

# Memorandum

**To:** Council President, Lavarro, Jr., Carmen Gandulla, Elizabeth Castillo & Members of the Municipal Council

Jersey City, New Jersey

**Cc:** Stephen Ruszczyk

**From:** Brooke O'Donnell, Graduate Student – Montclair State University

**Date:** March 23, 2020

**Subject:** The Allocation of Funds Surrounding the Topic of Fair and Affordable Housing. The Allocation of the Funds for the Jersey City 2020-2024 Consolidated (C-Plan) Provided by Grants from the HUD Entitlement Program.

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**Introduction:** I am a graduate student at Montclair State University who has been assigned to address a community development issue for a city of my choice. I was compelled to develop research on Jersey City (JC) because of the following reasons: the city's population growth, the city's diversity title, and the city's immense amount of community development projects currently being proposed or in progress. For this assignment I will present my key findings, recommendations, and resources to the key actors of community development in JC. I thank the reader in advance for choosing to read my research about your city. I understand that your city is challenged to overcome the hardships presented from the recent pandemic. I wish you and your city happiness and health during these difficult months.

**Topic/Issue:** As I have been researching the Jersey City Division of Community Development, I discovered that in the upcoming months they are tasked to develop the JC 2020-2024 Consolidated (C-Plan). There have been two common questions presented in the JC 2020-2024 Consolidated Plan Survey. Community developers in JC designed this survey with the goal to gather more data to help identify the following issues:

- Issue One: How should JC prioritize funding for fair housing for the next five years?
- Issue Two: What barriers need to be addressed for fair and affordable housing in order to benefit JC residents?

**Key Finding for Issue One:** Prioritizing funding for fair housing in JC.

In the year 2019 the City of Jersey City was awarded a total of \$5,558,690 in Community Development Block Grant (CDBG) funds. As proposed in a memorandum by the Director of the Division of Community Development, Carmen Gandulla, on January 27, 2020, CDBG funds are flexible and can be used for various programs designed to enhance community development. These funds are allocated for specific communities with goals to improve housing and living environments and increase economic opportunities for low- and moderate-income families.

On March 11, 2020 Carmen Gandulla's memorandum was accepted by the members of the Municipal Council in JC. The HUD Entitlement Grants provided funding for CDBG, ESG, HOPWA, and HOME and authorizing program contracts under the HUD entitlement program for year April 1, 2019 through March 31, 2020. The Members of the Municipal Council in JC approved of eight programs that received a total of \$1,256,605. File number: Res. 20-194, Resolution of the City of Jersey City, N.J., approved on March 11, 2020 helps support my finding that programs approved in JC's grant cycles often lack representation of the diverse JC population and many of the programs granted funding do not focus on fair and affordable housing.

**Recommendations for Issue One:** Prioritizing funding for fair housing in JC.

Considering this grant funding proposal approved on March 11, 2020 I would conclude optimal results will not be shown by administering funding to organizations claiming to be

“providing services for specific communities with goals to improve housing and living environments and increase economic opportunities for low- and moderate-income persons.” In this proposal 5 out of the 8 programs that requested and granted funding from the HUD Entitlement Program were neither woman owned nor minority owned businesses and 5 out of the 8 programs did not prioritize community programs that were focused on fair or permanent housing.

One program named St. Paul’s Center of Caring was granted \$80,000. This is a Faith Based Organization (FBO). I recommend that the Division of Community Development be particularly critical of FBO’s. Michael Leo Owens wrote about FBO’s in his published by Defilippis, & Saegert (2012). He described that FBO’s embody a façade of being the ‘bricks, bodies, and bucks’ for rebuilding neighborhoods and strengthening families but data provides evidence showing FBO’s are not making positive impacts for low- and moderate-income families. It is the Division of Community Development’s responsibility to become more analytical and critical of the organizations requesting funding from the HUD Entitlement Program. If one of the main goals of the JC 2020-2024 Consolidated (C-Plan) is to prioritize funding for fair and affordable housing the Division of Community Development should prioritize organizations that implement programs focused on improving permanent and affordable housing for the vulnerable populations in JC.

