jersey to facilitate sound planning for the production, rehabilitation and preservation of nearly 200,000 housing units in New Jersey.

The purpose of NJ HOMES is to combat obstacles and barriers to housing by providing municipalities with training, technical assistance and financial resources to plan for and implement affordable housing, with an emphasis on "missing middle" projects. These projects, featuring a variety of models from single-family homes to duplexes/triplexes to townhomes to accessory dwelling units, small apartment buildings and others, offer the opportunity to create not only much-needed affordable housing, but walkable, dynamic communities to meet resident needs and spur economic development. NJ HOMES will also develop communications and outreach materials, training and other resources to help municipalities overcome stigma, resident resistance and NIMBYism, including education on the benefits of affordable housing for their community in terms of providing life-cycle housing, housing for workers including at small businesses and care providers, and other ways in which affordable housing will increase quality of life and spur sustainability and growth. NJ HOMES will:

1. Develop and publish an Affordable Housing Playbook & Toolkit in order to provide "how to" guidance to municipalities on how to plan and finance smaller scale affordable housing projects. This will include an interactive web portal to share case studies, best practices for planning, zoning amendments and financing mechanisms to address infill development, redevelopment, creative placemaking and economic development as part of addressing municipal housing obligations. The portal will include an educational element with instructive videos and webinars on how to successfully develop projects from start to finish and will include a marketing tool to help municipalities address opposition, hostility and NIMBYism associated with affordable housing – integrating and assisting the public on understanding the importance of affordable housing.
2. Implement a series of trainings to New Jersey municipalities to fulfill their 2025-2035 Municipal Housing Obligations (Fourth Round) and assist municipalities with devising strategies and partnerships for new affordable housing development. This will include

additional tutorials on how to implement small scale, affordable housing mechanisms that integrate public participation amongst residents and stakeholders and foster community-supported approaches to affordable housing development – ensuring informed decision-making in the attempts to eliminate stigmas and barriers to affordable housing. The training will also include opportunities to network with mission-driven, community-based housing developers and to learn how to assess community needs to develop housing that integrates fully into their communities and offers opportunities for individuals and families at every age and stage of their lives.

3. Provide technical assistance and grants to municipalities who intend to comply with the Fourth Round to devise successful housing elements and fair share plans, economic development and redevelopment strategies, and regulatory changes to local zoning barriers to the production of affordable housing. This selection process will first target HUD's PRO Housing Geographic Priority Areas but will also include those municipalities with prospective need obligations in high opportunity areas throughout the State of New Jersey utilizing additional funding providing through State financial resources. Additionally, the program will strive to implement meaningful action to ensure compliance with Affirmatively Furthering Fair Housing (AFFH).

NJ HOMES and other proposed activities serve to address these municipal obligations through training, grants and tools that municipalities can use to proactively plan for new affordable housing units so that meaningful efforts are made to dismantle exclusionary zoning and overcome racial segregation. Exclusionary zoning significantly contributes to the unprecedented housing crisis in facing New Jersey today, with disproportionate impacts on people of color and lower-income people. Without intervention, the State's housing crisis will only be further exacerbated. Municipalities want to see the State as a partner in addressing this need and NJ HOMES can provide that framework to produce true partnerships to address the State acute need in the Fourth Round.

While New Jersey has fought a long battle to remove barriers to affordable housing production, there is much more to accomplish. Much of New Jersey's recent progress has been spearheaded by the Murphy administration and the New Jersey Legislature. These improved laws are provided below:

In **2019**, Governor Murphy signed into law A1700/S1583, which amends the Local Redevelopment and Housing Law (LRHL) to address some of the shortcomings of the existing criteria for designating areas as being in need of redevelopment. The Law expands the eligibility criteria for designating areas in need of redevelopment by including certain shopping malls, office parks and other commercial properties - providing developers with an opportunity to address the rising vacancies in office parks and shopping malls and allowing municipalities to address lost ratables based on the high vacancy rates. This flexibility allows for alternative uses to underperforming commercial centers into mixed use centers, which includes new housing opportunities.

On **Juneteenth 2021**, Governor Murphy signed the Fair Chance in Housing Act (FCHA), which bars housing providers from asking about criminal history on housing applications in most

instances. The FCHA is the first state law of its kind in the country and is intended to ensure people with past criminal histories have a fair shot at accessing safe and affordable housing.

In **2021**, Governor Murphy signed S2607 to enact an amendment to the New Jersey Municipal Land Use Law (MLUL) requiring that municipalities include in the land use plan element of their master plans a “climate change-related hazard vulnerability assessment” that analyzes “current and future threats to, and vulnerabilities of, the municipality associated with climate change-related natural hazards, including, but not limited to increased temperatures, drought, flooding, hurricanes, and sea-level rise...relying on the most recent natural hazard projections and best available science provided by the New Jersey Department of Environmental Protection.”

In **2023**, Governor Murphy signed A573, which makes several changes to the Uniform Construction Code (UCC) Act designed to speed up the construction permitting process. The bill codifies a three-day construction inspection turnaround from the date of the requested inspection and allows for developers to contract with private on-site inspection agencies if local construction officials cannot complete the inspection within three days of the requested date. The bill brings New Jersey in line with several other states where private sector inspections supplement government inspections.

In **2023**, Governor Murphy signed A5596/S3991, which establishes the Urban Preservation Program within the New Jersey Housing and Mortgage Finance Agency (NJHMFA). Supported by an \$80 million investment of federal American Rescue Plan (ARP) funds in the FY2024 budget, the Program allows investments in rehabilitation and reconstruction projects dedicated to preserving affordable housing in urban areas.

In **2023**, Governor Murphy signed A5595/S4026, which expands certain State programmatic interventions related to residential foreclosures. Supported by a \$15 million investment of ARP funds in the FY2024 budget, this bill provides NJHMFA with a broader set of tools to intervene in foreclosures, keeping New Jerseyans in their homes and rehabilitating and reselling vacant homes

In **2023**, Governor Murphy signed A5415/S3780, codifies and expands NJHMFA’s immensely successful down payment assistance program, building on the Governor’s Wealth Disparity Task Force’s work to ensure meaningful benefits specifically for first-generation homebuyers. The bill also establishes Resilient Home Construction Pilot Program in DCA to provide funding for developers to rehabilitate existing homes and construct new affordable homes for sale.

In **2023**, Governor Murphy signed A3142/S1564, which authorizes grants to purchase and rehabilitate abandoned homes for homeless veterans. Under the bill, a nonprofit veterans' organization that has experience in rehabilitating housing for homeless veterans, or others, would be eligible to receive a grant to purchase and rehabilitate abandoned homes for homeless veterans.

In **2023**, Governor Murphy signed A4105/S2402, which establishes Interagency Council on Homelessness in the DCA to replace the statutorily established “New Jersey Homelessness Prevention Task Force.” The bill establishes the council to serve as an advisory body to the existing Office of Homelessness Prevention, to develop recommendations, through a collaborative effort among representatives of State government, providers of services to the homeless, and other

concerned representatives of the public, and to develop, promote, and support efforts for the most effective means of coordinating and funding programs to meet the various needs of persons who are homeless or at risk of homelessness.

In January of **2024**, Governor Murphy signed A5664 establishing the Community Wealth Preservation Program to enhance the ability of statutorily favored buyers to purchase property from sheriff's foreclosure sales. The new protocols enable prospective owner-occupants, nonprofit community development corporations, foreclosed-upon defendants, next of kin of foreclosed-upon defendants, and tenants of foreclosed-upon defendants to purchase (via sheriff's sales) and finance foreclosed-upon residential properties.

In March of **2024**, Governor Phil Murphy signed landmark affordable housing legislation to support towns in meeting their affordable housing obligations, building on his administration's promise to create a stronger, fairer, and more affordable state for all New Jerseyans. The summary for this bill is provided above. Additionally, the governed signed a number of supporting bills that include:

1. ACS for A2267/SCS for S1415, which requires the New Jersey Housing Mortgage and Finance Agency to establish a pilot program to support insurance premiums for eligible affordable housing projects constructed by for-profit affordable housing developers.
2. S1422/A3365, which allows taxpayers to accelerate depreciation of eligible property expenditures in connection with construction of new affordable housing developments in order to realize cost savings.
3. A2296/S2309, which allows a municipal governing body to delegate to the municipal clerk the authority to issue certain approvals to facilitate development of affordable housing projects.
4. A3337/S2312, which permits "payment in lieu of taxation" (PILOT) agreements between municipalities and affordable housing projects that receive funding through the State Affordable Housing Trust Fund or municipal affordable housing trust funds.
5. A1495/S1484, which exempts receipts from sales made to contractors or repairmen of materials, supplies, or services related to the construction of 100%-affordable housing projects in order to help reduce costs for the construction of such projects.

In **2024**, Acting Governor Way signed legislation explicitly prohibiting discriminatory practices in real estate appraisals and requiring real estate appraisers to complete anti-bias training. The new law takes a critical step forward in combating home appraisal discrimination, a form of bias that significantly contributes to the racial wealth gap in New Jersey. The law updates the Real Estate Appraisal Act and confirms that it is illegal for real estate appraisers to consider certain personal characteristics when determining the value of a property, including race, color, religion, sex, sexual orientation, gender identity, age, marital status, disability, familial status, or national origin of current or future owners or occupants of the property or nearby property owners or occupants.

In **2024**, Acting Governor Nick Scutari signed the New Jersey Design Professional Self-Certification Act, a bill that requires the Department of Community Affairs to establish a design professional self-certification program that will certify architects and engineers who satisfy certain criteria set by the DCA commissioner to be "qualified design professionals." Once approved by DCA, these professionals may self-certify that an application for a construction permit and a

project's plans and specifications comply with the state Uniform Construction Code and other applicable laws.

It is no secret that legislative leadership in New Jersey has been aggressive in tackling affordability issues in the State – particularly as it relates to housing and equity. Much of this is demonstrated by the new laws and regulations mentioned above. It should also be noted that much of that regulation has also traversed into new financing strategies for affordable housing production.

In **2020**, prior to the enactment of P.L. 2024, c.2, Governor Murphy's administration aggressively tackled affordability issues in housing by re-casting and re-funding the Affordable Housing Trust Fund (AHTF). The initial budget appropriation of the AHTF was \$60 million dollars. To date, the Department has awarded \$111 million in AHTF to 45 projects for the rehabilitation and/or construction of 1,000 units.

In **2022**, for the first time, the New Jersey Fiscal Year Budget included a line item of \$305 million specifically dedicated to the development of already approved affordable housing projects in Mount Laurel settlement agreements. This significant victory, secured through FSHC's advocacy, will accelerate affordable housing development across the state. An anticipated 3,300 affordable homes will be built with this funding.

Since 2018, the Murphy administration has executed a number of initiatives, financing programs and capacity building programs to address the affordable housing crisis above and beyond what is noted above. These programs are identified by State agency and/or authority below:

NJDCA

- **Comprehensive Eviction Defense & Diversion (CEDD) (2020):** Eligible low-income households facing or threatened with eviction are provided free and quality access to both an attorney, who can best advocate for them in court to prevent their eviction and negotiate settlements with their landlords, and with an experienced case worker called a resource navigator who can best connect them to necessary resources including to rental assistance and relocation support. Together, resource navigators and attorneys coordinate their efforts to prevent lockouts by the courts. CEDD is available in every county throughout NJ.
- **Bringing Veterans Home (BVH) (2024):** Governor Murphy and the New Jersey Legislature appropriated \$30 million to ending homelessness for veterans in the FY25 State Budget. NJDCA's Office of Homelessness Prevention (OHP), in partnership with the New Jersey Department of Military & Veteran Affairs, will enhance the existing ecosystem of care through BVH diversion, rapid rehousing, street outreach, emergency sheltering and permanent housing voucher programs – in the hopes to house all homeless veterans in two (2) years.
- **New Jersey Accessory Dwelling Unit Pilot Program (NJ-ADUPP) (2024):** Governor Murphy and the New Jersey Legislature appropriated \$10 million for a pilot program for ADUs. As such, NJDCA is charged with forming a competitive grant program for 10 municipalities to receive up to \$1 million to zone, permit and build ADUs as an affordable housing mechanism.
- **New Jersey Healthy Homes Initiative (NJHHI) (2024):** One of the first of its kind in the Nation, NJHHI is an initiative of the New Jersey Department of Human Services (NJ DHS) –

Division of Medical Assistance & Health Services (DMAHS), in partnership with the New Jersey Department of Community Affairs (NJDCA), to house New Jersey FamilyCare Members experiencing, or at risk of experiencing, homelessness or institutionalization by constructing and/or rehabilitating, maintaining, managing, and facilitating the occupation of permanent, affordable, community-based housing across New Jersey. DHS has provided, via Memorandum of Understanding (MOU), \$100,000,000 in capital financing and operating assistance to build affordable and maintain affordable housing units for NJ FamilyCare Medicaid Members for at least 30 years.

