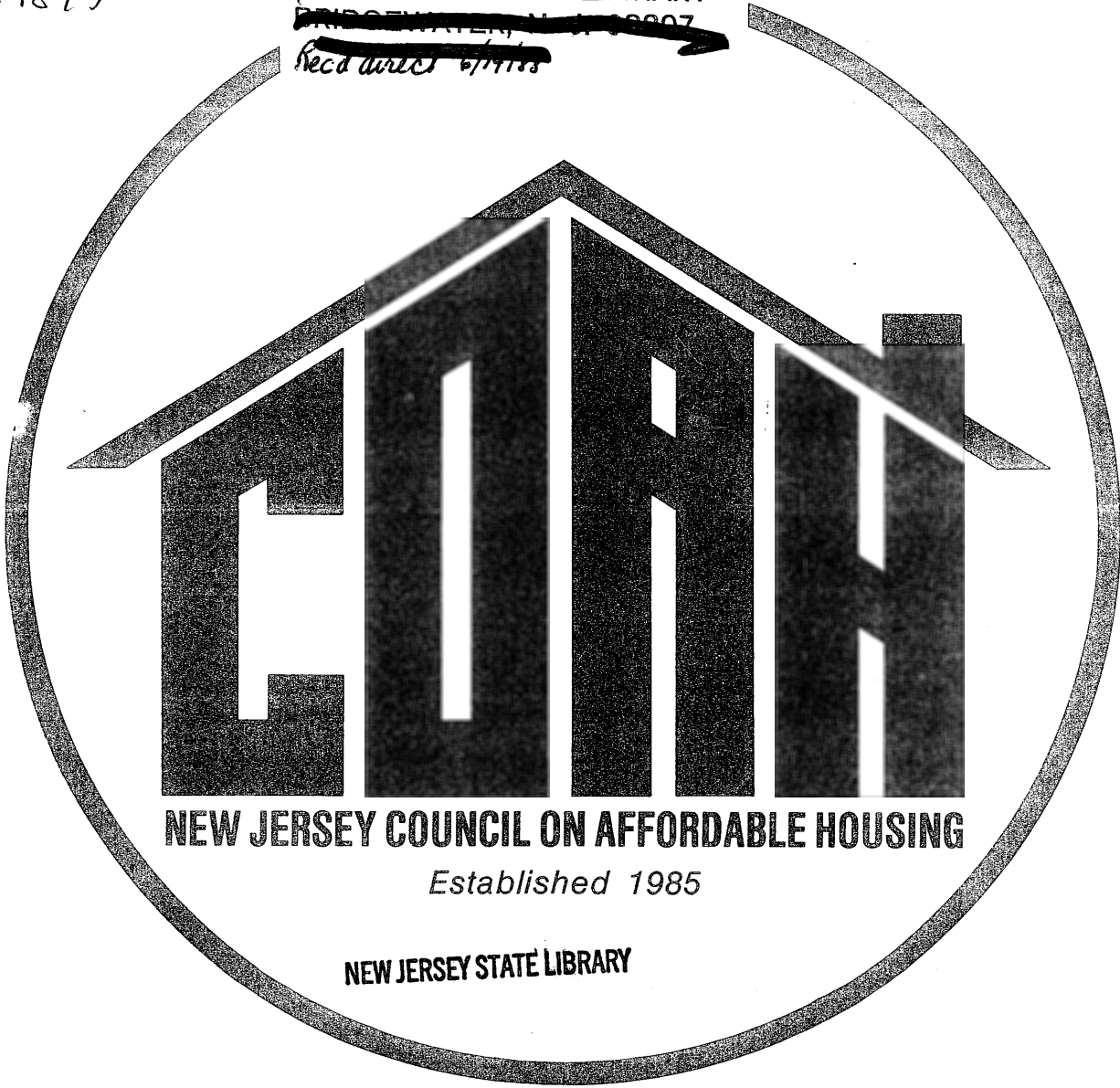


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1987

# ANNUAL REPORT

## TABLE OF CONTENTS

Message from the Chairman .....	1
Message from the Executive Director .....	2
COAH Work Begins .....	4
The First Year .....	7
The First Substantive Certifications .....	10
Housing Regions .....	12
Municipalities That Petitioned .....	13
Affordability Controls .....	14
The Next Year .....	17
COAH Members .....	20
COAH Staff .....	24
1987 Budget .....	Inside Back Cover



## Chairman's Message

The implementation of the Fair Housing Act of July 2, 1985 for addressing the housing needs of low and moderate income people in New Jersey is a first for the nation. Although conscious that many people throughout the country are interested in the progress of the Council on Affordable Housing (COAH), we, as a quasi-judicial agency, are more sensitive to what is happening in our backyards—the results we have and will continue to obtain.

Following the mandates of the law, COAH's course of action has been consistent with the legislative intent and judicial principles. We have been expediting the administrative process established by the State Legislature while cooperating with the courts whenever exclusionary zoning or new issues arise.

COAH has been diligent in pursuing the concerns of the legislature and other officials in regard to the council's rules. As a result of public hearings and meetings, COAH has altered or added to its guidelines to bring such rules into line with the economics or basic necessities of providing low- and moderate-income housing.

The council has also been continually interacting with other state agencies such as the Department of Community Affairs, the Department of Environmental Protection, the Attorney General's Office, the Department of Agriculture, the Housing and Mortgage Finance Agency and the State Planning Commission in consistently reviewing those common issues and procedures in regard to affordable housing mandates.

We are now in the middle of an evolution—going from the theory of housing needs to the implementation. In other words, we have moved from the obligation numbers on paper to the construction and/or rehabilitation of actual units.



Arthur Kondrup

Since this is a new process and there is no prototype to fall back on, we have seen some slight shifting of positions. The council, for example, was reactive in the beginning and is now becoming more proactive in assuring that municipalities are providing a realistic opportunity for affordable housing.

This has been seen as a cooperative effort among the parties involved—the municipalities, the low- and moderate-income interest groups and the developers—and changes have been made based on dialogue between the council and these groups. Once the council achieved its original mandates of the Fair Housing Act to determine housing regions and obligations, it has been in a better position to anticipate the issues and complications of providing the opportunity for low- and moderate-income housing in all municipalities—urban, suburban and rural.

We are pleased to share this, our first, "report card" with you. We believe that it demonstrates the process is working.

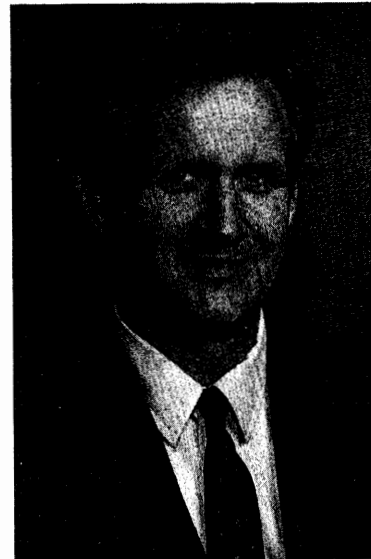
—Arthur Kondrup

## Executive Director's Message:

This report paints three pictures of the New Jersey Council on Affordable Housing (COAH): (1) major responsibilities met in the short span of COAH's existence, (2) the status of substantive certifications of municipal housing elements and fair share plans to provide a realistic opportunity for the local share of regional affordable housing needs, and (3) a preview of major items on the council's upcoming agenda, including Regional Contribution Agreements (RCAs) whereby municipalities will transfer resources to receiving municipalities to upgrade deteriorated housing. All this is accomplished through COAH's administrative alternative to the often controversial and prolonged judicial imposition of constitutional housing obligations on municipalities.

