

**TOWNSHIP OF WALL
CITIZENS COMMITTEE ON AFFORDABLE HOUSING
MINUTES OF MEETING**

March 22, 2010

Present: Robin Cervantes, Chairperson, Karen Barbagelata, Ronald Jennings, Susan Miles, Gale Quinn, Mayor Newberry, Township Committeeman Clint Hoffman, and Board of Education Member Michael Bogner

Absent: Lauren Nikola-McCaffrey, Vinny Marron

Public: 3 present

At 7:03 p.m. the meeting was called to order.

Ms. Blaze of the Affordable Housing Alliance provided a brief history of the organization. The Alliance is meant to fill a gap between area income and housing prices. Currently, the Alliance has 380 rental units at 15 sites. They're the largest affordable housing entity in Monmouth County.

The Affordable Housing Alliance also provides counseling and education. All applicants for affordable housing receive training on real estate transactions and negotiations. They do reverse mortgage counseling for senior citizens. Currently, they are providing a great deal of crisis foreclosure counseling – 600 or so applicants have come forward in the last month in Monmouth County, only. These are not low income properties, per se.

Additionally, the Alliance does income certifications for municipalities, for COAH qualifications, for new housing and resales. They have done re-certifications for townships. The Alliance does consulting to municipalities about COAH projects. They answer calls on any aspect of affordable housing. A newer component of their services includes energy assistance through LIEHP, NJ Shares, and NJNG Gift of Warmth.

The Alliance acts as a real estate developer, using municipal land to create affordable housing projects. They build all properties to code, and older properties are brought up to date. A current project is a mobile home park, which is being renovated.

A general discussion was held on modular housing, aka mobile homes. They can be brought up to standard, and can be a large source of unsubsidized and affordable housing in New Jersey.

Current Alliance projects include a single family project in Asbury Park, which will sell for between \$90,000 and \$160,000. These are modest homes, with small square footage, but they are a start.

New Jersey has cut housing funding sharply. There is money available in trust funds, approximately \$1,600,000, but no one knows what will happen with that funding.

The Alliance has worked for Wall Township, cleaning up Bearmore and on other projects. Bearmore has 37 units that meet code. Changes in ownership weren't changed on title, so units were subleased.

An audience member inquired about title searches on modular homes. Mrs. Blaze advised that with

sales prices in the \$100 range, the transaction was a wash. The State authority had no one familiar with the process, and no one knew how to release a lien.

Mrs. Cervantes inquired about staffing at the Alliance. Mrs. Blaze advised that there are 38 staff members. The Alliance is HUD certified. Many of the staff are bilingual.

Mrs. Cervantes asked if rental units would have to re-qualify. Mrs. Blaze replied that New Jersey law says a tenancy relationship can be continued to death of the tenant. COAH housing has tiers, and rents can be raised to the next level of tiers, but you can't evict a COAH tenant if they wouldn't qualify under today's terms. If the tenant dies, the unit cannot be inherited.

Stability is the goal of the Alliance, along with affordability. As long as the rent is paid, it's good. But people tend to want to move up – you acquire some equity, and that comes to you. The goal is a continuum in the marketplace. This is “workforce housing.”

Mrs. Cervantes inquired if the tenant pool is Monmouth County. Mrs. Blaze replied that the tenant pool doesn't, for the most part, migrate. Most people come less than 5 miles to the house, because they too want to be near work, family. It would be illegal to exclude anyone from the tenant pool, but for the most part, there is no in-migration.

Committeeman Hoffman asked if that trend pertained to rentals, too. Mrs. Blaze responded that it did.

Committeeman Hoffman noted that there is a requirement that these properties be marketed, announced in a newspaper, and posted. Mrs. Blaze noted that to be on the list of interested parties, Alliance applicants had to take a class and have a pre-certified mortgage commitment. You don't go on a list without that. There's no statewide list any more, only lists by project.

Committeeman Hoffman inquired about financing. Mrs. Blaze responded that 100% municipal financing was the norm, with a developer working in a partnership.

Committeeman Hoffman asked hypothetically that if Wall Township had the land, would there be money available. Mrs. Blaze noted the Balanced Housing Fund will have to be used, as no direct funding exists, and the Balanced Housing Fund already has commitments which take priority, so there's nothing left. At the present time there is no money in New Jersey for affordable housing.

Committeeman Hoffman wondered if what might be proposed was inclusionary housing, with the developer building the units as new housing was built. Mrs. Blaze agreed, but wondered if funds could be set aside elsewhere, perhaps at the County level.

The audience wondered who was providing pre-certifications for mortgages. Mrs. Blaze replied that small banks and the State did. She noted the market value of these homes is often \$300,000 on a house selling for \$160,000, which reduces lender risk. The foreclosure rate is lower, at least based on the calls she's receiving. But credit scores and employment have to be solid for the applicant to be provided with pre-certification. She added that many affordable homes go to foreclosure due to condominium fees. Five out of 1000 is the rate, and of those 4 are escalating condo fees. 95% of the clients have fixed rate loans.

The first wave of foreclosures was the adjustable rate mortgages. The next wave was due to income – loss of a job, loss of a wage earner.

Committeeman Hoffman asked about mobile home parks with aged units. What could be done with those? Mrs. Blaze noted the Township could buy the land or deed restrict sales. Then, brand new units can be brought in at \$85,000. No subsidy is needed because people can afford that. Often, people want out of the older units, so \$500 to \$1500 gets them to voluntarily vacate. New pads and infrastructure are approximately \$25,000 per unit. The selection must be redone, so if owners want to stay they must go into the pool.

An audience member asked about the Alliance's biggest project. Mrs. Blaze noted it's a 130 unit rental park, with gut rehab and relocation over a 2-year period.

Mr. Bogner asked how many of the 600 foreclosures are being reabsorbed. Mrs. Blaze noted that a few are, but that most are re-negotiations, the banks are not rushing to foreclosure. There are programs to help many of these homeowners, including MAP, where current shortfalls are made a lien on the home and the homeowners move forward, staying current.

Mrs. Blaze departed.

Committeeman Hoffman provided an update on the Township. An 11-page document was received today about S1, and there's much activity towards change.

In Wall, both the Holly and Schwartz properties have DEP approval for development. For the Schwartz property, that's 333 units. The units are 3-story apartments that look like townhouses.

Mayor Newberry noted there's a question about which sewerage facility would be used, which will be addressed later.

Mrs. Quinn inquired if the Township will buy all the property, or just what is needed for COAH. Committeeman Hoffman noted it was too soon to say.

Mr. Hoffman indicated that there's movement on all fronts, with Senator Lesniak's bill moving forward, along with 22 lawsuits. Decisions about COAH may come through the judiciary. Meanwhile, existing rules are in effect and COAH rules are not stayed pending Court action. He also advised that the Judge adjourned the next meeting on Wall's COAH plan, and that the meeting had not been rescheduled yet.

At 8:20 p.m. the meeting was adjourned.

The next meeting is the first Monday in May, May 24, 2010 at 7:00 p.m. in the Wall Township Municipal Building, 2700 Allaire Road, Wall, New Jersey.

Karen Barbagelata
Secretary