

“Realistic Opportunity?”

The Distribution of Affordable Housing and Jobs in New Jersey

July 2003

By:
Tim Evans, Research Director

“Realistic Opportunity?”

The Distribution of Affordable Housing and Jobs in New Jersey

Executive Summary

To achieve the state’s goal of an equitable distribution of affordable housing and to ensure that places with large or growing numbers of jobs also offer adequate amounts of housing affordable to all workers, New Jersey needs to overhaul its housing policy. In its separation of workers from jobs, the present geographic distribution of affordable housing has important implications for New Jersey’s economy. Currently, households in need of affordable housing are effectively restricted in their residential choices to a small handful of municipalities, while new job opportunities are being created elsewhere:

- **The distribution of affordable housing in New Jersey is conspicuously skewed.** A mere 12 municipalities together account for more than 50 percent of the statewide inventory of affordable housing, while comprising only 14 percent of the state’s total households. In contrast, 246 municipalities have no affordable units at all, among them 51 municipalities whose affordable housing plans have been certified by the Council on Affordable Housing.
- **Most municipalities hosting large numbers of jobs do not have accompanying supplies of affordable housing.** Of the 38 municipalities having at least 20,000 jobs in 1999, less than a third (12) provide affordable units in proportion to their share of employment.
- **Communities that host large numbers of both jobs and affordable housing tend to be losing jobs.** Of the 101 municipalities with 1999 employment exceeding 10,000, there are only 22 that have a proportional share of affordable units relative to their share of total employment. As a group, these 22 places lost more than 25,000 private-sector jobs between 1990 and 1999, compared to a statewide job gain of about 175,000.
- **Most job growth is occurring in communities that do not have corresponding supplies of affordable housing.** The 46 municipalities that gained 2,000 or more private-sector jobs between 1990 and 1999 together account for 24.8 percent of total 1999 statewide employment but only 15.7 percent of the total statewide affordable housing unit inventory. Remove just a single municipality – Jersey City – from the analysis, and the discrepancy grows even more dramatic, with the other 45 large job gainers accounting for 22.3 percent of statewide employment but only 8.4 percent of statewide affordable units.
- **Regional Contribution Agreements (RCAs) make the problem worse by allowing job-growth municipalities to pay other communities to create affordable housing units distant from the new jobs.** Among the 46 large job-gaining municipalities between 1990 and 1999, there are 20 RCA “senders” that posted a collective private-sector job increase of 100,371. At the same time, they paid other municipalities to build a total of 2,586 affordable units, a number that, if actually built within the 20 sender municipalities, would have made their combined inventory of affordable units more than 50 percent larger.

If the conditions that perpetuate and intensify the need for affordable housing – chronic, concentrated poverty and disappearing jobs – are ever to be ameliorated, it is critical that lower-income households have a realistic opportunity to access growing communities with new jobs. The state could accomplish this by adopting a “growth share” approach, linking the creation of affordable housing to commercial and market-rate residential development, and by abolishing RCAs, which serve only to further institutionalize the concentration of poverty.

“Realistic Opportunity?”

The Distribution of Affordable Housing and Jobs in New Jersey

Introduction

The New Jersey Supreme Court declared in its initial “Mount Laurel” decision¹ that a municipality cannot use its regulatory authority to deny housing opportunities to households at the low end of the income scale, and that in fact each of New Jersey’s 566 municipalities has an obligation to create a “realistic opportunity” for the provision of its “fair share” of the regional need for affordable housing. Eight years later, the Supreme Court reaffirmed and sharpened its focus on housing opportunities for lower-income households in the “Mount Laurel II”² case .

In neither of the two “Mount Laurel” cases did the Court attempt to set a specific formula or definition for "fair share," though it offered some guidelines; ultimately that task was taken up by the state legislature with the enactment of the Fair Housing Act in 1985. The Act created the Council on Affordable Housing (COAH) and charged the agency with implementing the Mount Laurel decisions. COAH responded with a complex, multi-stage formula³ for determining a municipality’s affordable housing obligation, based on, among other things, the number of physically deficient housing units occupied by low- and moderate-income households and an estimate of the future growth in such households.

A key aspect of the Fair Housing Act and its implementation by COAH is the lack of any legal requirement for affordable units to be produced in conjunction with the construction of market-rate housing or of commercial (i.e., employment-generating) projects; a municipality need only demonstrate that it has created “a realistic opportunity” for affordable units to be built in order to have its housing plan certified by COAH. Another notable provision is the authorization of Regional Contribution Agreements (RCAs), in which one municipality (a “sender”) can pay another municipality (a “receiver”) to build up to half⁴ of the sender’s fair share obligation on its behalf, to be located in the receiving municipality.

As a result of the Fair Housing Act’s tepid approach, New Jersey has fallen short in living up to the spirit as well as the letter of the Court’s decisions. It is also failing to meet the state’s broader goal of a more equitable distribution of affordable housing⁵. While regulations lay out what a municipal “fair share” plan should look like⁶, this paper argues that, using two common sense definitions of that term, it is clear that current policy and law do not result in affordable housing appearing everywhere it is needed (see **Figure 1**, p.3).

