

**Statement on S1
Senate Economic Growth Committee****March 8, 2010**

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New Jersey Future was pleased to see the latest version of S-1, sponsored by Sens. Lesniak and Bateman, designed to simplify New Jersey's affordable-housing system. The bill contains more detail and several elements that New Jersey Future has advocated for some time. Specifically, the bill:

- Replaces the Council on Affordable Housing with a more straightforward system of measuring and meeting the need for affordable housing by requiring towns to have a fixed percentage of their housing stock affordable to low- and moderate-income households.
- Recognizes the historic and important link between land use decision-making and affordable housing by moving all the remaining powers, functions and duties of the Council on Affordable Housing to the State Planning Commission.
- Maintains a municipal accountability mechanism in the form of the builder's remedy and provides a presumption of validity to affordable-housing projects where towns have not met their obligation.

We applaud these provisions, and believe the bill is clearly moving in the right direction. There remain, however, some legal and policy questions that warrant further discussion and fine-tuning before enactment. From New Jersey Future's perspective, the areas that need a closer look include: the 33 percent "variety" of housing test and its nexus with affordable housing; the inclusionary development standards that allow reductions in how much low- and moderate-income housing is produced; the inclusion of non-restricted "workforce" housing units; and the number of regional contribution agreement units permitted.

Reviewing these elements of the bill from a land-use perspective, we think there may be several unintended negative consequences that need to be reviewed and addressed. These include: encouraging housing development in rural areas (since affordable housing requirements won't exist there); mandating housing development in suburban areas without sound planning or a need to close the gap in the town's affordable-housing obligation; and excluding more than half of the towns in New Jersey, including those near jobs and transit, from providing any affordable housing at all.

While the bill moves forward, we also would suggest looking at a very simple concept that would make the affordable-housing system fairer, simpler and more predictable: inclusionary set-asides for every new residential development. For example, if 100 units of housing are built, then "x" percent of those units must be affordable to low- and moderate-income households. By making this a statewide rule, towns, developers and landowners will know exactly where they

stand when they plan for residential development. Additionally, as a statewide rule, this approach will allow land values to adjust appropriately across the board to accommodate this small percentage of affordable units. If the developer already owns the land, he or she will receive a density bonus, or other inducement if necessary, to make the project feasible. This concept doesn't require towns to grow, but allows towns to meet their obligation if they do grow. New Jersey Future looks forward to working with all parties as this very important bill moves ahead.