- **Smart Move (2024):** NJDCA's Division of Disaster Recovery and Mitigation (DRM) has released NOFO for the Smart Move Program, which is a housing development pilot program that will work with eligible developers to create quality, energy-efficient, resilient, and affordable single-family housing in lower risk areas within or near disaster-impacted communities. Once the homes are constructed, the program will provide a path to homeownership for Ida-impacted residents. Smart Move will prioritize buyout program participants who sold their high-risk properties and income-qualified, first-time homebuyers, offering affordable housing and down payment assistance to income-qualified buyers.

NJHMFA

- **Workforce Housing Program (WHP) (2023):** The New Jersey FY24 budget (P.L. 2023, c.74) appropriated \$50,000,000 from the State's "Coronavirus State Fiscal Recovery Fund" allocation, established pursuant to the federal "American Rescue Plan Act of 2021," Pub. L. 117-2, for New Jersey's first statewide Workforce Housing Program (WHP). Workforce housing, for the purposes of this program, is defined as housing units deed-restricted for occupancy by households with a gross household income of 80 percent or more, but not exceeding 120 percent, of the median gross household income for households of the same size within the housing region in which the housing is located, specifically, the Multifamily Tax Subsidy Project Income Limit Area established by HUD.
- **Special Needs Housing Trust Fund (SNHTF):** The SNHTF, pursuant to the Special Needs Housing Trust Fund Act, P.L. 2005, c. 163, provides capital financing to create permanent supportive housing and community residences for individuals with special needs, with priority given to individuals with mental illness. The AHTF continues to provide \$20,000,000 annually to this financing program.
- **Affordable Housing Gap Subsidy (AHGS) Program (2022):** In response to increased construction costs and project funding gaps resulting from the pandemic and supply chain disruptions, the Murphy Administration and the New Jersey Legislature appropriated \$40,000,000 for AHGS funding to be provided in the form of loans to eligible affordable housing projects

New Jersey Redevelopment Authority (NJRA)

- **Sheila Y. Oliver Affordable Housing Support Initiative (AHSI) (2023):** NJRA created the Affordable Housing Support Initiative (AHSI), a groundbreaking program aimed at addressing the affordable housing needs of eligible municipalities in the state. The AHSI will provide crucial resources to support community redevelopment projects. The Initiative is funded with a significant \$25 million allocation from the AHFT through a MOU with NJDCA.

New Jersey Economic Development Authority (NJEDA)

- **NJEDA Emerging Developers Grant Program (2024):** NJEDA's Emerging Developers Grant Program is designed to empower Emerging Developers by providing crucial financial assistance for pre-development soft costs. NJEDA recognizes the significance of fostering an inclusive and equitable economy, and this program aims to help developers enhance networks, access capital, and expand existing portfolios and has committed \$20 million to this initiative.

As noted above, the Department – in response to the enactment of P.L. 2024, c.2 – has been synthesizing the data outlined in the bill's methodology. This analysis shows that New Jersey has a nearly 200,000-unit affordable housing deficit. This has been substantiated by the Department's analysis of need set forth in the bill. The availability of the PRO Housing NOFO is extremely timely as NJDCA embarks on a new process for affordable housing production in New Jersey – that explicitly addresses LMI households.

Based on figures provided by Fair Share Housing Center³, the Department knows that there are nearly 50,000 deed-restricted affordable housing units that were created between 1980 and 2014 and that nearly 22,000 deed-restricted affordable housing units were created between 2015 and 2022. The annualize rate of production post-2015 nearly doubled – and in a much shorter period. This demonstrates the intense demand for affordable housing but is also indicative that strong enforcement and managed oversight of the Mount Laurel Doctrine will produce more units. It is the goal that the funds from this PRO Housing NOFO will provide significant support to provide incentives to communities to comply but also assist in the managed oversight of that compliance.

As noted below, the Department intends to structure its approach to prioritize assistance to HUD's Geographic Priority Areas. Again, Much of New Jersey's analysis aligns with HUD's Geographic Priority Areas, as it relates to high opportunity. This includes the Department's land capacity factor analysis, which takes out much of northwest, southwest and southcentral New Jersey. Inversely, the Department's prospective need calculation addresses all municipalities with the exception of 47 Qualified Urban Aid municipalities. In light of the NOFO requirements, NJDCA is proposing to prioritize assistance as follows:

1. **First Priority:** HUD Geographic Priority Areas (Atlantic County, Bergen County, Cumberland County, Essex County, Hudson County, Hunterdon County, Middlesex County, Monmouth County, Morris County, Passaic County, Somerset County (majority) and Union County).
2. **Second Priority:** Municipalities located in non-HUD Geographic Priority Areas that are compliant with P.L. 2024, c.2 and are addressing their present need and/or prospective need obligations. This includes municipalities in Burlington County, Camden County, Cape May County, Gloucester County, Ocean County, Salem County, Somerset County (partial) Sussex County and Warren County. Support provided to these municipalities will not be funded through this grant but with State financial resources.

³ [Dismantling Exclusionary Zoning New Jersey's Blueprint for Overcoming Segregation \(fairsharehousing.org\)](https://www.fairsharehousing.org/)

HUD's Geographic Priority Areas cover a majority of the state – and a majority of each region with the exception of Region 5. Again, the State of New Jersey's municipal obligations are allocated by State Housing Regions shown below.

For reference, New Jersey's Housing Regions are provided below:

1. Region 1: Bergen, Hudson , Passaic, Sussex
2. Region 2: Essex, Morris, Union, Warren
3. Region 3: Hunterdon, Middlesex, Somerset
4. Region 4: Mercer, Monmouth, Middlesex
5. Region 5: Burlington, Camden, Gloucester
6. Region 6: Atlantic, Cape May, Cumberland, Salem

The Fourth Round methodology takes many of these factors into consideration. Per P.L. 2024, c.2, Present Need and Prospective Need use the following methodologies for the 10-year round:

- Municipal **Present Need** obligations are determined by estimating the deficient housing units occupied by low- and moderate-income households in the region, following a methodology similar to the methodology used to determine Third Round municipal present need, through the use of most recent datasets made available through the federal decennial census and the American Community Survey, including the Comprehensive Housing Affordability Strategy dataset thereof.
- Regional **Prospective Need** obligations are determined through the calculation, which includes projected household change for a 10-year round in a region shall be estimated by establishing the household change experienced in the region between the most recent federal decennial census, and the second-most recent federal decennial census. This household change, if positive, shall be divided by 2.5 to estimate the number of low- and moderate-income homes needed to address low- and moderate-income household change in the region and to determine the regional prospective need for a 10-year round of low- and moderate-income housing obligations. If household change is zero or negative, the number of low- and moderate-income homes needed to address low- and moderate-income household change in the region and the regional prospective need shall be zero. If a municipality is a qualified urban aid municipality, the municipality shall be exempt from responsibility for any fair share prospective need obligation for the upcoming 10-year round. For those that are not a Qualified Urban Aid municipality, a municipality's equalized nonresidential valuation factor, income capacity factor (includes median household income analyses) and land capacity factor (includes developable and vacant land analyses) are determined.

NJDCA's proposal addresses the first major barrier and roadblock to affordable housing policy – and that is planning for housing. Much of the New Jersey's housing policies are rooted in sound land use planning, as the State Planning Act of 1985 was a sister Act to the FHA. Affordable housing plans (known as Housing Element & Fair Share Plans (HEFSP) in New Jersey) identify suitable sites and realistic opportunities for affordable housing development and facilitates amendments to zoning ordinances to produce units. This is true for rehabilitation opportunities – for which every municipality in New Jersey is required to address as part of their “present need”

– as it is for new construction opportunities (also known as “prospective need”), which applies to all but 47 urban municipalities (known as Qualified Urban Aid municipalities), as they are exempt (approximately 8.3% of all towns).

BARRIER #1: Planning & Zoning Constraints. Planning is the first step for municipalities to set up policies that support and are consistent with legislative policies. In New Jersey, a municipal master plan element (like that of the HEFSP) must be consistent with the legislative authority of the municipality – which in this instance is a town’s land use development and zoning ordinances. Once adopted, endorsed and codified by municipal planning boards and governing bodies, non-profit and for-profit developers can then make applications for 100% or inclusionary housing projects (in New Jersey, many market rate housing projects requires an affordable housing set-aside of 15% for rentals and 20% for homeownership sales). Addressing the land use and zoning barriers that has fostered exclusionary zoning can eliminate concentration of minorities and poverty in the State’s urban centers and move housing to high opportunity areas.

BARRIER #2: Availability and Access to Financing. The Department’s proposal also seeks to address availability of financing and subsidies through the online portal and educational trainings. Much of the State’s financing requires compliance with the FHA. DCA provides significant financial resources through the State Affordable Housing Trust Fund and federal HOME and National Housing Trust Fund to finance smaller-scale and missing middle housing projects.

BARRIER #3: Meaningful Community Engagement & Education. The Department’s proposal also seeks to address the barrier of meaningful community engagement and education by employing a marketing tool to help municipalities address opposition, hostility and NIMBYism associated with affordable housing – integrating and assisting the public on understanding the importance of affordable housing and who it serves.

BARRIER #4: Capacity of Local Housing Developers & Managers. P.L. 2024, c.2 charges NJDCA will providing training and education to Municipal Housing Liaisons (MHLs) (these are.....) and Administrative Agents (AAs) (these are.....). Part of the Department’s vision is not just to address the planning and zoning constraints but to actually produce units. This also requires providing resources to the non-profit and for-profit housing developers. It is the hope that the tutorials and webinars provided will address several audiences – not just municipalities – but residents, community service providers and developers. Providing resources on available sites, financing opportunities, availability of local housing trust funds and community contacts can foster private-public relationships that invest in larger community development initiatives. Outside of this proposal, NJDCA is also looking to execute a new HOME CHDO Predevelopment program and a new HOME ARP Non-profit Capacity Building program in order to re-build the capacity of many non-profit organizations that once had strong housing capabilities or for new organizations to enter the affordable housing space – which will be timely to the implementation of P.L. 2024, c.2 and the timelines identified in this NOFO proposal.



SOUNDNESS OF APPROACH

NJ DEPARTMENT OF
CommunityAffairs

SOUNDNESS OF APPROACH

VISION: NJDCA's vision is rooted in its attempt to eliminate a top-down approach to litigious housing policy, and incentivize, educate and support municipal jurisdictions, residents, community-based organizations and non-profit and for-profit stakeholders on the importance of fair and inclusionary housing policy and the positive economic, community and social effects of those strategies.

While New Jersey has a long established and unique approach to affordable housing, many of the same common barriers that other jurisdictions face, stand strong. Community opposition, restrictive and exclusionary land use policies and ineffective zoning ordinances continue to plague New Jersey's objective to provide affordable housing in all regions of New Jersey. It is critical to establish strong partnerships with the governments to effectuate progress – as municipalities control land use policy and zoning in New Jersey. This also includes special purpose, regional land use agencies like the New Jersey Sports and Exposition Authority (formerly known as the New Jersey Meadowlands Commission), the New Jersey Highlands Council and the New Jersey Pinelands Commission.

NJ HOMES wholly requires and intends to facilitate the planning and implementation of housing production, rehabilitation and preservation of units restricted to households making less than 80% of the area's median income (AMI) consistent with HUD's *National Objective #1: Benefiting Low- and Moderate-Income Persons*. This is required via State law, which requires deed restrictions, affirmative marketing, randomization processes for tenant selection (i.e. – lottery), income certification, refinance and recertification procedures, resale oversight and long-term monitoring. Many of these long-standing procedures ensure monitoring of units throughout the affordability period and ensuring preservation and/or replacement of units through the planning process in New Jersey. The expected benefit can be as soon as two (2) years, as many municipalities are starting to think about their obligations, as noted in the timelines provided herein.

