

STATE OF NEW JERSEY
2020-2024
ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING
DRAFT



State of New Jersey
Phil Murphy, Governor

Department of Community Affairs
Lt Governor Sheila Y. Oliver, Commissioner

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SECTION 1: EXECUTIVE SUMMARY

AI Purpose and Process

As a requirement of receiving federal funds under the Community Development Block Grant program (CDBG), the Emergency Solutions Grant program (ESG), the HOME Investment Partnerships program (HOME), the Housing Opportunities for Persons with AIDS program, and the National Housing Trust Fund (NHTF), entitlement jurisdictions must submit a certification to affirmatively further fair housing to the U.S. Department of Housing and Urban Development (HUD). This certification has three elements:

1. Complete an Analysis of Impediments to Fair Housing Choice (AI).
2. Take actions to overcome the effects of any impediments identified.
3. Maintain records reflecting the actions taken in response to the analysis.

In the Fair Housing Planning Guide, pages 2-8, HUD provides a definition of impediments to fair housing choice as:

- Any actions, omissions or decisions taken because of race, color, religion, sex, disability, familial status or national origin which restrict housing choices or the availability of housing choices; and
- Any actions, omissions or decisions which have [this] effect.

The list of protected classes included in the above definition is drawn from the federal Fair Housing Act, which was first enacted in 1968. However, states and local governments are permitted to enact measures that provide protection for additional classes of persons. The New Jersey Legislature in 1945 enacted the State Law Against Discrimination (LAD), N.J.S.A. 10:5-1 et seq. The LAD (as amended over the years) now addresses discrimination in the area of housing against persons due to their race, creed, color, national origin, ancestry, nationality, marital or domestic partnership or civil union status, sex, gender identity or expression, disability, affectional or sexual orientation, family status or source of lawful income or source of lawful rent payment (such as rental assistance from the Housing Choice Voucher Program or State Rental Assistance Program). N.J.S.A. 10:5-12.

The LAD identifies as illegal a variety of discriminatory actions regarding housing. For example, it provides that an owner, lessee, sublessee, assignee or managing agent may not refuse to sell, rent, lease, assign, or sublease or otherwise deny or withhold from any person any real property due to that person's membership in a protected class. Similarly, it is illegal for such entities to publish any statement or advertisement, or use any real estate form, which expresses directly or indirectly any discriminatory limitation regarding members of protected classes. Separate

provisions of the LAD are directed at real estate brokers and salespersons, and their employees and agents, as well as banks, mortgage companies, insurance companies and other financial institutions involved in transactions concerning real property.

Methodology

As part of the consolidated planning process, and as a requirement for receiving HUD formula grant funding, the State of New Jersey is undertaking this update to the 2015 Analysis of Impediments to Fair Housing. The current report is an analysis of fair housing data and an assessment of issues and underlying causes to unequal access to fair housing. Prepared with broad community participation, the current AI report identifies the fair housing priorities and goals that New Jersey will pursue through 2024.

In order to develop the AI, the State assessed several quantitative and qualitative sources. The quantitative sources used in analyzing fair housing choice in the State of New Jersey included:

- Socio-economic and housing data from the U.S. Census Bureau
- Employment data from the U.S. Bureau of Labor Statistics
- Economic data from the U.S. Bureau of Economic Analysis
- Investment data gathered in accordance with the Community Reinvestment Act (CRA)
- Home loan application data from the Home Mortgage Disclosure Act
- Housing complaint data from HUD

The qualitative research included a review of relevant fair housing research and national and state fair housing complaints. In addition, the State solicited, and reviewed comments submitted by stakeholders and citizens via electronic surveys, stakeholder interviews, and public focus groups.

The following impediments were identified through this analysis:

Impediments

Impediment # 1: Declining housing affordability, particularly for low-income households, with a rising proportion of low-income households experiencing inadequate or cost-burdened housing.

Impediment #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.

Impediment #3: A concentration of subsidized housing in neighborhoods with relatively high levels of poverty

Impediment # 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.

Impediment # 5: The continuation of land use and zoning barriers to the production of housing for low-income households in some localities.

Impediment # 6: The need for housing for special needs populations, including the disabled, veterans, and the homeless.

Impediment # 7: Racial and Ethnic Housing Concentration

Lead Agency

In New Jersey, the Department of Community Affairs (DCA) is the agency charged with the principal responsibility for administering housing related programs. These programs range from rental assistance to housing rehabilitation and new construction. Every year, DCA assists thousands of extremely-low- to low-income families and individuals obtain and retain safe, affordable housing. In addition, DCA provides grants to non-entitlement communities and counties to upgrade public facilities and otherwise improve the quality of the life for their residents. Services provided by DCA benefit families with children, the elderly, victims of domestic violence, those with disabilities and other special needs, and the homeless, among others.

The State of New Jersey is committed to affirmatively furthering fair housing opportunities. DCA has demonstrated this commitment during the period covered by the 2015-2019 Analysis of Impediments by providing housing assistance to help extremely-low and very-low-income families access neighborhoods of high opportunity, by funding the construction of low- and moderate-income housing, by awarding federal and State project-based vouchers to low poverty areas and making changes to the Low-Income Housing Tax Credit Program to increase the number of affordable units being constructed in high opportunity areas. Over the next five years, DCA will continue to examine program and regulatory practices to reinforce and expand upon these initiatives.

SECTION 2: ASSESSMENT OF PAST IMPEDIMENTS

The following chart provides a summary of impediments identified in the 2015 Analysis of Impediments to Fair Housing and the actions taken to address them.

Impediment # 1: Declining housing affordability, particularly for low-income households, with a rising proportion of low-income households experiencing inadequate or cost-burdened housing.

DCA supported municipal efforts to provide affordable housing through a variety of methods, ranging from assistance with ordinance writing to funding opportunities available for affordable housing activities.

In order to create more affordable housing for people with special needs, DCA committed the funds it received through the Housing Trust Fund (HTF) to increase and preserve the supply of decent, safe and affordable rental housing for extremely low-income (those earning 30% or less of the Area Median Income) individuals and families with special needs.

HMFA continued its state-wide Down Payment Assistance Program (DPA) which provides \$10,000 for qualified first-time homebuyers to use as down payment and closing cost assistance when purchasing a home in New Jersey. The DPA is an interest-free, five-year forgivable second loan with no monthly payment.

Impediment #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.

DCA expanded the four-factor LEP analysis previously conducted in nine of the State's twenty-one counties (those most directly impacted by Superstorm Sandy) to the remaining twelve counties in order to ascertain the languages primarily spoken in those counties. DCA developed a Language Access Plan to ensure this population equal access to housing programs and services. DCA will continue to update its four-factor analysis and LAP as necessary.

DCA continued to maintain its language line for interpretation services and update its internal volunteer language bank to improve immediate access to assistance in the constituent's language. DCA continued to identify vital documents and translate them into Spanish.

Impediment #3: A concentration of subsidized housing in neighborhoods with relatively high levels of poverty

DCA created a mobility program called “Opportunity Knocks,” an intensive counseling program to assist housing voucher holders relocate to areas of high opportunity, away from areas with concentrations of poverty. The program began operating in the greater Camden area in October 2017 and later expanded to Essex County and Mercer County; 25 households successfully moved to high opportunity areas.

DCA continued to encourage housing voucher holders to relocate to areas of high opportunity, away from areas with concentrations of poverty.

In its Housing Choice Voucher Program, DCA continued to use the HUD Small Area Fair Market Rents (SAFMR) in the counties mandated. In zip codes of lower poverty, the SAFMRs allow for higher payment standards to allow families to access housing in areas of higher opportunity. DCA has voluntarily adopted the SAFMRs in the same areas in its State Rental Assistance Program.

The State continues to maintain the New Jersey Housing Resource Center, an online database that serves as a clearinghouse for available affordable rental properties across New Jersey. The search tool provides detailed information about rental properties in both English and Spanish, enabling individuals and families looking for housing to locate a unit that best fits their needs. The site also provides a tool for rent calculations, moving costs, a budget worksheet, and rental checklists.

Impediment # 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

DCA developed and continued to update a Fair Housing website (in English and Spanish) to serve as a “One Stop Shop” to provide the public with information about the federal and State housing discrimination laws. The website also provides information about mortgage lending, rentals, home sales, homeowner’s insurance and individual counseling. A link to the site is prominently featured on the Department’s website.

DCA continued to provide technical assistance to grantees and developers on State and federal fair housing laws as requested.

DCA’s consistent policy continued to be that it will refer instances of a landlord refusing to accept a lawful source of income to the Division on Civil Rights (DCR) for its review. DCA also encourages tenants encountering this issue to file their own complaints with DCR and/or the federal Office of Fair Housing and Equal Opportunity.

HMFA continued to offer free housing counseling assistance through its Foreclosure Mediation Assistance Program. To qualify for mediation the property must be the subject of an active residential mortgage foreclosure action. Mediation must be requested within 60 days after service of the foreclosure summons and complaint unless a court order is entered directing the parties to mediation. The homeowner must be living in the property that is in foreclosure, and all borrowers listed on the note must agree to participate in mediation.

Impediment # 5: The continuation of land use and zoning barriers to the production of housing for low-income households in some localities.

The Office of Local Planning Services (LPS) within DCA continued to make itself available to provide municipalities assistance on a variety of planning projects; including helping to draft or update a municipal master plan, conduct a market analysis, or draft a redevelopment plan. During the last year, LPS has worked with the County Planners Association, the New Jersey Planning Officials organization, the Urban Mayors Council, the Pinelands Commission, and the Highlands Council, to help publicize the availability of its free services.

Impediment # 6: The need for housing for special needs populations, including the disabled, veterans, and the homeless.

DCA administered a statewide Housing First program, which provided State Rental Assistance Program (SRAP) permanent tenant-based housing vouchers to 468 chronically homeless people with disabilities to live in the community. The program also provided funding for security deposits, furniture and move-in costs. It also provided \$250,000 to community-based agencies to provide ongoing case management to support participants' tenancy.

DCA provided 100 Housing Choice Vouchers to young adults referred by the NJ Department of Children and Families (DCF) who are involved with the child welfare system and are homeless or at risk of homelessness.

DCA in partnership with the NJ Department of Human Services (DHS) continued to administer a voucher program for households transitioning from the Division of Family Development (DFD)'s demonstration housing programs, which have ended. This voucher program will serve up to 500 permanently disabled households that receive SSI benefits, and who would be at risk of homelessness without this subsidy.

DCA in partnership with DHS also continued to administer a voucher program called the Supportive Housing Connection (SHC). SHC provides housing assistance to special needs households.

DCA in partnership with DCF continued to administer a voucher program for families that are involved with the child welfare system and are homeless or unstably housed. DCA works with DCF to coordinate outreach and referral. DCF provides security deposits, move-in costs, and tenancy support services. The program which was originally going to assist 150 families has been expanded to assist 450 families.

DCA staff continued to meet with the executive directors of the Supportive Housing Association of NJ (SHA) and the Housing & Community Development Network of NJ (HCDNNJ), to discuss the housing needs of this population. DCA staff also attends SHA's regular membership meetings and present updates on DCA's activities, as well as answering questions from members.

DCA continued to respond to relevant notices of funding available to increase the State's voucher portfolio.

DCA also administered 971 Veterans Administration Supportive Housing (VASH) vouchers and 273 project-based Housing Choice Vouchers for homeless and at-risk veterans.

DCA has a preference in its Housing Choice Voucher Administrative Plan for households in which a member has a disability.

Impediment # 7: Racial and Ethnic Housing Concentration

As described under Impediment #3, DCA continued to assist housing voucher holders locate to areas of high opportunity, away from areas with high concentrations of poverty. The program operated in Camden, Essex and Mercer Counties.

The State continued to maintain the New Jersey Housing Resource Center, an online database that serves as a clearinghouse for available affordable rental properties across New Jersey. The search tool provides detailed information about rental properties in both English and Spanish, enabling individuals and families looking for housing to locate a unit that best fits their needs. The site also provides a tool for rent calculations, moving costs, a budget worksheet, and rental checklists.

DCA continued to use the HUD Small Area Fair Market Rents (SAFMR) in the counties mandated. In zip codes of lower poverty, the SAFMRs allow for higher payment standards to allow families to access housing in areas of higher opportunity. DCA has voluntarily adopted the SAFMRs in the same areas in its State Rental Assistance Program.

SECTION 3: COMMUNITY ENGAGEMENT

Community Participation Process

The Department of Community Affairs provided the public with several opportunities to participate in the development of its 2020-2024 Analysis of Impediments. The public participation process included the following:

Fair Housing Survey

The State of New Jersey conducted an online survey that was available to residents and other community stakeholders in both English and in Spanish. The survey was available online (using computers, smart phones, and other handheld devices) through the State's website, and was also sent directly by the State to their stakeholder email lists. Background on the Analysis of Impediments process and definitions of fair housing were provided in the survey introduction. The importance of community participation was also highlighted in the survey introduction. Three surveys were prepared to collect responses. Two in English; one for representatives of organizations and the other for community members. In addition, a Spanish survey was provided for community members.

The organizational survey was comprised of 27 questions covering a range of data points including demographic information, residential information, knowledge of fair housing rights, experiences with fair housing discrimination, opinions on access to information on fair housing, and questions related to housing and community development more generally. The survey was completed by 110 respondents between June 18, 2020 and July 3, 2020.

The citizens survey was comprised of 29 questions and covered the same topics with additional questions capturing demographic information. The English survey received 13 responses, and the Spanish community member survey received no responses. While the low participation rate overall points to an area of improvement in community engagement and communications in the future, it should also be recognized that pandemic-related restrictions have limited traditional forms of outreach that may have increased participation, especially by community members.

Focus Groups

A series of four focus groups were conducted to gather feedback from key stakeholder organizations across the State. Invitations were sent to nearly 400 stakeholder representatives, and the four sessions were held as follows:

- June 25, 2020 – Fair Housing Advocates and Service Providers
- June 25, 2020 – Social Service Providers
- June 26, 2020 – Local Governments
- June 26, 2020 – Affordable Housing Developers

Due to pandemic-related meeting restrictions, these sessions were conducted utilizing Zoom Video Meeting. The focus groups were recorded, and participants were able to share their thoughts verbally as well as through the “chat” function depending on their preference.

Public Meetings

Two public meetings were held on June 30, 2020 at 5:30pm and July 14, 2020 at 5:30pm. The announcement advertising the Public Meetings was posted on the Department of Community Affairs website on June 18, 2020. Due to pandemic-related meeting restrictions, these sessions were conducted utilizing Zoom Video Meeting. The meetings were recorded, and participants were able to share their thoughts verbally as well as through the “chat” function depending on their preference.

Stakeholder Interviews

Individual interviews were conducted with twenty (20) individuals representing a cross-section of stakeholders. These interviews were conducted between May 11, 2020 and May 15, 2020, and due to pandemic-related meeting restrictions, were conducted by phone. All interviews provided the opportunity for participants to speak to the housing and community development needs from their perspective, identifying areas of need by both category and geography. In relation to fair housing, participants were asked to speak to any fair housing or fair housing choice challenges that they have witnessed or experienced through their work. Participants were also asked if they were aware of any fair housing education or training programs available to the public.

Public Hearing and Comment Period

A virtual public hearing on the draft Analysis of Impediments will be held on December 17, 2020 at 2 PM. Due to pandemic-related meeting restrictions, this session will be conducted utilizing Zoom Video Meeting. The hearing will be recorded, and participants will be able to share their thoughts verbally as well as through the “chat” function depending on their preference. The announcement advertising the hearing and public comment period was posted on the Department of Community Affairs website on December 2, 2020. The draft document was available on the website for a 30-day public comment period.

Accommodations for non-English speaking persons and persons with other disabilities were available as needed. Written comments will be accepted until January 5, 2021.

Analysis

Fair Housing Survey

Respondent Profile

The respondents to the community member survey were mostly African American (41%) women (67%) over the age of forty-five (51%). They were mostly long-time residents of the State, with 84% of them having lived in the State for more than 10 years. The respondents were distributed throughout the State, accounting for eight counties and twelve zip codes. Over half of those responding to the survey identified as African American at 54%. Whites made up 30% of respondents, 15% responded that they were more than one race, and 23% said they were of Latino or Hispanic origin. English was the most common language spoken at home at 92%, and 8% of respondents said that they speak a language other than Spanish or English. Twenty-three percent (23%) of those that responded said they have a disability or disabling condition.

In terms of earnings data, 0% of respondents said they earned \$60,000 per year or above, 53% earned between \$20,000-\$59,999, and nearly half, at 46% earned below \$20,000. Seventy-seven percent (77%) of respondents live with 1-2 other people. In addition, most of the respondents (85%) are in a rental situation, with the remainder (15%) living in a shelter or were homeless.

The respondents identified the following major housing issues: 1) they had difficulty paying their rent and their utilities; 2) they were living in overcrowded situations; and 3) had experienced homelessness over the last two years.

For the organizational survey, most of the respondents worked for nonprofits (73%), with most providing services related to housing (71%) and social services (63%). More than 90% of the organizations responding have been serving communities in the State for more than 10 years. More than a third report that at least 30% of their clients have disabilities or disabling conditions.

In terms of earnings data, 2% of respondents said their clients earned \$60,000 per year or above, 41% earned between \$25,000-\$59,999, and more than half (57%) earned below \$25,000. Sixty percent (60%) of organizations reported that most of their clients are in households with 3-5 people, with 68% being in a rental situation. Nearly 80% of respondents reported that their clients pay more than 30% of their gross household income for housing expenses, which corresponds with the key issues identified in the individual responses.

At the organizational level, respondents reported that 77% had clients experiencing homelessness in the last two years.

Fair Housing Questions

There were 12 questions in the survey that specifically focused on fair housing; beginning with whether respondents were familiar with fair housing or anti-discrimination laws. In the community member survey, 54% of those that answered were not familiar with the laws. Thirty-one percent (31%) were somewhat familiar, and 15% were familiar. When asked about protected classes, most respondents believed familial status, race/ethnicity, income level, and source of income were protected, but were less aware of other classes such as religion and sex. When the questions delved deeper into whether people were aware of their rights, the responses were much lower for those that did know their rights (38%) than those that did not (62%). Knowledge of rights under Fair Housing law was not reflected in the responses about whether they were aware of any housing discrimination incidents. Only 15% of respondents were not sure if they knew of any incidents, with more than half (54%) being aware of incidents and 31% saying that they were not aware of any incidents.