¹ Southern Burlington County NAACP v. Mt. Laurel 67 N.J. 151; 336 A.2d 713 (1975)

² Southern Burlington County NAACP v. Mt. Laurel Township 92 N.J. 158; 456 A.2d 390 (1983)

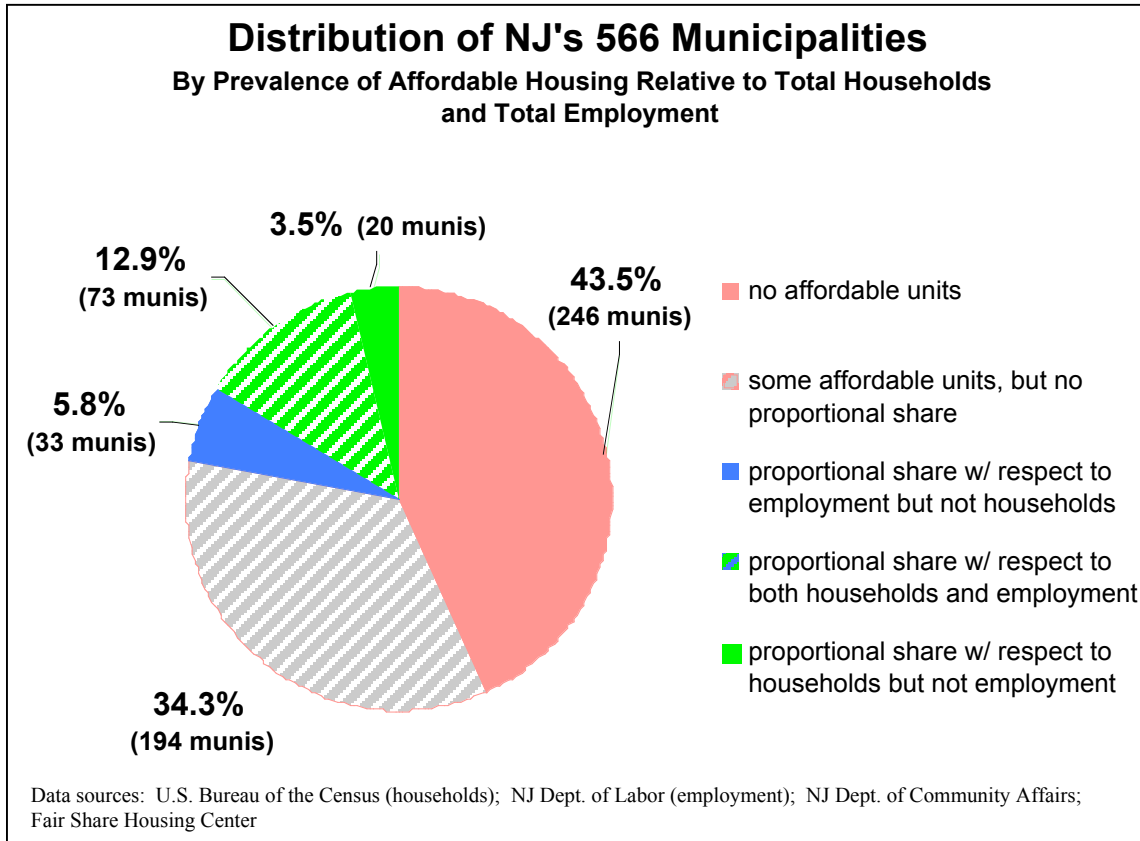
³ The COAH formula can be viewed at <http://www.state.nj.us/dca/coah/593files/chapter2.shtml>

⁴ As of this writing, there is a bill (S.2295) before the legislature that proposes to increase this fraction to 75 percent.

⁵ *State Development and Redevelopment Plan*, Goal #6, p. 79

⁶ “‘Fair Share Plan’ means that plan or proposal, which is in a form that may readily be converted into an ordinance, by which a municipality proposes to satisfy its obligation to create a realistic opportunity to meet the low and moderate income housing need of its region, and which details the affirmative measures the municipality proposes to undertake to achieve its fair share of low and moderate income housing, as provided in sections 9 and 14 of the Act, and as further described and defined in N.J.A.C. 5:93.” – N.J.A.C. § 5:91-1.2

Figure 1. Share of Affordable Housing by Municipality



In perhaps its simplest, most straightforward construction, a “fair” distribution of affordable housing units would involve all municipalities in the state offering affordable units in the same proportion relative to overall number of households. Another obvious interpretation is that the statewide distribution of affordable units would parallel the distribution of employment, since job location is a key determinant of desired residential location. While a realistic timeframe for fully attaining either of these circumstances is probably longer than the 28 years that have elapsed since the first Mount Laurel decision, it is nonetheless useful and informative to compare the current situation against these two hypothetical benchmarks. As the numbers⁷ will

⁷ The primary data source used for this report is the Department of Community Affairs’ (DCA) “Guide to Affordable Housing in New Jersey,” available online at <http://www.state.nj.us/dca/dhcr/guide.htm>. The Guide covers housing units intended for low- and moderate-income households that are funded by a variety of State and Federal programs, with the common theme that a household’s eligibility to occupy any of these units is subject to income restrictions. (See the Guide itself for definitions and details.) Units monitored under the jurisdiction of the Council on Affordable Housing (COAH) represent one component of this list. The Guide was last compiled in 1999 and is currently being updated.