As mentioned above, NJDCA's proposal addresses the first major barrier and roadblock to affordable housing policy – and that is planning for housing. Much of the New Jersey's housing policies are rooted in sound land use planning, as the State Planning Act of 1985 was a sister Act to the FHA, as they were adopted at the same time. Affordable housing plans (known as Housing Element & Fair Share Plans (HEFSPs) in New Jersey) identify suitable sites and realistic opportunities for affordable housing development and facilitates amendments to zoning ordinances to produce units.

The proposal identifies four (4) major barriers. These barriers include:

1. ***BARRIER #1: Planning & Zoning Constraints.***
2. ***BARRIER #2: Availability and Access to Financing.***
3. ***BARRIER #3: Meaningful Community Engagement & Education.***
4. ***BARRIER #4: Capacity of Local Housing Developers & Managers.***

Based on figures provided by Fair Share Housing Center⁴, the Department knows that there are nearly 50,000 deed-restricted affordable housing units that were created between 1980 and 2014 and that nearly 22,000 deed-restricted affordable housing units were created between 2015 and 2022. The annualize rate of production post-2015 nearly doubled – and in a much shorter period. This demonstrates the intense demand for affordable housing but is also indicative that strong enforcement and managed oversight of the Mount Laurel Doctrine will produce more units. It is the goal that the funds from this PRO Housing NOFO will provide significant support to provide incentives to communities to comply but also assist in the managed oversight of that compliance.

This evidence provides that the ways of the past do not work. NJDCA believes this proposal will foster a more collaborative and data-driven approach engaging the public about their specific needs and finding contextual strategies to affordable housing production that is community-supported – reducing many of the roadblocks and opposition affordable housing projects face every day in New Jersey. This opposition increases the costs of projects, initiates unnecessary and expensive litigation at the expense of the taxpayer and stalls the progress of inclusionary practices and development of affordable housing.

Much of the New Jersey’s housing policies are rooted in sound land use planning, as the State Planning Act of 1985 was a sister Act to the FHA. As noted above, HEFSPs identify suitable sites and realistic opportunities for affordable housing development and facilitates amendments to zoning ordinances to produce units. Site suitability requires an analysis to ensure that projects are located in areas for growth, as identify by the New Jersey State Plan and Redevelopment Plan (SDRP), or if not in these areas, that the projects are consistent with sound planning principals and goals of the SDRP. It also requires special analysis for those projects located in those aforementioned special planning purpose areas and must address any mitigation should the site impact wetlands, Category 1 waterways, flood hazard constraints, steep slopes and historically and architecturally important sites and districts. Infrastructure analysis and capacity is also considered as part of this process. Proximity to transportation, while not part of the site suitability criteria, is an overarching goal of the SDRP, as is proximity to employment, centers of activity, recreation, shopping and entertainment. Many of the financing programs provided by the State require applicants to show how projects are integrated into the overall community, which includes an assessment of those smart growth principles – much of which defines a “realistic opportunity”.

NJDCA attempts to minimize displacement to the greatest extent; however, there are circumstances in redevelopment and revitalization that may require relocation. NJDCA administers the Relocation Assistance Act, which was enacted to ensure the equitable treatment of individuals, families, businesses (including non-profit organizations), and farm operations displaced by government action. Under the rules for relocation assistance, “government action” is defined as programs of building, housing, or health code enforcement, voluntary programs of rehabilitation, or the acquisition of land for a public use. The amended Eviction Law also requires relocation assistance. The Relocation Assistance Program works as a partnership between the municipality and the State. When a municipality decides that a tenant, resident, business owner, or farm operation must leave their dwelling or place of business, the municipality must send a plan, called a Workable Relocation Assistance Plan (WRAP), to the NJDCA for review. The WRAP must show that the municipality knows the number of people, businesses, or farm operations

⁴ [Dismantling Exclusionary Zoning New Jersey's Blueprint for Overcoming Segregation \(fairsharehousing.org\)](https://www.fairsharehousing.org/)

impacted by the relocation plan and then must demonstrate that there are enough comparable replacement housing units or business sites in the area for the people to find new homes, apartments, or business locations. Departmental approval of WRAPs is required before relocation activities may commence. Furthermore, there are instances in New Jersey redevelopment and affordable housing laws that permit displaced LMI households to receive priority for new affordable units should displacement occur.

New Jersey is one of the most highly regulated State's in the nation – as it relates to environmental protection, conservation, resiliency, energy efficiency and renewable energy policy. However, like many parts of the Country, New Jersey is seeing increases in storm occurrences and other extreme weather events that require the State to take more aggressive action to ensure the conservation of our ecosystems balanced with the needs of housing production, economic development and community investment. As the most densely populated State in the Country, land availability is limited and an important part of the State's build out analysis. This analysis includes removing lands where environmental constraints exist (i.e. – special flood hazard areas, wetlands, coastal zones, Category 1 waterways). This is further covered by many special purpose planning areas in the State - like the New Jersey Sports and Exposition Authority (formerly known as the New Jersey Meadowlands Commission), the New Jersey Highlands Council, the New Jersey Pinelands Commission and CAFRA (Coastal Areas Facilities Review Act). Additionally, many of the State's financing programs prohibit projects to be located in highly constrained areas, as well as require Environmental Phase I assessments and/or Environmental Review Records (ERRs) and Energy Star Certification.

While there are a number of obstacles that could be foreseen or unforeseen, New Jersey has a strong foundation to ensure the successful implementation of plans, ordinances and development as it relates to the State's constitutional obligation to provide affordable housing. While this foundation spans nearly half a century, negative stigmas and politicization of land use in New Jersey is still a large barrier to the law's success – particularly in high-opportunity areas. Within 21 counties, lies 564 municipalities, all which have “home rule”. However, the Mount Laurel Doctrine has set many precedents showing that the Courts have consistently sided with the Fair Housing Act of New Jersey (1985, as amended). Since 2015, much of the State's compliance, which was unprecedented in the Third Round, has been initiated by litigation and the fear of losing immunity and having to succumb to a Builder's Remedy action. It has become a reactionary response rather than a proactive approach – much of which is why New Jersey has a 200,000-unit affordable housing deficit. Builder's Remedy lawsuits foster additional and unnecessary legal, financial and development consequences to communities as opposed to municipalities approaching this need through sound master planning, integrative public participation and consideration of thoughtful zoning ordinances. For municipalities that do not comply, they risk losing control of their home rule by way of planning, zoning and development can have long-term economic, social and political consequences. However, the builders remedy tool has been an important part of ensuring and forcing compliance where municipalities choose to continue exclusionary practices. Legal advocates and the Courts are positioned to take swift action in the event that compliance is not sought or achieved.

GEOGRAPHIC SCOPE: Much of New Jersey's analysis aligns with HUD's Geographic Priority Areas, as it relates to high opportunity. This includes the Department's land capacity factor

analysis, which takes out much of northwest, southwest and southcentral New Jersey. Inversely, the Department's prospective need calculation addresses all municipalities with the exception of 47 Qualified Urban Aid municipalities. In light of the NOFO requirements, NJDCA is proposing to prioritize assistance as follows:

1. **First Priority:** HUD Geographic Priority Areas (Atlantic County, Bergen County, Cumberland County, Essex County, Hudson County, Hunterdon County, Middlesex County, Monmouth County, Morris County, Passaic County, Somerset County (majority) and Union County).
2. **Second Priority:** Municipalities located in non-HUD Geographic Priority Areas that are compliant with P.L. 2024, c.2 and are addressing their present need and/or prospective need obligations. This includes municipalities in Burlington County, Camden County, Cape May County, Gloucester County, Ocean County, Salem County, Somerset County (partial) Sussex County and Warren County. These municipalities will be supported through funding provided by State resources.

NJDCA has provided outreach to all 564 municipalities, 21 counties and nearly 1,000 community organizations, social service providers, State agencies, non-profit and for-profit developers, New Jersey-based public housing authorities (PHAs), New Jersey Continuum of Care (CoC) agencies, veteran organizations and legal advocates. A list of these agencies is provided in **APPENDIX III**. The execution and implementation of P.L. 2024, c.2 requires ongoing public participation and permits intervention by interested parties and stakeholders.

On Friday, September 27, 2024, stakeholders were notified of the public posting of the application to NJDCA's website and provide public notice, in English and Spanish, about the hybrid in-person/virtual public hearing held on the application. The hybrid public hearing on the proposed application was held on Tuesday, October 1, 2024 at 11:00 AM at the New Jersey Department of Community Affairs located at 101 S. Broad Street, Conference Room 129 (1st Floor) in Trenton, New Jersey 08625. Comments were collected through Saturday, October 12, 2024 at 3:00 PM and provided below.

This proposal incorporates those comments as provided by stakeholders and identified in **ATTACHMENT B**.

This proposal, like much of the State's initiatives, advances meaningful actions to combat discrimination and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Ensuring that high opportunity municipalities are taking meaningful and inclusive actions to plan and rezone for affordable housing units can collectively overcome patterns of segregation throughout the State of New Jersey – across 21 counties, in 564 municipalities and for many of the State's 9 million residents.

As noted in the proposal, the actions provided hope to address many of the impediments listed in the State's Analysis of Impediments (AI), where other initiatives aren't already doing so. NJDCA's 2020-2024 Consolidated Plan provided for an Analysis of Impediments, which identified several

impediments and barriers to fair housing and housing production. Those impediments include are included below:

NUMBER	IMPEDIMENT	CONSOLIDATED PLAN RESPONSE
1	Declining housing affordability, particularly for low-income households, with a rising proportion of low-income households experiencing inadequate or cost-burdened housing.	NJDCA continues to support opportunities through financing via the National Housing Trust Fund (NHTF) and NJHMFA's Down Payment Assistance Program (DPA).
2	A rising proportion of people with Limited English Proficiency, fueled by strong levels of immigration, implying more difficulty in accessing housing and understanding the home rental or purchase process.	NJDCA expanded its Language Access Plan (LAP) to all 21 counties in order to ensure equal access to housing programs and services.
3	A concentration of subsidized housing in neighborhoods with relatively high levels of poverty	NJDCA continues its mobility program called "Opportunity Knocks" to assist Section 8 HCV holders to relocated areas of high opportunity, away from concentrations of poverty. NJHMFA continues to maintain the State's Housing Resource Center (HRC) - an online database that serves as a clearinghouse for available affordable rentals and sales units in New Jersey.
4	Lack of public information about fair housing law rights and responsibilities and lack of dialogue among groups with similar interest in access to fair housing and fair housing protections	NJDCA continues to maintain its Fair Housing website, which serves as one stop shop to provide Federal and State information on Fair Housing laws. NJHMFA continues to provide free housing counseling assistance through its Foreclosure Mediation Assistance Program. NJDCA's Office of Eviction Prevention provides education and advocacy about their rights to tenants in danger of eviction.
5	The continuation of land use and zoning barriers to the production of housing for low-income households in some localities.	NJDCA's Division of Local Planning Services (LPS) continues to make itself available to provide municipalities assistance on a variety of planning projects to eligible municipalities.

6	The need for housing for special needs populations, including the disabled, veterans, and the homeless.	NJDCA houses the State’s Office of Homelessness Prevention, which is charged with administering the State’s homelessness prevention programs, providing technical assistance to local governments and community groups, and serving as a hub for development of innovative programs and policy addressing homelessness. OHP has launched successful new programs including Rural and Suburban Outreach, Homelessness Diversion, and Data-Driven Decision making. NJDCA, through its administration of the State’s 25,000 voucher federal Housing Choice Voucher program, timed its waiting list opening with the annual Point in Time Count of the Homeless and funded community groups to assist homeless people with applying for the waiting list during the Count, as well as assisting homeless people who were successful in obtaining vouchers and securing housing. DCA also administers the State Rental Assistance Program, which includes vouchers for the disabled, veterans and homeless, and the State’s Supportive Housing Connection, which provides rental assistance for more than 18,000 individuals with disabilities in conjunction with the State Department of Human Services. DCA also administers 971 VASH vouchers for veterans.
7	Racial and ethnic housing concentration.	NJDCA continued to assist housing voucher holders locate to areas of high opportunity, away from areas with high concentrations of poverty.