Out of the 54% that said that they were aware of an incident, income level and race were cited most often as the basis of the discrimination, followed by criminal background. The rest of the responses to this question were distributed among most of the 11 other possible choices. According to the survey, almost all of these incidents occurred in apartment complexes (83%).

In terms of education on fair housing issues, the majority of the respondents (75%), were not aware of any fair housing or anti-discrimination education opportunities in their community and most of them (83%), have never participated in any kind of educational opportunity. Seventy-five percent identified the cost of housing as the primary barrier to housing choice. This was followed by the concentration of affordable housing in certain neighborhoods (42%), the condition of housing units (42%), and distance to employment, schools, shopping and services (42%).

For the organizational survey, respondents were well versed in Fair Housing law. This survey added a question on whether they felt that progress had been made on impediments from the previous AI, and the responses showed that they felt some progress had been made across all seven areas. The most progress was believed to have been made on “lack of public information about fair housing law rights and responsibilities and lack of dialogue among groups with similar interests in access to fair housing and housing protections” (74%) and “the need for housing for special needs populations, including the disabled, veterans and the homeless” (69%). Respondents indicated that they believe the least progress had been made in addressing the declining housing affordability. This correlates to the high level of cost burden reported in both the organizational and community surveys. They also shared that much of the discrimination they were aware of happened in apartment complexes.

Focus Group Discussions

A series of four focus groups were conducted to gather feedback from key stakeholder organizations across the State. Invitations were sent to nearly 400 stakeholder representatives, and the four sessions were held as follows:

- June 25, 2020 – Fair Housing Advocates and Service Providers
- June 25, 2020 – Social Service Providers
- June 26, 2020 – Local Governments
- June 26, 2020 – Affordable Housing Developers

Due to pandemic-related meeting restrictions, these sessions were conducted utilizing Zoom Video Meeting. The focus groups were recorded, and participants were able to share their thoughts verbally as well as through the “chat” function depending on their preference. Twenty-six (26) individuals participated in the focus groups.

The focus groups began by clarifying for participants the role of both the Consolidated Plan and the Analysis of Impediments. Participants were given an opportunity to prioritize a range of issues affecting fair housing including housing, community development, social services and economic development. The discussion was guided and facilitated, but it was made clear that participants should feel free to discuss the topics in the way that worked best for them. Participation was encouraged. The moderators emphasized that community input is a critical component of the Analysis of Impediments process. Through the Zoom process each participant was encouraged to not only prioritize community needs but also share their thoughts and reasoning either verbally or through the chat function.

Observations

Given that these focus groups were carried out in the midst of the COVID-19 pandemic, it should be noted that certain priorities and concerns had an elevated sense of urgency to them, and were in some instances given a higher priority by the participants than they may have been in the months prior to the pandemic. Several common themes emerged across the focus groups. Key among them was the rising cost of housing, the urgent need for additional rental assistance, the increase in evictions (both formal and informal) and the difficulties in accessing quality affordable units. Participants also acknowledged that certain needs were geo-specific and that there were differences across the state.

In the first focus group, participants highlighted the need for rental assistance for low-income renters and help for those experiencing or at risk of experiencing homelessness. It was noted that gentrification in certain areas of the State was increasing the pressure on the market, reducing the ability of lower income households to access quality affordable units, and increasing fair housing issues. One participant noted the need for “antidiscrimination intervention.” As a result of these pressures, one participant noted that her clients end up being directed by social services

to areas that are unsafe, but that are affordable, and that clients become so frustrated with the amount of discrimination that they settle for whatever they can get.

The participants in the second focus group were more focused on housing opportunities for those who were homeless or at risk of homelessness. That said, one of the key barriers noted in this conversation came back to lack of affordable rents and their inability to effectively utilize temporary rental assistance due to landlords wanting to know how they will pay the rent when the temporary assistance ends. They did note that for landlords willing to participate, the zip code approach to FMRs was a plus. For renters, there were clear housing access barriers identified, particularly around feeling that their clients were being held to a higher standard than others. One participant noted that there should be a way to hold landlords accountable outside of individual complaints, as clients don't want to complain and be seen as a troublemaker. It was also noted that while those in rental situations were experiencing homelessness, they were also seeing homeowners, particularly the elderly, losing their housing at increasing rates.

The third focus group continued the themes of the prior two. While the needs of homebuyers and homeowners were not dismissed, it was clear that the priority was on those needing quality affordable rental housing (the State is losing affordable, rental units despite efforts and the market forces and expiring contracts are significant issues). Given the tight rental market, landlords do not want to accept rental assistance and most often use credit scores and level of income as official reasons for denial. This group also indicated that they do not see many actual complaints being filed, and they believe this is because people see it as a "dead-end" or that they do not have the energy to pursue a complaint.

The fourth focus group, made up of developers, was the only one where homebuyer needs were even a close second to the needs of those renting or homeless. Participants commented that part of the issue with the tight rental market is that there is nowhere for renters to move up to – if the renters appropriate for homebuyer opportunities had those opportunities the overall housing continuum would benefit. That said, there was a great deal of conversation around the needs of the homeless and those that are more difficult to successfully house. The importance of relationships with landlords to mitigate their tendency to turn away these clients was discussed, and the implicit need for case management and services to support these relationships was noted.

This focus group was the only one where there were conversations around local restrictions such as density requirements and how zoning impacts the ability to make progress. It was discussed that there are literally hundreds of thousands of out of date, four-bedroom homes that could be converted relatively inexpensively to smaller units without needing heavy subsidies, but that local ordinances and red type are limiting opportunities.

List of Key Points

Several key points were identified throughout the focus groups as priority items:

- Availability of affordable rental housing
- Need for increased landlord education and accountability, especially around renting to those with problematic rental histories or rental assistance
- Supportive services to support clients in sustaining housing situations successfully

Public Meetings

Two public meetings were held on June 30, 2020 at 5:30pm and July 14, 2020 at 5:30pm. The announcement advertising the Public Meetings was posted on the Department of Community Affairs website on June 18, 2020. Due to pandemic-related meeting restrictions, these sessions were conducted utilizing Zoom Video Meeting. The meetings were recorded, and participants were able to share their thoughts verbally as well as through the “chat” function depending on their preference.

Observations

The participants in the two public meetings had essentially all of the same concerns as the Focus Group participants. (It should be noted that there was some overlap across the groups.) Participants strongly prioritized the needs of renters for immediate rental assistance and affirmed the need for new affordable units across the State. In this instance, there was also a focus on creating specialized housing opportunities for vulnerable populations, particularly the elderly in more rural parts of the State.

During the public meetings the importance of increasing access through the mobility program and small-area fair market rents (FMRs) was noted, but it was also recognized that where markets are especially tight it is difficult for the programs to make an impact. Participants also discussed access issues around level of income and prior incarceration. One participant shared that just that day she had spoken to a landlord that required applicants to make \$900 a week to be eligible. These types of anecdotal reports appear too common, reflect a number of issues, including that landlords in tighter markets feel like they have “choice to choose.”

Stakeholder Interviews

Through the interview process, stakeholders from across the State had the opportunity to provide input on their views around fair housing. Their backgrounds were diverse and included affordable housing developers, service providers, local government representatives, and advocacy organizations. Their input gave insight into how fair housing issues have been addressed in the past and where to focus efforts going forward. What follows are summaries of what was expressed through the interview process.

Each interview lasted between 30 to 45 minutes. The questions included:

- Please explain the role of your organization within the State of New Jersey. How does your organization work to address community needs?
- The following are topics that HUD funds can address:
 1. Children and Families
 2. Homelessness
 3. Special Needs Populations
 4. Housing
 5. Infrastructure
 6. Economy

Let's review this list. Can you speak to how, if at all, your organization works to address each of these topics? What are the greatest issues in each of these areas? Which of these topics (it can be a subtopic e.g. after school programs or housing affordability) do you think presents the greatest challenges for the State and why? Are there existing programs and/or projects that address this issue?

- In your opinion, what geographic areas of the State, or what specific communities, have the most significant challenges and why?
- How do you partner with other community stakeholders to address community challenges?
- Fair housing and fair housing choice (i.e. the ability of people to access opportunities and meet their needs) is assessed as part of the planning efforts for the use of HUD funds.
 - What fair housing and fair housing choice challenges have you witnessed or experienced through your work?
 - Do you know of any fair housing education or training programs available to the public- including property owners, renters, buyers, etc.?

While all interviewees recognized the same issues as the focus group and public meeting participants, such as the lack of affordable units and tight markets, nearly all of them identified additional education on fair housing laws as a key need for both renters and landlords. The most common causes of discrimination noted were race, being homeless, and having a voucher.

In the interviews, participants were also given opportunities to distinguish needs based on location, such as the lack of affordable units in coastal communities, differences in opportunities in suburban and urban markets, etc. While it was recognized that certain areas might be more affordable, it was also stated that not everyone wants to relocate just because it's cheaper.

One interviewee noted that they were at a meeting where five units were available, and 300 people showed up to apply. Another said there is nowhere in Morristown that you can get a place to live with a voucher near transit. Across all interviews, participants noted that the FMRs are not keeping up with the actual market.

SECTION 4: ANALYSIS

Demographic Summary

The Demographic Profile looks at the State of New Jersey from the perspective of its residents. Understanding who lives throughout the jurisdiction, where they live, and how that has changed provides a starting point for identifying impediments. This process requires exploring several demographic variables such as race, ethnicity, age, and disability status, among others.

In addition to looking at the broad demographics of the state, this section will also provide additional information on key groups. In 1968, fair housing legislation was enacted by the United States federal government that explicitly prohibited discrimination in housing. Title VIII of the Civil Rights Act of 1968 (Fair Housing Act) prohibits discrimination based on race, color, religion, sex, or national origin. Most of these groups are discussed in this section. However, race and ethnicity and disability status are discussed later in the document because additional analysis is warranted.

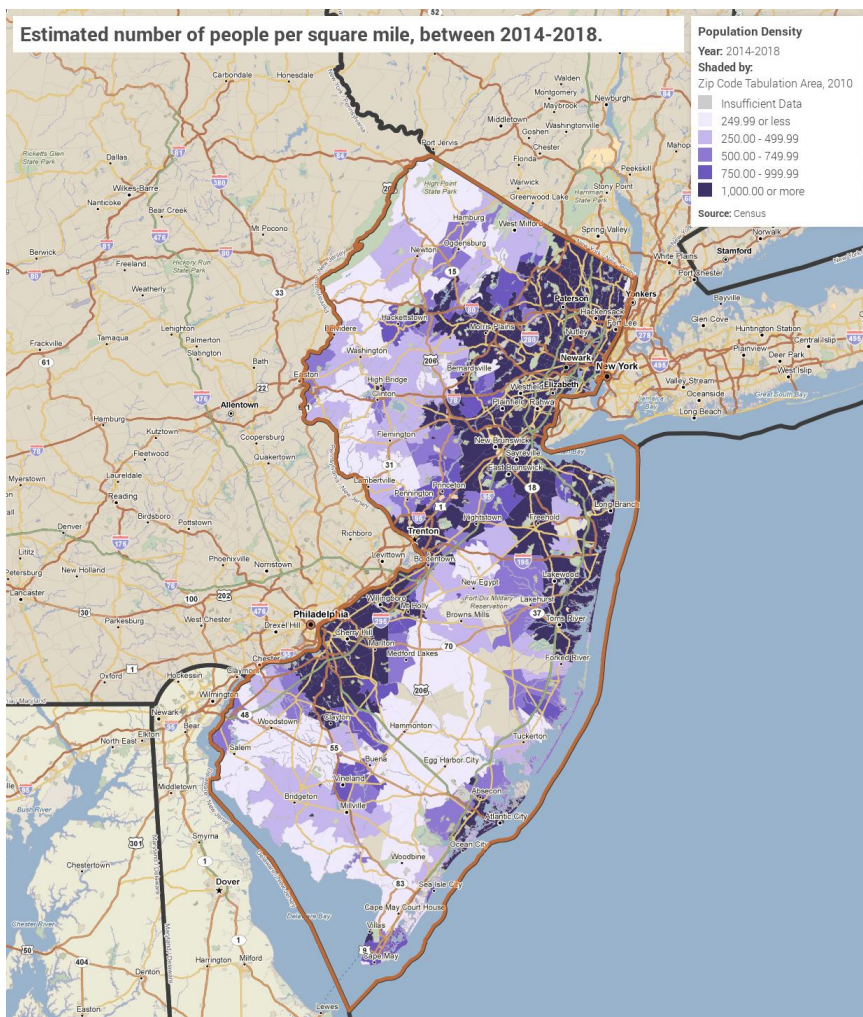
Population Trends

Understanding how the population has changed over time is one of the most important demographic data points available. This change gives a broad view of whether the area is experiencing growth. Population growth is generally a positive indicator but with it comes challenges, particularly for the housing market. When a population grows more quickly than the housing stock the overall demand increases which puts upward pressure on housing prices. Increased prices make it more difficult to locate affordable, safe, and secure housing, particularly for lower income households. A lack of housing that meets the needs of the population is a major impediment to fair housing choice.

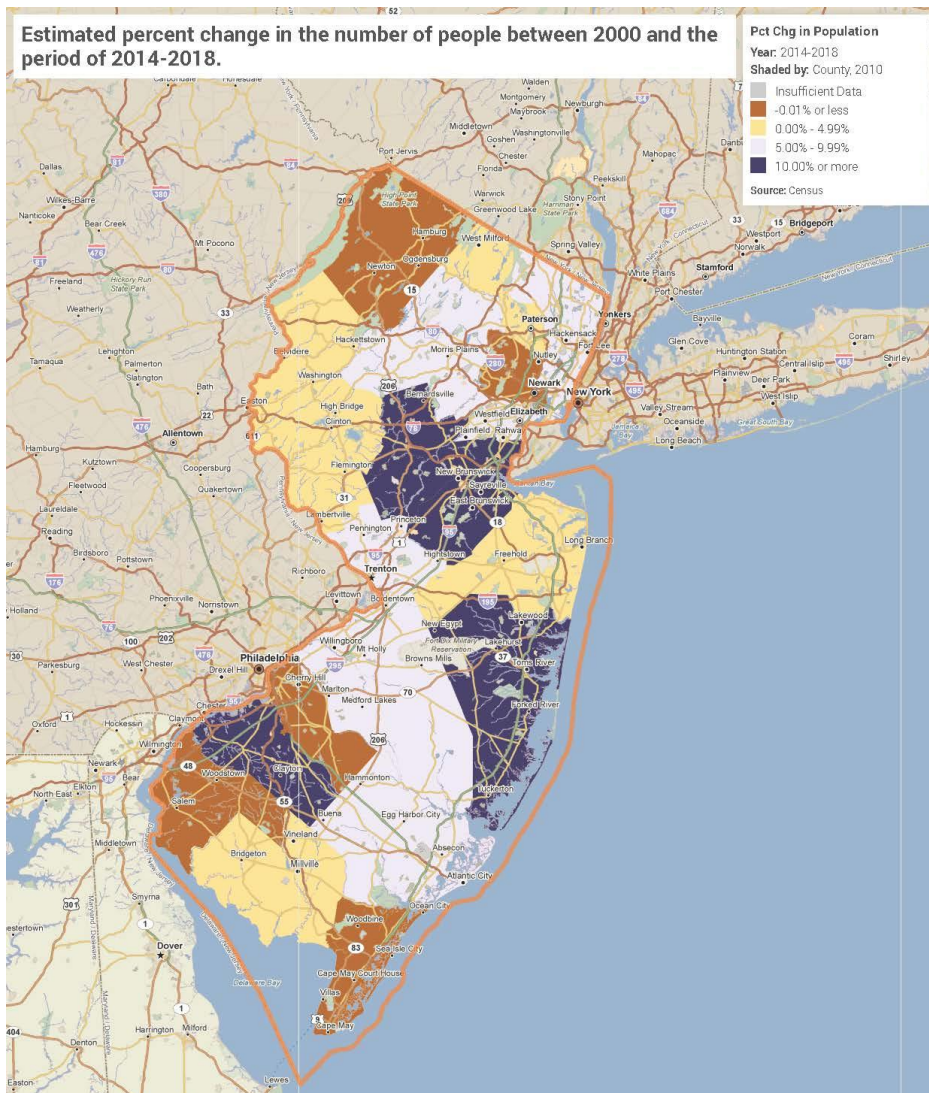
Table: Population 2000 - 2018

	2000	2018	% Change	Difference
New Jersey	8,414,350	8,881,845	5.6%	467,495
United States	281,421,906	322,903,030	14.7%	41,481,124

Since 2000, the State of New Jersey has grown by 5.6%, or 467,495 residents. Currently, the state has nearly 9,000,000 residents making it the 11th most populous state. The state's population primarily lives in the northeastern part of the state near New York City and in the southwest part of the state near Philadelphia. A significant amount of the state has a very high population density, over 1,000,000 people per square mile. New Jersey's overall population density is higher than any other state by a fair amount.



The statewide growth rate of 5.6% is significantly smaller than the growth rate of the nation as a whole. However, the population growth was not consistent throughout the state. Ocean County experienced the highest level of growth, 15.9%, and three other counties grew by more than 10% (Gloucester, Middlesex, and Somerset). There are five counties that currently have a population smaller than in 2000 (Sussex, Essex, Camden, Salem, and Cape May). The largest decrease was in Cape May County, which shrunk by 8.43%.



Age Demographics

Understanding the age demographics of the state and how they have changed is vitally important to analyzing impediments to fair housing choice. A person's age can have a large impact on the type of housing need. A family with young children may need a house that they can grow into while a retired couple may be looking to downsize.