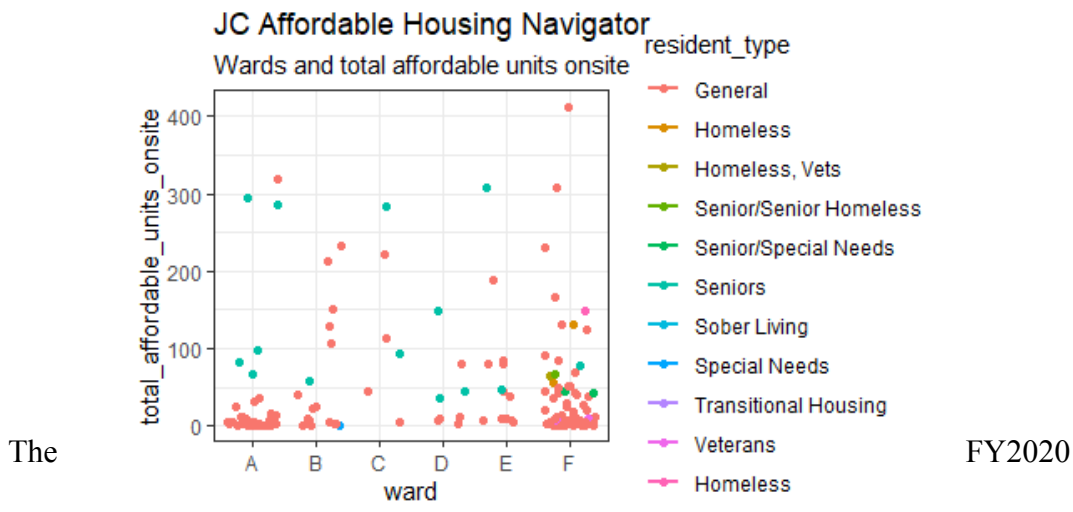
**Key Finding for Issue Two:** Barriers for Fair and Affordable Housing for JC Residents.

According to reporter Teri West in the article titled *JC council recently released a draft proposal for updating the city rent control laws*, James Solomon Councilman of Downtown (Ward E) stated the following passage:

“For one out of every four JC renters, rent takes over 50% of each paycheck and nearly half of all residents are considered ‘rent burdened’ by the federal government’s definition. In a city that touts its diversity, its cultural history, its contribution to the arts, we must do all in our power to aid tenants at risk of displacement, which is why the city council’s top priorities are strengthening our rent control laws and passing an inclusionary zoning ordinance to build more affordable housing.”

In Councilman Solomon’s Ward, The Affordable Housing Production since 2013 Chart shows that there has been 523 affordable housing units produced compared to 41,577 overall units. In 7 years, there were only .01% of units produced for fair and affordable housing in Downtown JC or Ward E. Similar results were shown in Wards C and F. In Journal Square or Ward C, since 2013, 201 fair and affordable housing units were produced compared to 15,804 overall or .01%. In Bergen-Lafayette or Ward F, since 2013, 686 affordable housing units were produced compared to 6,008 overall or 11%. The number of affordable housing units produced in the last seven years in JC does not correspond to the statement Councilman Solomon made to the residents of JC.

For this assignment, I will address Solomon’s last ‘top priority’ which is building more affordable housing. I was able to download a .csv titled Affordable Housing Navigator- Map this was provided by Jersey City Open Data. Using this data, I created the model shown below. This model was created using a free source called R-Studio.



Universal Request for Proposals Service Programs identifies the vulnerable populations that will be targeted during the planning and eventual implementation for the Jersey City 2020-2024 Consolidated (C-Plan). Jersey City's Division of Community Development identified the vulnerable populations as the following: Special Needs Populations, Senior Population, Low- and Moderate- Income Households, Homeless Population, Persons with HIV/ AIDS. This list under resident\_type in the model resembles the vulnerable populations defined in the FY2020 Universal Request for Proposals Service Programs. Interpreting this model, it is easy to discover that many affordable housing units have a general resident type and are concentrated in Wards A and F. Also using this model, you can conclude that the total\_affordable\_units\_on-site is under 50 units.