With the execution of P.L. 2024, c.2, the State can ensure the removal of the aforementioned identified barriers to foster production of affordable units in high opportunity areas because that’s what the legislation does. The methodology calculates housing obligations that prioritizes creating affordable homes in historically exclusionary communities, along transportation corridors, and near employment opportunities. UHAC and other State laws ensure that underserved groups are targeted through affirmative marketing in order to access these opportunities. While there are some case studies⁵, it is unknown, without further analyzing the racial/ethnic and socioeconomic composition among tenants in all projects, what the racial composition may entail. However, because the legislative explicitly requires that beneficiaries of this housing to be of low- or moderate-income (<80% AMI), it is reasonable to suspect that these Mount Laurel-associated developments play a large part in promoting or maintaining integration in neighborhoods of high opportunity with a presumed benefit positively impacting minority integration.

⁵ [Dismantling Exclusionary Zoning New Jersey's Blueprint for Overcoming Segregation \(fairsharehousing.org\)](https://fairsharehousing.org/)

Urban municipalities are home to many of State's minority and poverty concentrations. While State law does not impose a Prospective Need obligation to these communities, NJDCA and other State agencies still implement and craft strategies to revitalize those communities – particularly as it relates to generational wealth building and equity. However, facilitating the planning process in many of the non-urban aid municipalities will create housing choices that would otherwise be thwarted by exclusionary zoning practices – as much of New Jersey's land use is consumed by single family zoning. Producing units in high opportunity areas can provide families greater opportunities in education, reduce commuter times, providing greater access to community services and enhance many quality of life factors for LMI households. Removing those barriers that prohibit planning, zoning and production of affordable housing units will surely dilute those concentrations and promote desegregation.

Much of the strategies employed by NJDCA are governed not only by the National and State FHAs but also the State's Law Against Discrimination (LAD). The LAD prohibits discrimination and bias-based harassment based on many protected classes in employment (including labor unions and employment agencies), housing (include housing providers and realtors), and places of public accommodation (generally, places open to the public, including businesses, restaurants, schools, summer camps, medical providers, government offices and agencies, etc.).

LAD prohibits discrimination in housing, actual or perceived, against the following characteristics:

- Race or color;
- Religion or creed;
- National origin, nationality, or ancestry;
- Sex, pregnancy, or breastfeeding;
- Sexual orientation;
- Gender identity or expression;
- Disability;
- Marital status or domestic partnership/civil union status;
- Liability for military service;
- Familial status (having children under age 18); and
- Source of lawful income used for rental or mortgage payments.

The prohibition applies to real estate agents and housing providers, including property owners, agents, employees and brokers, landlords, superintendents, and condominium associations. Housing providers and real estate agents also cannot retaliate against a person for exercising or attempting to exercise their rights under the LAD. LAD provides a model fair housing policy for communities to follow to ensure equity in housing in New Jersey.

Additionally, NJDCA and NJHMFA provide significant financing resources through its National Housing Trust Fund (NHTF), SNHTF, Supportive Housing Connection (SHC), Money Follows the Person, NJHHI and other programs to address special and supportive needs housing. The mechanisms identified in HEFSPs are required to provide very low-income housing opportunities to households that make less than 30% AMI (this requirement is codified in P.L. 2024, c.2 at 13% of a municipality's obligation). These funding sources can and will be directed to those

municipalities that comply with the new law. These populations include those with mental illness, physical, development or intellectual disabilities, reentry populations, homeless or at-risk of homelessness, aging out foster or runaway youth, seniors, persons suffering from substance use disorder, reentry or returning citizens, persons with HIV/AIDs, Medicaid members and homeless or disabled veterans.

P.L. 2024, c.2 essentially is the State's fair housing plan. Execution and implementation of the bill is critical to ensuring compliance with fair housing practices and eliminating exclusionary zoning practices.

As noted above, NJDCA attempts to minimize displacement to the greatest extent; however, there are circumstances in redevelopment and revitalization that may require relocation. NJDCA administers the Relocation Assistance Act, which was enacted to ensure the equitable treatment of individuals, families, businesses (including non-profit organizations), and farm operations displaced by government action. There are instances in New Jersey redevelopment and affordable housing laws that permit displaced LMI households to receive priority for new affordable units should displacement occur.

As mentioned above, the State has been proactive in addressing the needs of persons and families with disabilities. New Jersey's framework has already included provisions in its UCC to include and require accessibility and adaptability for all first floor units created from the Mount Laurel Doctrine, as part of New Jersey's Barrier-Free Subcode. Adaptability measures in non-first floor units are generally required by funding agencies in the event that a household ages in place and needs additional accommodation (i.e. – blocking for grab bars, lever handle doors).

All of the State's program used to address special and supportive needs housing requires MOUs with social service providers to provide voluntary services to households occupying these units. This ensures housing choice for residents and provide comprehensive services when needed.

A majority of NJDCA's programming, much of which is funded by HUD, makes serious and meaningful attempts to attract minority- and women-business enterprises (MBE/WBE) to the development process. This includes professional services, developers and contractors. NJDCA and other State agencies are pushing to promote inclusion of emerging developers into the affordable housing space, as many of these businesses are community-based and/or are reflective of the communities they serve. NJEDA's Emerging Developer Grant Program seeks to provide up to \$250,000 in predevelopment financing to emerging developers (new developers) who are just starting to enter the development space. This initiative, like that of the AHTF, which provides access to capital to smaller developers, which tend to attract minority, women and non-profit developers).

Veterans are also very much a part of this process. So much so that New Jersey enacted an amendment in 2013 establishing a Veterans Preference, where up to 50% of affordable housing project units can be prioritized, in the lottery, for veterans and their families. This requires an ordinance by the municipality to permit such preference, as well as a developer agreement and still requires affirmative marketing procedures in order to ensure fair and equitable housing

opportunities. New Jersey also announced a \$30 million initiative, Bringing Veterans Home, to end veteran homelessness across the State.

NJDCA is required to annually monitor municipal compliance and their achievements as part of the complying with their municipal housing obligations. This includes reporting demographic information for those occupying new and existing units via their AAs. Much of this data should inform whether racial equity is occurring within the program and whether reconcentration of minority populations are occurring in well-resourced areas through affirmative marketing efforts. This will be tracked by LPS and other financing programs used to create these units.

NJDCA provided a HUD 424-CBW summary and worksheet as required by the NOFO (see APPENDIX VI). The total proposed budget is \$16,000,000 – with \$9,000,000 being leveraged by the Department and the remaining \$7,000,000 being requested as part of this NOFO application.

Of the \$9,000,000 being leveraged by NJDCA, \$4,000,000 is to provide direct assistance to the Division of Local Planning Services (LPS) to assist them with the development and oversight of P.L. 2024, c.2. The remaining \$5,000,000, which is coming from the AHTF, will be used to provide grants to municipalities who comply with P.L. 2024, c.2.

form HUD-424-CBW

Grant Application Detailed Budget Worksheet		OMB Approval No. 2501-0017 Expiration: 1/31/2026
Detailed Description of Budget		
Analysis of Total Estimated Costs	Estimated Cost	Percent of Total
1 Personnel (Direct Labor)	4,000,000.00	25.0%
2 Fringe Benefits	0.00	0.0%
3 Travel	8,460.00	0.1%
4 Equipment	0.00	0.0%
5 Supplies and Materials	84,500.00	0.5%
6 Consultants	779,040.00	5.0%
7 Contracts and Sub-Grantees	11,110,000.00	69.4%
8 Construction	0.00	0.0%
9 Other Direct Costs	16,000,000.00	100.0%
10 Indirect Costs	0.00	0.0%
Total:	16,000,000.00	100.0%
Federal Share:	7,000,000.00	43.8%
Match (Expressed as a percentage of the Federal Share):	9,000,000.00	56.3%

NJDCA is fortunate to have well-resourced trust funds and other sources to assist in financing affordable housing projects and planning activities. If the State were to receive less than requested or none, NJDCA is still committed and required to provide training, technical assistance and long-term monitoring as required by P.L. 2024, c.2. The AHTF Innovation Fund also currently permits

municipalities to make application to fund housing elements and other strategies to produce affordable housing units; however, that assistance is limited, as much of the AHTF goes towards capital financing. Should NJDCA not receive full funding through this NOFO, NJDCA could still provide a significant amount of assistance but would most likely limit participation to solely those areas outlined in HUD's Geographic Priority Areas and to those municipalities with larger municipal obligations that encompass high opportunity areas.

NJDCA is capable and experienced to implement, commit and expend the entire award in compliance with the PRO Housing NOFO and prior to the Period of Performance deadline of September 30, 2030.

NJDCA anticipates that it can start mobilizing NJ HOMES as soon as February of 2025. P.L. 2024, c.2 imposes statutory deadlines as part of rolling out the Fourth Round of municipal housing obligations for New Jersey municipalities. The statutory and proposed program timelines are provided below (with NJ HOMES timelines provided in the blue boxes below).

- **September 2024:** NJDCA receives all reporting on Non-Residential and Residential Development Fee collections from municipalities, including expenditures, and the status of affordable housing units.
- **October 2024:** NJDCA to publish a report on the calculation of regional needs and municipal obligation for each region in New Jersey.
- **January 2025:** Municipalities must adopt the determination of their obligation.
- **February 2025:** Any interested party may challenge the municipal determination.
- **March 2025:** A decision on the challenge will be issued no later than March 31, 2025 (otherwise, a municipality's determination shall be established by default beginning on March 1, 2025.)

▪ **April 2025:** *Draft curriculum for municipal obligation trainings to provide successful examples of implementation of affordable housing models. Deploy technical assistance by NJDCA's Division of Local Planning Services (LPS) and Division of Housing & Community Resources (DHCR).*

▪ **May 2025:** *Draft Affordable Housing Playbook & Toolkit, as well as interactive web portal. Deploy a Request For Proposal (RFP) on NJDCA's SAGE (System For Administering Grants Electronically) for municipalities to apply for grant funding to create municipal Housing Elements and Fair Share Plans, including proposed amendments to local zoning ordinances and other strategies, to remove barriers to affordable housing production and comply with the State's constitutional obligations.*

- **June 2025:** Municipal Housing Elements and Fair Share Plans, including proposed drafts of zoning and other ordinances and resolutions, are required to be endorsed and filed with the Administrative Office of Courts (AOC).

▪ **July 2025:** Commence trainings to municipalities and interested parties via in-person events and webinars to provide successful examples of implementation of affordable housing models and tools used to eliminate barriers. Continue technical assistance by NJDCA's Division of Local Planning Services (LPS) and Division of Housing & Community Resources (DHCR).

▪ **August 2025:** Interested parties are permitted to file responses.

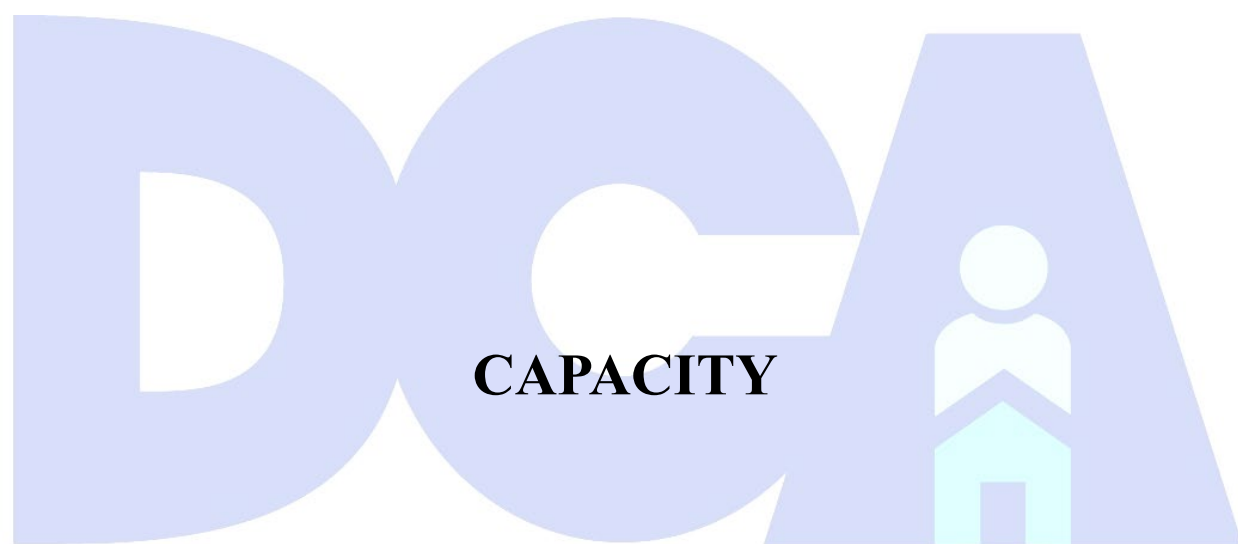
▪ **October 2025:** Finalize Affordable Housing Playbook & Toolkit, as well as interactive web portal and update often to showcase new innovative ideas and strategies as municipalities stand up their Housing Elements and Fair Share Plans and implement their zoning ordinances.