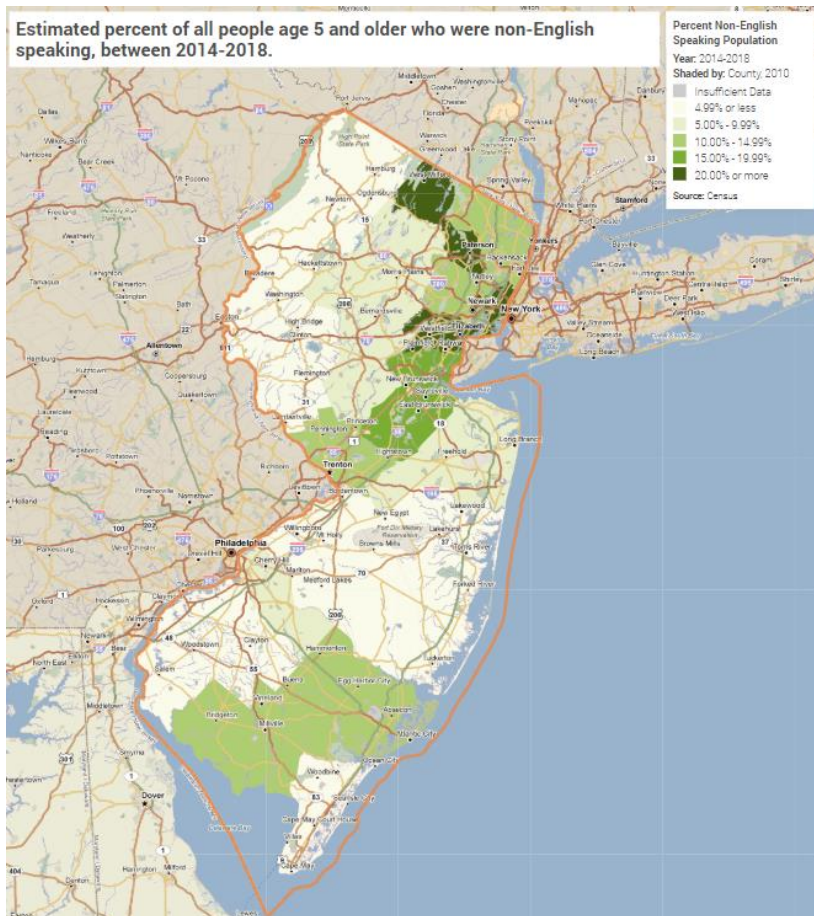
The following table looks at the state's population by age group and compares it to 2010. The largest group is the Prime Working Age (20-54 years old) making up 46.5%. This group is smaller by over 175,000 people than it was in 2010. The fastest growing age range is the 65 to 74 years old range. A dynamic where the state loses young residents but keeps or attracts older residents can create housing demands that differ from other parts of the nation. Transportation, accessible homes, and housing units that fit the size needs of the aging population should be carefully considered.

	2010		2018		Change	
	Number	Percent	Number	Percent	Number	Percent
Youth 0-19 years old	2,305,800	26.4%	2,189,857	24.7%	-115,943	-1.7%
Prime Working Age 20-54 years old	4,267,735	48.9%	4,127,580	46.5%	-176,425	-2.9%
Near Retirement 55-64 years old	992,471	11.3%	1,187,545	13.4%	168,813	1.2%
Retired 65 years and older	1,155,571	13.2%	1,376,863	15.5%	221,292	2.3%
<i>Median Age</i>	38.5		39.8		---	
Source: 2006-2010 & 2014-2018 American Community Survey 5-Year Estimates						

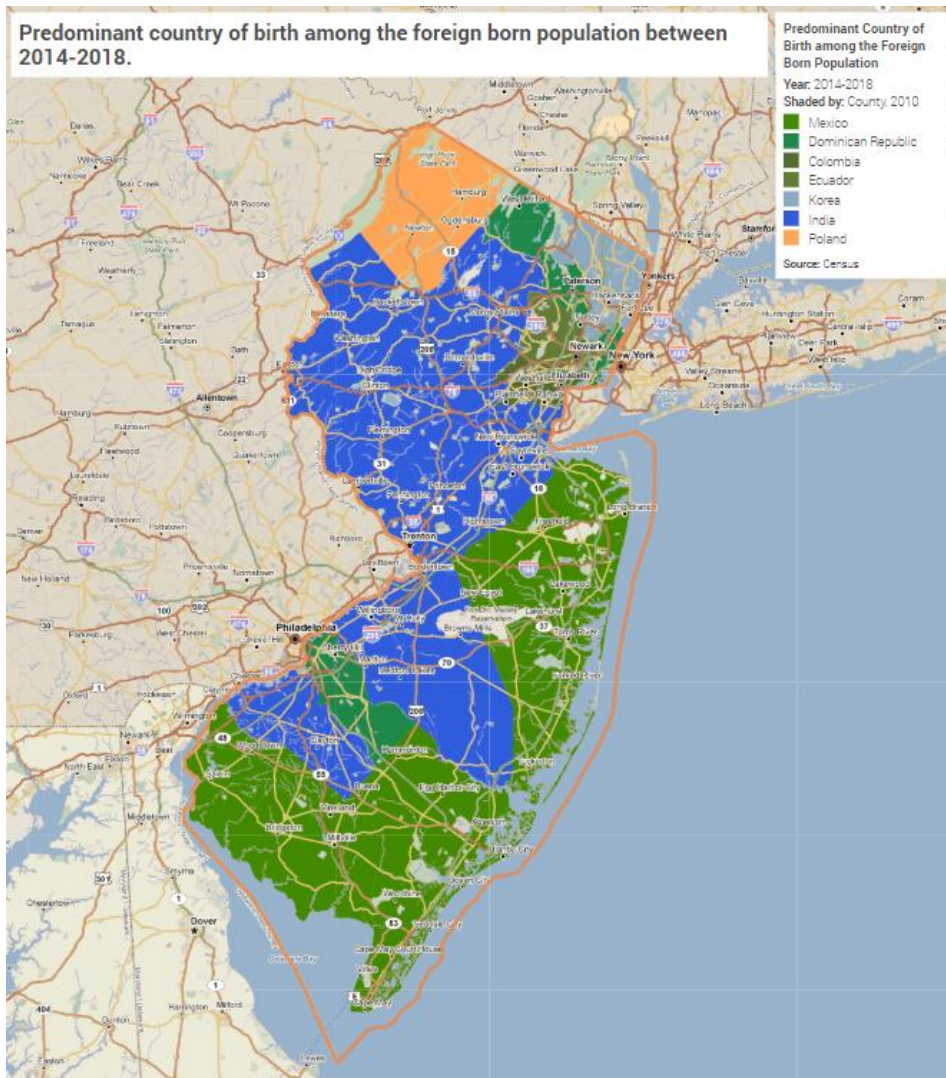
Language Proficiency and Place of Birth

While language proficiency is not specifically listed, HUD's Office of General Counsel has determined that discrimination based on language is a violation of the Fair Housing Act. The 2015 New Jersey Analysis of Impediments to Fair Housing Choice identified Limited English Proficiency (LEP) as an impediment and area of concern. The state's large immigrant community continues to pose unique challenges to fair housing choice. According to the 2014-2018 American Community Survey 5-Year Estimates, approximately 12.1% of residents in New Jersey speak English "less than 'very well.'" This is significantly higher than the national rate of 8.5%.

In New Jersey, there are counties with a disproportionately large number of residents who do not speak English very well. In Hudson County, Union County, and Passaic County over 20% of the population has a limited English proficiency. Counties with an exceptionally small population with limited English proficiency include Cape May County, Gloucester County, and Sussex County where less than 3% of the population does not speak English very well.



In New Jersey, over 22% of the population was born outside of the United States. Nationally, the population is much smaller and makes up less than 14%. The foreign-born population is heavily concentrated in the northern part of the state, particularly in Hudson County where 43% of the population was born outside the US. The predominant country of birth differs by county. Residents from India are most common in the central part of the state, while residents from Mexico are the most prevalent in the southern and eastern portions of the state. Near New York City, residents from Ecuador, Columbia, Dominican Republic, Poland, and Korea are the most prevalent group in at least one county.



Familial Status

Protections against discrimination based on familial status has primarily been used to prevent discrimination against residents who have children under the age of 18. The State of New Jersey, however, expands protections to include marital or domestic partnership or civil union status.

In New Jersey, the percent of residents married is similar to the national average, 51.3% and 50.1%, respectively. The variance between counties is minimal. Only two counties have fewer than 45% of residents over 15 currently married. Similarly, there is not a significant difference between counties, the state, or the nation when it comes to percent of families with children. The one outlier is Cape May County where fewer than one-third of all families have children, which is noticeably lower than the 40%-45% that other jurisdictions report.

Sexual Orientation

Sexual orientation and gender identity are not specifically listed as protected classes in the Fair Housing Act. However, HUD has determined that discrimination against someone based on identifying as LGBTQ is a violation of the Fair Housing Act and HUD's Equal Access Rule. Discrimination would also be a violation of state law due to the protections provided by the New Jersey Law Against Discrimination.

Acquiring an accurate measure of the size of the LGBTQ population is very difficult for several reasons. Often survey respondents fear repercussions or bias against them based on their responses. In other cases, consistent and universal definitions of LGBTQ is difficult to determine. While the US Census Bureau does not ask about sexual orientation or gender identity, there are a number of organizations that have attempted to identify demographic data for this population.

According to research conducted by The Williams Institute, approximately 4.1% of the population of New Jersey is LGBTQ. Approximately 25% of all LGBTQ adults in the state are raising children. The Movement Advancement Project's Equality Profile rates New Jersey as High in protection of LGBTQ residents with a score of 30 out of 38.5.

Analysis

The State of New Jersey continues to be a place of incredible diversity and an attractive place to live, work, and raise a family. Slowed population growth and a shift in the state's demographics will provide opportunities and challenges in the coming years. The population is aging due to an increase in the number of residents who are retired or nearing retirement along with a decrease in the youth and working age populations. This dynamic leads to a situation where the group paying taxes begins to shrink relative to those who may need public support.

In addition to the changing age dynamic, New Jersey has continued to be a home for immigrants from around the world, particularly near New York City where many immigrant communities

have established deep roots. It is important to proactively work to ensure that residents who do not speak English fluently are aware of their rights and have access to fair housing choice. Foreign-born residents are already likely to have additional economic problems, and it is imperative that necessary efforts are taken to provide safe, secure, and affordable housing.

Segregation/Integration and R/ECAPs

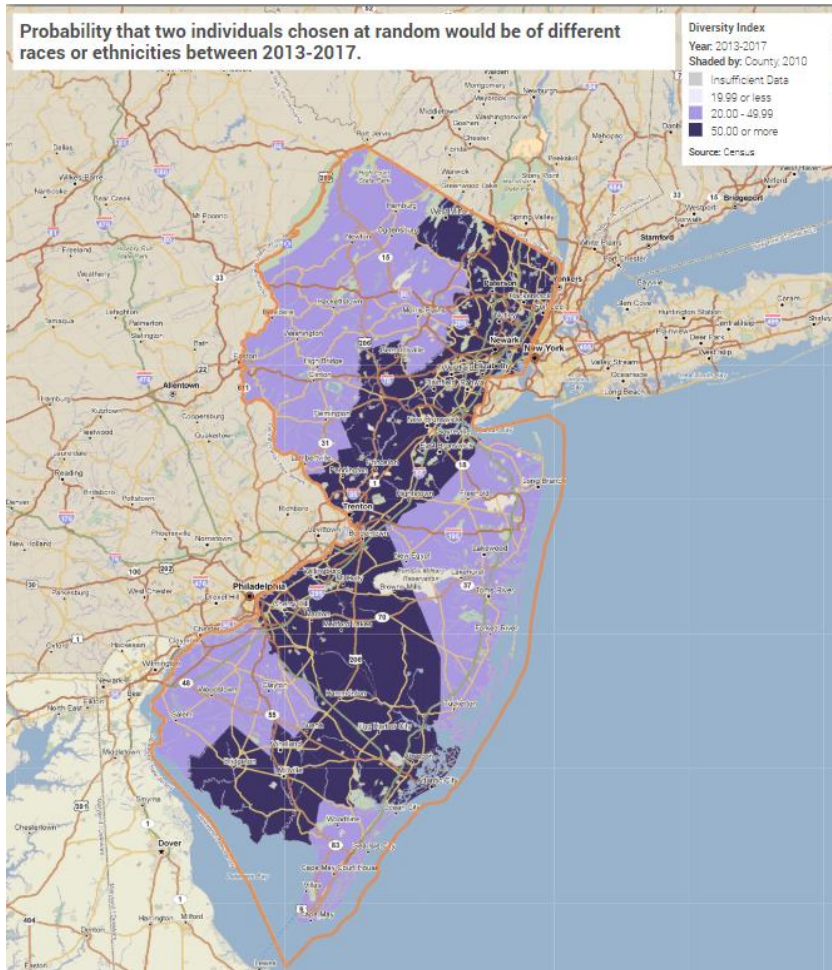
Historical Patterns

New Jersey, like much of the country, has a history that continues to impact available housing choices. 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.

Diversity Index

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.

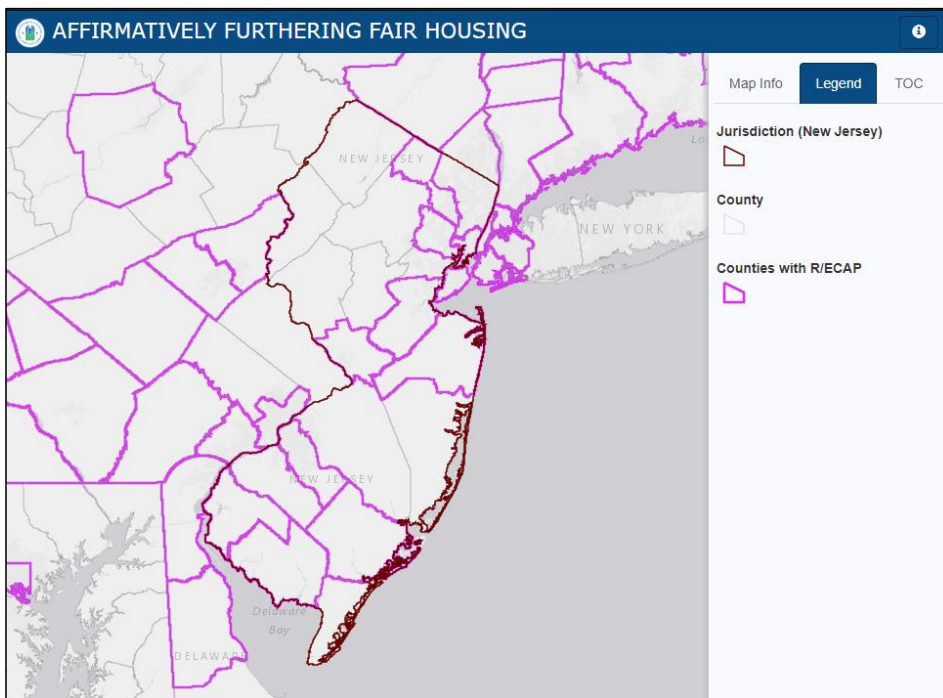


Geographic Analysis

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.

Racially or Ethnically Concentrated Area of Poverty (R/ECAP)

In New Jersey, there are a number of counties that meet HUD’s definition of a Racially or Ethnically Concentrated Area of Poverty. 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.



Dissimilarity Index: Segregation

	Black/ White	Asian/ White	Hispanic/ White	Average	Change Since 2013			
					Black/ White	Asian/ White	Hispanic / White	Average
Atlantic	60.6	53.3	45.4	53.1	3.2	11.6	-5.9	3.0
Bergen	58.3	37.6	39.0	45.0	-2.7	-3.4	1.0	-1.7
Burlington	53.0	38.7	38.7	43.5	-0.6	2.0	2.2	1.2
Camden	59.3	46.9	60.9	55.7	-1.6	-16.1	10.9	-2.3
Cape May	58.3	54.1	44.4	52.3	7.7	12.5	-11.7	2.8
Cumberland	44.8	41.2	47.2	44.4	-0.7	-8.8	6.8	-0.9
Essex	79.3	39.2	63.1	60.5	-0.2	-25.1	24.4	-0.3
Gloucester	33.4	38.3	28.3	33.3	-2.7	5.5	-5.7	-1.0
Hudson	62.4	43.5	46.0	50.6	1.1	-7.6	0.5	-2.0
Hunterdon	63.4	32.0	29.3	41.5	6.1	1.0	-1.9	1.7
Mercer	62.6	44.7	57.0	54.8	-1.1	-11.2	9.2	-1.0
Middlesex	44.7	43.9	46.7	45.1	0.7	-6.5	3.6	-0.7
Monmouth	57.0	39.8	37.7	44.8	-5.6	-3.7	-2.8	-4.0
Morris	44.0	39.0	37.8	40.3	2.3	-4.6	-0.3	-0.9
Ocean	43.1	44.4	29.8	39.1	-6.5	12.0	-17.9	-4.1
Passaic	72.2	40.3	64.6	59.0	-6.0	-27.0	23.2	-3.3
Salem	58.2	40.2	54.2	50.9	2.8	-5.2	13.9	3.8
Somerset	61.8	32.0	45.6	46.5	1.8	-13.5	12.2	0.2
Sussex	39.3	36.4	27.0	34.2	-5.1	11.6	-1.6	1.6
Union	65.2	26.7	59.6	50.5	0.5	-31.8	29.8	-0.5
Warren	41.3	31.4	27.4	33.3	2.7	0.1	-7.6	-1.6
Average	55.3	40.2	44.3	46.6	-0.2	-5.2	3.9	-0.5

Source: United States Census Bureau 2013-2018 American Community Survey 5-Year Estimates

The Dissimilarity Index is a measure of segregation in a community. It identifies what percentage of a population would have to move to a different part of the community for the population to be distributed to match the overall demographics. For example, in Atlantic County the Black/White Dissimilarity Index is 60.6. That means that approximately 61% of the population would need to change which census tract they live in to eliminate segregation within the County. HUD considers a score between 41 and 54.99 to be moderate segregation (colored yellow above) and anything over 55 to be High Segregation (colored red above). There are three counties with an average score showing high segregation (Camden, Essex, and Passaic) and five counties that show low segregation (Gloucester, Morris, Ocean, Sussex, and Warren). The

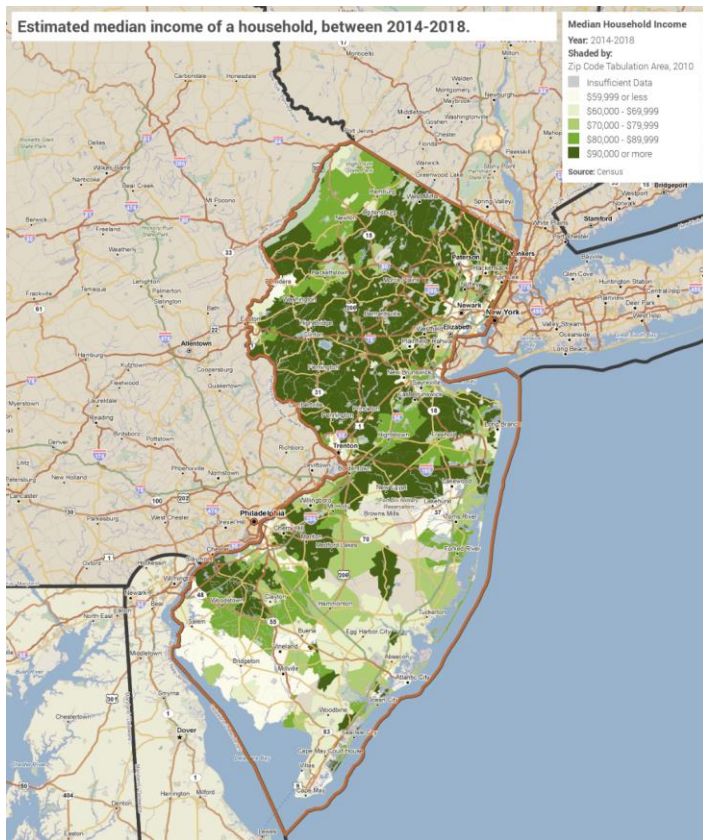
remainder all show moderate segregation.