**Recommendations for Issue Two: Barriers for Fair and Affordable Housing for JC Residents.**

Considering the key findings for issue two I would recommend changing the criteria for the point system established in Subchapter 33. Low Income Housing Tax Credit Qualified Allocation Plan. Organizations or businesses developing these programs/projects can accumulate points when they successfully implement elements that are aimed to benefit low-income and moderate-income persons. I suggest that the organization or business are awarded points when they invite a member or members of the targeted vulnerable population to be employed to help complete the housing project. For example, five points are awarded to projects which pledge to employ an intended resident of final project. This member will serve as an essential decision maker for the progress and results of this project.

A member of the vulnerable population who serves as a key actor in the development of the project or program might promote collective efficacy within specific vulnerable populations. Once funding is allocated for specific vulnerable populations more JC residents within the

targeted population will become involved with the implementation for the fair and affordable housing project. When key actors of community development are able to establish collective efficacy within communities they deem to be vulnerable then the effectiveness of the programs will begin to increase. If the vulnerable community members are involved in these fair and affordable housing project, then the easier it will be for the key actors of community development to address the barriers they experience regarding fair and affordable housing.

Similarly seen in File number: Res. 20-194, Resolution of the City of Jersey City, N.J., approved on March 11, 2020 many of the affordable housing project granted funding are labeled as general. I suggest beginning to make the resident\_type more specified when allocating funds for fair and affordable housing. What exact vulnerable population does the Jersey City Consolidated (C-Plan) intend to help? How can JC increase the units available for this targeted vulnerable population?

**Conclusion:** My memorandum suggests that the current partners granted JC community development funding are not representing or benefiting the targeted population the director is claiming to help; low- and moderate-income families. I believe there should be a change in criteria when allocating funding for the JC 2020-2024 Consolidated Plan (C-Plan). Community development actors need to precariously select who is granted funding based on what programs are designed specifically to improve fair and affordable housing. Community development actors should also take into consideration data presented by scholars such as Owen's who declare that the effectiveness of FBO's might not present the most beneficial outcomes for low-income and moderate-income families.

As displayed in the second key findings Councilman Solomon addressed another important issue which is to build more affordable housing. Beginning to define the barriers specific

vulnerable populations experience when it comes to fair and affordable housing will start to establish collective efficacy within these communities. Once these vulnerable populations work together to address the common difficulties experienced with fair and affordable housing then the key actors of community development can begin to allocate funding for projects designed for these vulnerable populations. Overall my main suggestion is for the key actors of community development in JC to become more specific and critical about the programs and projects surrounding fair and affordable housing that they are funding. In the future, JC the Division of Community Development should begin to ask the following questions before granting funding:

- When funding FBO's the community developers should ask: Do a significant amount of JC residents affiliated with this religion?
- Is this program/project targeted to improve affordable and fair housing in JC?
- What vulnerable community/communities will this program/project help?
- Do the actors running this program/project represent the diverse population of JC?
- Does this program/project improve the housing/living environments for the vulnerable populations in JC?

### **Resources:**

City of Jersey City's Draft Annual Action Plan. Year Three (2017) *Division of Community Development-HEDC*

Defilippis, J. & Saegert, S. (2012) Chapter 15 Capacity Building: The Case of Faith-Based Organizations, Chapter 19 Sustainability in Community Development. *Routledge*.

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SUBCHAPTER 33. Low Income Housing Tax Credit Qualified Allocation Plan. 2019-2020 Qualified Allocation Plan (2019) *NJMFA Board*

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The Divisions of Community Development (2019) 2020-2024 Consolidated Plan Survey. *Jersey City*. Retrieved from <https://www.jerseycitynj.gov/CityHall/HousingAndDevelopment>

United States Census Bureau. (2018) ACS Demographic and Housing Estimates. American Community Survey. *TableID-DP05 Jersey City city, New Jersey*. Retrieved from [https://data.census.gov/cedsci/table?g=1600000US3436000&tid=ACSDP5Y2018.DP05&hidePreview=false&vintage=2010&layer=place&cid=DP05\\_0001E](https://data.census.gov/cedsci/table?g=1600000US3436000&tid=ACSDP5Y2018.DP05&hidePreview=false&vintage=2010&layer=place&cid=DP05_0001E)

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