

May 2009



## Summary of the Smart Housing Incentives Act A3632/S2505

***Promoting economic growth in New Jersey by creating homes that are affordable to the workforce and friendly to the environment***

The Smart Housing Incentives Act is intended to provide people who live and work in New Jersey with greater opportunities for homeownership and rental housing they can afford, especially near jobs and with access to transportation alternatives. This housing will be located and designed to use our natural resources wisely and respect the environment. By meeting the needs of our workforce, it will facilitate economic growth.

The act creates a voluntary state program designed to overcome a key obstacle: local opposition to residential zoning. The program rewards municipalities that adopt as-of-right zoning for housing that is:

- ✓ **Well-located** – in places where state and regional plans support significant growth, where wastewater service can be provided and in an area *either* near transit, concentrated development, identified by a municipal plan as appropriate for higher density or containing a brownfield or greyfield site.
- ✓ **Walkable** – compact development with minimum densities ranging from eight units/acre in suburban neighborhoods to 25 units/acre near transit to 50 units/acre in urban downtowns. Public sidewalks and roads must connect the development with surrounding neighborhoods.
- ✓ **Energy-efficient** - meeting standards for Energy Star construction.
- ✓ **Mixed-income** - including a mix of opportunities for low, moderate, middle and upper-income households, thereby helping towns meet COAH requirements and address local housing needs.

The program fosters well-designed projects by encouraging a mix of uses, authorizing municipalities to adopt design standards and reduced/shared parking requirements, and calling for tailored Residential Site Improvement Standards.

The program offers municipalities two types of incentives:

- 1) Incentive payments for every net new unit in an approved Smart Housing Zone of \$1,000 when zoning is adopted and \$4,000 when construction is complete. Payments are limited to 500 units per municipality for five years.
- 2) Priority for other state programs that help local officials address the impacts of growth.

Municipalities can spend up to one-half of the incentive payments for any capital or operating expenditure reasonably related to providing services to additional residents. The remainder must be spent on “green investments” such as land preservation, park/public space improvements and energy efficiency measures. Planning and visioning grants will be made available through other state programs to help towns explore creation of a Smart Housing Zone and prepare plans and ordinances.

The program will be administered by the Department of Community Affairs. The department could require a municipality to return incentive funds under certain conditions.

The program will be launched as a revenue-neutral program. A new state revolving fund will be created to pay incentives to municipalities. It would be replenished via density bonus payments by developers of \$4,000 for each net new middle-income and market-rate unit, and grants from the New Jersey Affordable Housing Trust Fund for net new low- and moderate-income units. It was inspired by successful programs operating in Massachusetts and Connecticut.

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