In absorbing work the judiciary had previously done in this sensitive and sometimes confrontational area of municipal land use guidance, the council has relied upon three principles: its charge from the Legislature, open and broad-based citizen participation, and efficient administration. Our experience has been that these three principles mutually reinforce one another like the joined legs of a sturdy stool, not just supporting but actually producing the base on which COAH has been able to meet every major responsibility and deadline required by the Fair Housing Act.

Imbedded in the council's work and summarized in this report, these three principles demonstrate what to expect from COAH in the coming months. This is important as more and more municipalities opt for our workable and expeditious administrative approach as intended by Governor Kean, the legislature, the courts and ultimately low- and moderate-income citizens.



**Douglas Opalski**

COAH clearly recognizes that it's only at the front end of a delivery system of affordable housing. Many other agents are essential for delivery of this end product, including our municipalities with appropriate land management ordinances, practice changes and workable housing programs; the legislature that provides housing enabling authorization and seed money; the courts that uphold fair housing principles and initiatives; developers and the real estate market seeking investment opportunities; various state and regional departments providing the regulatory framework, social service and infrastructure support, along with an array of utility authorities; etc. COAH is a partner with these other public, private and nonprofit interests. We recognize the importance of our collective role in providing shelter for the workers, the elderly and the poor alike of our state. We see the direct and basic link affordable housing plays in the social, economic and physical structure of New Jersey communities. We take our responsibilities in that delivery system very seriously. We will continue to work diligently to uphold our front end of this delivery system.



*These rental units in Washington Borough, Warren County, were eligible for credits as low and moderate income housing units constructed between April 1, 1980 and January 1, 1987.*

To date a sound base has been laid by COAH to build upon. This base is supported by open and broad based participation that's led to effective consent and general acceptance of our role, council-member commitment for effective policy guidance, and a small but experienced

and very capable staff for efficient management. Together we're helping to realize the goals of the state's Fair Housing Act—a realistic opportunity for affordable housing.

*—Douglas Opalski*



*Senior citizen housing units such as these in Mendham Borough, Morris County, were also eligible for credits against the municipality's precredited need number.*

## Affordable Housing Council Begins Work

In its Mount Laurel decision, the New Jersey Supreme Court ruled that all municipalities have a constitutional obligation to create a realistic opportunity for their fair share of the regional need for low- and moderate-income housing. This included an opportunity for decent housing for at least some portion of their indigenous poor living in deficient housing. Also, the court ruled that municipalities which have been designated in the State Development Guide Plan (SDGP) as part of a growth area have an additional responsibility to provide a fair share of the region's excess present and prospective need for low- and moderate-income housing.

The Fair Housing Act of July 2, 1985, provided a comprehensive planning and implementation process for this municipal constitutional obligation. The act established the Council on Affordable Housing (COAH) and empowered it to define housing regions and estimate the present and prospective need for low- and moderate-income housing at the state and regional level. Additionally, the council was mandated to set criteria and guidelines for

municipalities to determine their own fair share, to adjust that number where applicable, to phase in their housing obligation and, if desired, to transfer some of that housing to a willing municipality through negotiations.

The responsibility for providing realistic opportunities for low- and moderate-income housing remains with the individual municipalities. With this responsibility comes the opportunity and the flexibility to develop a housing element that addresses the low- and moderate-income housing needs of that municipality and considers the specific concerns of the community. For example, a municipality may choose to give density bonuses to developers in exchange for the construction of the required housing. Also, a municipality may decide to rehabilitate substandard units. A municipality may choose to meet a portion of its obligation through a Regional Contribution Agreement (RCA), a transfer of up to one half of its fair share to another municipality. Another option is for the municipality to subsidize specific developments of low- and moderate-income housing to mini-

mize or eliminate the number of permitted market value units.

Municipalities have the freedom to structure their responses to their fair share obligations as long as a realistic opportunity for the required low- and moderate-income housing, as indicated by the Council on Affordable Housing, is created. The form of those responses will vary from municipality to municipality depending on the nature of the need and the municipality's willingness to play an active

housing. Yet affordable housing is possible with appropriate land use regulations and through innovative techniques selected by a municipality. For example, a municipality may choose to donate or underwrite the cost of land, rezone for greater densities, use Community Development Block Grant Funds to improve land, design smaller yet sound housing units and/or incorporate modular technology.

Whatever techniques are employed,



*This former convent, while not included in any of COAH's municipal reviews, shows how a nonprofit group might put together a financial package to rehabilitate buildings for low and moderate income housing. Brand New Day, Inc., in Elizabeth used Historic Preservation grant money from the Department of Community Affairs, rental rehab funds from the city, a contribution from the Presbytery of Elizabeth, donations from individual churches and a mortgage from a local bank to pay for the renovation of the building which dates back to the 1880s.*

role in the construction or rehabilitation of sound low- and moderate-income housing.

The obstacles to low- and moderate-income housing vary throughout the state. The cost of land, permit and approval times, land improvement costs, high property taxes and home insurance rates all impact on the delivery of affordable

the delivery of low- and moderate-income housing units involves a subsidy of some form. The Fair Housing Act has appropriated funds to the New Jersey Department of Community Affairs (DCA) and to the New Jersey Housing and Mortgage Finance Agency (HMFA) to be used in subsidizing low- and moderate-income housing.

HMFA's Affordable Housing Program had an initial amount of \$15 million available to interested municipalities. In addition, HMFA has reserved 25 percent of its bond proceeds for the permanent financing of low- and moderate-income units.

DCA's Neighborhood Preservation Balanced Housing Program is primarily funded through the realty transfer tax, making its pool of money dependent on real estate activity throughout the state. Approximately \$13 million is available through this program on an annual basis.

The Fair Housing Act requires the DCA program to direct a substantial portion of these funds to urban aid cities and to provide funding to complete RCAs. Thus, the Balanced Housing Program provides urban areas an opportunity to

leverage resources to deliver affordable housing.

Admittedly, the subsidy provided by the Fair Housing Act is limited as are other monies available through HMFA, DCA and various surviving federal programs. Thus, to subsidize their fair share, some municipalities have voluntary agreements with developers to contribute fees on residential and nonresidential developments. Whether municipalities have the authority to impose such fees, however, is uncertain; a bill to grant mandatory power is pending in the legislature.

The Mount Laurel decisions have placed additional financial burdens on municipal officials. However, recognizing the limitation of funding, energetic people have come up with innovative ideas to find new sources of monies or to combine limited resources into workable programs.