As a supplementary source, this report also references a list provided by the Fair Share Housing Center of projects that have taken the low-income housing tax credit at some time between 1987 and 2002. Every attempt has been made to “unduplicate” the two lists, that is, to identify and avoid double-counting projects that appear on both lists. The two lists in combination thus represent a reasonably complete and current list of housing units that meet the definition of “affordable” under State or Federal criteria. They do not, however, represent a data set that has been

demonstrate, the distribution of affordable housing⁸ in New Jersey mirrors neither the overall distribution of households nor the distribution of employment.

Affordable Housing: Disparities by Community

The Supreme Court in the “Mount Laurel II” decision expressed a general concern about the exclusion of low- and moderate-income households from individual municipalities:

“Subject to the clear obligation to preserve open space and prime agricultural land, a builder in New Jersey who finds it economically feasible to provide decent housing for lower income groups will no longer find it governmentally impossible. Builders may not be able to build just where they want – our parks, farms, and conservation areas are not a land bank for housing speculators. But if sound planning of an area allows the rich and middle class to live there, it must also realistically and practically allow the poor.”

-- Southern Burlington County NAACP v. Mt. Laurel Township 92 N.J. 158, 211; 456 A.2d 390 (1983) [emphasis added]

In a New Jersey where households of all income levels were equally free to choose what part of the state in which to live, affordable housing units would be no more or less prevalent in any one municipality than in another. But in fact, affordable housing in New Jersey is disproportionately concentrated in a handful of municipalities:

- The 12 municipalities with the greatest numbers of affordable units – Newark, Jersey City, Trenton, Atlantic City, Camden, Paterson, Hoboken, East Orange, Elizabeth, West New York, Orange, and North Bergen – together account for more than 50 percent of the statewide total. In contrast, they account for only 14 percent of the state’s households.
- Add in the next 8 municipalities – Bayonne, Clifton, Passaic, Perth Amboy, Vineland, New Brunswick, Asbury Park, and Long Branch – and we have the top 20 municipalities supplying 58 percent of the state’s affordable housing units while comprising only 18.7 percent of total state households. (See **Table 1**, page 6)

Why is the supply of affordable units concentrated in so few places? It is true that many of these 20 municipalities are among the most populous places in the state, and therefore might be expected to have the largest numbers of affordable units. But some other heavy populated municipalities (e.g., Edison, Woodbridge, Hamilton Twp. [Mercer]) do not appear near the top of the affordable housing list, suggesting that population alone is not a driver of affordable housing.

compiled by the State expressly to assess the effectiveness of Mount Laurel implementation; such a data set would add sorely needed precision to the debate over the Mount Laurel process but unfortunately does not exist.

⁸ Throughout this report and in the source data sets, “affordable” refers to housing that meets governmental definitions in that it receives some type of government subsidy or tax credit and is subject to income restrictions. It thus excludes some housing that happens to be affordable to lower-income households due simply to market forces, as is the case in much of the rural southern part of the state. Also, this report does not address the broader affordability-related topic of housing burden, the percent of household income spent on housing, which is a problem that affects households from a wide range of income levels.

And given that the 20 communities listed above contain 18.7 percent of the state's households, they would also account for only 18.7 percent of the state's affordable units if affordable units were distributed evenly relative to total households. Thus it is clear simply from looking at the top 20 that the distribution of affordable housing does not mimic the overall distribution of households.

But we can be more precise about where the disproportionate concentrations of affordable housing actually occur, because we can quantify the degree to which any individual municipality supplies affordable units at a rate commensurate with its share of total households. Consider the ratio of (1) a municipality's percentage of the statewide inventory of affordable housing units to (2) the municipality's percentage of the state's total number of households⁹. If New Jersey were meeting the condition of having each municipality provide a supply of affordable units proportional to its overall number of households, one would expect a typical municipality's share of the total statewide inventory of affordable housing units to resemble its share of the state's total number of households, i.e., the value of this ratio would be close to 1.¹⁰ A value greater than 1.0 means the municipality has more than its proportional share of affordable units relative to total households; a value less than 1.0 means it has less than its proportional share.

Relatively few municipalities meet the threshold (see **Map 1**, page 13):

- In all, a scant 93 municipalities have at least their proportional share of affordable units relative to households (ratio ≥ 1). Together they account for 77 percent of the state's affordable housing inventory but only 30 percent of total households (see **Table 1**, page 6).
- In 37 municipalities the ratio is 2.0 or more, that is, the municipality's share of the affordable housing unit inventory is more than double its share of total statewide households.
- And in 8 municipalities – Atlantic City, Salem, Newark, Hoboken, Camden, Penns Grove, Greenwich Twp. [Cumberland County], and Trenton – the ratio is 4.0 or more; these places provide at least 4 times their proportional share of affordable units.

⁹ Comparing against households rather than total housing units avoids penalizing seasonal communities like Cape May and Wildwood, many of whose housing units are vacant most of the year. What's important is the supply of affordable units relative to the year-round population, which is better represented by households than housing units. Moreover, it should be noted that, by definition, the number of households is identical to the number of *occupied* housing units (a "household" is defined by the Census as the set of people occupying one housing unit), which is ultimately the universe of concern.

¹⁰ Given that "households" and "occupied housing units" are interchangeable quantities by definition, this ratio is mathematically equivalent to looking at what percent of a municipality's occupied units are affordable, relative to the percent of occupied units that are affordable statewide. A value of 1 for this ratio thus indicates that the percent of the municipality's occupied units that are affordable is identical to the statewide percentage, and hence the municipality is providing exactly its proportional share of affordable units.