At the County level, changes in segregation since 2013 have varied. The cells colored red above show municipalities that saw segregation increase between groups. Salem County saw the largest average increase in segregation with an index score growth of 3.8. One County, Monmouth, saw a decrease in segregation for each of the groups addressed.

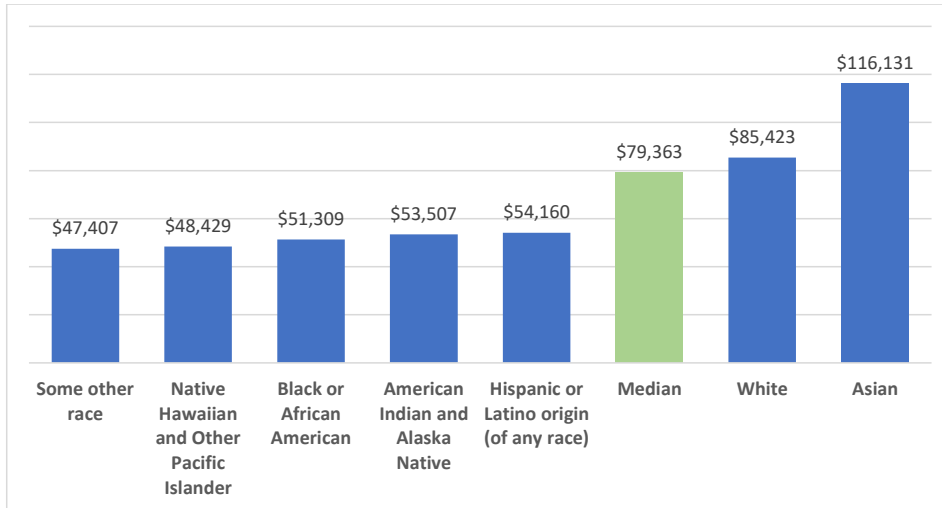
Determinants of Segregation and R/ECAPs

Income Levels

The Median Household Income in the State of New Jersey is \$79,363, nearly \$20,000 more than the nationwide Median Household Income. Like many of the demographic indicators in this report, a household's income is correlated to location, race, and ethnicity. High-Income areas are much more common in the northern part of the state. There are several counties where the Median Household Income is over \$100,000 and several where it is under \$60,000. In the northern part of the state a high-income county (Morris - \$111,316) borders a low-income county (Essex - \$59,302).



Within the state, there are only two racial groups that have a median household income over the statewide median: White households earn slightly more than the statewide median income, while the median household income of Asian households is more than \$35,000 greater than the state median. The remaining racial and ethnic groups all earn between \$47,000 and \$55,000.



By HUD’s definition, households paying in excess of 30% of their monthly household income on housing costs are considered “cost burdened.” The tables below detail the data on costs as a percentage of household income for homeowners with a mortgage, homeowners without a mortgage and renters.

Renters are, by far, the most cost burdened group in the state. About 52% of renters pay more than 30% of their income to housing costs, and 43.1% of renters pay over 35%. Homeowners with a mortgage have a lower, but still significant cost burden rate. Nearly 37% of those with a mortgage are cost burdened. Lastly, homeowners without a mortgage are the least at risk of being cost burdened, but over one-quarter are cost-burdened.

	Homeowners with a Mortgage		Homeowners without a Mortgage		Renters	
	Number	Percentage	Number	Percentage	Number	Percentage
Less than 20%	471,840	34.2%	388,027	58.5%	262,710	24%
20.0 to 24.9%	228,188	16.6%	61,267	9.2%	135,268	12.3%
25 to 29.9%	170,651	12.4%	43,702	6.6%	125,564	11.4%
30 to 34.9%	119,695	8.7%	32,322	4.9%	100,323	9.1%
35% or more	387,856	28.1%	138,602	20.9%	473,339	43.1%
Total Cost Burdened	507,551	36.8%	170,924	25.8%	573,662	52.2%

Source: 2014-2018 ACS 5-Yr Estimates (DP04)

Zoning

By definition, zoning ordinances restrict certain potential uses of land by limiting the permissible uses of a particular parcel of land. In New Jersey, the zoning power is constitutionally delegated to the state’s municipalities. Pursuant to that authority, the Legislature, as part of the Municipal Land Use Law, authorized municipal governing bodies to “adopt or amend a zoning ordinance relating to the nature and extent of the uses of land or buildings and structures thereon.” N.J.S.A. 40:55D-62. The Law also details the types of factors that a zoning ordinance may consider. Consistent with that authority, New Jersey municipalities have over time adopted zoning ordinances that dictate the type and location of housing structures permitted within their boundaries.

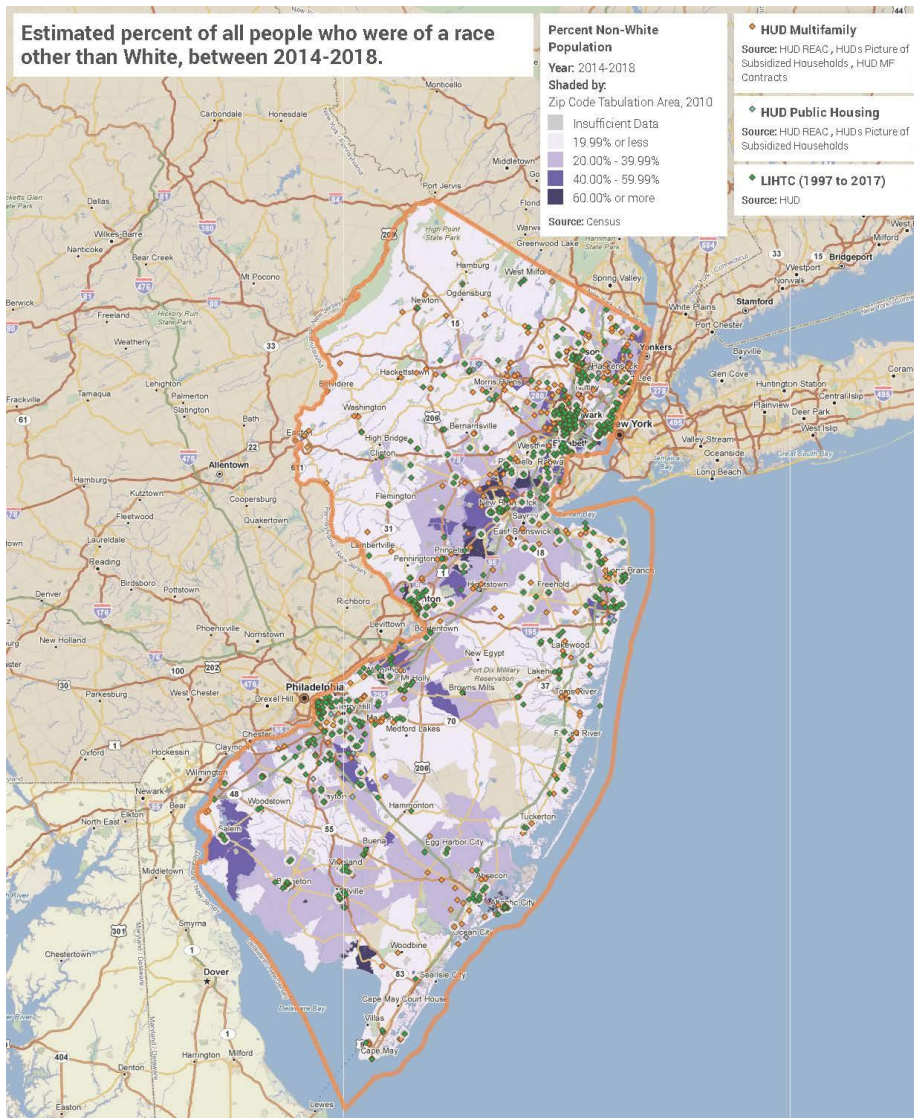
Publicly Supported Housing Patterns

HUD Subsidized Units

According to the HUD Affirmatively Furthering Fair Housing (AFFH) Database, there were approximately 207,634 households in publicly supported units. The largest type of support is Housing Choice Vouchers with over 66,000 units. Race and ethnicity appear to be correlated with the type of housing assistance a household receives. Black, non-Hispanic residents are the largest group in every form of public support except for Other Multifamily. White residents are more likely to use Other Multifamily than any other group.

	Public Housing		Project-Based Section 8		Other Multifamily		Housing Choice Vouchers		LIHTC	
	#	%	#	%	#	%	#	%	#	%
White, non-Hispanic	7,366	21.41%	12,877	30.09%	2,229	59.19%	17,258	25.97%	--	--
Black, non-Hispanic	15,951	46.37%	15,914	37.19%	659	17.50%	31,542	47.46%	--	--
Hispanic	661	1.92%	2,296	5.37%	293	7.78%	371	0.56%	--	--
Asia/Pacific Islander, non-Hispanic	10,377	30.16%	11,579	27.06%	555	14.74%	17,203	25.88%	--	--
Native American, non-Hispanic	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	--	--
Total	34,355	100%	42,666	100%	3,736	100%	66,374	100%	60,503	--

The following map shows the percent of the population that is non-White and the presence of publicly supported housing units. Housing units are heavily concentrated in the northern and southern parts of the state with large urban populations. These areas also tend to have larger non-White populations than elsewhere in the state.



Disproportionate Housing Needs

Determinants of Disproportionate Housing Needs

According to the 2014-2018 American Community Survey estimates, 1-unit detached structures were the most prevalent type of housing in New Jersey, comprising 53.6% of the housing stock. Since the 2010 ACS, the housing stock has remained relatively stable. There are no housing types that changed by more than 0.7%.

HUD defines a multifamily structure as a structure with more than four housing units; therefore, a single-family structure is not just a structure with one unit, but also structures of up to four housing units. Given HUD's definitions of single-family housing, the data shows that nearly 80% of the state's housing stock is single-family.

	2010		2018	
	Number	Percentage	Number	Percentage
1-unit, detached structure	1,899,905	53.8%	1,931,259	53.6%
1-unit, attached structure	325,488	9.2%	342,782	9.5%
2 units	333,605	9.5%	334,136	9.3%
3 or 4 units	230,462	6.5%	230,589	6.4%
5-9 units	175,115	5.0%	172,006	4.8%
10-19 units	178,518	5.1%	178,166	4.9%
20 or more units	349,318	9.9%	381,627	10.6%
Mobile Home	35,742	1.0%	34,236	0.9%
Boat, RV, Van, Etc.	880	0.0%	600	0.0%
Total	3,529,033	(x)	3,605,401	(x)

Source: 2006-2010, 2014-2018 ACS 5-Yr Estimates (DP04)

Since 2010, there has not been a significant change in the distribution of units by bedroom size. Larger units are very common (over 57% of the units have three bedrooms or more). Small units are much less common (fewer than 17% of the units are one bedroom or smaller).

	2010		2018	
	Number	Percentage	Number	Percentage
No bedroom	100,449	2.8%	91,870	2.5%
1 bedroom	506,157	14.3%	502,200	13.9%
2 bedrooms	911,769	25.8%	938,806	26.0%
3 bedrooms	1,149,984	32.6%	1,176,287	32.6%
4 bedrooms	665,347	18.9%	697,540	19.3%
5 or more bedrooms	195,327	5.5%	198,698	5.5%
Total	3,529,033	(x)	3,605,401	(x)

Source: 2006-2010, 2014-2018 ACS 5-Yr Estimates (DP04)

Housing Stock Age

When compared to the nation as a whole, the housing stock in New Jersey is relatively old. The largest cohort in the state is units built before 1940; they make up over 18% of the housing stock. Approximately 67% of units were built before 1980, which makes them at risk of lead-based paint hazard.

	United States		New Jersey	
	Number	Percentage	Number	Percentage
Built 2010 or Later	5,622,664	4.2%	94,966	2.6%
Built 2000 to 2009	19,435,745	14.3%	331,184	9.2%
Built 1990 to 1999	19,018,824	13.9%	345,546	9.6%
Built 1980 to 1989	18,425,173	13.5%	422,893	11.7%
Built 1970 to 1979	20,898,334	15.3%	456,230	12.7%
Built 1960 to 1969	14,571,755	10.7%	487,733	13.5%
Built 1950 to 1959	14,169,107	10.4%	539,274	15.0%
Built 1940 to 1949	6,834,743	5.0%	265,576	7.4%
Built 1939 or earlier	17,407,947	12.8%	661,999	18.4%
Total	136,384,292	(x)	3,605,401	(x)

Source: 2014-2018 ACS 5-Yr Estimates (DP04)

The table below compares renter and owner occupancy data across New Jersey. Since 2010, the percentage of occupied housing units has decreased by less than 1% but the number of occupied units increased by nearly 40,000 units. The occupancy characteristics have shifted slightly, and renter occupied units are currently more common than in 2010.

Housing units are considered vacant if there is no one living in them at the time of enumeration, unless the occupants are temporarily absent. Any property that is not classified as vacant is considered occupied. Vacant units fall into one of seven categories:

1. For rent and no current tenant
2. Rented but not occupied
3. For sale and no current resident
4. Sold but not occupied
5. For seasonal, recreational, or occasional use
6. For migrant workers
7. Other vacant: foreclosures, left vacant due to personal/family reasons, legal proceedings, preparing to rent or sell, held as a storage unit, in need of repairs, currently being repaired or renovated, specific use housing (military housing, units held by church, etc.), extended absence, abandoned and possibly to be demolished or condemned.

Housing Occupancy

	2010		2018	
	Number	Percentage	Number	Percentage
Total Housing Units	3,529,033	--	3,605,401	--
Occupied Housing Units	3,176,069	90.0%	3,213,362	89.1%
Owner Occupied Units	2,126,279	66.9%	2,054,413	63.9%
Renter Occupied Units	1,014,870	32.0%	1,158,949	36.1%

Source: 2006-2010, 2014-2018 ACS 5-Yr Estimates (DP04)

Special Needs and Access

Residents with Disabilities

In addition to overcoming barriers such as housing discrimination and difficulty in finding accessible units, people with disabilities face financial hardships at much higher rates than the average person. An estimated 12.2% of the total population of New Jersey (856,733 people) had a disability of some sort. Residents with a disability have a poverty rate of 16.6%, over double the statewide rate. This means that in general, standard housing is more difficult to acquire for residents with a disability due to poverty. Additionally, many residents require accessible units with modifications to address their restrictions, which are less common and can be more expensive.

Enabling Persons with Disabilities to Live in the Community

The state through the NJ Department of Human Services (DHS) is committed to expanding home and community-based services (HCBS) as part of its long-term care reform efforts to rely less on institutionalization. The DHS, including its Divisions of Aging Services, Disability Services, Developmental Disabilities (DDD), Medical Assistance and Health Services (Medicaid) and Mental Health and Addiction Services (DMHAS), are working together with community partners to implement change.

The Division of Aging Services administers a number of federal and state-funded programs that make it easier for older adults to live in the community as long as possible with independence, dignity and choice. Access to some of these programs is through NJ Save, an online application to help low-income seniors and individuals with disabilities save money on Medicare premiums, prescription costs, and other living expenses.

The Division of Disability Services provides a single point-of-entry for people seeking disability related information in New Jersey. DDS serves individuals with all disabilities, statewide. DDS works to streamline access to services and information that promote and enhance independent living for individuals with disabilities by facilitating coordination and cooperation among local, county and state government agencies. Through the administration of programs like the Traumatic Brain Injury Fund and the Personal Assistance Services Program, DDS promotes maximum independence and the full participation of people with disabilities within all aspects of community life.

The Division of Developmental Disabilities has a number of programs and initiatives available to eligible individuals that focus on the level of support needed to live in the community or his/her current living environment. These programs and initiatives are implemented through partnerships with community provider agencies/organizations that serve individuals with developmental disabilities.

The Division of Medical Assistance and Health Services (DMAHS) administers Medicaid's state- and federally funded NJ Family Care programs for certain groups of low- to moderate- income adults and children. Through these programs, DMAHS serves approximately 1.7 million, or nearly 20%, of New Jersey's residents. NJ Family Care provides health coverage to children, pregnant women, parents/caretaker relatives, single adults, childless couples, the aged, blind, disabled, and individuals qualified for long-term care services. NJ Family Care's comprehensive health coverage provides a wide range of services including doctor visits, hospital services, prescriptions, tests, vision care, mental health care, dental, nursing home care and other healthcare services, depending on the person's eligibility category.