*Members of the Council on Affordable Housing and its staff toured some of the low and moderate income units first constructed in the State, including these moderate units in the Society Hill development in Bernards Township, Somerset County.*

## The Council's First Year

Even before an executive director and other staff members were named, the council began its arduous task of meeting the legislative mandates to establish an administrative process to handle the low- and moderate-income housing issue.

A dozen public hearings were held throughout the state to obtain input on various issues raised by the Fair Housing Act. Once rules were proposed, six more public hearings provided individuals, municipal and other government officials, the Public Advocate's Office, businesses, organizations and the general public with the opportunity to speak out and offer suggestions. Additional meetings and seminars were held with key interest groups to insure as full an exchange of ideas as possible.

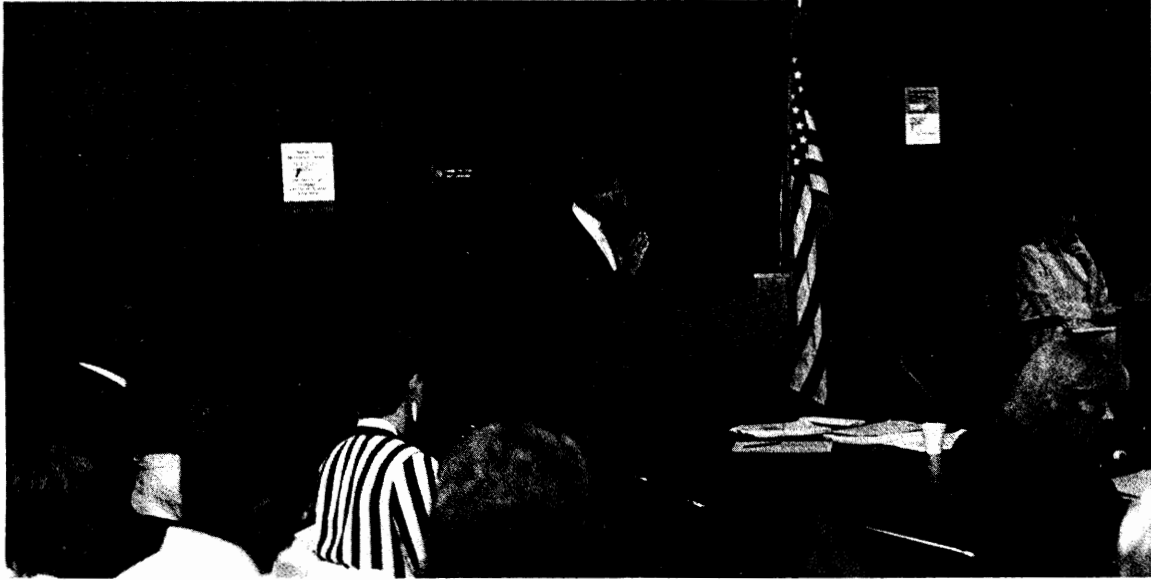
In addition, COAH asked for cooperation from the public, experts and special interest groups on a dozen special task forces to provide insight on these issues and their resolution. Many productive hours were spent by these people, the staff and COAH members to resolve the particulars. The result was a workable set of procedural and substantive rules.

Based on extensive public comment, the council proposed six supplements to its substantive rules relating to affirmative marketing, rental housing, age restriction, bedroom mix, affordability ranges and building schedules.

Throughout its administrative process, the council has carefully listened to suggestions aimed at making the process more workable and has been flexible in addressing the needs for revisions, more information and additions.

The council has also considered the written opinions on various issues, procedures and concerns. Its regular council meetings allowed and continue to permit requested presentations and extemporaneous comments from the audience. The COAH members and staff have been very receptive and cooperative in participating in seminars, workshops, roundtable discussions and individual meetings to provide information and hearing concerns of various groups, organizations, government officials and residents.

Despite the complexity of the issues, and the tight schedules, COAH met all its



*At its regular meetings on the first and third Mondays of each month, COAH Chairman Arthur Kondrup allowed members of the audience to express opinions on proposed amendments and other pertinent issues.*

deadlines for procedural rules and substantive guidelines. The council was prepared for the 120 municipalities that entered the second step in its administrative process by submitting a letter of intent by September 3, 1986, approximately one month after the substantive guidelines were adopted.

These letters of intent were reviewed by the COAH staff who offered suggestions for proper compliance and preparation of draft housing elements which were due on November 4, 1986. Council members and staff met with interested parties, neighborhood and church groups and municipal, county and state officials on the provision of affordable housing.

COAH's rules allow several occasions for any person, organization, developer or another municipality to address any concerns about how a town is addressing its housing element/fair share plan. This information was consolidated and disseminated through the bimonthly "Council on Affordable Housing Newsletter" and distributed to anyone who requested it.

The newsletter is used as a regular vehicle to deliver progress reports, updates and other information to municipalities, legislators and other government officials, housing and church organizations, civil rights groups, consultants, attorneys, developers and members of the public.

The most critical deadline came with the new year—January 5, 1987—when the first formal housing elements were due. Again, understanding the timing and the problems of municipalities, many of them working with voluntary boards and governing bodies, COAH kept its office open until midnight to accept the housing elements/fair share plans. The council has been consistently sensitive to the demands being placed on the municipalities and the issues questioned by other parties involved.

If a municipality voluntarily coming before the council missed its deadline, its case was temporarily dismissed from COAH's jurisdiction and the municipality is at risk for litigation challenging its land development. However, these municipi-

palties have been allowed back into the substantive certification process by submitting a new resolution of participation that reaffirmed participation in the administrative procedures and filing an adopted housing element before being sued. Municipalities that are transferred from the courts are automatically considered to have petitioned the council for substantive certification. To date 39 municipalities have been transferred from the courts and 36 have voluntarily requested certification.

Ninety-one municipalities made the January 5 deadline, giving them protection from litigation as they continued the process in good faith. Several others soon followed so there are 120 municipalities that have filed formal housing elements/fair share plans. Of the total, 75 of these have petitioned for substantive certification which initiates the review process. Ten municipalities have already received substantive certification and the rest are in the process.

To receive COAH approval for its

housing element/fair share plan, a municipality went through a 45-day period in which anyone could file an objection. Then, based on any valid objection, the municipality went into a 60-day mediation process. If there were no objectors, the housing element/fair share plan underwent staff review. COAH staff members who had intensive mediation training or experienced consultants handled 17 mediation cases. Based on staff recommendations, the council acted on the granting, the denial or the conditional denial of substantive certification or the transfer of the case to the Office of Administrative Law (OAL). Only two municipalities have been referred to OAL as contested cases.

With quasi-judicial powers under the Fair Housing Act, COAH also had motions to consider on the imposition or removal of resource (water, sewer, land) constraints. Some of these were argued orally and others were decided on the documents submitted.