▪ **December 2025:** Municipalities have until December 31, 2025 to address a challenge to its plan.

▪ **January 2026:** Update trainings to include strategies for monitoring affordable housing units to ensure preservation and compliance in conjunction with LPS to train Municipal Housing Liaisons (MHLs) and Administrative Agents (AAs).

▪ **March 2026:** Municipalities have until March 15, 2026 to adopt a revised Housing Element and Fair Share Plan and change their zoning accordingly.

▪ **Post-March 2026:** Continue trainings to municipalities and interested parties via in-person events and webinars to provide successful examples of implementation of affordable housing models. Continue technical assistance by NJDCA's Division of Local Planning Services (LPS) and Division of Housing & Community Resources (DHCR). Update and append new strategies to the Affordable Housing Playbook & Toolkit, as well as interactive web portal to showcase new innovative ideas and strategies as municipalities stand up their Housing Elements and Fair Share Plans, implement their zoning ordinances and bring new units online. Annually update calculation of regional needs and municipal obligations. Provide guidance and oversight for Mid-Point Monitor reviews (by January 2030).



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CAPACITY

NJDCA is the lead organization presented in this NOFO. The Department is led by Commissioner Jacquelyn Suárez. This effort will be managed by Commissioner Suárez, who is still the Acting Director of LGS and LGS staff; Keith Henderson, PP, AICP, Executive Director of LPS and LPS staff, and Janel Winter, Assistant Commissioner/Director of DHCR and DHCR staff. NJDCA will also coordinate funding and development with its affiliate agencies, other State agencies, HUD entitlement communities and local housing trust funds.

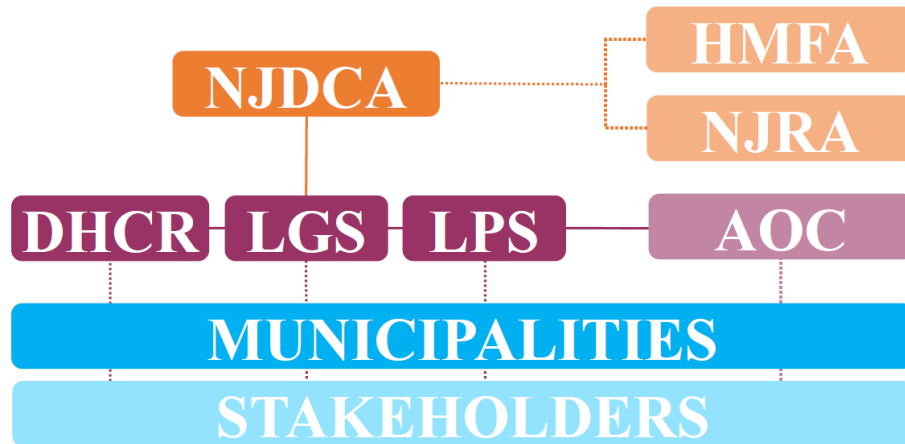


Figure 2: Organizational Chart

NJDCA’s Division of Housing & Community Resources (DHCR) will be the lead entity in ensuring implementation of the proposed activities but will be done in conjunction with NJDCA’s Division of Local Planning Services (LPS) and the Division of Local Government Services (LGS). DHCR has a significant amount of experience in successfully implementing a number of HUD programs, including but not limited to, CDBG, HOME, HTF, RHP, Section 8, ESG, HOPWA, COVID emergency funds and CDBG-DR. DHCR also administers the State Affordable Housing Trust Fund, which has financed more than 1,000 units of affordable housing totaling more than \$100 million in the past four years.

As noted throughout, NJDCA is charged with implementing the State’s new affordable housing law and has been actively standing up many of the provisions of the bill to ensure that municipalities are ready to comply by 2026. This is also in coordination with the Administrative Office of the Courts (AOC) and the NJHMFA, who oversees and administers UHAC. Much of this work is already underway and the Department has successfully managed and continues to implement their annual block grant allocations as noted above.

Municipalities also have a significant role in this process. NJDCA needs to foster a collaborative partnership to get municipalities to think differently about the mechanisms that can be used to address affordable housing in ways that reduce opposition to new development and eliminate stigmas regarding those populations that live in these units.

NJDCA does depend on municipalities to remove the barriers outlined in the proposal. However, P.L. 2024, c.2 provides strong legal frameworks of enforcement with real consequences for

municipalities that don't comply with their obligations and advocacy institutions that have long fought to ensure compliance are readied to ensure municipalities comply with their legal obligations, as is NJDCA.

As mentioned before, NJDCA has been through some version of this process. However, it's past top-down approach has only pushed compliance so far. As show post-2015, coordination with the Courts, advocacy and legal groups, residents, community leaders, developers and other stakeholders are critical to the successful implementation. This is already being implemented by NJDCA as part of its consolidating planning process and implementation of financing for projects.

The main contact for the proposal is:

Lorissa Luciani, PP, AICP, Administrator
Housing Production Unit
New Jersey Department of Community Affairs
Division of Housing & Community Resources
101 S. Broad Street
PO Box 806
Trenton, NJ 08265-0806
(609) 815-3930
Lorissa.Luciani@dca.nj.gov

Ms. Luciani is currently the Administrator of the Housing Production Unit with DHCR and oversees the administration of the State's Affordable Housing Trust Fund (AHTF) program, the National Housing Trust Fund (NHTF) (funded by HUD), the HOME program (funded by HUD), the HOME ARP program (funded by HUD) and the New Jersey Healthy Homes Initiative (NJHHI) Program.

Activities in this proposal will be overseen by the DCA Commissioner; Assistant Commissioner and Director of Housing and Community Resources Janel Winter; Director of Local Planning Services Keith Henderson; and implemented by DHCR and LPS staff.

NJDCA is very knowledgeable and experienced, as it relates to civil right and fair housing issues that impact New Jersey. Many of our programs, like the Section 8 Mobility Program noted above, has analyzed racial and economic disparities and concentrations to design said program to provide low- and moderate-income households prospects in high-opportunity areas. Similarly, NJDCA is investing in many of the State cities, ensuring that economic opportunity and community revitalization in areas with disproportional poverty and minority concentration. In 2008, New Jersey eliminated a mechanism know as Regional Contribution Agreements (RCAs), which allowed wealthy, affluent and primarily white suburbs to pay urban districts to assume their municipal housing obligation. This is one way the State has ensured tangible reductions in racial disparities by ensuring that new affordable housing units are located throughout New Jersey and in areas of high opportunity.

In 2021, New Jersey established the Wealth Disparity Task Force, to examine the causes of and remedies for the long-standing wealth disparities that affect Black and Hispanic or Latino New Jerseyans.

Recognizing the role of homeownership in reducing wealth disparities, NJDCA is expanding its Section 8 Housing Choice Voucher Program, and has implemented a new, State-funded Family Self-Sufficiency and Homeownership program in its State Rental Assistance Program, in order to offer more voucher holders the opportunity to purchase homes.

NJDCA is proposing to partner with a large number of municipalities for funding to prepare HEFSPs for the identification of affordable housing sites and mechanisms. NJDCA will assess the capacity of these governments prior to issuing any contracts and will ensure compliance with FHA.



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LEVERAGE

LEVERAGE: NJDCAs FY24 PRO Housing application requests \$7,000,000 from HUD to implement NJ HOMES – which includes a number of planning, training and technical services to assist municipalities in New Jersey remove barriers to affordable housing production. NJDCA intends to leverage this request with two (2) committed sources noted below.

The first committed source is part of Governor Phil Murphy’s commitment to affordable housing production and preservation in the State of New Jersey. On March 20, 2024, Governor Murphy signed landmark affordable housing legislation (Bill A4/S50) to support towns in meeting their affordable housing obligations – building on his administration’s promise to create a stronger, fairer, and more affordable state for all New Jerseyans. The legislation develops a new system for municipalities to meet their constitutional affordable housing obligations and appropriated **\$4,000,000** to NJDCA for the implementation of the bill – much of which includes the activities proposed in the Department’s FY24 PRO Housing application. This is further evidenced by Public Law (P.L.) 2024, Chapter 2.

The second committed source includes **\$5,000,000** from the State’s Affordable Housing Trust Fund (AHTF). In accordance with N.J.S.A. 52:27D-320, the Commissioner of NJDCA is authorized to exclusively commit and appropriate monies from the AHTF to eligible municipalities for costs associated for creating Housing Element plans and other technical assistance and services. As such, Commissioner Jacquelyn Suárez has committed \$5,000,000 from the AHTF as leverage to NJDCA’s PRO Housing funding request.

As you can see from the application, the State of New Jersey has been vigorously addressing barriers to affordable housing for nearly 40 years. The Legislature has taken recent, significant steps to remove barriers by passing sweeping legislation to address permitting procedures and efficiency, eligible long term tax exemptions for affordable housing projects, recasting financing for greater access to capital to emerging developers (including BIPOC, WBE and MBE developers), and fair and equitable housing opportunities to New Jersey’s most vulnerable citizens.

NJDCA has demonstrated commitment of these funds as noted by NJDCA Commissioner Jacquelyn Suárez (on NJDCA letterhead) in **APPENDIX I**.



LONG TERM EFFECT

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LONG TERM EFFECT

LONG TERM EFFECT: The activities in the proposal are designed to reduce exclusionary zoning and increase affordable housing in areas of high opportunity in a variety of ways. The long-term impact will include greater opportunities to develop affordable housing in high opportunity communities by facilitating a streamlined planning process, effective zoning amendments, and financial incentives.

This grant proposal establishes programs in hopes of breaking down systemic regional barriers to fair housing access and choice. By the end of the engagement, the grant will have additionally produced new HEFSPs and other tools that local jurisdictions can utilize to reduce land use barriers and increase their local supply. Without engaging in the first steps – which is planning – barriers to zoning and implementation cannot succeed. This will certainly address long-term mechanisms, which span 20 to 40 years from 2025.

It is the Department’s vision that NJ HOMES will facilitate and continue a number of initiatives intended to provide resources to municipalities, community-based organizations, advocacy groups, residents and developers. Some of these deliverables include:

1. An **Affordable Housing Playbook & Toolkit**
2. An **interactive web portal** to showcase case studies, best practices, financing, educational webinars and marketing materials
3. A **Municipal Training Institute** on how to fulfill and maintain affordable housing units
4. **Affordable housing planning grants** to facilitate the adoption of at least 200 HEFSPs in New Jersey (which will further amend zoning ordinances to create realistic opportunities for affordable housing development)

The Department intends to make these resources available for the long term, as the Fourth Round spans 2025-2035. However, the monitoring of Fourth Round units will span up to nearly half a century, as P.L. 2024, c.2 has increased rental affordability controls from 30 years to 40 years. Homeownership is also requiring long term monitoring as ownership units generally have affordability controls from 20 to 30 years – depending on their location. The new law requires that homes have long-term affordability for the people and families that are most likely to be excluded, paired with flexible production mechanisms that also increase overall housing supply.

As one of the only states to have a constitutional obligation to provide affordable housing, NJ has demonstrated a unique and significant commitment to affordable housing. The legislative, executive, programmatic and fiscal commitments to affordable housing are an example of how other states can address and tackle affordable housing shortages and eliminate discriminatory and exclusionary housing practices.

By 2026, NJDCA envisions that a majority of municipalities with Prospective Need obligations have prepare HEFSPs, amend zoning ordinances and approved projects ready for financing and production. The Department is confident that these actions will alleviate additional barriers and obstacles related to inequality, racial and economic concentrations and upward mobility to wealth generation. Similarly, NJDCA is also striving for all municipalities to meet its Present Need, as

many units in New Jersey live in older housing stock that are greatly in need of rehabilitation and investment – much of which is inherent to the age of housing stock in the northeast.