Table 1. Concentration of Affordable Housing

	2000 total households	percent of state total	affordable housing units	percent of state total
20 municipalities with greatest numbers of affordable units	572,094	18.7%	93,445	58.0%
93 municipalities with at least proportional share of affordable units vs total households	924,052	30.2%	124,103	77.1%
all 566 municipalities (NJ total)	3,064,645	100.0%	160,989	100.0%

data sources: U.S. Bureau of the Census (households); NJ Dept. of Community Affairs; Fair Share Housing Center

Rather, most municipalities fall short of providing affordable housing in proportion to their total households, if they provide any at all:

- A considerable majority of municipalities – 473 – have less than their proportional share of affordable units relative to households (ratio < 1).
- Of these, 246 municipalities have no affordable units listed on the inventory at all, more than double the number that have at least a proportional share.
- Among these 246 are 51 municipalities whose affordable housing plans have been certified by the Council on Affordable Housing (COAH).

Clearly, the reality of the distribution of affordable housing in New Jersey departs dramatically from the situation envisioned by the Supreme Court, in which lower-income households would have the same choices as other households about what part of the state in which to live. It is equally clear that COAH’s requirement that a municipality demonstrate that it has *created a realistic opportunity for affordable units to be built* is no guarantee that those units will ever *actually materialize*, as illustrated by the 51 COAH-certified municipalities with no affordable units on the most recent inventory.

In essence, the distribution of affordable housing in New Jersey has not changed fundamentally over the past century. A small handful of mostly older urban places continue to provide the bulk of the total supply of affordable units, a legacy of their having absorbed and housed the first wave of low-wage workers in an era when smokestack industries formed the basis of the state’s economy. Meanwhile, most municipalities in more recently developed parts of the state have a disproportionately small supply of affordable units, if they have any at all. Today’s inventory of affordable housing units may not physically date back to New Jersey’s industrial past, but its geographic distribution largely does.

Affordable Housing: Disparities by Employment

In addition to arguments for distributing affordable housing throughout the state in proportion to the total number of households, there is also a strong case to be made for co-locating affordable housing with jobs. Indeed, after expressing concern in Mount Laurel II over the exclusion of low- and moderate-income households from some parts of the state, the Supreme Court went on to encapsulate the rationale for siting affordable housing near employment centers:

“And if the area will accommodate factories, it must also find space for workers.”

-- Southern Burlington County NAACP v. Mt. Laurel Township 92 N.J. 158, 211; 456 A.2d 390 (1983)

If the conditions that perpetuate and intensify the need for affordable housing – chronic, concentrated poverty and disappearing jobs – are ever to be ameliorated, it is critical that lower-income households have access to new job opportunities. Spatially separating job centers from affordable housing sites forces lower-income workers to endure long commutes that they can ill afford – if they are able to commute to these jobs at all. Lower-income households in need of affordable housing are less likely to own automobiles, especially multiple automobiles, and are thus frequently dependent on other means to access jobs. And many newer employment centers are not realistically accessible by public transportation. Locating affordable housing near employment centers increases the feasibility of residents reaching their jobs by means other than private automobile, and it makes the commute more manageable for those who are able to drive.

It is true that some of the municipalities with the greatest numbers of affordable units are also among the municipalities with the greatest numbers of jobs: Newark and Jersey City are the state’s two largest employer municipalities, and Atlantic City, Elizabeth, Paterson, Camden, Trenton, and Clifton also appear among the top 20 municipalities with the largest employment totals. But some very large employer municipalities – e.g., Parsippany-Troy Hills, Cherry Hill, Paramus – do not appear anywhere near the top of the affordable housing list. To determine how “fairly” affordable housing is distributed relative to employment, we need to look again at a ratio, this time comparing (1) a municipality’s percentage of the statewide inventory of affordable housing units to (2) the municipality’s percentage of the state’s total employment¹¹.

As with total households, most municipalities fall short of providing affordable housing units at a rate proportional to their employment:

- There are only 106 municipalities – out of 566, less than 20 percent – in which the share of affordable housing equals or exceeds the share of total statewide employment.
- In contrast, there are 460 municipalities that do not have a share of affordable units proportional to their employment (their ratios are less than 1). In 375 of these, the ratio is less than 0.5, meaning they are less than halfway to supplying affordable units proportional to their employment.

Of particular concern are municipalities with large numbers of jobs. These large employer municipalities might conceivably be concerned with ensuring that they provide sufficient affordable housing for local workforces. But most do not:

- Of the 38 municipalities hosting at least 20,000 jobs in 1999, fewer than a third (12) have a count of affordable units at least proportional to their share of statewide employment: Trenton, Camden, Newark, Paterson, Jersey City, Atlantic City, North Bergen, Elizabeth, Lakewood, Vineland, Clifton, and New Brunswick.

¹¹ Total employment is for 1999, the most recent year for which figures were available at the municipal level from the NJ Dept. of Labor.

- At the other extreme, two of the 38 – Fairfield and Livingston, both in western Essex County – have no affordable units on the inventory at all, and in another eight, the share of affordable units is less than a quarter of the share of total employment (ratio is < 0.25): Paramus, Kearny, Mount Laurel, Secaucus, West Windsor Twp., Moorestown, Edison, and Piscataway.