*Mixed use, such as this old movie theatre being converted into commercial units on the ground floor with low and moderate housing on the second and third floors in Woodbury (Gloucester County), may be eligible for rehabilitated affordable units as part of a municipality's fair share plan.*

## First Substantive Certifications

On May 20, 1987, nine months from the time its substantive guidelines were adopted, COAH granted substantive certification (approval) of housing elements/fair share plans for 10 municipalities: Bordentown Township (Burlington County); Delaware Township and East Amwell Township (Hunterdon County); Deptford Township (Gloucester County); Gibbsboro Borough and Gloucester Township (Camden County); Mendham Borough (Morris County); Ringwood Borough (Passaic County); South Brunswick (Middlesex County) and Washington Borough (Warren County). Through this administrative process, these municipalities and the council are in position to put a realistic opportunity for low- and moderate-income housing in place.

These 10 municipalities represented a cross-section of New Jersey—urban aid cities, established communities, developing suburbs, villages and rural areas—and four of the council's six housing regions. Together these municipalities are to provide 917 units, primarily through new construction. As 10 municipalities among 75 that have petitioned COAH for substantive certification, these initial towns are only the beginning of compliance around the state.

The council was charged with balancing the public good with private need. With the certification of the fair share plans of the first 10 towns, this responsibility is turned over to the municipalities

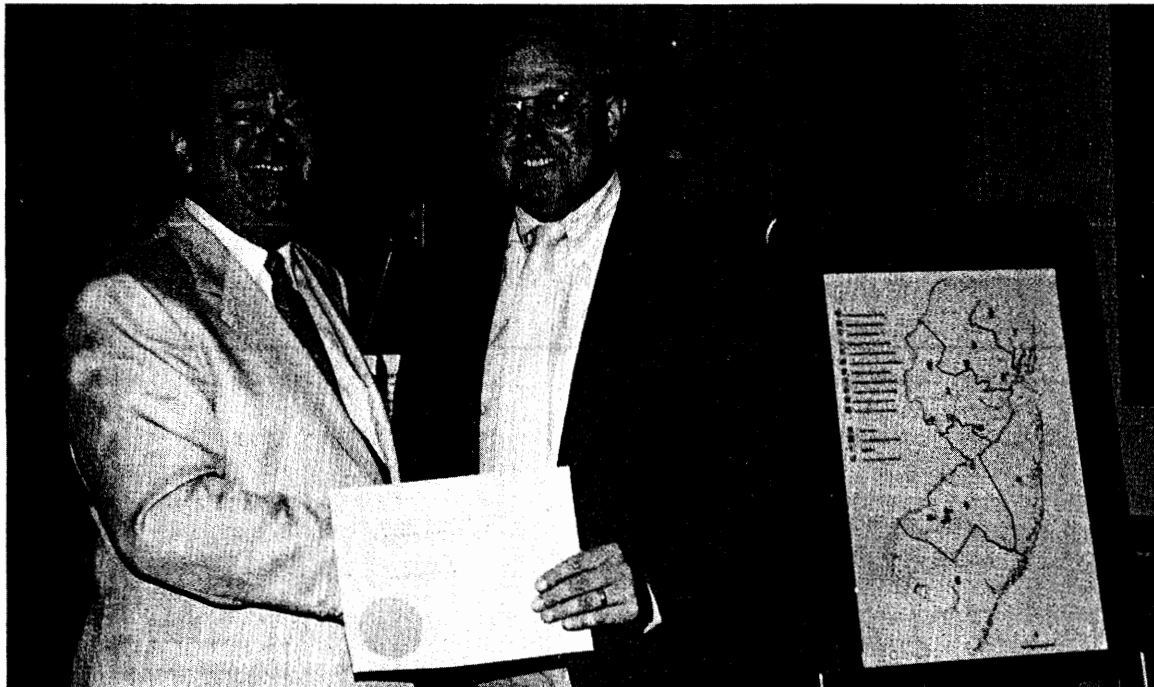
to fulfill the constitutional obligation.

The other 65 municipalities are in various stages of the substantive certification process—returned as incomplete, in mediation, mediation ended, under review with no objectors or in the 45-day period in which objectors may file. These represent an additional potential of up to 28,000 units in 18 of the state's 21 counties in five of COAH's six housing regions.

Under the Fair Housing Act, COAH's administrative process is voluntary except for the court-transferred cases. A municipality that is transferred from the courts to COAH is considered automatically to have petitioned for substantive certification. There are 39 of the 75 municipalities that fall into this category.

COAH has repeatedly encouraged municipalities to participate in the substantive certification process, noting several benefits. First, the council's administrative process allows a municipality to have a voice in how it will proceed in providing the opportunity for the construction of low- and moderate-income housing and avoids the uncertainty of the judicial process.

The fair share obligation number from COAH is a precredited need number—a starting point. A municipality then goes through the substantive guidelines to determine if it is eligible for any credits or adjustments which might lower that number.



*COAH Chairman Arthur Kondrup presented South Brunswick planner Robert Hall with a certificate and congratulated the Middlesex County township for being one of the initial 10 municipalities to receive substantive certification for fair share plans to provide affordable housing.*

A municipality may also transfer up to 50 percent of its obligation, after credits and adjustments, as long as that does not infringe upon its indigenous need, through a Regional Contribution Agreement (RCA) to a willing municipality. Also under the council's rules, a municipality does not necessarily have to use the builder's remedy which permits a developer to build four market units for each low- and moderate-income unit, thus multiplying the obligation number by five.

By coming before COAH, a municipality has some protection from litigation. With substantive certification, the costly burden of proof shifts from the municipality to potential plaintiffs on exclusionary challenges. Additionally, by participating in the COAH program, a municipality has access to state funding from DCA and HMFA to help implement its housing element/fair share plan.

Another 55 municipalities have filed housing elements/fair share plans but, under the Fair Housing Act, have six years to request review and approval of their plans to address the low- and moderate-income housing needs in their communities. A total of 120 municipalities have submitted formal housing elements/fair share plans to COAH.

This number accounts for more than 20 percent of the state's municipalities that are now before COAH. In less than a year after municipal fair share obligations were determined, this administrative process is working. The council met its legislative mandate in a very compressed time period.

The theory of who needs affordable housing and where the housing should be is no longer just mere words on paper. Now affordable housing is becoming a reality.