The Division of Mental Health and Addiction Services (DMHAS) serves as the Single State Agency (SSA) for Substance Abuse and the State Mental Health Authority (SMHA) as designated by the U.S. Substance Abuse and Mental Health Services Administration (SAMHSA). The Division oversees New Jersey's adult system of community-based behavioral health services. These agencies provide a full array of services, including substance abuse prevention and early intervention, emergency screening, outpatient and intensive outpatient mental health and addictions services, partial care and partial hospitalization, case management, medication assisted treatment for substance abuse, and long and short term mental health and substance abuse residential services, in addition to other evidence-based practices such as the Program for Assertive Community Treatment (PACT), supported employment and education, and supportive housing.

Fair Housing Compliance and Infrastructure

Home Mortgage Disclosure Act Data Analysis

Statewide lending practices were analyzed using data gathered from lending institutions in compliance with the Home Mortgage Disclosure Act (HMDA). The HMDA was enacted by Congress in 1975 and is implemented by the Federal Reserve Board as Regulation C. The intent of the Act is to provide the public with information related to financial institution lending practices and to aid public officials in targeting public capital investments to attract additional private sector investments.

Since enactment of the HMDA in 1975, lending institutions have been required to collect and publicly disclose data regarding applicants including: location of the loan (by Census tract, state, and MSA); income, race and gender of the borrower; the number and dollar amount of each loan; property type; loan type; loan purpose; whether the property is owner-occupied; action taken for each application; and, if the application was denied, the reason(s) for denial. Property types examined include one-to-four family units, manufactured housing and multi-family developments.

HMDA data is a useful tool in accessing lending practices and trends within a jurisdiction. While many financial institutions are required to report loan activities, it is important to note that not all institutions are required to participate. Depository lending institutions – banks, credit

unions, and savings associations – must file under HMDA if they hold assets exceeding the coverage threshold set annually by the Federal Reserve Board; have a home or branch office in one or more metropolitan statistical areas (MSA); or originated at least one home purchase or refinancing loan on a one-to-four family dwelling in the preceding calendar year. Such institutions must also file if they meet any one of the following three conditions: status as a federally insured or regulated institution; originator of a mortgage loan that is insured, guaranteed, or supplemented by a federal agency; or originator of a loan intended for sale to Fannie Mae or Freddie Mac. For-profit, non-depository institutions (such as mortgage companies) must file HMDA data if: 1) the value of the home purchase or refinancing loans exceeds 10 percent of their total loan originations or equals or exceeds \$25 million; 2) they either maintain a home or branch office in one or more MSAs or in a given year execute five or more home purchase, home refinancing, or home improvement loan applications, originations, or loan purchases for properties located in MSAs; or 3) they hold assets exceeding \$10 million or have executed more than 100 home purchase or refinancing loan originations in the preceding calendar year.

It is recommended that the analysis of HMDA data be tempered by the knowledge that no one characteristic can be considered in isolation but must be considered in light of other factors. For instance, while it is possible to develop conclusions simply based on race data, it is more accurate when all possible factors are considered, particularly in relation to loan denials and loan pricing. According to the Federal Financial Institutions Examination Council (FFIEC), “with few exceptions, controlling for borrower-related factors reduces the differences among racial and ethnic groups.” Borrower-related factors include income, loan amount, lender, and other relevant information included in the HMDA data.

The following analysis is provided for the State of New Jersey summarizing 2017 HMDA data (the last year for which comparable data are available) and data between 2007 and 2017 where applicable. When specific details are included in the HMDA records, a summary is provided below for loan denials, including information regarding the purpose of the loan application; race of the applicant; and the primary reason for denial. For the purposes of analysis, this report will focus only on the information available and will not make assumptions regarding data that is not available or was not provided as part of the mortgage application or in the HMDA reporting process.

2017 Statewide Overview

In 2017, there were approximately 347,000 applications within New Jersey for home loans to purchase, refinance or make home improvements for a single-family home (not including manufactured homes). Of those applications, nearly 168,000 (48%) were approved and originated. This represents a decrease of approximately 26,000 (13%) originations from 2016 and is consistent with the national decrease of 13%. Of the remaining 179,000 applications, approximately 48,300 (14%) of all applications were denied. The top two application denial reasons within the state were debt-to-income ratio (28%) and credit history (23%), representing

over half of the state’s total denials. Lack of collateral and incomplete applications represented 19% and 15% of denials respectively. It is important to note that financial institutions are not required to report reasons for loan denials, although many do so voluntarily. Also, while many loan applications are denied for more than one reason, HMDA data reflects only the primary reason for the denial of each loan. The balance of the approximately 130,000 applications that were not originated or denied were closed for one reason or another, including: 1) the loan was approved but not accepted by the borrower; 2) the application was closed because of incomplete information or inactivity by the borrower; or 3) in many instances the application may have been withdrawn by the applicant.

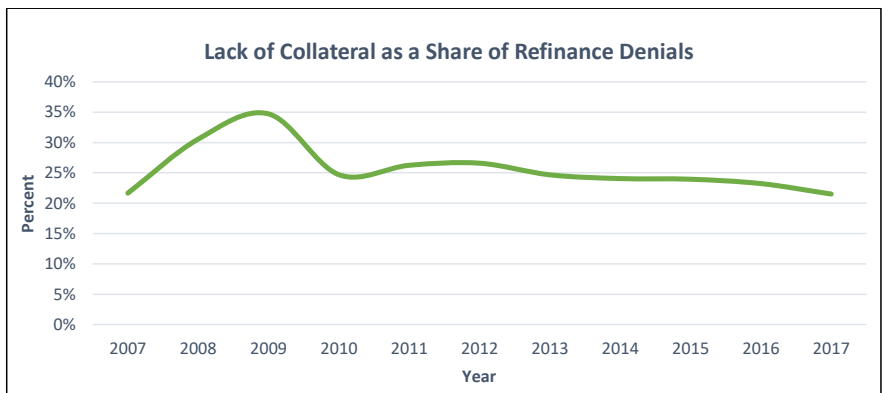
Disposition of Application by Loan Type and Purpose, 2017

Single Family Homes (excluding manufactured homes)

	Loan Type	Home Purchase	Refinance	Home Improvement
Total Applications				
	Conventional	123,323	100,867	23,148
	FHA	51,450	28,485	1,515
	VA	6,689	8,817	330
	FSA/RHS	1872	195	1
Loans Originated				
	Conventional	72,432	46,705	10,359
	FHA	22,013	8,453	545
	VA	3,443	2,870	134
	FSA/RHS	770	64	0
Loans Approved but Not Accepted				
	Conventional	3,077	2,960	528
	FHA	1,259	1,141	62
	VA	111	268	8
	FSA/RHS	25	6	0
Applications Denied				
	Conventional	9,548	17,850	8,680
	FHA	4,103	4,960	344
	VA	611	1,958	77
	FSA/RHS	161	29	1
Applications Withdrawn				
	Conventional	14,520	17,436	2,174
	FHA	5,541	5,623	272
	VA	906	1,724	63
	FSA/RHS	201	27	0
Files Closed for Incompleteness				
	Conventional	3,112	7,655	909
	FHA	1,378	3,315	124
	VA	115	1,164	33
	FSA/RHS	49	36	0

Source: 2017 HMDA

A further examination of the 48,322 denials within New Jersey during 2017 indicates that approximately 51% were for applicants seeking to refinance existing mortgages for owner-occupied, primary residences. The number one reason for denial of refinance applications was debt-to-income ratio (27% of refinance denials), followed by lack of collateral (22% of all refinance denials). Typically, homeowners seeking to refinance their existing home mortgage are able to use their home as collateral. When the denial reason given for a refinance is a lack of collateral, this could indicate the home is worth less than the existing mortgage and, therefore, refinancing is not an option. These homes are commonly referred to as “under-water” or the borrowers are “upside-down” in their mortgage. Shown below, the lack of collateral as a share of refinance denials has declined since the peak of the housing crisis, suggesting that the number of “under-water” homes in New Jersey has declined since 2009.



Source: 2017 HMDA

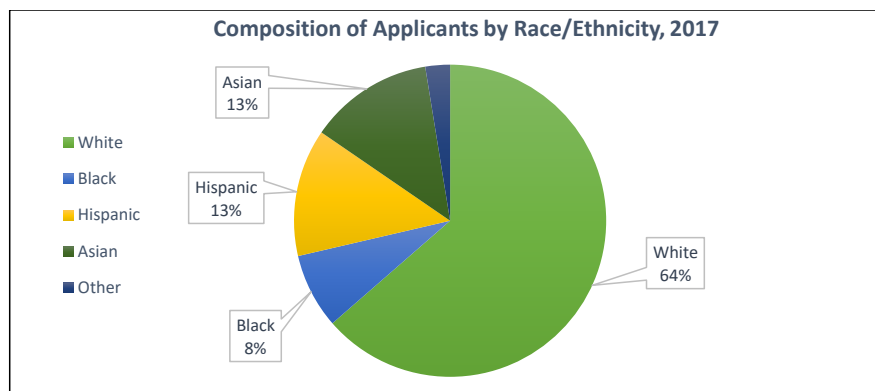
Home Purchase Lending in New Jersey

Of the 98,658 home purchase loans for single family homes that were originated in 2017, approximately 73% were provided by conventional lenders, higher than the national conventional home purchase share of 64%. The remaining 27% of home purchase loans in New Jersey were provided by federally backed sources such as the Federal Housing Administration (FHA), the Farm Service Agency (FSA) and the Department of Veterans Affairs (VA). Non-conventional loans have relatively lower down-payment requirements in comparison to conventional lenders. The FHA and FSAA lenders had application/origination ratios below 50%, while the VA approved loans had a rate of 52%. Conventional lenders, by contrast, originated home purchase loans at a higher 59% of all applications.

Home Purchases by Type, 2017

	<i>Originations</i>	<i>Share of Total</i>	<i>Approval Rate</i>
Conventional	72,432	73.4%	58.7%
FHA	22,013	22.3%	42.8%
VA	3,443	3.5%	51.5%
FSA	770	0.8%	41.1%
Total	98,658		

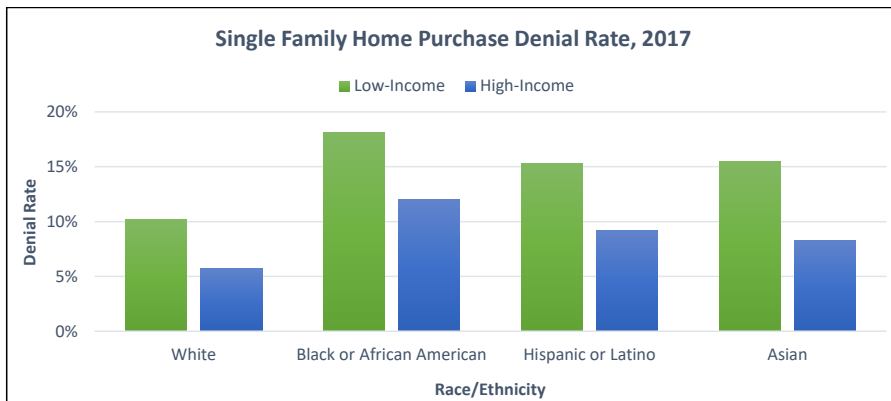
The share of applications and percentage of loan application denials for traditional home purchase loans in New Jersey varies by race/ethnic groups. The largest applicant group in 2017 were non-Hispanic Whites (64%) followed by Hispanics and Asians at 13% each. Blacks represented 8% of all home purchase applications. In 2017, Whites were least likely to be denied for conventional single-family home purchases at a rate of 7%, followed by Asians at 9%. Hispanics were denied at a rate of 12%, while Black applicants faced the highest conventional home purchase denial rate at 16%.



Source: 2017 HMDA

Additionally, a closer look at home purchase denial rates by race/ethnicity and income group within New Jersey (shown below) demonstrates that High-Income Blacks (earning greater than 120% of Area Median Income) were more likely to be denied for a single family home purchase at 12%, than Low-Income Whites (earning less than 80% of Area Media Income) at 10%. Low-

Income Blacks were the group with the highest home purchase denial rate at 18%.

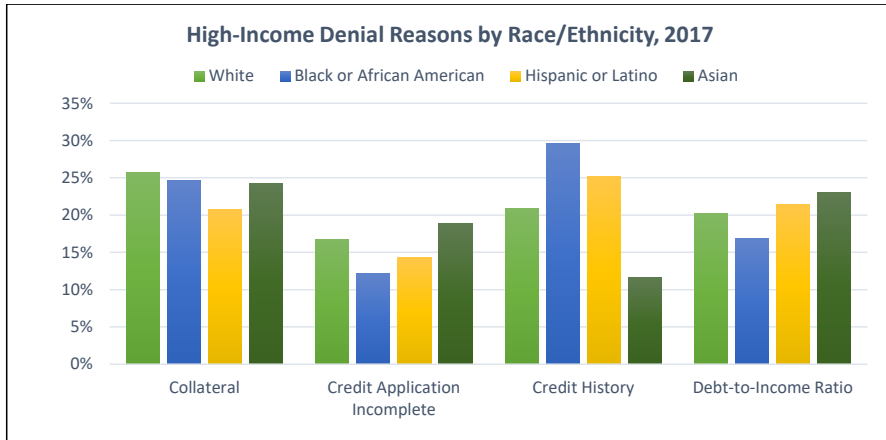


Source: 2017 HMDA

Application Denial Reasons by Income Group

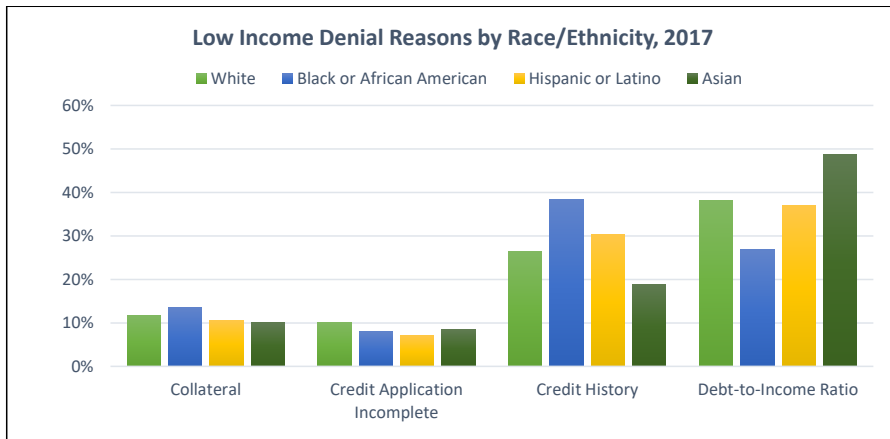
The charts below compare denial reasons among White, Black, Hispanic and Asian applicants in New Jersey for 2017 by income group.

As of 2017, the leading denial reason for High-Income White and Asian applicants was lack of collateral, while the top reason for Black and Hispanic applicants was credit history. In the case of High-Income Blacks, credit history denials represented nearly 30% of total denials, the highest share for any denial reason across all race/ethnicity groups.



Source: 2017 HMDA

For Low-Income denials, the top reason for all groups was debt-to-income ratio, with the exception of Black applicants where credit history again had the highest share. All Low-Income groups were denied for debt-to-income ratio at a higher rate than their High-Income counterparts. Additionally, Low-Income applicants in all groups were less likely to be denied due to lack of collateral and incomplete applications relative to High-Income applicants.



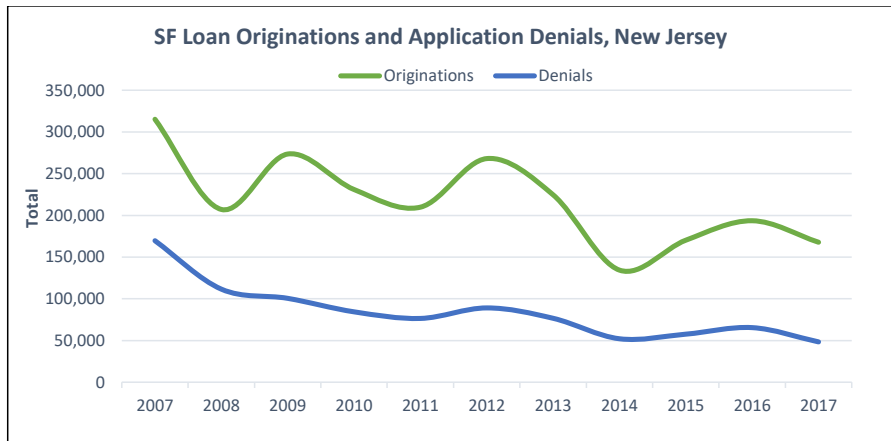
Source: 2017 HMDA

New Jersey's Single-Family Lending Market, 2007-2017

The following section will examine HMDA data for New Jersey between 2007-2017.

Highlighted below, the number of single-family loan originations in New Jersey followed a dynamic, though broadly downward trajectory between 2007 and 2017. At the onset of the housing crisis, originations declined 34% between 2007 and 2008, followed by an uptick of 32% between 2008 and 2009. Originations then steadily declined between 2009 and 2011, though subsequently grew by 28% between 2011 and 2012. After falling by half between 2012 and 2014, originations grew steadily between 2014 and 2016. Between 2016 and 2017, originations fell by 13%, and as of 2017, total originations in New Jersey are about 53% of the level prior to the housing crisis.