Another way of identifying employment concentrations is to look at which municipalities function as “employment centers” – places having more jobs than employed residents, so that they “gain population during the day.” There are 169 such places, ranging in employment size from Newark, with 135,530 jobs, to Walpack in Sussex County, with 102 jobs. Most of them have relatively little, if any, affordable housing:

- Among all 169 employment centers – places with a jobs-to-employed-residents ratio of 1.0 or more – there are only 19 municipalities (about one out of 9) whose shares of affordable units equal or exceed their shares of statewide employment, while there are 150 whose ratios are less than 1, including 63 that have no affordable units at all.
- There are 48 municipalities with particularly high concentrations of employment, having jobs-to-employed-residents ratios of 2.0 or more. A mere 4 of them – Wildwood, Atlantic City, Cape May, and Lawnside – have a count of affordable units at least proportional to their share of statewide employment. In contrast, 22 of them have no affordable units at all.

Whether employment concentrations are measured by absolute number of jobs or by the ratio of jobs to employed residents, the conclusion is the same – most municipalities that serve as job centers do not also serve as centers of affordable housing. New Jersey still has much to accomplish to ensure that affordable housing follows jobs.

To make matters worse, those few places that do have a high concentration of both jobs and affordable housing overwhelmingly tend to be losing jobs¹² (see **Table 2**, page 9). At one time, these generally urban places may have made sense as sites to which affordable housing should be steered, when they were the state’s undisputed economic engines. But times have changed, and housing policy needs to evolve. Continuing to concentrate affordable housing in job-losing places will simply exacerbate the jobs-housing mismatch for low- and moderate-income households, isolating them from new job opportunities.

- Out of 101 municipalities with 1999 employment exceeding 10,000, there are 22 that also have more than their share of affordable units relative to their share of total employment (see **Map 2**, page 14). As a group, these 22 places lost more than 25,000 private-sector jobs between 1990 and 1999, compared to a statewide job gain of about 175,000. Six of the 22 – Jersey City, Mahwah, Lakewood, Carteret, New Brunswick, and Trenton – gained during that period, while the other 16 lost.
- The gainers, the most significant of which was Jersey City with an increase of almost 9,000 jobs, were more than offset by the job losers, four of which – Clifton, Camden, Atlantic City, and Newark – lost more than 5,000 private-sector jobs each.

¹² Third-quarter private-sector employment was used for both 1990 and 1999 in computing job change.

- Among the 169 “job center” municipalities with more jobs than employed residents, there are only 19 (as mentioned earlier) that also have more than their share of affordable units relative to their share of total employment. This group collectively lost 1,971 private-sector jobs between 1990 and 1999. Large (gaining 1,000 or more) job gainers – Mahwah, Lakewood, Burlington city, New Brunswick, Bedminster Twp., Neptune City, and Cape May – were almost exactly offset by large (losing 1,000 or more) job losers – Camden, Atlantic City, Newark, Bridgeton, and Rahway.

Table 2. Affordable Housing and Job Loss in Large Employer Municipalities

		private-sector job change, 1990-99	percent of statewide change
101 large employer municipalities (employment of 10,000 or more):		109,678	62.0%
	22 municipalities with at least proportional share of affordable units vs employment:	-25,142	-14.2%
	Jersey City	8,945	5.1%
	remaining 21 municipalities	-34,087	-19.3%
79 large employer municipalities without proportional share of affordable housing		134,820	76.2%
other 465 municipalities (emp < 10K)		67,241	38.0%
all 566 municipalities (NJ total)		176,919	100.0%

data sources: NJ Dept. of Labor (employment); NJ Dept. of Community Affairs; Fair Share Housing Center

More broadly, municipalities with relatively large supplies of affordable units tend to be losing jobs, regardless of their total employment. The problem of disappearing jobs in areas with concentrations of affordable housing is not limited to large employer municipalities.

- Overall, the 106 municipalities in which the share of affordable housing equals or exceeds the share of total statewide employment together lost 34,927 private-sector jobs between 1990 and 1999. This includes 61 municipalities that lost jobs and 45 in which employment increased or stayed the same.
- In just the 33 municipalities whose share of affordable units is at least 3 times their share of total employment, the total net job change was a loss of 26,282.
- For the 12 municipalities with the largest number of affordable units, which together account for more than 50 percent of the statewide supply, the collective net job change was a loss of more than 25,000 private-sector jobs in the 1990s. Only 2 municipalities in the group – Jersey City and Trenton – posted gains, while the other 10 lost.

A concentration of affordable housing, whether measured in absolute numbers or in terms of its prevalence relative to employment, is much more often associated with job loss than job gain.

This raises another general question: What is happening in municipalities that are gaining jobs? The answer is that they are not supplying affordable housing at the same pace so that low- and moderate-income households can afford to live near where job growth is taking place:

- There are 46 municipalities that gained at least 2,000 private-sector jobs from 1990 to 1999. (Together these places gained more than 200,000 jobs, which actually amounts to more than 100 percent of the statewide net job change of about 175,000 because many other places lost jobs.) Among these 46 municipalities, only five – Jersey City, Burlington city, Lakewood, Carteret, and Mahwah – have more than a proportional share of affordable units relative to share of statewide employment. And only five more – Montville Twp., Berlin Twp., Bridgewater, Middletown, and Brick – even manage a ratio of 0.67 or more, that is, their share of total affordable units is at least 2/3 their share of total employment.
- Five of the 46 municipalities have no units listed on the state’s affordable housing inventory at all.
- These 46 large job gainers together account for 24.8 percent of total 1999 statewide employment but only 15.7 percent of the total statewide affordable housing unit inventory, a fairly significant discrepancy (see **Table 3**, page 11). However, remove just a single municipality – Jersey City – from the analysis, and the discrepancy grows even more dramatic: *The other 45 large job gainers account for 22.3 percent of statewide employment but only 8.4 percent of statewide affordable units.*
- There are 20 municipalities in this group of 46 that have been “senders” in a COAH “Regional Contribution Agreement” (RCA) relationship. That is, they have paid another municipality to build part of their COAH fair-share obligation. Included among these 20 RCA senders are two of the three largest job gainers in the state – Mount Laurel and Parsippany-Troy Hills – each of which gained more than 10,000 private-sector jobs in the 1990s. Together these 20 RCA senders paid other municipalities to build a total of 2,586 affordable units. If these 2,586 units had been built in these 20 municipalities, their combined inventory of affordable units would have been more than 50 percent larger than it currently is (7,331 vs. an actual 4,745).
- Together, the 20 RCA senders among the 46 largest job gainers posted a collective private-sector job increase of 100,371, more than half the statewide gain (**Table 3**, page 11). Yet only 5 of the 20 are even halfway to hosting affordable housing in the same proportion at which they host employment, that is, their share of statewide affordable housing is at least half of their share of statewide employment (ratio ≥ 0.5).
- A total net increase of 32,496 new private-sector jobs, or 18.4 percent of statewide growth, took place in the 246 municipalities having no affordable units at all listed on the DCA inventory. These places together account for 15 percent of 1999 total statewide employment (and, of course, 0 percent of the state’s supply of affordable housing units).

Table 3. Shortage of Affordable Housing in Large Job-Gaining Municipalities

	number of munis	private-sector job change, 1990-99	percent of statewide change	1999 total employment	percent of state total	affordable housing units	percent of state total
municipalities gaining at least 2,000 private-sector jobs, 1990-99:	46	208,470	117.8%	876,407	24.8%	25,230	15.7%
Jersey City	1	8,945	5.1%	88,489	2.5%	11,761	7.3%
other large job gainers	45	199,525	112.8%	787,918	22.3%	13,469	8.4%
RCA "senders"	20	100,371	56.7%	400,522	11.3%	4,745	2.9%
<i>affordable units "sent"</i>						2,586	1.6%
New Jersey total	566	176,919	100.0%	3,539,848	100.0%	160,989	100.0%

data sources: NJ Dept. of Labor (employment); NJ Dept. of Community Affairs; Fair Share Housing Center

With the notable exception of Jersey City, the greatest job growth has been occurring predominantly in places with disproportionately low shares of affordable housing units, including many communities with no units at all. And to exacerbate matters, COAH-approved RCAs are enabling the transfer of affordable units out of some of the places where job growth would suggest they are most needed, and into places with ever-shrinking job opportunities. The growth of jobs primarily in places with little affordable housing does not bode well for the low- and moderate-income households who are most in need of new jobs. Rather, their residential options are largely restricted to aging industrial centers where jobs continue to disappear.

Conclusions

New Jersey needs to overhaul its housing policy if it truly wishes to achieve its goal of an equitable distribution of affordable housing, and ensure that places with large or growing numbers of jobs also offer adequate amounts of housing affordable to all workers. In its separation of workers from jobs, the present geographic distribution of affordable housing has important implications for New Jersey's economy. Currently, households in need of affordable housing are effectively restricted in their residential choices to a small handful of municipalities, while new job opportunities are being created elsewhere:

- The distribution of affordable housing in New Jersey is conspicuously skewed. A small number of municipalities provide the bulk of the statewide supply, while many municipalities have none.
- While a few of the municipalities that host large numbers of affordable units are also home to large numbers of jobs, most large-employer municipalities do not have accompanying supplies of affordable housing.
- The communities that host large numbers of both jobs and affordable housing tend to be losing jobs.
- Most communities that function as employment centers (with more jobs than employed residents) do not also function as centers for affordable housing. Again, the ones that do tend to be losing jobs.
- Most job growth is taking place in municipalities that do not have proportional supplies of affordable housing. Regional Contribution Agreements (RCAs) make the problem worse by

allowing job-growth municipalities to pay other communities to create affordable housing units distant from the new jobs.

Whether measured by prevalence relative to total households or relative to employment, very few municipalities are currently providing a proportional, “fair” share of affordable housing (see **Figure 1**, page 3). In fact, nearly half the state’s municipalities supply no affordable units at all. This is perhaps not surprising, considering that state housing policy does not mandate the actual construction of affordable units, either alone or in conjunction with commercial development. At the same time, other state policies, among them the over-reliance on property taxes for funding education and municipal services, serve as strong disincentives to municipalities for providing affordable housing on their own initiative.

Recommendations

The state should adopt a “growth share” housing policy, linking the creation of affordable housing to commercial and market-rate residential development. Under this approach, any new development would automatically include an affordable-housing component. In residential developments, a fixed percentage of the units (typically 15 to 20 percent) would be reserved for low- and moderate-income households. The affordable housing requirement generated by a commercial project could depend, for example, on the square footage of the project or the number of jobs created, and could be met by providing funding for affordable units or by incorporating them directly into the commercial project.