# The Council on Affordable Housing Regions

## Region 1— Northeast

Bergen  
Hudson  
Passaic

## Region 2— Northwest

Essex  
Morris  
Sussex  
Union

## Region 3— West Central

Hunterdon  
Middlesex  
Somerset  
Warren

## Region 4— East Central

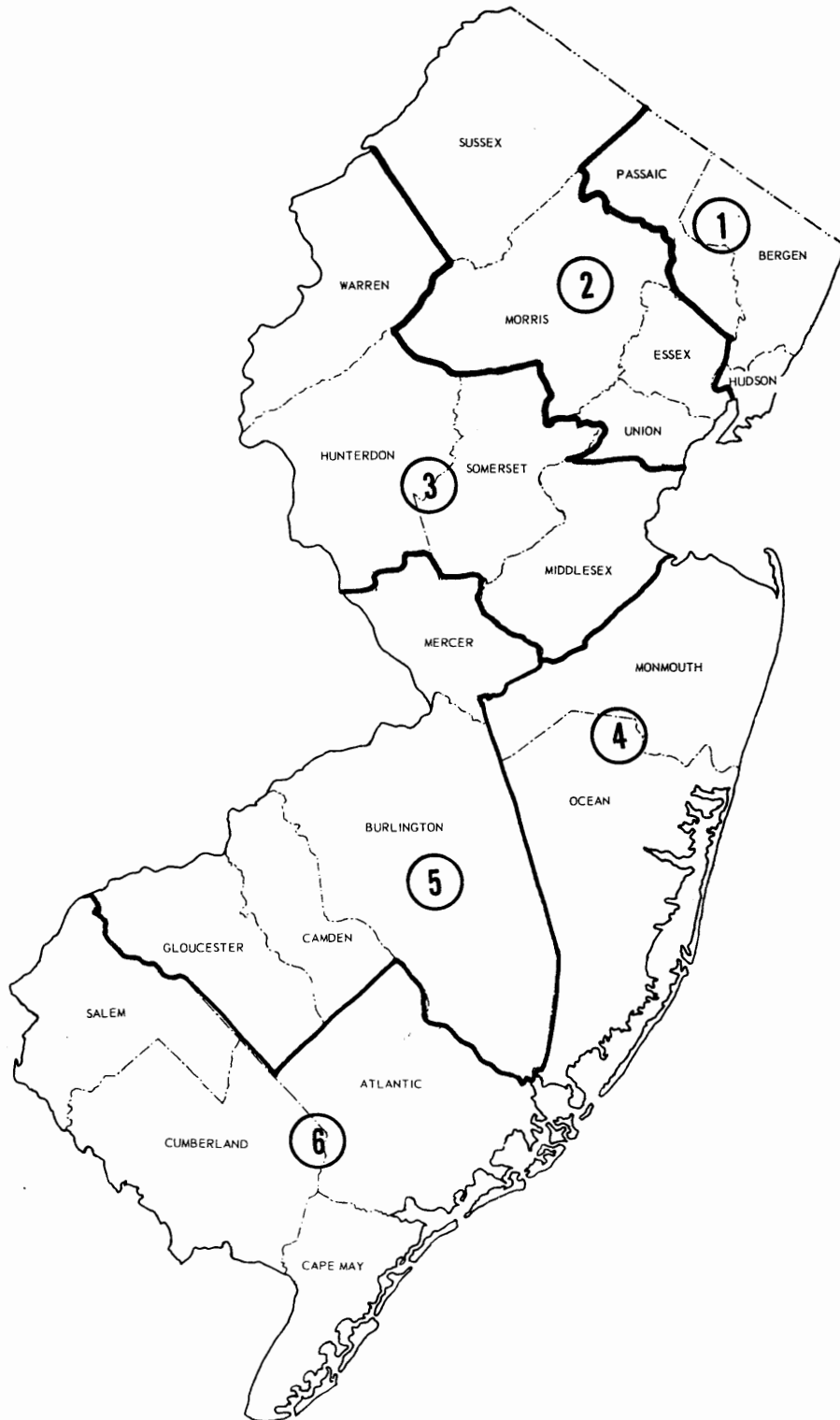
Monmouth  
Ocean

## Region 5— Southwest

Burlington  
Camden  
Gloucester  
Mercer

## Region 6— South-Southwest

Atlantic  
Cape May  
Cumberland  
Salem



# Municipalities Petitioned for Substantive Certification June 1987

## Atlantic County

Galloway Township

## Camden County

Brooklawn Boro  
\*Cherry Hill  
✓Gibbsboro  
✓\*Gloucester Twp.  
Haddon Hgts. Boro  
Winslow

## Hudson County

Union City

## Middlesex County

\*Cranbury Twp.  
\*Monroe Twp.  
\*Piscataway  
✓\*South Brunswick  
\*South Plainfield

## Passaic County

\*Bloomingdale  
Paterson City  
✓\*Ringwood  
\*West Paterson

## Union County

\*Scotch Plains  
Union Twp.

## Warren County

Mansfield  
✓Washington Boro

## Bergen County

Closter Boro  
Old Tappan  
\*Paramus  
Ramsey  
Rockleigh

## Essex County

Millburn  
\*Roseland

## Hunterdon County

✓Delaware  
✓East Amwell  
Franklin Twp.  
\*High Bridge Boro  
\*Raritan Twp.  
Readington Twp.  
\*Tewksbury Twp.

## Monmouth County

\*Freehold Twp.  
\*Holmdel  
\*Howell  
Little Silver  
\*Middletown Twp.  
\*Millstone Twp.  
Oceanport  
Red Bank  
Rumson

## Somerset County

\*Bernards Twp.  
\*Bernardsville  
\*Branchburg  
\*Franklin Twp.  
\*Green Brook  
\*Hillsborough  
Peapack/Gladstone  
Raritan Boro  
\*Watchung Boro  
\*Warren Twp.

## Burlington County

✓Bordentown Township  
Florence Township  
\*Moorestown  
Mount Holly Twp.  
Southampton Twp.

## Gloucester County

✓Deptford Township  
Woodbury City

## Mercer County

\*Lawrence Twp.  
\*Washington Twp.

## Morris County

Boonton Town  
Chatham Boro  
\*Denville  
\*East Hanover  
\*Kinnelon  
✓Mendham  
\*Passaic Twp.  
\*Randolph  
\*Washington Twp.

## Sussex County

Newton  
Sparta  
\*Wantage

## Key:

\* = Court Transferred  
✓ = Substantive  
Certification

## Affordability Controls

Since the Mount Laurel decisions, the term "resale control" has been the euphemism for those restrictions placed on newly constructed affordable housing units in planned inclusionary developments.

As we move forward with the implementation of the Fair Housing Act and its affordable housing funding mechanisms, it is evident that the term "resale" is no longer appropriate for the task ahead. All kinds of housing units—rental and sales, new and rehabilitated, urban and suburban, vacant and occupied—are on the development agenda. The new, vacant, suburban inclusionary development unit is only a piece of the entire affordable housing puzzle. The new catchword to accommodate this wider spectrum of affordable housing is "affordability controls," which is perceived as encompassing a multitude of control mechanisms for all different categories of housing.

As the initial adjustment to the fair share obligations subsides and municipalities begin to implement their affordable housing plans, we discover that the role of affordability controls becomes



*Alice Pupino relaxes in her apartment in the Mendham Area Senior Housing Corporation project in Morris County. Mendham Borough received credits for units that were constructed between April 1980 and January 1987.*

more and more demanding in relation to other affordable housing concerns.

HMFA and DCA, the two state agencies which have been delegated the responsibility for producing state-administered affordability controls, have approached their tasks acknowledging the benefits they have received from groundwork already prepared by municipalities and developers.

The Fair Housing Act delegates the primary responsibility for establishing affordability requirements and controls for housing assisted under the act to the HMFA. The act also states that DCA shall be responsible for contractual guarantees of affordability for housing funded by the department under the act. In addition, the

HMFA is authorized by the act to establish procedures whereby it may enter contractual agreements with willing municipalities that wish to transfer this obligation from the municipality to the state agency.

A number of municipalities have elected to set up their own administrative procedures for this purpose and are proceeding to develop their own affordability controls programs. Most of these municipalities already had a housing or community development component in place with prior experience in monitoring housing for low- and moderate-income households.