Some of these targeted metrics include:

1. How many municipalities have adopted and endorse HEFSPs?
2. How many projects and units have been identified in these HEFSPs?
3. What is the geographic distribution of those identified projects?
4. How many zoning ordinances have been enacted to provide for inclusionary zoning practices?
5. How many projects have been approved by local land use boards?
6. How many projects have been funded to produce these units?
7. How many units have been affirmatively marketed and placed on the State’s Housing Resource Center?
8. How many projects are under construction or completed?
9. What are the length of those affordability controls?
10. What is the economic and demographic make up of those persons renting or buying affordable housing units? How many of these units are special and/or supportive needs housing?
11. How has the Diversity Index for each county changed at the point of the 10-year mid-point monitor?
12. How has the Dissimilarity Index for each county changed at the point of the 10-year mid-point monitor?
13. How many renters continue to be cost burdened?
14. How many homeownership opportunities have been created? What home purchase lending products were used to purchase the homes?
15. How many deficient units have been rehabilitated up to code?

Exclusionary zoning in New Jersey has been the primary offender perpetuating segregation in New Jersey. Much of what the Department’s proposal is fostering dilutes this restrictive zoning in exchange for zoning that fosters production of multifamily units in high opportunity areas – as Qualified Urban Aid municipalities do not have a prospective need obligation. Ensuring the location of housing in well-resourced neighborhoods ensures access to employment, transportation, shopping and community. The units created will sustain affordability controls for 40 years – ensuring long-term affordability for LMI households in New Jersey. NJDCA also anticipates that reducing housing costs for LMI households will grant upward mobility and new opportunities for wealth generation – like homeownership.



ATTACHMENT A

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ATTACHMENT A

SUMMARY OF COMMENTS: NJDCA has provided a summary of comments received on published Application and list of commenters by name/organization. As provided in **ATTACHEMNT B**, NJDCA made the draft application available on its website on Friday, September 27, 2024 and held a hybrid public hearing on the proposed application on Tuesday, October 1, 2024 at 11:00 AM at the New Jersey Department of Community Affairs located at 101 S. Broad Street, Conference Room 129 (1st Floor) in Trenton, New Jersey 08625. Comments were collected through Saturday, October 12, 2024 at 3:00 PM and provided below.



ATTACHMENT B

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ATTACHMENT B

PUBLIC PARTICIPATION: Consistent with NJDCA's Citizen Participation Plan and Section VI.E of the NOFO, with the exceptions waived by this NOFO, the Department made the draft application available on its website on Friday, September 27, 2024 and held a hybrid public hearing on the proposed application on Tuesday, October 1, 2024 at 11:00 AM at the New Jersey Department of Community Affairs located at 101 S. Broad Street, Conference Room 129 (1st Floor) in Trenton, New Jersey 08625. Comments were collected through Saturday, October 12, 2024 at 3:00 PM and provided below. This provided the 15-day required public comment period. Notice of this hybrid public hearing was also provided in English and Spanish, consistent with the Department LAP/LEP, to those stakeholders identified in **APPENDIX III**.



ATTACHMENT C

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ATTACHMENT C

ADVANCING RACIAL EQUITY: New Jersey, like much of the country, has a history that continues to impact available housing choices. As noted in the Department’s 2020-2024 AI, the housing choices for racial and ethnic minorities have often been limited to impoverished areas that lack opportunities. Another source of segregation comes from immigration patterns. Residents new to the country tend to concentrate in areas with people from their countries of birth. Over generations this can lead to heavily segregated areas that become reinforced by social and economic forces.

The Diversity Index ranges from 0 to 87.5 and represents the probability that two individuals, chosen at random, would be of different races or ethnicities. If a county has a score between 0 and 20, it is more homogenous with lower levels of diversity. A score of 50 or higher suggests more heterogeneity and diversity. No counties in New Jersey have a diversity index score of 0 to 20. Hunterdon County has the lowest Diversity Index in the state, 24.97. This is a relatively low level of diversity. There are four counties with a diversity index score of nearly 70, representing a high level of diversity: Hudson (69.64), Essex (69.95), Union (69.68) and Middlesex (69.58). High diversity counties run through the center of the state with coastal and rural areas more likely to have less diversity.

HUD defines an area of minority concentration as “a neighborhood in which the percentage persons of a particular racial or ethnic minority is at least 20% higher than the minority’s percentage in the housing market area as a whole, or in the case of a metropolitan area, the neighborhood’s percentage of its minority persons exceeds 50% of its population.” The entire state falls within various metropolitan areas and the 50% standard was used to identify areas of minority concentration.

In New Jersey, there are a number of counties that meet HUD’s definition of a Racially or Ethnically Concentrated Area of Poverty (R/ECAP). In these counties, the poverty rate is 40% or higher and is considered a minority concentration. Passaic, Essex, Hudson, Middlesex, Mercer, Monmouth, Atlantic, Cumberland, Salem, Gloucester, and Camden are all R/ECAPs.

This grant proposal establishes programs in hopes of breaking down systemic regional barriers to fair housing access and choice. By the end of the engagement, the grant will have additionally produced new HEFSPs and other tools that local jurisdictions can utilize to reduce land use barriers and increase their local supply. Without engaging in the first steps – which is planning – barriers to zoning and implementation cannot succeed. This will certainly address long-term mechanisms, which span 20 to 40 years from 2025. It will be important to monitor and assess how the State’s regional dissimilarity and diversity indices change as a result of this policy.

It is the Department’s vision that NJ HOMES will facilitate and continue a number of initiatives intended to provide resources to municipalities, community-based organizations, advocacy groups, residents and developers. It is the hopes that NJ HOMES will produce units that remove exclusionary zoning barriers and desegregate minority concentration. Some of these initiatives include:

1. **An Affordable Housing Playbook & Toolkit**

2. An **interactive web portal** to showcase case studies, best practices, financing, educational webinars and marketing materials
3. A **Municipal Training Institute** on how to fulfill and maintain affordable housing units
4. **Affordable housing planning grants** in hopes to facilitate the adoption of at least 200 HEFSPs in New Jersey (which will further amend zoning ordinances to create realistic opportunities for affordable housing development)

The Department intends to make these resources available for the long term, as the Fourth Round spans 2025-2035. However, the monitoring of Fourth Round units will span up to nearly half a century, as P.L. 2024, c.2 has increased rental affordability controls from 30 years to 40 years. Homeownership is also requiring long term monitoring as ownership units generally have affordability controls from 20 to 30 years – depending on their location. The new law requires that homes have long-term affordability for the people and families that are most likely to be excluded, paired with flexible production mechanisms that also increase overall housing supply.



ATTACHMENT D

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ATTACHMENT D

AFFIRMATIVE MARKETING: New Jersey State Law very much aligns with the Affirmative Fair Housing Marketing Plan (AFHMP) requirements that are imposed by HUD. For instance, the Uniform Housing Affordability Controls (UHAC), promulgated by N.J.A.C. 5:80-26.1 *et seq.* and N.J.S.A. 52:27-301 *et seq.*, requires that municipal Administrative Agents (AAs) and other agencies providing funding for affordable housing provide and adhere to affirmative marketing requirements in order to ensure implementation of a marketing strategy designed to attract low- and moderate-income households. UHAC also requires that marketing of units are designed “...attract buyers and/or renters of all majority and minority groups, regardless of race, creed, color, national origin, ancestry, marital or familial status, gender, affectional or sexual orientation, disability, age or number of children to housing units which are being marketed by a developer or sponsor of affordable housing. The affirmative marketing plan is also intended to target those potentially eligible persons who are least likely to apply for affordable units in that region.”⁶

AFHMPs are required by the State and require that advertising, outreach and marketing be targeted to segments of the eligible population which are least likely to apply for housing by commercial media efforts, utilize community organizations, employers and regional agencies to aid in the solicitation process of low- and moderate-income households towards those opportunities, maintain records for the life of the unit and program, and provides training to AAs, a bolstered component of P.L. 2024, c.2.

NJDCA will ensure compliance with the affirmative marketing requirements as part of this process and the planning, zoning, and any future implementation of units in New Jersey.

⁶ UHAC (N.J.A.C. 5:80-26-15(a))



ATTACHMENT E

NJ DEPARTMENT OF
CommunityAffairs

ATTACHMENT E

EXPERIENCE PROMOTING RACIAL EQUITY: In 2021, Governor Murphy established the Wealth Disparity Task Force to examine the causes of and remedies for the long-standing wealth disparities that affect Black and Hispanic or Latino New Jerseyans. The COVID-19 pandemic, which delayed the formation of the Wealth Disparity Task Force, shed light on long-standing inequities that have plagued our state. Historically underserved communities, particularly communities of color, were among the hardest hit by the health and economic toll of the pandemic. Rebuilding toward a stronger New Jersey includes targeted investments aimed at addressing the underlying inequities which were exacerbated by the pandemic.

To develop actionable solutions in the areas of health, housing, education, criminal justice, and the economy, the Wealth Disparity Task Force aims to ensure that all New Jerseyans are leaving behind more than memories to the next generation.

The Governor also established the Office of Equity, which is charged with increasing the presence and participation of historically underrepresented groups in state government; developing equity frameworks to guide state policy decisions; directing diversity, equity, inclusion, and belonging efforts in the Governor’s Office; guiding and coordinating state agency initiatives to strengthen diversity, equity, inclusion, and belonging among those employed by the state; and monitoring implementation of these measures.

In 2024, Governor Murphy announced the release of a comprehensive statewide disparity study examining public contracting opportunities for Minority and Women-Owned (MWBE) businesses in New Jersey. The study, conducted by Mason Tillman and Associates, LLC (MTA) and overseen by the Office of Diversity and Inclusion (ODI), within the Department of the Treasury, reviewed more than 1.2 million records and 240,000 contracts awarded between July 1, 2015 and June 30, 2020 from over 60 State contracting agencies, authorities, commissions, colleges, and universities relating to goods and services, professional services, and construction. The study⁷ found that there were statistically significant disparities found in contracting and subcontracting for MBE and underutilization of WBE particularly as it comes to the construction industry. As a result, a number of bills were passed from 2021 through 2023 to address these disparities.

In September of 2024, additional bills were advanced in response to the disparity study findings:

- A4487 – Requires State Contract Managers to monitor work conducted by subcontractors on State contracts.
- A4548 – Provides corporate business tax and gross income tax credits for employers of certain persons with disabilities.
- A4586 – Establishes “Minority and Women-Owned Businesses State Contractor Remedies Act.”
- A4648 – Provides for State agencies to issue advanced payments to certified business enterprises awarded State contracts.

⁷ [2024-NJDisparityStudyOverview.pdf](#)

- A4719 – Requires certain notifications to subcontractors listed on bid for State contract by prime contractor.\
- A4720 – Requires Chief Diversity Officer in Department of Treasury and other State officers to conduct certain outreach events, training workshops, and educational programs for minority and women-owned businesses.
- A4721 – Requires Department of Treasury to update New Jersey Disparity Study every five years.
- A4722 – Requires State agencies to make good faith effort to increase awarding of contracts procured without advertisement to minority- and women-owned businesses.
- A4723 – Modifies title and role of Chief Diversity Officer; establishes New Jersey Office of Supplier Diversity and Business Opportunities.
- A4724 – Establishes sheltered market program for certain business enterprises seeking State contracts.
- A4725 – Requires State agencies to make good faith effort towards certain goals to use certified minority and women-owned businesses as prime contractors and subcontractors.
- A4744 – Requires NJTA, SJTA, EDA, CRDA, PANYNJ, and DRPA to consider minorities and women when hiring or awarding contracts.