Growth share would thus ensure, in a way that is conceptually and operationally straightforward, that affordable housing goes wherever growth is going, so that households on the lower end of the income scale are not excluded from newly developing areas and are not kept isolated from new job opportunities. It would unambiguously advance the Supreme Court’s visions of inclusionary zoning and the accommodation of workers in places that also host “factories” (or their information-age equivalent, the office park).

Public support is strong for such requirements. Fully 71 percent of voters statewide said they favor a growth-share requirement for all new housing in a 2000 poll commissioned by New Jersey Future.

New Jersey Future also recommends that Regional Contribution Agreements be abolished, as they serve only to perpetuate the concentration of poverty and to widen the spatial divide between new jobs and the low- and moderate-income households who need them.

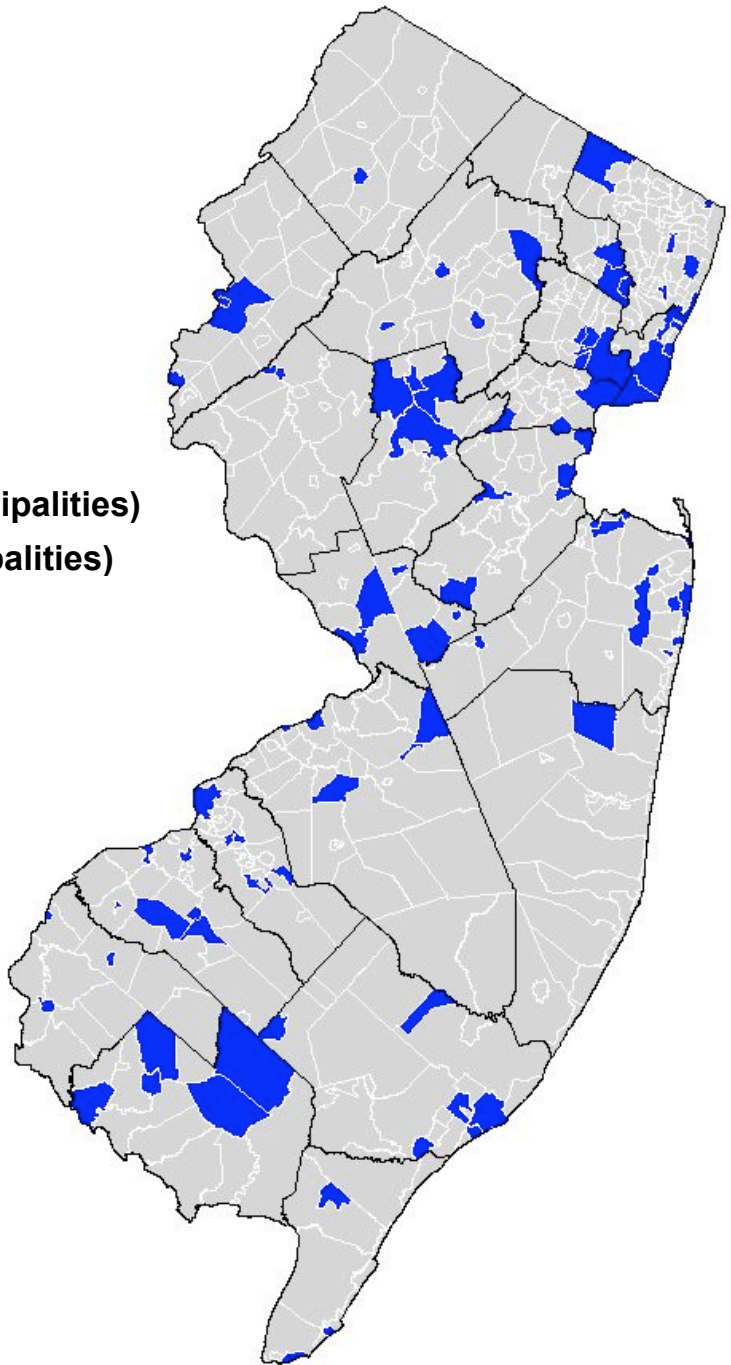
The Fair Housing Act and COAH have not worked effectively to realize the Supreme Court’s vision of a housing system that is truly fair. Nor do they work in the long term best interests of New Jersey’s economy; the current system separates job opportunities from potential workers and perpetuates poverty. Growth share and the elimination of RCAs should be part of a new statewide housing policy, aimed at ending today’s concentrations of poverty and ensuring all New Jerseyans have access to job opportunities.

Map 1. Municipalities Having at Least a Proportional Share of Affordable Housing Units Relative to Total Households

Ratio of A) a municipality's share of the state total # of affordable housing units to B) its share of the total # of households in the state:

- Less than 1 (473 municipalities)
- 1 or more (93 municipalities)

Municipalities with ratios greater than or equal to 1 provide a disproportionately large share of the state's total supply of affordable housing units (77 percent), relative to their share of total households (30 percent).