It is the intent of both HMFA and DCA that one state-administered program be developed that fulfills all of the require-



*The borough of Ringwood (Passaic County) plans to rehabilitate 32 units to meet its fair share number of affordable housing units. The municipality has already done work on 15 houses, such as the one above, and received credits for the rehab.*

ments of the act, precludes the duplication of services and prevents confusion for municipalities. The two agencies have been working with COAH for more than a year to develop a state program for affordability controls that will meet both HMFA and DCA statutory requirements and also serve as an administrative body for any municipality that wishes to seek these services.

There are always two basic requirements for affordability controls: (1) controls that guarantee that a housing unit will be occupied by a low- or moderate-income eligible household for a specified period of time and (2) controls that guarantee the costs of the housing unit will remain affordable to low- and moderate-income eligible households for a specified period of time.

The program is being developed as an automated system designed and programmed to track individual units that municipalities have designated as part of their affordable housing inventory. Each unit will be monitored for as long as the specified controls remain in effect. Such information as the base price and base rent, changes in the median income index, automatic recalculations of resale prices and rental charges, the number of times the unit is turned over and the range of affordability established for the unit will be included in the system.

In addition, the state is developing a program that will maintain a waiting list of prospective applicants, do some pre-

screening of applications for their potential ability to afford individual units as they become available and establish a referral mechanism to landlords and owners. Once people are referred to units, they are responsible for negotiating leases, obtaining mortgages and handling all other procedures normally performed by home and apartment seekers.

Standardized forms, including a deed restriction, an application and interview materials, are also being developed. The key document is the deed restriction or "affordable housing agreement" that will be signed for every sales and rental unit in the program. This becomes a covenant running with the land and is recorded with the property deed in the recording office of the appropriate county. On the signing of this agreement, owners of affordable housing properties are restricted in the selling or renting of their property by the provisions of the agreement. Owners who obtain state funding from DCA for the rehabilitation of an owner-occupied property will be restricted by a six-year lien of the property for the amount of the funding received.

The proposed rules to govern the HMFA and the DCA affordability controls will be published in the New Jersey Register. Meanwhile, both HMFA and DCA continue to work on program development and the planning of data processing systems that will be able to manage and monitor affordable housing as it is developed and marketed in the state.

## COAH's Next Year



*Deputy Attorneys General Geraldine Callahan and Don Palombi, Executive Director Douglas Opalski, COAH members Roderick MacDougall, James Logue and Ara Hovnanian listened as Chairman Arthur Kondrup discussed a motion before the council.*

The administrative process established by the legislature has been working, even in the short time since the inception of the Council on Affordable Housing, and will continue to work with the cooperation of those involved.

During the next year the COAH staff will proceed with the review and the mediation of the remaining 65 housing elements/fair share plans for the council's

approval, along with new ones entering this administrative process. Taking the precredited need numbers, this could possibly translate into another 28,000 affordable units for a total of 29,000 units when considering the actual fair share number for the 10 initial municipalities that received substantive certification.

The 28,000 number may very well be reduced as municipalities request credits

for eligible units created after April 1, 1980, caps to avoid a drastic alteration and adjustments for holding capacity. However, the potential remains, particularly as municipalities recognize the tremendous need for affordable housing in their communities. Municipalities may even prepare for more than their fair share obligation as did one of the initial 10 municipalities certified.

Of those first 10 municipalities, one zoned for 15 more units than required and others have plans to continue rehabilitation of deficient units beyond their fair share number.

Another innovative aspect of the Fair Housing Act is the provision for RCAs. This allows one municipality to transfer up to one half its fair share obligation, exclusive of its indigenous number, to another willing municipality, usually an older, more urban area, within its housing region. With a minimum cost of \$10,000 per unit for rehabilitation, this is seen as one way an older municipality can obtain funds to upgrade its housing stock since state and federal government funds are somewhat limited.

The act notes: "Since the urban areas are vitally important to the state, construc-

tion, conversion and rehabilitation of housing in our urban centers should be encouraged. However, the provision of housing in urban areas must be balanced with the need to provide housing throughout the state for the free mobility of citizens."

Rural and suburban municipalities view the RCAs as an answer to the possible overburdening of infrastructure, schools, roads and other municipal services brought about by the sudden increase in the number of housing units.

Approximately 30 municipalities have negotiated or are negotiating RCAs; this could mean that more than 1,600 rehabilitated or new units would be available for low- and moderate-income families in the near future.

All RCAs must be forwarded to the receiving municipality's county planning board for review and comment to insure that they are in keeping with sound, regional planning. The RCA project plans will also be reviewed by HMFA for economic feasibility. With these reviews in hand, COAH will be in a position to certify the agreements that set the rehabilitation in motion.



*This home in Ringwood Borough (Passaic County) is an example of a rehabilitated unit that was eligible for a credit toward a municipality's low and moderate income housing obligation.*

Although the first 10 municipalities were granted their substantive certifications in a special ceremony in Trenton on May 20, 1987, the other towns will receive their approvals at regular COAH meetings as the housing elements/fair share plans are processed. Based on recommendations from the staff, the council can approve, deny or deny with conditions the petition for substantive certification or refer the case to the OAL. However, final decisions belong to COAH.

Over and above these anticipated actions, more housing elements/fair share plans and RCAs will be processed. This is likely because of the following factors. First, nearly half the state's municipalities have passed resolutions of participation in COAH's program. As certifications are rendered, more of these municipalities will want to take advantage of all the ben-

efits of certification, including: program flexibility; maintenance of the planning initiative; access to related state grants; avoidance of the uncertainties of the judicial process; the legal presumption of validity; and strength in numbers, wherein housing market forces are distributed over a growing group of municipalities, rather than being focused on those emerging from housing litigation. Transfers of municipalities from the courts to the council are likely to continue as well. Finally, by August 1, 1988, every municipality in the state must prepare a housing element that addresses its low- and moderate-income housing need. Since this must be done anyway, more municipalities may very well choose to gain the benefits of participating in the council's program. Accordingly, this next year promises also to be a very active year.



*Senior citizen housing in South Brunswick was part of the credits that municipality received in calculating the fair share housing obligation for that Middlesex County community.*

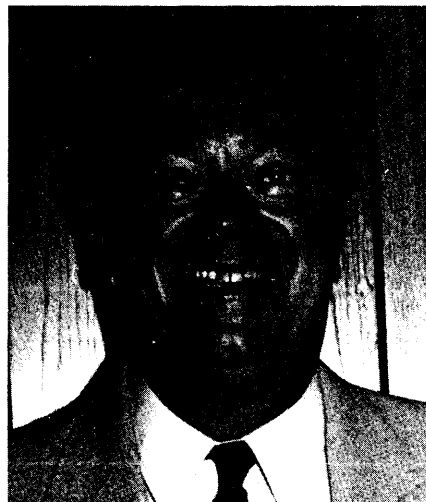
## Council Members

Under the Fair Housing Act, the membership of the nine-person Council on Affordable Housing is a careful balance of urban and suburban, Democratic and Republican, governmental and

nongovernmental interests. All nine members are appointed by the Governor with the advice and consent of the Senate.