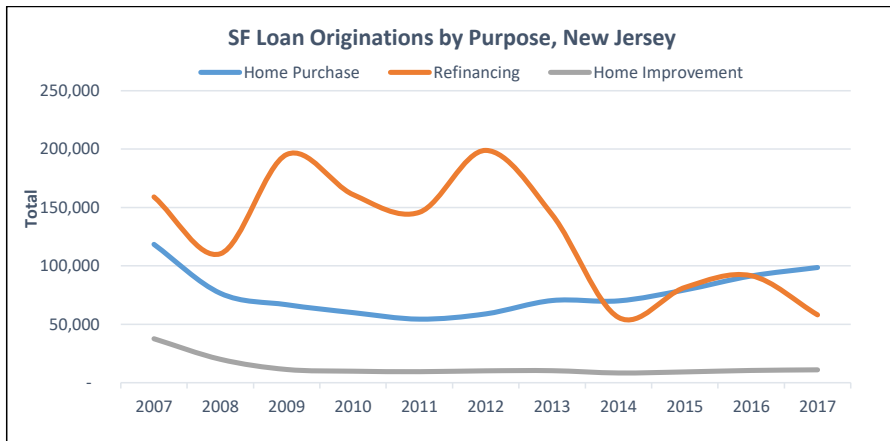
In contrast to originations, the number of application denials within New Jersey demonstrated less extreme changes between 2007 and 2017. As of the most recent data year, denials are nearly 70% below the level experienced in 2007. In addition, the share of denials as a percent of total originations and total denials has declined markedly since the housing bust, from 35% in 2007 to approximately 22% as of 2017.



Source: 2017 HMDA

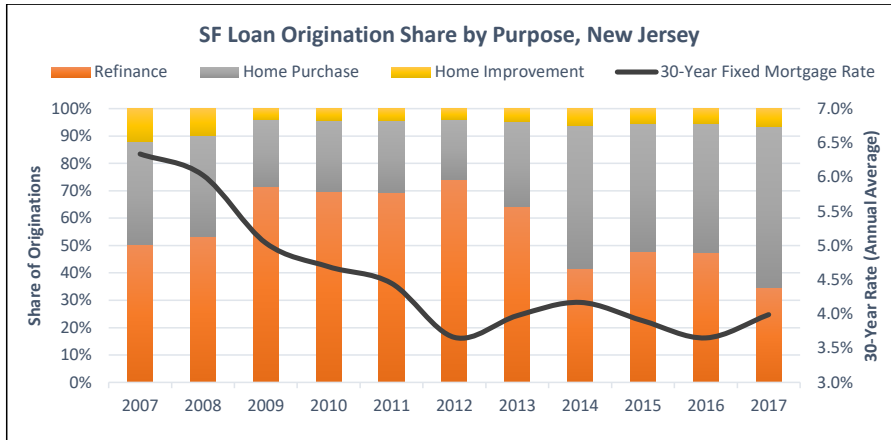
Shown below, much of the year-to-year fluctuations in total originations that occurred between 2007 and 2017 were the result of refinancing originations. Refinancing was the dominant loan for all years examined with the exceptions of 2014 and 2017. Refinance loans grew significantly between 2011 and 2012 as interest rates were broadly falling (discussed further below). As of 2017, home purchases and refinances comprised 59% and 35% of the state's total originations

respectively. The growth of home purchase originations since 2011 (81% growth rate between 2011 and 2017) reflects a steady and recovering demand for housing within the state.



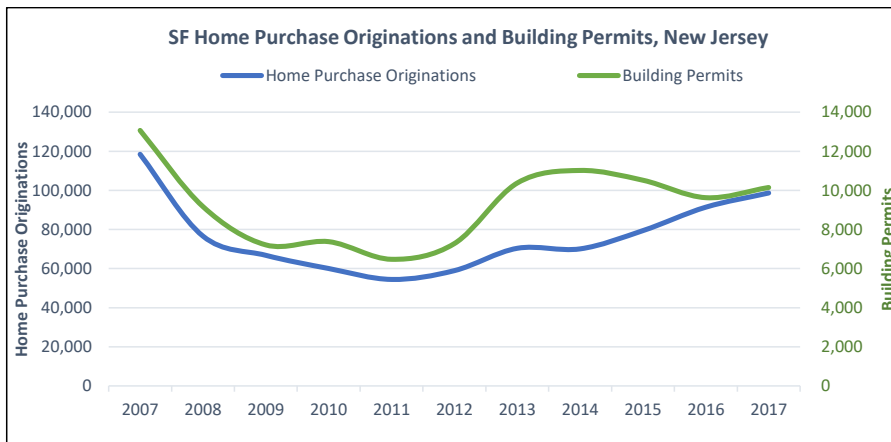
Source: 2017 HMDA

The share of refinance originations in New Jersey appears to move generally with the 30-year fixed rate mortgage average (shown below). For example, in 2012 when the average 30-year fixed rate mortgage was at its lowest level of all the years examined, refinance originations reached the highest share in absolute and percentage terms of all data years analyzed. Similarly, when interest rates rose between 2012 and 2014, the share of refinance originations fell from 74% to 42%. The increase in the annual average of the 30-year fixed mortgage rate between 2016 and 2017 is consistent with New Jersey’s 37% reduction in the number of refinance loan originations over the same time period.



Source: 2017 HMDA

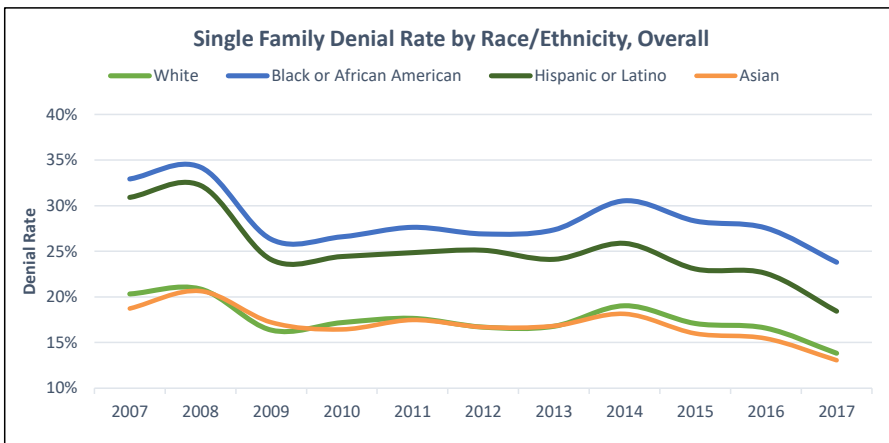
For home purchase loans, the movement of originations can often track trends in the number of single-family building permits issued, as shown below. Both trends are indicative of steady and recovering growth in housing demand in recent years.



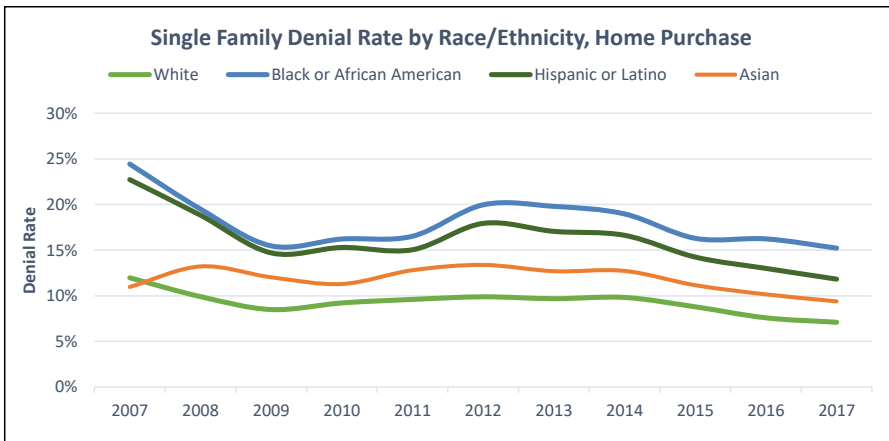
Source: 2017 HMDA

Income, Race, and Single-Family Loan Denials in New Jersey

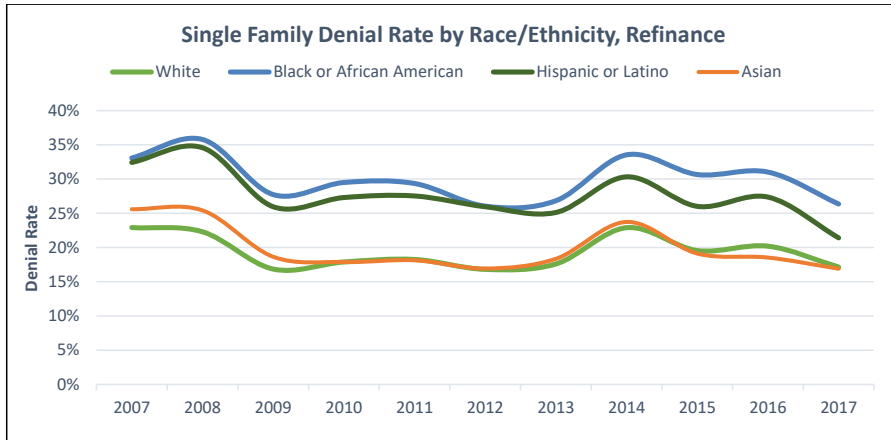
Denial rates for single-family loans in New Jersey over time vary by race and ethnicity. The charts below indicate that between 2007 and 2017, White and Asian applicants were less likely to be denied relative to Blacks and Hispanics. Additionally, Black applicants were the most likely to be denied relative to other groups for all years analyzed. In addition to the overall denial rate, this pattern is evident in both home purchase and refinance loans.



Source: 2017 HMDA

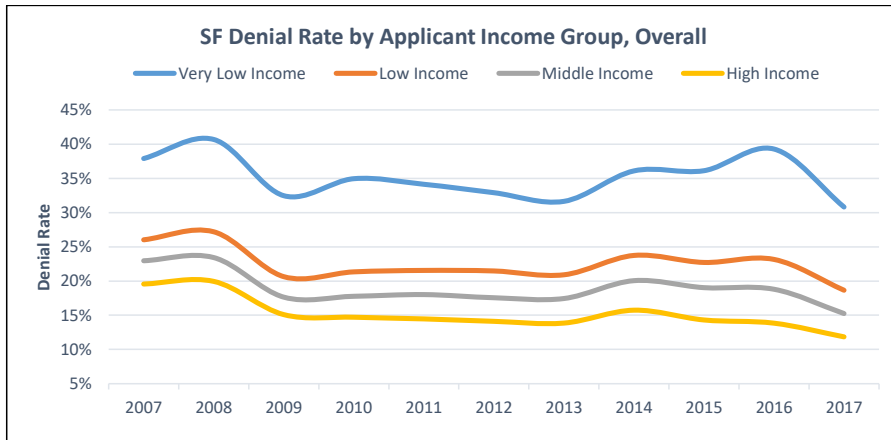


Source: 2017 HMDA

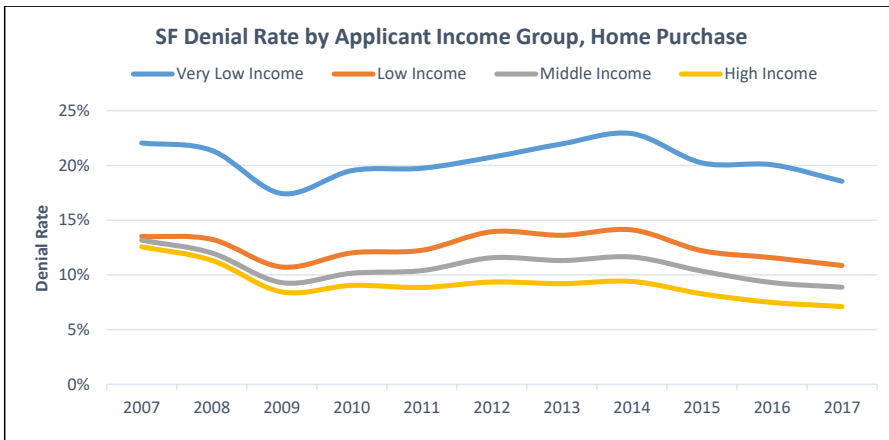


Source: 2017 HMDA

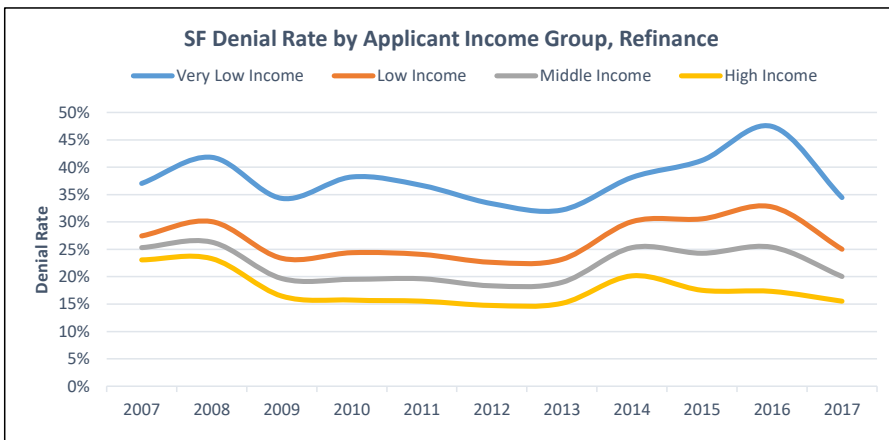
A view of single-family denial rates by applicant income group within New Jersey (highlighted below) shows the expected outcome of higher income groups experiencing lower denial rates than lower income groups. However, Very Low-Income applicants (50% or less of Area Median Income) have remained well above other income groups, despite a decrease of nearly 10 percentage points between 2016 and 2017. As of 2017, High-Income (greater than 120% of Area Median Income) and Middle Income (80% to 120% percent of Area Median Income) applicants are the lowest and second-lowest denied groups respectively, with Low Income (between 50% and 80% of Area Median Income) the third lowest.



Like overall denial rates by income group, home purchase applications were denied at a much higher rate for Very Low-Income applicants between 2007 and 2017; while Low, Middle, and High-Income applicants have remained closer to each other. As of the most recent data year, Very Low-Income applicants are more than 2.6 times as likely to be denied for a home purchase relative to High-Income applicants. For refinance loans, the disparity is more than double.

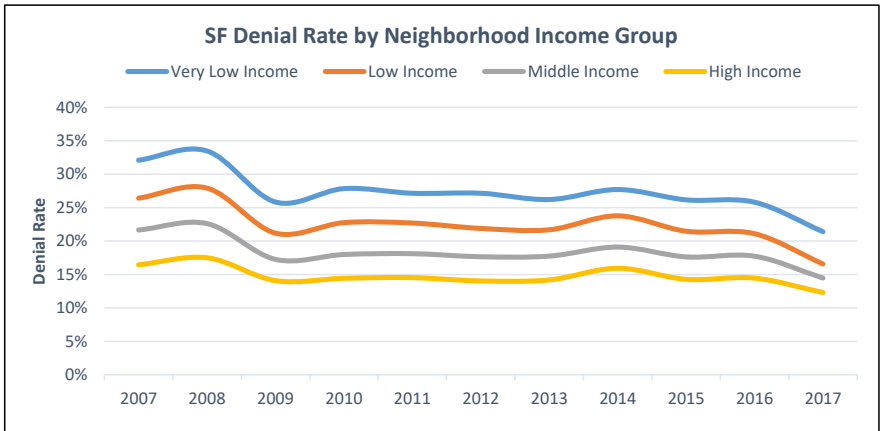


Source: 2017 HMDA



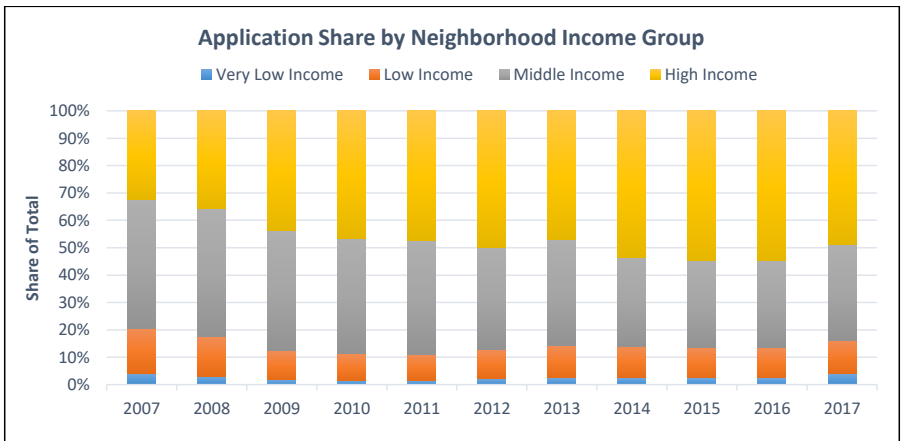
Source: 2017 HMDA

Denial rates by neighborhood income group (defined as median income of property’s Census tract) similarly shows higher income neighborhoods are less likely to be denied compared to lower income neighborhoods.



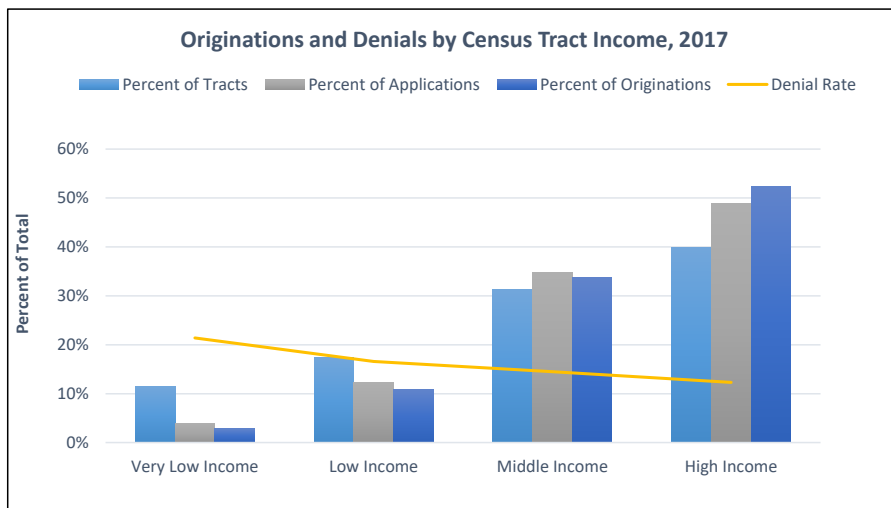
Source: 2017 HMDA

As a percentage of total applications within New Jersey, the distribution among neighborhoods by income group shows that for every year examined, Middle and High-Income neighborhoods represented the vast majority of applicants (84% as of 2017).