APPENDIX I

NJ DEPARTMENT OF
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APPENDIX II

NJ DEPARTMENT OF
CommunityAffairs

Grant Application Detailed Budget Worksheet	OMB Approval No. 2501-0017 Expiration: 1/31/2026
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Detailed Description of Budget		
Analysis of Total Estimated Costs	Estimated Cost	Percent of Total
1 Personnel (Direct Labor)	4,000,000.00	25.0%
2 Fringe Benefits	0.00	0.0%
3 Travel	8,460.00	0.1%
4 Equipment	0.00	0.0%
5 Supplies and Materials	84,500.00	0.5%
6 Consultants	779,040.00	4.9%
7 Contracts and Sub-Grantees	11,110,000.00	69.4%
8 Construction	0.00	0.0%
9 Other Direct Costs	16,000,000.00	100.0%
10 Indirect Costs	0.00	0.0%
Total:	16,000,000.00	100.0%
Federal Share:	7,000,000.00	43.8%
Match (Expressed as a percentage of the Federal Share):	9,000,000.00	56.3%

Grant Application Detailed Budget Worksheet

OMB Approval No. 2501-0017
Expiration: 1/31/2026

Applicant Name: New Jersey Department of Community Affairs (NJDCA)
Applicant Address: 101 S. Broad Street
 PO Box 806, 5th Floor
 Trenton, NJ 08625-0806

Category				Detailed Description of Budget (for full grant period)							
	Estimated Hours	Rate per Hour	Estimated Cost	HUD Share	Applicant Match	Other HUD Funds	Other Federal Share	State Share	Local/Tribal Share	Other	Program Income
1. Personnel (Direct Labor)											
NJDCA LPS Staff	0	\$0.00	\$4,000,000	\$0	\$4,000,000						
Total Direct Labor Cost			\$4,000,000	\$0	\$4,000,000	\$0	\$0	\$0	\$0	\$0	\$0
2. Fringe Benefits	Rate (%)	Base	Estimated Cost	HUD Share	Applicant Match	Other HUD Funds	Other Federal Share	State Share	Local/Tribal Share	Other	Program Income
			\$0	\$0							
			\$0	\$0							
			\$0	\$0							
			\$0	\$0							
			\$0	\$0							
Total Fringe Benefits Cost			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Grant Application Detailed Budget Worksheet

OMB Approval No. 2501-0017
Expiration: 1/31/2026

Applicant Name: New Jersey Department of Community Affairs (NJCA)											
3. Travel											
	Mileage	Rate per Mile	Estimated Cost	HUD Share	Applicant Match	Other HUD Funds	Other Federal Share	State Share	Local/Tribal Share	Other	Program Income
3a. Transportation - Local Private Vehicle											
Travel to Meetings (up to 10 Employees for 21 meetings with average travel of 100 miles)	18,000	\$0.470	\$8,460	\$8,460							
Subtotal - Trans - Local Private Vehicle			\$8,460	\$8,460	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3b. Transportation - Airfare (show destination)											
	Trips	Fare	Estimated Cost	HUD Share	Applicant Match	Other HUD Funds	Other Federal Share	State Share	Local/Tribal Share	Other	Program Income
			\$0	\$0							
Subtotal - Transportation - Airfare			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3c. Transportation - Other											
	Quantity	Unit Cost	Estimated Cost	HUD Share	Applicant Match	Other HUD Funds	Other Federal Share	State Share	Local/Tribal Share	Other	Program Income
			\$0	\$0							
Subtotal - Transportation - Other			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3d. Per Diem or Subsistence (indicate location)											
	Days	Rate per Day	Estimated Cost	HUD Share	Applicant Match	Other HUD Funds	Other Federal Share	State Share	Local/Tribal Share	Other	Program Income
			\$0	\$0							
Subtotal - Per Diem or Subsistence			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Travel Cost			\$8,460	\$8,460	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. Equipment (Only items over \$5,000 Depreciated value)											
	Quantity	Unit Cost	Estimated Cost	HUD Share	Applicant Match	Other HUD Funds	Other Federal Share	State Share	Local/Tribal Share	Other	Program Income
			\$0	\$0							
Total Equipment Cost			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Grant Application Detailed Budget Worksheet

OMB Approval No. 2501-0017
Expiration: 1/31/2026

Applicant Name: New Jersey Department of Community Affairs (NJDC)

5. Supplies and Materials (Items under \$5,000 Depreciated Value)											
	Quantity	Unit Cost	Estimated Cost	HUD Share	Applicant Match	Other HUD Funds	Other Federal Share	State Share	Local/Tribal Share	Other	Program Income
5a. Consumable Supplies											
Meeting/catering (3 Years)	18	\$1,000.00	\$18,000	\$18,000							
Software	1	\$50,000.00	\$50,000	\$50,000							
Subtotal - Consumable Supplies			\$68,000	\$68,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5b. Non-Consumable Materials											
Copying/Printing (3 Years)	3,000	\$0.50	\$1,500	\$1,500	\$0						
Supplies (3 Years)	3	\$5,000.00	\$15,000	\$15,000	\$0						
Subtotal - Non-Consumable Materials			\$16,500	\$16,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Supplies and Materials Cost			\$84,500	\$84,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6. Consultants (Type)											
Planning Consultant (3 Years)	1,095	\$479.45	\$524,992	\$524,992	\$0						
Web Design Consultant (1 Year)	365	\$479.45	\$174,997	\$174,997	\$0						
Affordable Housing Playbook (1 Year)	365	\$265.89	\$97,050	\$97,050	\$0						
Total Consultants Cost			\$797,040	\$797,040	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Contracts and Sub-Grantees (List individually)											
7a. Contracts											
			\$0								
Subtotal - Contracts			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7b. Sub-Grantees (List individually)											
Municipal Grants	200	\$50,000.00	\$10,000,000	\$5,000,000	\$5,000,000						
Municipal Grants (New Jersey Highlands Council)	37	\$30,000.00	\$1,110,000	\$1,110,000	\$0						
Subtotal - Sub-Grantees			\$11,110,000	\$6,110,000	\$5,000,000	\$0	\$0	\$0	\$0	\$0	\$0
Total Contracts and Sub-Grantees Cost			\$11,110,000	\$6,110,000	\$5,000,000	\$0	\$0	\$0	\$0	\$0	\$0

Grant Application Detailed Budget Worksheet

OMB Approval No. 2501-0017
Expiration: 1/31/2026

Applicant Name: New Jersey Department of Community Affairs (NJDCA)

8. Construction Costs												
8a. Administrative and legal expenses												
Quantity	Unit Cost	Estimated Cost	HUD Share	Applicant Match	Other HUD Funds	Other Federal Share	State Share	Local/Tribal Share	Other	Program Income		
		\$0										
Subtotal - Administrative and legal expenses		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8b. Land, structures, rights-of way, appraisal, etc												
Quantity	Unit Cost	Estimated Cost	HUD Share	Applicant Match	Other HUD Funds	Other Federal Share	State Share	Local/Tribal Share	Other	Program Income		
		\$0										
Subtotal - Land, structures, rights-of way, ...		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8c. Relocation expenses and payments												
Quantity	Unit Cost	Estimated Cost	HUD Share	Applicant Match	Other HUD Funds	Other Federal Share	State Share	Local/Tribal Share	Other	Program Income		
		\$0										
Subtotal - Relocation expenses and payments		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8d. Architectural and engineering fees												
Quantity	Unit Cost	Estimated Cost	HUD Share	Applicant Match	Other HUD Funds	Other Federal Share	State Share	Local/Tribal Share	Other	Program Income		
		\$0										
Subtotal - Architectural and engineering fees		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8e. Other architectural and engineering fees												
Quantity	Unit Cost	Estimated Cost	HUD Share	Applicant Match	Other HUD Funds	Other Federal Share	State Share	Local/Tribal Share	Other	Program Income		
		\$0										
Subtotal - Other architectural and engineering fees		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8f. Project inspection fees												
Quantity	Unit Cost	Estimated Cost	HUD Share	Applicant Match	Other HUD Funds	Other Federal Share	State Share	Local/Tribal Share	Other	Program Income		
		\$0										
Subtotal - Project inspection fees		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Grant Application Detailed Budget Worksheet

OMB Approval No. 2501-0017
Expiration: 1/31/2026

Applicant Name: New Jersey Department of Community Affairs (NJDCA)											
	Quantity	Unit Cost	Estimated Cost	HUD Share	Applicant Match	Other HUD Funds	Other Federal Share	State Share	Local/Tribal Share	Other	Program Income
8g. Site work			\$0								
Subtotal - Site work			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8h. Demolition and removal			\$0								
Subtotal - Demolition and removal			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8i. Construction			\$0								
Subtotal - Construction			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8j. Equipment			\$0								
Subtotal - Equipment			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8k. Contingencies			\$0								
Subtotal - Contingencies			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8l. Miscellaneous			\$0								
Subtotal - Miscellaneous			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Construction Costs			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Grant Application Detailed Budget Worksheet

OMB Approval No. 2501-0017
Expiration: 1/31/2026

Applicant Name: New Jersey Department of Community Affairs (NJCA)											
9. Other Direct Costs	Quantity	Unit Cost	Estimated Cost	HUD Share	Applicant Match	Other HUD Funds	Other Federal Share	State Share	Local/Tribal Share	Other	Program Income
			\$0								
Total Other Direct Costs			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal of Direct Costs			\$16,000,000	\$7,000,000	\$9,000,000	\$0	\$0	\$0	\$0	\$0	\$0
10. Indirect Costs	Rate	Base	Estimated Cost	HUD Share	Applicant Match	Other HUD Funds	Other Federal Share	State Share	Local/Tribal Share	Other	Program Income
			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Indirect Costs			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Estimated Costs			\$16,000,000	\$7,000,000	\$9,000,000	\$0	\$0	\$0	\$0	\$0	\$0



APPENDIX III

NJ DEPARTMENT OF
CommunityAffairs



U.S. Department of Housing and Urban
Development
451 Seventh Street, SW
Washington, DC 20410
www.hud.gov
espanol.hud.gov

**Environmental Review
for Activity/Project that is Exempt or
Categorically Excluded Not Subject to Section 58.5
Pursuant to 24 CFR 58.34(a) and 58.35(b)**

Project Information

Project Name: NJDCA-PRO-Housing-2024-ERR

HEROS Number: 900000010424068

State / Local Identifier:

Project Location: 101 S. Broad Street, 5th Floor, Trenton, NJ 08625

Additional Location Information:

Much of New Jersey's analysis aligns with HUD's Geographic Priority Areas, as it relates to high opportunity. This includes the Department's land capacity factor analysis, which takes out much of northwest, southwest and southcentral New Jersey. Inversely, the Department's prospective need calculation addresses all municipalities with the exception of 47 Qualified Urban Aid municipalities. In light of the NOFO requirements, NJDCA is proposing to prioritize assistance as follows: 1. First Priority: HUD Geographic Priority Areas (Atlantic County, Bergen County, Cumberland County, Essex County, Hudson County, Hunterdon County, Middlesex County, Monmouth County, Morris County, Passaic County, Somerset County (majority) and Union County). 2. Second Priority: Municipalities located in non-HUD Geographic Priority Areas that are compliant with P.L. 2024, c.2 and are addressing their present need and/or prospective need obligations. This includes municipalities in Burlington County, Camden County, Cape May County, Gloucester County, Ocean County, Salem County, Somerset County (partial) Sussex County and Warren County. These municipalities will be supported through funding provided by State resources.

Description of the Proposed Project [24 CFR 50.12 & 58.32; 40 CFR 1508.25]:

The purpose of NJ HOMES is to combat obstacles and barriers to housing by providing municipalities with training, technical assistance and financial resources to plan for and implement affordable housing, with an emphasis on "missing middle" projects. These projects, featuring a variety of models from single-family homes to duplexes/triplexes to townhomes to accessory dwelling units, small apartment buildings and others, offer the opportunity to create not only much-needed affordable housing, but walkable, dynamic communities to meet resident needs and spur economic development. NJ HOMES will also develop communications and outreach materials, training and other resources to help municipalities overcome stigma, resident resistance and NIMBYism, including education on the benefits of affordable housing for their community in terms of providing life-cycle housing, housing for workers including at small businesses and care providers, and other ways in which affordable housing will increase quality of life and spur sustainability and growth. NJ HOMES will: 1. Develop and publish an Affordable Housing Playbook & Toolkit in order to

provide "how to" guidance to municipalities on how to plan and finance affordable housing projects with an emphasis on "missing middle" housing - small scale, diverse housing projects designed to integrate into a variety of communities. This will include an interactive web portal to share case studies, best practices for planning, zoning amendments and financing mechanisms to address infill development, redevelopment, creative placemaking and economic development as part of addressing municipal housing obligations. The portal will include an educational element with instructive videos and webinars on how to successfully develop projects from start to finish and will include a marketing tool to help municipalities address opposition, hostility and NIMBYism associated with affordable housing - integrating and assisting the public on understanding the importance of affordable housing. 2. Implement a series of trainings to New Jersey municipalities to fulfill their 2025-2035 Municipal Housing Obligations (Fourth Round) and assist municipalities with devising strategies and partnerships for new affordable housing development. This will include additional tutorials on how to implement small and large scale, affordable housing mechanisms that integrate public participation amongst residents and stakeholders and foster community-supported approaches to affordable housing development - ensuring informed decision-making in the attempts to eliminate stigmas and barriers to affordable housing. 3. Provide technical assistance and grants to municipalities who intend to comply with the Fourth Round to devise successful housing elements and fair share plans, economic development and redevelopment strategies, and regulatory changes to local zoning barriers to the production of affordable housing. This selection process will first target HUD's PRO Housing Geographic Priority Areas but will also include those municipalities with prospective need obligations in high opportunity areas throughout the State of New Jersey. Additionally, the program will strive to implement meaningful action to ensure compliance with Affirmatively Furthering Fair Housing (AFFH).