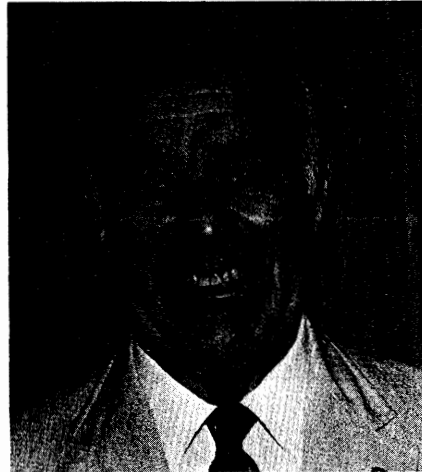
The members are as follows:

**CHAIRMAN ARTHUR KONDRUP** of Freehold Township. Kondrup is director of the Division of Housing and Development for the Department of Community Affairs. He serves on several civic organizations and is currently vice chairman of the Freehold Area Hospital Board of Trustees. He is a former Freehold Township mayor, a township committeeman, planning board and environmental commission member. A Republican, Kondrup serves as a representative of local government.



**VICE CHAIRMAN WILLIAM A. ANGUS,**

**JR.** of Moorestown. A senior adviser to Corporate Finance Associates, a national consulting firm in the area of acquisitions and mergers, Angus is a former mayor of Moorestown and continues as chairman of the Industrial Development Committee. He is a past chairman of the South Jersey Chamber of Commerce and a member of its executive committee. He is also a member of the National Panel of Arbitrators of the American Arbitration Association. A Republican, Angus is one of the public members.



**TREASURER ALDRAGE B. COOPER,**

**JR.** of New Brunswick. A former mayor of New Brunswick, he has been director of public affairs at Johnson & Johnson since 1980. Active on many state boards, including the Community Advisory Board of the University of Medicine and Dentistry—Rutgers Medical School, and a former board member of the New Jersey Economic Development Authority, Cooper is a Democrat and serves as a representative of the public interest.



**KENNETH GIBSON** of Newark. A

licensed professional engineer and mayor of Newark from 1970 to 1986, Gibson has served as president of the U.S. Conference of Mayors and is a nationally known advocate for urban revitalization. A Democrat, Gibson is a representative of local government and urban areas.



**CHARLES GRIFFITHS** of Vineland. Chairman of the Vineland High School Social Studies Department, Griffiths serves on numerous community organizations, including the Cumberland County Vocational School Board of Education. Democratic City Chairman and a Vineland City Councilman, Griffiths is a representative of local government.



**ARA K. HOVNANIAN** of Middletown. Hovnanian is executive vice president and a principal in Hovnanian Enterprises, Inc., a publicly held company specializing in attached, for-sale dwelling units. In addition, Hovnanian serves on a number of civic organizations, including the Board of Directors of the Monmouth County Conservation Foundation. Hovnanian, an independent, represents the interests of the builders and low- and moderate-income families.



**JAMES LOGUE III** of Allentown. As executive director of the New Jersey Housing and Mortgage Finance Agency, he is the member of the council who serves as ex-officio and represents the interests of low- and moderate-income households.



**RODERICK D. MACDOUGALL** of New Vernon. The retired owner and operator of a 145-acre horse farm, MacDougall has held several positions in the dairy industry, including one as vice president of New Raritan Valley Farms in Somerville. A long-time community activist, MacDougall is on the Board of Managers, Cook College, Rutgers University, and is a former president of the New Jersey State Board of Agriculture. A Republican, MacDougall is a public interest member of the council.



**CAROL J. RUFENER** of Mountain Lakes. A former mayor of Mountain Lakes, Rufener was also vice chairman of Project Morris 2000 in 1985. She is a board member of the North Jersey Transportation Council, the Morris County Rides (McRides) and the Arts Council of the Morris Area. A freeholder on the Morris County Board of Chosen Freeholders and a Republican, Rufener serves as a representative of local government.



## COAH Officers

Chairman:	Arthur Kondrup
Vice Chairman:	William A. Angus Jr.
Treasurer:	Aldrage B. Cooper Jr.
Secretary:	Renee Reiss

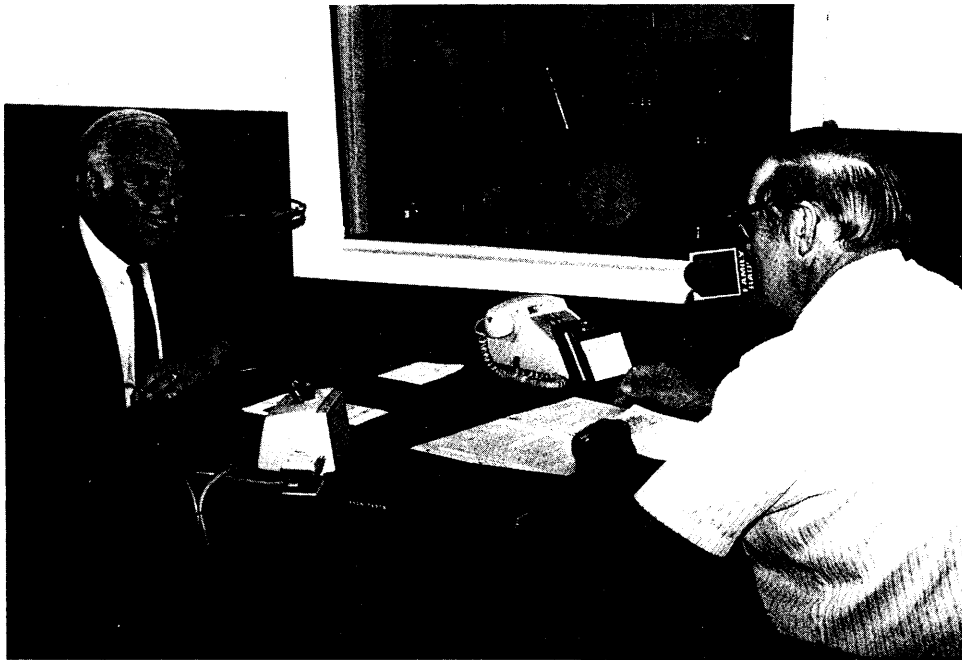
## COAH Staff

Executive Director:	Douglas V. Opalski
Deputy Director:	Art Bernard
Chief Housing Specialist:	Shirley M. Bishop
Public Information Officer:	Sidna B. Mitchell
Executive Assistant:	LaVerne Watkins
Supervising Planners:	Karen Kominsky
	Audrey Winkler
Principal Planner:	Jim Bell
	Darsie Cahall
	Jim Cordingley
	Denton Layman
	Nancy Randall
	Annemarie Uebbing
Administrative Secretary:	Renee Reiss
Secretaries:	Pam Yallowitz
	Deborah Fernandez
	Valerie Allgood

## COAH 1987 Budget

Personnel Costs	\$515,000*
Administrative Expenses	306,852
Space/Utilities/Phone	40,000
Training	15,500
Direct Council Expenses	50,000
Travel	25,000
Mediations	70,000
Outreach	50,000
<b>TOTAL</b>	<b>\$1,072,352</b>