Source: 2017 HMDA

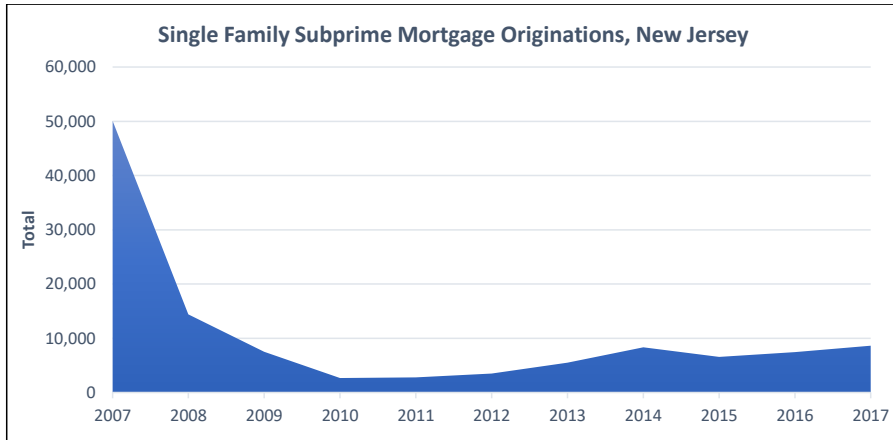
Within New Jersey, Very Low-Income and Low-Income neighborhoods represent 29% of the state’s total neighborhoods, although they are represented by approximately 14% of total originations and 16% of applications as of 2017 (shown below). This suggests that Low and Very Low-Income neighborhoods within the state are less likely to participate in the single-family lending market relative to other neighborhoods. By contrast, loan applications and originations within New Jersey are disproportionately likely to occur for properties in Middle and particularly High-Income neighborhoods.



Source: 2017 HMDA

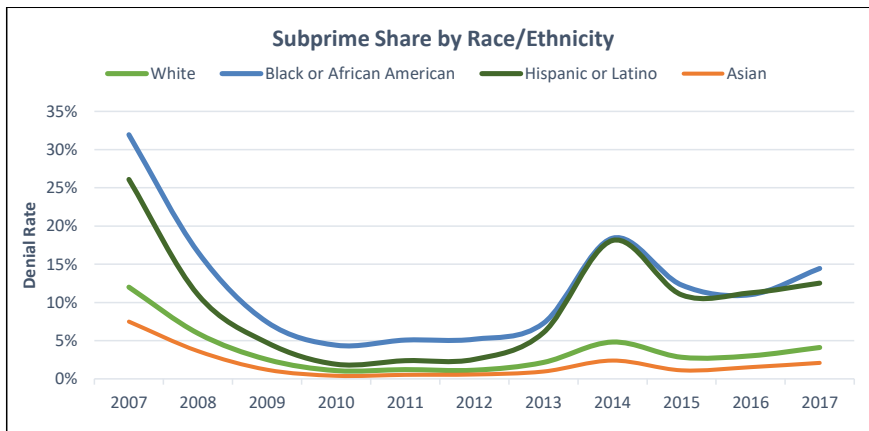
The Subprime Market

Illustrated below, the subprime mortgage market in New Jersey declined by 95% between 2007 and 2010. Though subprime originations more than tripled between 2010 and 2017 to roughly 8,000 per year, this is still less than one-fifth of the 2007 total of just over 50,000. Subprime loans are defined as those with an annual percentage rate that exceeds the average prime offer rate by at least 1.5%. The total number of subprime loan originations decreased by approximately 83% on net between 2007 and 2017, while prime originations decreased by 40% during the same time period. As a percent of New Jersey’s total, subprime originations declined from 16% in 2007 to 5% in 2017.



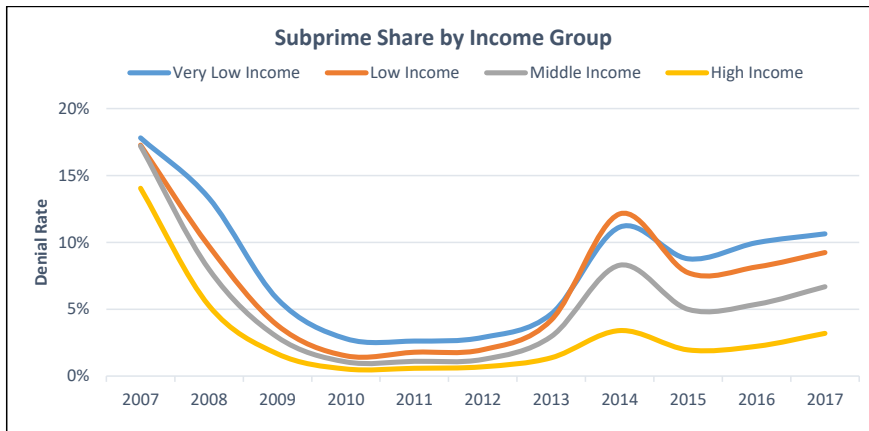
Source: 2017 HMDA

Subprime originations by race/ethnicity show that Black loan recipients had the highest share compared to other groups for nearly everyone examined. Asian loan recipients were the least likely to be subprime, followed by Whites. As of 2017, Black and Hispanic loan recipients were more than 3 times as likely to be subprime relative to White and Asian loan recipients.



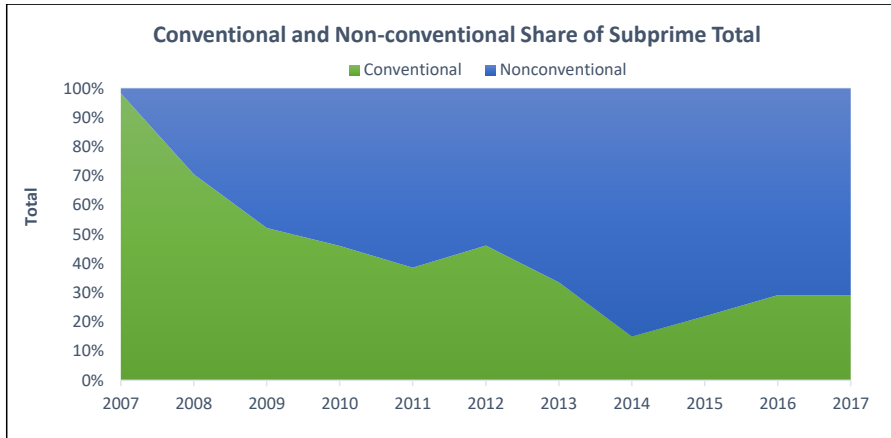
Source: 2017 HMDA

Subprime shares by loan recipient income group show that since 2014, income groups have diverged, with High-Income remaining much lower than other income groups.



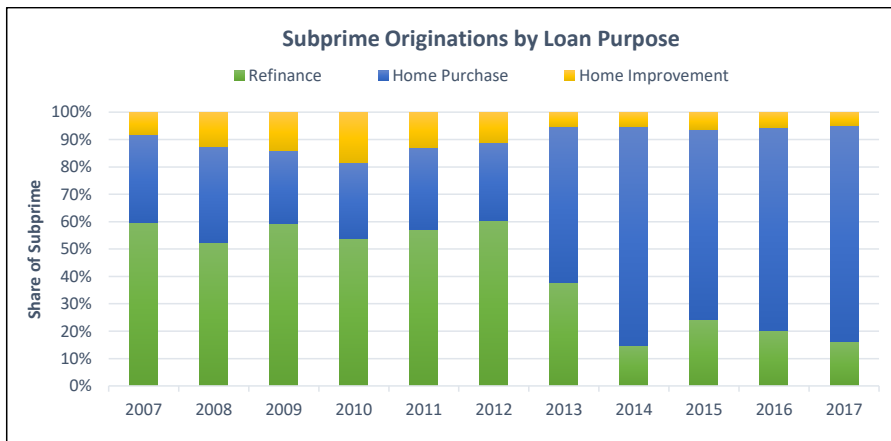
Source: 2017 HMDA

Consistent with broader national trends, the composition of subprime loans within New Jersey has shifted from conventional loans to government-insured non-conventional loans in recent years. In 2007, 98% of subprime loans within the state were originated by conventional lenders. As of 2017, that percentage is 19%, up from a low of 15% in 2014. Of the non-conventional subprime loans originated in New Jersey, over 99% are insured by the Federal Housing Administration. By contrast, the FHA's share of non-conventional prime loans is 78%, while 20% are insured by the Department of Veterans Affairs. The remaining 3% are issued by the Farm Service Agency.



Source: 2017 HMDA

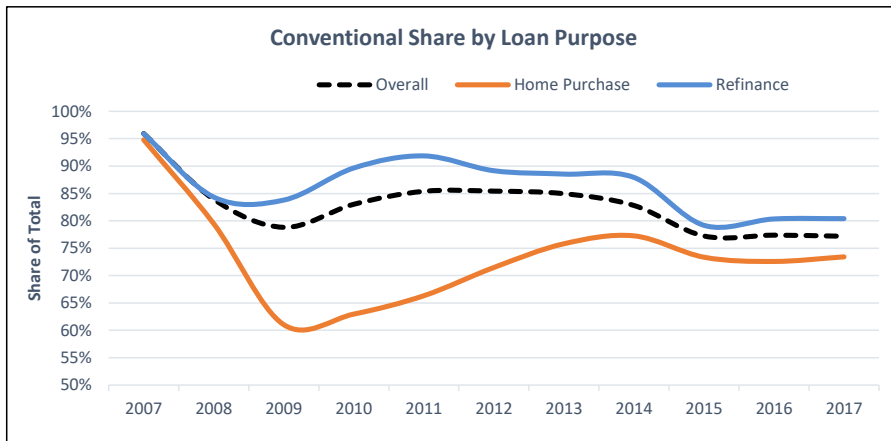
Subprime loans have been characterized by growth in home purchases in recent years, particularly from 2014 onward. As a percentage of all subprime loan originations within New Jersey, home purchases represented 79% in 2017, up from its share of 32% in 2007.



Source: 2017 HMDA

Though 71% of all subprime loans within New Jersey in 2017 were non-conventional, 77% of *total* single-family originations in 2017 were from conventional lenders. The highest share of non-conventional originations for any loan purpose was for home purchase loans in 2009 at 39%. The

share of conventional lending in New Jersey has stabilized to the high 70% range in the last few years.



Source: 2017 HMDA

Lending Practices Conclusion

Mortgage lending activity in New Jersey is consistent with many of the broader trends that have occurred in the wake of the housing crash, Great Recession and subsequent economic recovery.

Further, New Jersey exhibits relatively strong mortgage market fundamentals. Home purchase originations grew by over 80% between 2011 and 2017, suggesting signs of growing housing demand and a housing market recovery within the state. Additionally, the share of refinance applications denied for lack of collateral (suggesting an “under-water” home) has declined since the peak of the housing crisis.

The state has also been subject to cyclical trends that reflect broader economic conditions in recent years, including changes in mortgage rates that influence the prevalence of refinance originations and a subprime lending market that remains well below its peak prior to the housing bust, despite growth since 2010. Government-insured mortgages have increased, consistent with tighter credit conditions and a more active regulatory environment in the wake of the housing crash.

Some trends, however, have continued despite business cycle fluctuations, such as higher denial rates for Black and Hispanic applicants relative to White and Asian applicants, in addition to higher denial rates for lower income applicants and neighborhoods.

Federal Fair Housing Laws

Numerous acts, laws, and presidential executive orders have been enacted in order to create fair housing opportunities throughout the US. The following information can be found on the website for the US Department of Housing and Urban Development (HUD). Some of the legislation in the section below does not directly address fair housing but is included because it promotes the prevention and termination of discrimination, which is related to fair housing law.

Presidential Executive Order 11063

John F. Kennedy, in 1963, created the first piece of fair housing legislation by issuing presidential executive order 11063. The terms of the order stated that “discrimination in the sale, leasing, rental, or other disposition of properties and facilities” is prohibited if the properties or facilities are owned, operated, or funded by the government.

Civil Rights Act of 1964

According to Title VI of the Civil Rights Act of 1964, “discrimination on the basis of race, color, or national origin” is prohibited in programs and activities receiving federal financial assistance.

Presidential Executive Order 11246

Lyndon B. Johnson, in 1965, issued executive order 11246. According to this amended presidential order, discrimination based on race, color, religion, sex, or national origin was forbidden in federal employment.

Fair Housing Act

The Fair Housing Act, which is Title VIII of the Civil Rights Act of 1968, prohibits discrimination or other unfair actions against persons, which “otherwise make unavailable or deny a dwelling to any person because of race, color, religion, sex, familial status, or national origin.” The act prohibits both intentional housing discrimination — disparate treatment — and action or policies that may not seem to discriminate but do have a negative effect on fair housing choice — disparate impact. The federal Fair Housing Act provides for a broad range of sanctions and remedies to cure existing and prevent future violations.

Architectural Barriers Act

In 1968 the Architectural Barriers Act was enacted to increase accessibility for handicapped individuals. The act “requires that buildings and facilities designed, constructed, altered, or leased with certain federal funds [...] must be accessible to and useable by handicapped persons.”

Education Amendments Act 103

Title IX of the Education Amendment Act of 1972 prohibits discrimination based on sex. This applies to federally funded education programs or activities.

Rehabilitation Act

The Rehabilitation Act of 1973 is a provision of the federal Fair Housing Act administered by HUD. Section 504 of the act prohibits a “refusal to make accommodations in rules, policies, practices, or services, when such accommodations may be necessary to afford them [the handicapped person] equal opportunity to use and enjoy a dwelling [...] including public and common use areas.” This act includes nearly all public activities that can adversely affect housing for handicapped people and is not limited to federally funded projects.

Housing and Community Development Act

Section 109 of Title I of the Housing and Community Development Act of 1974 protects against discrimination when HUD funds are involved. That is, programs and activities receiving financial assistance from HUD’s Community Development Block Grant Program cannot discriminate based on race, color, national origin, sex, or religion.

Home Mortgage Disclosure Act

The Home Mortgage Disclosure Act (HMDA), passed by Congress in 1975, was created in order to make loan information publicly available. HMDA mandates that information to help determine how financial institutions are responding to the housing needs be made available to local communities. HMDA also assists public officials in attracting private investors. Additionally, the Act aids in identifying discriminatory lending practices. HMDA requires the disclosure of information from banks, savings associations, credit unions, and other mortgage lending institutions. The required information includes the distribution of home mortgage and home improvement lending on a geographic and demographic basis such as the distribution of mortgage loans to minorities. More specifically, reporting requirements include data on the number, type, and amount of loans as well as the type of action taken — applications approved but not accepted, applications denied, applications withdrawn, or files closed as incomplete (<http://www.ffiec.gov/hmda/history.htm>)

Age Discrimination Act

The Age Discrimination Act of 1975 prohibits discrimination based on age. This applies to federally funded programs or activities.

Community Reinvestment Act

According to the U.S. Environmental Protection Agency, lenders, developers and property owners are concerned about the cost and liabilities of cleaning up and refinancing low-to-moderate income urban neighborhoods, leading them to develop in other areas that are perceived to be less risky. The Community Reinvestment Act (CRA) was enacted by Congress in 1977, to “require banks, thrifts, and other lenders to make capital available in low- and moderate-income urban neighborhoods, thereby boosting the nation’s efforts to stabilize these declining areas” (<http://www2.epa.gov/brownfields>).

The CRA applies to federally insured depository institutions, national banks, thrifts, and state-chartered commercial and savings banks (<http://www.occ.gov/topics/compliance-bca/cra/index-cra.html>). It works to prevent redlining – discrimination by refusing to grant loans, mortgages or insurance to people in a specific area, particularly those deemed poor or to be “financial risks.”

In May 1995, the Office of the Comptroller of the Currency revised the CRA to allow lenders to claim community development loan credits for loans “made to help finance the environmental cleanup or redevelopment of an industrial site when it is part of an effort to revitalize the low- and moderate-income community in which the site is located.” This revision was intended to encourage economic activity in inner-city neighborhoods through financing and property redevelopment.

The CRA requires that each insured bank’s record of helping meet the credit needs of its entire community be evaluated periodically (<http://www.ffiec.gov/cra/history.htm>). There are several organizations that work to promote and ensure the credibility and compliance of all lenders subject to the CRA: Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (FRS), and the Federal Deposit Insurance Corporation (FDIC). The Office of Thrift Supervision (OTS) as of 2011 is no longer an active regulatory agency. The following active institutions are required to report data under the CRA:

- All savings associations except small institutions (those with total assets equaling less than \$1 billion in the past 2 years) regulated by the OTS.
- All state member banks, state nonmember banks, and national banks except small institutions (those with total assets less than \$250 million in the past 2 years) regulated by the FRS, FDIC, and OCC.

Amendment of the Federal Fair Housing Act

In 1988 the federal Fair Housing Act was amended to include handicapped persons among those protected; those with one or more handicaps are discriminated against when there is a failure to

make reasonable modifications to residential premises which may be necessary to enable a handicapped person “full enjoyment of the premises.”

Americans with Disabilities Act

Title II of the Americans with Disabilities Act of 1990 prevents discrimination against disabled persons. More specifically, public programs, services, and activities cannot discriminate based on disabilities. Further, “HUD enforces Title II when it relates to state and local public housing, housing assistance, and housing referrals.”

Presidential Executive Order 12892

In 1994 President William J. Clinton issued his first presidential executive order pertaining to fair housing. The amended executive order 12892 “requires federal agencies to affirmatively further fair housing in their programs and activities.”

Presidential Executive Order 12898

In 1994, President Clinton issued his next presidential executive order pertaining to fair housing. According to executive order 12898, federal agencies must conduct programs, policies, and activities that have an impact on the environment and individuals’ health in a way that does not exclude anyone based on race, color, or national origin.