Level of Environmental Review Determination

Activity / Project is Exempt per 24 CFR 58.34(a):

58.34(a)(1)

58.34(a)(9)

Funding Information

Grant Number	HUD Program	Program Name	
2024-PRO-001	Other	FY24 Pathways to Removing Obstacles to Housing (PRO Housing)	\$7,000,000.00

Estimated Total HUD Funded Amount: \$7,000,000.00

Estimated Total Project Cost [24 CFR 58.2 (a) (5)]: \$16,000,000.00

Mitigation Measures and Conditions [CFR 1505.2(c)]:

Summarized below are all mitigation measures adopted by the Responsible Entity to reduce, avoid or eliminate adverse environmental impacts and to avoid non-compliance or non-conformance with the above-listed authorities and factors. These measures/conditions must be incorporated into project contracts, development agreements and other relevant documents. The staff responsible for implementing and monitoring mitigation measures should be clearly identified in the mitigation plan.

Law, Authority, or Factor	Mitigation Measure or Condition	Comments on Completed Measures	Complete
---------------------------	---------------------------------	--------------------------------	----------

Preparer Signature: _____ Date: _____

Name / Title/ Organization: Lorissa Luciani / / NEW JERSEY

Responsible Entity Agency Official Signature: _____ Date: _____

Name/ Title: _____

This original, signed document and related supporting material must be retained on file by the Responsible Entity in an Environment Review Record (ERR) for the activity / project (ref: 24 CFR Part 58.38) and in accordance with recordkeeping requirements for the HUD program(s).

**Environmental Review
for Activity/Project that is Exempt or
Categorically Excluded Not Subject to Section 58.5
Pursuant to 24 CFR 58.34(a) and 58.35(b)**

Project Information

Project Name: NJDCA-PRO-Housing-2024-ERR

HEROS Number: 900000010424068

Responsible Entity (RE): NEW JERSEY, DEPARTMENT OF COMMUNITY AFFAIR TRENTON NJ,
08625

State / Local Identifier:

RE Preparer: Lorissa Luciani

Grant Recipient (if different than Responsible Entity):

Point of Contact:

Consultant (if applicable):

Point of Contact:

Project Location: 101 S. Broad Street, 5th Floor, Trenton, NJ 08625

Additional Location Information:

Much of New Jersey's analysis aligns with HUD's Geographic Priority Areas, as it relates to high opportunity. This includes the Department's land capacity factor analysis, which takes out much of northwest, southwest and southcentral New Jersey. Inversely, the Department's prospective need calculation addresses all municipalities with the exception of 47 Qualified Urban Aid municipalities. In light of the NOFO requirements, NJDCA is proposing to prioritize assistance as follows: 1. First Priority: HUD Geographic Priority Areas (Atlantic County, Bergen County, Cumberland County, Essex County, Hudson County, Hunterdon County, Middlesex County, Monmouth County, Morris County, Passaic County, Somerset County (majority) and Union County). 2. Second Priority: Municipalities located in non-HUD Geographic Priority Areas that are compliant with P.L. 2024, c.2 and are addressing their present need and/or prospective need obligations. This includes municipalities in Burlington County, Camden County, Cape May County, Gloucester County, Ocean County, Salem County, Somerset County (partial) Sussex County and Warren County. These municipalities will be supported through funding provided by State resources.

Description of the Proposed Project [24 CFR 50.12 & 58.32; 40 CFR 1508.25]:

The purpose of NJ HOMES is to combat obstacles and barriers to housing by providing municipalities with training, technical assistance and financial resources to plan for and implement affordable housing, with an emphasis on "missing middle" projects. These projects, featuring a variety of models from single-family homes to duplexes/triplexes to townhomes to accessory dwelling units, small apartment buildings and others, offer the opportunity to create not only much-needed affordable housing, but walkable, dynamic communities to meet resident needs and spur economic development. NJ HOMES will also develop communications and outreach materials, training and other resources to help municipalities overcome stigma, resident resistance and NIMBYism, including education on the benefits of affordable housing for their community in terms of providing life-cycle housing, housing for workers including at small businesses and care providers, and other ways in which affordable housing will increase quality of life and spur sustainability and growth. NJ HOMES will:

1. Develop and publish an Affordable Housing Playbook & Toolkit in order to provide "how to" guidance to municipalities on how to plan and finance affordable housing projects with an emphasis on "missing middle" housing - small scale, diverse housing projects designed to integrate into a variety of communities. This will include an interactive web portal to share case studies, best practices for planning, zoning amendments and financing mechanisms to address infill development, redevelopment, creative placemaking and economic development as part of addressing municipal housing obligations. The portal will include an educational element with instructive videos and webinars on how to successfully develop projects from start to finish and will include a marketing tool to help municipalities address opposition, hostility and NIMBYism associated with affordable housing - integrating and assisting the public on understanding the importance of affordable housing.
2. Implement a series of trainings to New Jersey municipalities to fulfill their 2025-2035 Municipal Housing Obligations (Fourth Round) and assist municipalities with devising strategies and partnerships for new affordable housing development. This will include additional tutorials on how to implement small and large scale, affordable housing mechanisms that integrate public participation amongst residents and stakeholders and foster community-supported approaches to affordable housing development - ensuring informed decision-making in the attempts to eliminate stigmas and barriers to affordable housing.
3. Provide technical assistance and grants to municipalities who intend to comply with the Fourth Round to devise successful housing elements and fair share plans, economic development and redevelopment strategies, and regulatory changes to local zoning barriers to the production of affordable housing. This selection process will first target HUD's PRO Housing Geographic Priority Areas but will also include those municipalities with prospective need obligations in high opportunity areas throughout the State of New Jersey. Additionally, the program will strive to implement meaningful action to ensure compliance with Affirmatively Furthering Fair Housing (AFFH).

Level of Environmental Review Determination**Activity / Project is Exempt per 24 CFR 58.34(a):**

58.34(a)(1)

58.34(a)(9)

Signature Page**Funding Information**

09/27/2024 14:36

Page 2 of 8

Grant / Project Identification Number	HUD Program	Program Name	Funding Amount
2024-PRO-001	Other	FY24 Pathways to Removing Obstacles to Housing (PRO Housing)	\$7,000,000.00

Estimated Total HUD Funded, Assisted or Insured Amount: \$7,000,000.00

Estimated Total Project Cost [24 CFR 58.2 (a) (5)]: \$16,000,000.00

Compliance with 24 CFR §50.4 & §58.6 Laws and Authorities

Compliance Factors: Statutes, Executive Orders, and Regulations listed at 24 CFR §50.4 & §58.6	Are formal compliance steps or mitigation required?	Compliance determination (See Appendix A for source determinations)
STATUTES, EXECUTIVE ORDERS, AND REGULATIONS LISTED AT 24 CFR §50.4 & § 58.6		
Airport Runway Clear Zones and Clear Zones 24 CFR part 51	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Based on the project description the project includes no activities that would require further evaluation under this section. The project is in compliance with Airport Runway Clear Zone requirements.
Coastal Barrier Resources Act Coastal Barrier Resources Act, as amended by the Coastal Barrier Improvement Act of 1990 [16 USC 3501]	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	This project is not located in a CBRS Unit. Therefore, this project has no potential to impact a CBRS Unit and is in compliance with the Coastal Barrier Resources Act.
Flood Insurance Flood Disaster Protection Act of 1973 and National Flood Insurance Reform Act of 1994 [42 USC 4001-4128 and 42 USC 5154a]	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Based on the project description the project includes no activities that would require further evaluation under this section. The project does not require flood insurance or is excepted from flood insurance. While flood insurance may not be mandatory in this instance, HUD recommends that all insurable structures maintain flood insurance under the National Flood Insurance Program (NFIP). The project is in

Compliance Factors: Statutes, Executive Orders, and Regulations listed at 24 CFR §50.4 & §58.6	Are formal compliance steps or mitigation required?	Compliance determination (See Appendix A for source determinations)
STATUTES, EXECUTIVE ORDERS, AND REGULATIONS LISTED AT 24 CFR §50.4 & § 58.6		
		compliance with Flood Insurance requirements.

Mitigation Measures and Conditions [CFR 40 1505.2(c)]: Summarized below are all mitigation measures adopted by the Responsible Entity to reduce, avoid or eliminate adverse environmental impacts and to avoid non-compliance or non-conformance with the above-listed authorities and factors. These measures/conditions must be incorporated into project contracts, development agreements and other relevant documents. The staff responsible for implementing and monitoring mitigation measures should be clearly identified in the mitigation plan.

Law, Authority, or Factor	Mitigation Measure or Condition	Comments on Completed Measures	Mitigation Plan	Complete
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Project Mitigation Plan

Supporting documentation on completed measures

APPENDIX A: Related Federal Laws and Authorities

Airport Runway Clear Zones

General policy	Legislation	Regulation
It is HUD’s policy to apply standards to prevent incompatible development around civil airports and military airfields.		24 CFR Part 51 Subpart D

1. Does the project involve the sale or acquisition of developed property?

No

Based on the response, the review is in compliance with this section.

Yes

Compliance Determination

Based on the project description the project includes no activities that would require further evaluation under this section. The project is in compliance with Airport Runway Clear Zone requirements.

Supporting documentation

Are formal compliance steps or mitigation required?

Yes
 No

Coastal Barrier Resources

General requirements	Legislation	Regulation
HUD financial assistance may not be used for most activities in units of the Coastal Barrier Resources System (CBRS). See 16 USC 3504 for limitations on federal expenditures affecting the CBRS.	Coastal Barrier Resources Act (CBRA) of 1982, as amended by the Coastal Barrier Improvement Act of 1990 (16 USC 3501)	

1. Is the project located in a CBRS Unit?

No

Document and upload map and documentation below.

Yes

Screen Summary

Compliance Determination

This project is not located in a CBRS Unit. Therefore, this project has no potential to impact a CBRS Unit and is in compliance with the Coastal Barrier Resources Act.

Supporting documentation

Are formal compliance steps or mitigation required?

✓

Yes

No

Flood Insurance

General requirements	Legislation	Regulation
Certain types of federal financial assistance may not be used in floodplains unless the community participates in National Flood Insurance Program and flood insurance is both obtained and maintained.	Flood Disaster Protection Act of 1973 as amended (42 USC 4001-4128)	24 CFR 50.4(b)(1) and 24 CFR 58.6(a) and (b); 24 CFR 55.1(b).

1. Does this project involve financial assistance for construction, rehabilitation, or acquisition of a mobile home, building, or insurable personal property?

✓

No. This project does not require flood insurance or is excepted from flood insurance.

Based on the response, the review is in compliance with this section.

Yes

4. While flood insurance is not mandatory for this project, HUD strongly recommends that all insurable structures maintain flood insurance under the National Flood Insurance Program (NFIP). Will flood insurance be required as a mitigation measure or condition?

Yes

✓

No

Screen Summary

Compliance Determination

Based on the project description the project includes no activities that would require further evaluation under this section. The project does not require flood insurance or is excepted from flood insurance. While flood insurance may not be mandatory in this instance, HUD recommends that all insurable structures maintain flood insurance under the National Flood Insurance Program (NFIP). The project is in compliance with Flood Insurance requirements.

Supporting documentation**Are formal compliance steps or mitigation required?**

- Yes
- No



APPENDIX VI

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