\*Represents 11.75 person years  
1988 Budget will be \$1,439,000 @ 19 person years



*COAH members, such as Vice Chairman Bill Angus, pictured here, and staff frequently participated in seminars, workshops, panel discussions, interviews and radio programs to disseminate information to the public about the Fair Housing Act and COAH's mandates, rules and deadlines.*

New Jersey Council on Affordable Housing  
110 Princess Road  
CN 813  
Trenton, N.J. 08625-0813  
(609) 530-6663



NEW JERSEY  
COUNCIL ON AFFORDABLE HOUSING



11 C PRINCESS ROAD  
LAWRENCEVILLE N J 08648

MAILING ADDRESS:  
CN 813  
TRENTON N J 08625-0813  
609-530-6663

JAMES L. LOGUE, III  
CHAIRMAN

DOUGLAS V. OPALSKI, P.P. A.  
EXECUTIVE DIRECTOR

May 23, 1988

Attached is a copy of COAH's 1987 annual report. Since there have been changes on the council and increased activity, I would like briefly to bring you up-to-date.

As COAH chairman, Arthur Kondrup ably guided the council through its first two years. However, his acceptance of the position of assistant commissioner at the Department of Environmental Protection required that he resign from COAH. I am honored to have been designated chairman by Governor Kean.

In the last year we have seen a number of affordable units being created through new construction and rehabilitation. COAH has already granted substantive certification to 38 municipalities for a total of more than 7,500 units, mostly in new construction; this 7,500 number includes some 1,600 much needed rental units.

While most of this activity will be in the suburbs, as noted on the attached map, COAH has approved six regional contribution agreements (RCAs) which will provide funds to urban communities to upgrade their housing and help maintain the viability of these vitally important areas. The RCA monies will be used for scattered site rehabilitation, conversion, modular construction and new construction in such cities as Perth Amboy, Newark, New Brunswick, Phillipsburg and Linden.

Indeed, we have seen that the process is working and that this process will be an effective mechanism for producing low and moderate income housing well into the future.

Sincerely,

James L. Logue III  
Chairman

Enclosure  
JL/sbm/df/281c



New Jersey Council on Affordable Housing Substantive Certifications (As of May 17, 1988)

FOR MORE INFORMATION:												
Municipality	County/ Region	Date Granted	Precredit Need #	Credits	Adjusts	Fair Share	Rehab	New	Rental Units	Acc. Apts.	RCAs Sent	Mediated
Bernards Twp.*	Somerset/3	9/8/87	475	0	0	475	0^	445	88			1
Bloomington*	Passaic/1	4/4/88	182	0	12	170	53	118	0			1
Bordentown Twp.	Burlington/5	5/20/87	175	0	0	175	27	148	30			
Brooklawn Boro	Camden/5	10/5/87	27	0	21	6	6	0	0			
Chatham Boro	Morris/2	4/18/88	123	1	82	40	17	23	4			1
Delaware Twp.	Hunterdon/3	5/20/87	21	0	0	21	21	0	0			
Denville Twp.*	Morris/2	5/5/88	417	29	0	388	0^	201	201		174	1
Deptford Twp.	Gloucester/5	5/20/87	189	189	0	0	0	0	0			
East Amwell	Hunterdon/3	5/20/87	14	0	0	14	14	0	0	14		1
Franklin Twp.	Hunterdon/3	12/7/87	34	0	0	34	20	14	0			1
Franklin Twp.*	Somerset/3	9/28/87	745	253	0	492+	0	528	100		29	1
Gibbsboro	Camden/5	5/20/87	109	9	0	100	0	100	0			
Gloucester Twp.*	Camden/5	5/20/87	321	321	0	0	0	0	0			
Haddon Heights	Camden/5	8/3/87	41	10	8	23	23	0	0			
High Bridge*	Hunterdon/3	1/19/88	54	0	15	39+	20	19	34+			1
Holmdel*	Monmouth/4	5/16/88	642	0	0	642+	16	626	125		313	1
Kinnelon*	Morris/2	2/1/88	104	0	0	104	13	91	18			1
Lawrence Twp.*	Mercer/5	10/19/87	911	217	0	694+	71	623	139			
Mendham Boro	Morris/2	5/20/87	3	3	0	0	0	0	0			
Millstone Twp.*	Monmouth/4	12/7/87	11	0	0	11	5	6	6			
Moorestown Twp*	Burlington/5	5/16/88	707	27	32	648	0	648	125			1
Passaic Twp.*	Morris/2	5/2/88	198	2	0	196	17	179	54	58	42	
Piscataway*	Middlesex/3	3/7/88	911	124	0	787	164	623	213			1
Randolph Twp.*	Morris/2	11/16/87	452	142	0	310	89	221	77			1
Raritan Twp*	Hunterdon/3	9/8/87	358	0	0	358+	0	395	96			1
Red Bank	Monmouth/4	7/20/87	589	75	514	0	0	0	0			
Ringwood*	Passaic/1	5/20/87	47	15	0	32	32	0	0			1
Salem City	Salem/6	4/4/88	28	28	0	0	0	0	0			
S. Brunswick*	Middlesex/3	5/20/87	669	94	0	575+	0	590	70			1

New Jersey Council on Affordable Housing Substantive Certifications (As of May 17, 1988)

Municipality	County/ Region	Date Granted	Precredit Need #	Credits	Adjusts	Fair Share	Rehab	New	Rental Units	Acc. Apts.	RCAs Sent	Mediated
S. Plainfield*	Middlesex/3	10/19/87	403	14	0	389	14	375	100			1
Tewksbury Twp.*	Hunterdon/3	12/21/87	90	0	0	90+	33	4	0	8	45	1
Union Twp.	Union/2	9/8/87	552	305	48	199	105	94	0			1
Union Twp.	Hunterdon/3	3/7/88	7	0	0	7	0	7	1			
Warren Twp.*	Somerset/3	3/7/88	367	0	0	367	34	145	67		166	1
Washington Boro	Warren/3	5/20/87	27	27	0	0	0	0	0			
Washington Twp.*	Morris/2	2/16/88	160	11	0	149+	0^	149	74			
Winslow Twp.	Camden/5	11/16/87	404	404	0	0	0	0	0			1
Woodbury City	Gloucester/5	10/5/87	235	235	0	0	0	0	0			
<b>TOTALS</b>			<b>10802</b>	<b>2535</b>	<b>732</b>	<b>7535</b>	<b>794</b>	<b>6372</b>	<b>1588</b>	<b>80</b>	<b>769</b>	<b>21</b>
* = court-transferred									sbm/5/17/88			
+ = Municipality chose to do additional units.												
^ = Municipality chose to do all new construction.												

==== MUNICIPALITIES UNDER COURT JURISDICTION OR COURT SETTLED

||||| MUNICIPALITIES THAT HAVE SUBMITTED HOUSING ELEMENTS / FAIR SHARE PLANS

//// MUNICIPALITIES PETITIONED FOR SUBSTANTIVE CERTIFICATION