The Quality Housing and Work Responsibility Act

The Quality Housing and Work Responsibility Act (QHWRA), signed by President Clinton in 1998, applies to public housing and public housing voucher programs. Its purposes range from “reducing the concentration of poverty in public housing,” to creating opportunities and incentives for public housing residents to find work, to rehabilitating public housing units through the establishment of the HOPE VI program.

Presidential Executive Order 13166 107

In 2000, President Clinton issued his final presidential executive order pertaining to fair housing. Executive order 13166 strives to eliminate the barrier caused by poor English proficiency that would deny benefits from federally funded programs and activities.

Presidential Executive Order 13217

In 2001, President George W. Bush issued the most current fair housing-related executive order. His executive order 13217 requires federal agencies to examine their policies and programs in order to find way to improve the availability of “community-based living arrangements for persons with disabilities.”

June 2015 Supreme Court Ruling on Fair Housing

On June 25, 2015 the Supreme Court handed down a landmark fair housing ruling that upheld the ability to bring “disparate impact” claims under Fair Housing Act. The Fair Housing Act of 1968, an integral legislative victory of the Civil Rights Movement, protects people from discrimination when they are renting, buying, or securing financing for housing. The case, Texas Department of Housing and Community Affairs v. Inclusive Communities Project, centered on the question of whether a policy or action has to be intentionally discriminatory, or merely have a discriminatory effect, in order to qualify as a valid basis for a discrimination claim under the Act.

Fair housing advocates across the nation watched the case closely and worried if the Supreme Court ruled against disparate impact claims that it would essentially “defang” the Fair Housing Act by removing a key basis for liability. Intent is much harder to prove than effect. In the end the Court ruled 5-4 to uphold the lower court decisions in favor of Inclusive Communities, salvaging fair housing disparate impact claims.

HUD Fair Housing Guidance

Guidance on Application of Fair Housing Act Standards to the Use of Criminal Records

The Fair Housing Act prohibits discrimination in the sale, rental, financing of dwellings and in other housing-related activities based on race, color, religion, sex, disability, familial status or national origin. In April 2016, HUD’s Office of General Counsel issued guidance on the discriminatory effect of using criminal history to make housing decisions. If a policy or practice that restricts access to housing on the basis of criminal history has a disparate impact on a protected class (whether or not that effect is intentional), it is in violation of the Fair Housing Act – unless there is a “substantial, legitimate, nondiscriminatory interest” served by the policy.

HUD’s guidance is intended to eliminate barriers to securing housing for that population, and it is imperative that all jurisdictions make a clear effort to eliminate any discriminatory barriers these individuals may face. For former inmates to avoid recidivism and work in society they must have access to housing free of discrimination.

Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity

On September 21, 2016 HUD published a final rule entitled “Equal Access in Accordance with an Individual’s Gender Identity in CPD programs.” Through this final rule, HUD ensures equal access to individuals in accordance with their gender identity all HUD funded programs. This rule builds upon the 2012 final rule, “Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity” (2012 Equal Access Rule). This final rule ensures that HUD’s housing programs would be open to all eligible individuals and families regardless of sexual orientation, gender identity, or marital status.

Furthermore, as HIV/AIDS disproportionately affects the LGBT community, it is important to note that HIV/AIDS is protected under the Fair Housing Act as a disability. HUD specifically states that housing discrimination because of HIV/AIDS is illegal.

The HUD Office of Policy Development and Research conducted a study in 2013, *An Estimate of Housing Discrimination Against Same-Sex Couples*, as the first large-scale, paired-testing study to assess housing discrimination against same-sex couples in metropolitan rental markets via advertisements on the Internet. Two emails were sent out, with the only difference between the two emails was the sexual orientation of the prospective renting couples. The study finds:

“[... same-sex couples experience less favorable treatment than heterosexual couples in the online rental housing market. The primary form of adverse treatment is that same-sex couples receive significantly fewer responses to e-mail inquiries about advertised units than heterosexual couples. Study results in jurisdictions with state-level protections against housing discrimination based on sexual orientation unexpectedly show slightly more adverse treatment of same-sex couples than results in jurisdictions without such protections. “

State Fair Housing Law

The New Jersey Legislature in 1945 enacted the State Law Against Discrimination (LAD), N.J.S.A. 10:5-1 et seq. The LAD (as amended over the years) now addresses discrimination in the area of housing against persons due to their race, creed, color, national origin, ancestry, nationality, marital or domestic partnership or civil union status, sex, gender identity or expression, disability, affectional or sexual orientation, family status or source of lawful income or source of lawful rent payment (such as rental assistance from the Housing Choice Voucher Program formerly known as Section 8). N.J.S.A. 10:5-12. Since the LAD provides the same substantive rights, procedures, remedies, and the availability of judicial review comparable to the federal law, HUD has designated the LAD as “substantially equivalent.” As a result, under the Federal Fair Housing Assistance Program (FHAP), HUD contracts with the New Jersey Division of Civil Rights to investigate and rule on fair housing cases on its behalf.

Fair Housing Agencies and Programs

State Fair Housing Organizations

Division of Civil Rights

The Division of Civil Rights continues to combat housing discrimination in New Jersey by enforcing the Law Against Discrimination in New Jersey.

Fair Housing Initiatives Program

Under the Fair Housing Initiatives Program (FHIP), HUD supports a wide range of fair housing enforcement, education, and outreach activities. These grants allow the groups to provide fair

housing enforcement through testing in the rental and sales markets, to file fair housing complaints to HUD, and to conduct investigations. Additionally, the education and outreach activities these organizations conduct also help to educate the public, housing providers, and local governments about their rights and responsibilities under the Fair Housing Act. In 2020, these funds were awarded to Citizen Action of New Jersey, Inc., Citizen Action, Inc., and Fair Housing Council of Northern New Jersey.

Federal Fair Housing Agency

HUD’s Office of Fair Housing and Equal Opportunity (FHEO) enforces federal laws and establishes national policies that make sure all Americans have equal access to the housing of their choice.

Housing Discrimination Complaints

HUD Housing Discrimination Complaints

Analysis of fair housing complaints submitted to HUD’s Office of Fair Housing and Equal Opportunity between 2015 and 2019 from the State of New Jersey reveals that 466 complaints were filed between 2015 and 2019 with some complaints citing multiple bases for their claims. The table below shows the number of complaints filed in each year with the most active year in 2017.

Fair Housing Complaints - Number of complaints filed per year

Year	Number of Complaints
2015	90
2016	96
2017	101
2018	83
2019	96
TOTAL	466

The analysis further revealed that disability is by far the most commonly cited basis for complaints with 56% of the complaints citing disability between 2015 and 2019. The next most commonly cited bases was race for about 21% of the bases cited. (Note that claims may cite multiple bases for their complaints.)

The complaints across the counties generally represented similar breakdowns with all counties except three (Bergen, Hudson, and Mercer) having disability representing the same or higher percentage of bases as the state average. Bergen was just shy of the state average at 54%, but Hudson and Mercer saw disability cited as a basis only 44% of the time. In Mercer, race was a

more frequently cited basis at 47% and in Hudson race was cited as a basis 23% of the time with the remainder spread across various bases.

The number of complaints filed per county is summarized below. As shown, the counties with the highest number of complaints between 2015-2019 were Bergen (56), Hudson (52), and Essex (47).

Fair Housing Complaints - Number of Complaints Filed by County, 2015-2019

Total	466
Atlantic	28
Bergen	56
Burlington	21
Camden	23
Cape May	7
Cumberland	10
Essex	47
Gloucester	14
Hudson	52
Hunterdon	5
Mercer	32
Middlesex	32
Monmouth	25
Morris	16
Ocean	37
Passaic	20
Salem	2
Somerset	8
Sussex	1
Union	23
Warren	7

Of the 466 complaints filed between 2015 and 2019, only 79 (17%) reached a settlement and 13 (2.8%) concluded with a FHAP consent order. Seventy-five complaints were still open as of the date of this report. The remainder of the complaints were dismissed or withdrawn.

SECTION 5: RECENT FAIR HOUSING CASES

Two major court cases were decided since 2015 affecting the interpretation of rights on fair housing laws:

Texas Department of Housing and Community Affairs v. The Inclusive Communities Project, Inc. (2015) On June 25, 2015, the United States Supreme Court ruled in *Texas Department of Housing and Community Affairs v. Inclusive Communities Project, Inc.* (S. Ct.) that disparate impact claims are cognizable under the Fair Housing Act. The Supreme Court's ruling was consistent with the position taken in an amicus brief filed by the United States on December 23, 2014. The United States argued that HUD, the agency charged with interpreting the Act, has authoritatively interpreted the FHA to provide for disparate impact claims by means entitled to deference under *Chevron U.S.A., Inc. v. NRDC*, including in a formal regulation promulgated in 2013 and in formal adjudications. The United States further argued that HUD's construction of the FHA follows directly from the text, structure, and history the FHA. Finally, the United States argued that a state or local government does not violate the Constitution's Equal Protection Clause merely by considering whether a proposed action will have a disparate impact on the basis of race.

Bank of America v. City of Miami (2017) The City of Miami sued Bank of America Corporation and similar defendants under the Federal Housing Act (FHA) and argued that the banks engaged in predatory lending practices that targeted minorities for higher-risk loans, which resulted in high rates of default and caused financial harm to the city. Miami also alleged that the banks unjustly enriched themselves by taking advantage of benefits conferred by the City, that their actions denied the City of expected property and tax revenues, and cost the City money that it would not have had to pay had the banks not engaged in these predatory lending practices. In this case, the United States Supreme Court ruled that cities can sue banks over Fair Housing Act violations if they target minorities.

SECTION 6: COMMENTS AND RESPONSES

Commented [JA1]: To be completed when comments are received.

SECTION 7: IMPEDIMENTS AND ACTIONS

The purpose of fair housing planning and analysis is to foster a careful examination of the factors restricting fair housing choice. These factors are described throughout this report. After analyzing the findings, the State established a list of impediments that are contributing to the fair housing conditions in the State.

HUD provides a definition of impediments to fair housing choice as:

- Any actions, omissions or decisions taken because of race, color, religion, sex, disability, familial status or national origin which restrict housing choices or the availability of housing choices (and)
- Any actions, omissions or decisions which have this effect.

Further, there are three components of an impediment:

- A fair housing impediment must be an identified matter that directly or indirectly (has the effect of) creating a barrier to fair housing choice.
- An impediment must have a disproportionate effect on a protected class.
- An impediment must be caused by an “action, omission or decision.”

Finally, the State has set forth actions it can take within its authority and resources to begin addressing the identified impediments.

	PROPOSED ACTION	TIMELINE
Impediment # 1: Declining housing affordability, particularly for low-income households, with a rising proportion of low-income households experiencing inadequate or cost-burdened housing.		
ACTION 1A	In order to alleviate substandard or unsafe conditions, DCA will continue to allocate CDBG Program funds for housing rehabilitation to preserve low and moderate-income housing	Years 1 - 5
ACTION 1B	DCA will utilize the Housing Trust Fund to rehabilitate rental units for extremely low-income households.	Years 1 - 5
ACTION 1C	DCA will continue to provide Community Services Block Grant funds for rental assistance, homelessness prevention, security deposits, and housing search assistance.	Years 1 - 5

ACTION 1D	DCA will continue to provide Community Services Block Grant funds to CSBG grantees that are certified HUD Housing Counseling agencies.	Years 1-5
ACTION 1E	DCA will continue to use Temporary Assistance to Needy Families (TANF) funds in support of Individual Development Accounts (IDA) grantees providing savings guidance, financial literacy and housing placement assistance	Years 1 - 5
ACTION 1F	NJHMFA will continue to fund the preservation of and new affordable housing units as well as access to wealth creation through first-time homebuyer opportunities.	Years 1 - 5
ACTION 1G	Neighborhood Revitalization Tax Credits funding will be used by grantees for housing rehabilitation assistance, to the extent it has been prioritized in neighborhood revitalization plans by the grantees	Years 1 - 5
Impediment #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.		
ACTION 2A	DCA will continue to follow a Language Access Plan (LAP) that is utilized for the HOME TBRA Program, HOPWA Program, State Rental Assistance Program and the Housing Choice Voucher Program. The LAP is part of the Housing Choice Voucher Administrative Plan.	Years 1 - 5
ACTION 2B	DCA will continue to use Temporary Assistance to Needy Families (TANF) funds in support of Individual Development Accounts (IDA) grantees providing savings guidance, financial literacy and housing placement assistance	Years 1 - 5
ACTION 2C	DCA will continue to provide Community Services Block Grant funds for English as a Second Language (ESL), General Equivalency Diploma (GED) and Adult Basic Literacy (ABL) programs to enhance literacy and ability to understand the housing process.	Years 1 - 5
ACTION 2D	The NJ Housing Resource Center is made available in multiple languages to improve access to affordable housing.	Years 1 - 5

Impediment #3: A concentration of subsidized housing in neighborhoods with relatively high levels of poverty		
ACTION 3A	DCA will continue to provide Community Services Block Grant funds for employment training and apprenticeship and job placement services that will lead to increased mobility with greater salaries.	Years 1 -5
ACTION 3B	NJHMFA will continue to prioritize integration and deconcentrating of poverty in awarding funding for affordable housing developments.	Years 1 - 5
ACTION 3C	Where appropriate, the Office of Local Planning Services staff will promote the use by municipalities of inclusionary zoning at higher densities as a land use tool.	Years 1 - 5
ACTION 3D	DCA will continue to provide Community Services Block Grant funds for grantees providing Housing Counseling, housing placement, rental assistance, security deposits and homelessness prevention.	Years 1- 5
Impediment # 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.		
ACTION 4A	DCA will continue to distribute bilingual fair housing information to Section 8 Field Offices, Housing Counseling Agencies, County Boards of Social Services, New Jersey One-Stop Career Centers, and faith-based and community-based agencies located throughout the State.	Years 1 - 5
ACTION 4B	DCA will disseminate fair housing information including information on reasonable accommodations and how to provide assistance to individuals with Limited English Proficiency to all owners of multi-family rentals and developers.	Years 1 - 5
ACTION 4C	When appropriate the Office of Local Planning Services will continue to provide information about the NJ Fair Housing Act and the Non-Residential Development Fee Act.	Years 1 - 5
ACTION 4D	Recent legislation requires that as of November1, 2020 all affordable housing units including those built as part of an inclusionary development seeking Fair Share credit must post all available units and waitlists online at the Housing Resource	Years 1 – 5

	Center website. Additionally, they must comply with AFHMP and conduct housing lotteries.	
ACTION 4E	DCA will continue to update its Fair Housing website	Years 1-5
Impediment # 5: The continuation of land use and zoning barriers to the production of housing for low-income households in some localities.		
ACTION 5A	DCA will develop materials geared specifically to local governments on the topic of land use and zoning and the requirements of the Federal Fair Housing Act.	Years 1 - 5
Impediment # 6: The need for housing for special needs populations, including the disabled, veterans, and the homeless.		
ACTION 6A	NJHMFA has made available an additional \$50M for special needs housing production.	Year 1
ACTION 6B	The State will continue to support the development of housing options and programs to enable persons with special needs to reside in non-institutional settings.	Years 1 - 5
ACTION 6C	The State will continue to pursue Federal Continuum of Care, Mainstream and VASH funding.	Years 1 - 5
ACTION 6D	DCA will continue to provide Community Services Block Grant funds for the provision of housing supports and services for individuals and families that are imminently or actually homeless.	Years 1 - 5
ACTION 6E	NJHMFA will continue to prioritize a set-aside for special needs and/or homeless individuals in all 9% LIHTC properties	Years 1 - 5
Impediment # 7: Racial and Ethnic Housing Concentration		
ACTION 7A	The State will continue to promote higher density residential zoning in Transit Oriented Development areas.	Years 1 - 5
ACTION 7B	The State will promote mixed use development and mixed-income communities throughout the State to help low-income working families move to neighborhoods offering greater access to job opportunities, better schools, housing and transportation.	Years 1 - 5
ACTION 7C	The Division of Civil Rights (DCR) through its Multiple Dwelling Report will continue to identify and investigate potential patterns of discrimination. The Multiple Dwelling Reporting Rule requires property owners with 25 or more rental units to	Years 1 - 5

	submit by January 31 of each year, a report to the DCR detailing State of New Jersey 2015 Analysis of Impediments Page 141 the racial and ethnic composition of their tenants and applicants during the preceding year. More than 3,500 multiple-dwelling complexes are obligated to file reports under this regulation. The report assists DCR in identifying potential patterns of housing discrimination and includes information on the degree of access property owners provide to persons with disabilities in Section 8 rental subsidies. DCA will use this information to expand and target those property owners for education to lower incidents of discrimination.	
ACTION 7D	The State through NJHMFA will continue to provide information regarding the availability of affordable rental and homeownership opportunities statewide through the New Jersey Housing Resource Center (http://www.njhousing.gov/). This site provides an on-line resource for property managers to market affordable rental and sales units statewide; and 2) provides a convenient resource for prospective renters to locate affordable and accessible housing. This website is free; searches can be conducted in both English and Spanish.	Years 1 - 5
ACTION 7E	The Department of Community Affairs will continue to monitor grantees' projects and program files to ensure that all of its housing and community development funds provide benefits and opportunities to residents regardless of race, color, religion, sex, disability, familial status, and national origin.	Years 1 - 5
ACTION 7F	DCA will continue to provide Community Services Block Grant funds for Individual Development Account (IDA) services, financial and housing counseling and employment training and placements services assisting individuals and families in attaining greater incomes and the consequent ability to enjoy a greater choice of housing locations.	Years 1-5

ACTION 7G	NJHMFA will continue to prioritize integration and access to opportunity in all housing developments as well as a recommitment to reform tenant selection regulations.	Years 1 - 5
ACTION 7H	DCA will continue to provide Community Services Block Grant (CSBG) funds for CSBG grantees that are doing community level change work, that includes the advocacy for creation of affordable housing opportunities outside of areas of high poverty concentration.	Years 1 -5
ACTION 7I	DCA will continue to encourage voucher holders to move to high opportunity areas.	Years 1 -5
ACTION 7J	DCA will continue to identify and recruit landlords to accept housing assistance vouchers in areas of high opportunity.	Years 1 - 5