



**Testimony on A3447 Amendments  
Assembly Housing and Local Government Committee**

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The Assembly staff and legislators that worked to bring us today's amendments to A3447 should be commended. You have taken a previous bill with significant fatal flaws that would have been worse than the current affordable housing system and created a new bill that would have made Hippocrates proud, in that it first seeks to do no harm.

The new amendments preserve the simple affordable housing threshold concept and make it easy for towns to know where they stand. The new amendments also succeed in minimizing the role and involvement of the state's executive branch.

We were also pleased to see that towns can meet their obligations through redevelopment as well as new development. New Jersey Future recently released a report titled, "Built Out, But Still Growing", which documents through the use of building permit data that most of the construction activity this past decade has taken place in "built-out" towns. The report can be found on our website [www.njfuture.org](http://www.njfuture.org) and was highlighted yesterday in the Newark Star Ledger.

However, the amendments seem to include a new threshold standard that appears to be the COAH Round 1 Prior need calculations, which seems highly inappropriate to use in this bill. If this in fact is what the amendment refers to, then we would strongly suggest that it be removed.

We would be remiss if we did not point out that another opportunity to fundamentally transform the way New Jersey addresses its affordable housing challenge was missed. Early versions of the bill included a simple concept that if residential housing was built it would need to include a percentage of affordable housing. This concept, applied across the board (with some notable exceptions), would have ensured that affordable housing was produced in the same places that the market chose to produce market-rate housing and would have made the production of affordable housing more cost effective since land values would adjust, maintaining builder profit margins and keeping market-rate housing prices in check. It would have also enabled towns to keep pace with their affordable housing production and make gains toward reaching their threshold requirements as old unit deed restrictions expired. This concept can still be included in the current bill and used as a background condition in place of the 1.5% residential development fee, which is too low.

While the bill amendments provide a good foundation for towns to plan for affordable housing, the amendments do not adequately address the basic lack of funding needed to help towns meet their affordable housing obligation. Eliminating the commercial development fee and not

allowing towns to adjust the residential development fee or seek a set-aside instead of the fee will make it very difficult for towns to financially meet their thresholds without having to build lots of market rate units, which in many cases will mean growing in places they should not grow. We recommend that you establish a tiered fee structure for the residential fee and an option for towns to seek a minimum set-aside in lieu of the residential fee. We also ask that you consider other sources of funding, such as a phased-in commercial fee similar to the one that had been advocated by the commercial development community a couple of years ago, or in its absence to allow towns to set their own fees, since towns already have a financial interest to attract more commercial ratables.

In addition to these recommendations we have identified another dozen items that are more minor and technical in nature that we will share with the Assembly staff. These can be addressed prior to the bill going to the full Assembly, but will be important to address in order to have an internally consistent and clear bill.

Thank you for the opportunity to review and testify on this bill.