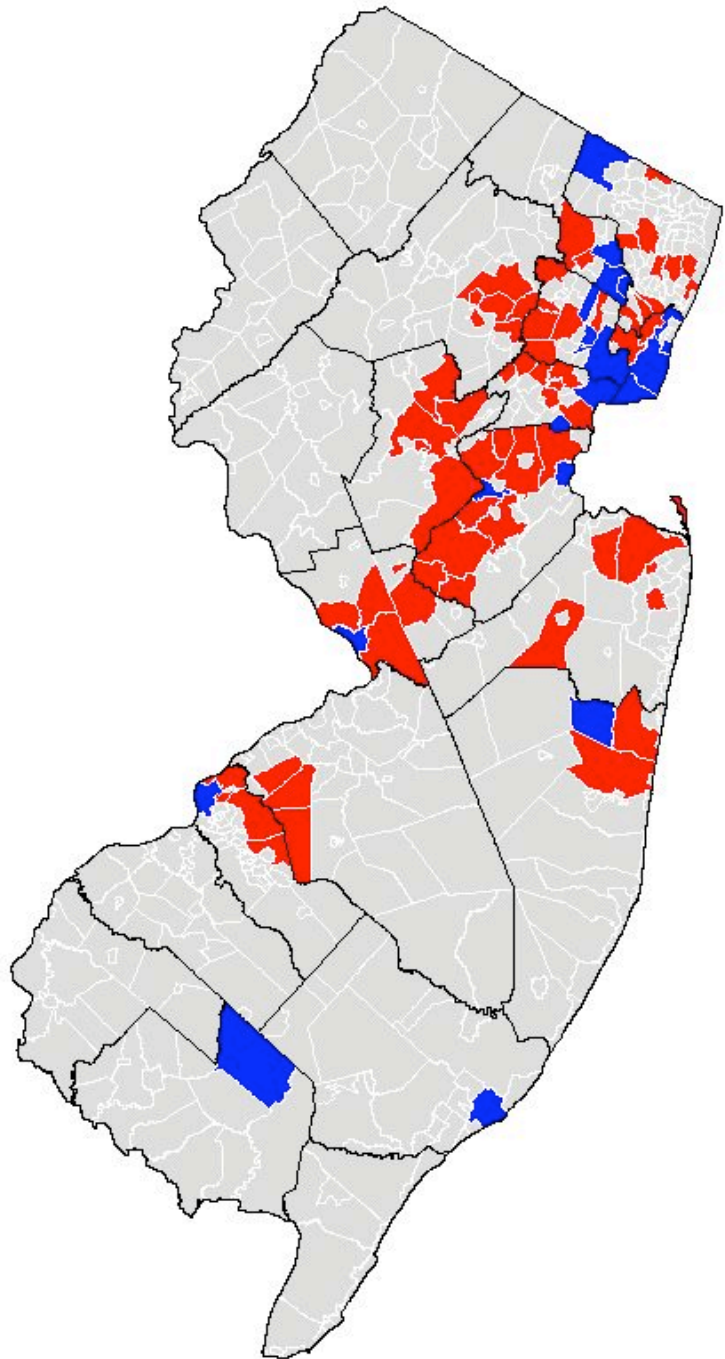
Data sources: U.S. Bureau of the Census (households); NJ Dept. of Community Affairs "Guide to Affordable Housing in New Jersey"; Fair Share Housing Center
Spatial data source: NJ Dept. of Environmental Protection
Map prepared by New Jersey Future

Map 2. Large Employer Municipalities, by Share of Affordable Housing Units Relative to Jobs

Ratio of A) a municipality's share of the state total # of affordable housing units to B) its share of the total # of jobs in the state:



Of the 101 municipalities with 1999 employment exceeding 10,000, there are 22 – mostly older, urban places – that provide affordable housing units at least proportionally to employment. As a group, these 22 places lost more than 25,000 private-sector jobs between 1990 and 1999.



Data sources: NJ Dept. of Labor (employment); NJ Dept. of Community Affairs "Guide to Affordable Housing in New Jersey"; Fair Share Housing Center
Spatial data source: NJ Dept. of Environmental Protection
Map prepared by New Jersey Future

Acknowledgements

I would like to thank the following individuals for their contributions to this report: Arnold Cohen of the Housing and Community Development Network, for initially suggesting the question of how affordable housing is distributed relative to jobs, and for alerting me to the existence of the DCA affordable housing inventory; Kevin Walsh of the Fair Share Housing Center, for recommending supplementing the DCA inventory with additional data from the Low Income Housing Tax Credit program; Jeannette Brugger, also of the Fair Share Housing Center, for supplying that tax credit data and helping to resolve some ambiguities therein; and John Lago of the New Jersey Department of Community Affairs for answering questions about the DCA data and helping to reconcile discrepancies between the two data sets.

Thanks also to the following people for their helpful insights and comments on earlier drafts of the paper: Andrew Johnson of the William Penn Foundation; David Kinsey of Kinsey & Hand; John Payne of the Center For Law and Justice at Rutgers Law School; and Jan Wells of the Bloustein School of Planning and Public Policy at Rutgers.

New Jersey Future gratefully acknowledges our financial supporters:

Geraldine R. Dodge Foundation
The Schumann Fund for New Jersey
Surdna Foundation
Victoria Foundation, Inc.
William Penn Foundation

and the members of New Jersey Future.

The views expressed herein are those of New Jersey Future.

About the Author

Tim Evans has served as New Jersey Future's Research Director since 1999. He is responsible for the collection and analysis of data used in planning and policy development, and also fills the role of New Jersey Future's transportation policy specialist. He holds an M.C.R.P. (Master of City and Regional Planning) degree from the Bloustein School of Planning and Public Policy at Rutgers University, and also holds an M.S. in Statistics from the University of Virginia. Tim previously spent six years as a Mathematical Statistician at the Bureau of the Census in Washington, DC, working on issues of data confidentiality and on sample design and estimation for a variety of economic surveys.