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PUBLIC HEARING

before

RENTAL HOUSING STUDY COMMISSION

(General information-gathering session.)

December 14, 1988
Room 373
State House Annex
Trenton, New Jersey

MEMBERS OF COMMISSION PRESENT:

Assemblyman Richard C. Kamin, Chairman
Assemblyman Byron M. Baer
Senator Gerald Cardinale
Robert Fioretti
John R. Giaquinto
Mitchell Kahn
Mark Rosen
Janice Wells
Susan V. Lenz
Stephen C. Brame

ALSO PRESENT:

John Lee
Office of Legislative Services
Aide, Rental Housing Study Commission

New Jersey State Library

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RENTAL HOUSING STUDY COMMISSION
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Richard Kamin
Chairman

MEMORANDUM

TO: Members, Rental Housing Study
Commission

FROM: C. Richard Kamin, Chairman

DATE: November 30, 1988

SUBJECT: Commission meeting on
December 14, 1988

The Rental Housing Study Commission will meet on Wednesday,
December 14, 1988, in Room 373, State House Annex, beginning at 10:00 a.m.

This meeting will be a general information-gathering session. The
following representatives have been invited to address the Commission:

James Logue, Chairman, and Douglas Opalski, Executive Director, State
Council on Affordable Housing.

William G. Dressel, Jr., Assistant Executive Director, New Jersey State
League of Municipalities.

Carol Ann Short, Executive Director, New Jersey Builders
Association/Institute of Multi-Family Housing

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ASSEMBLYMAN C. RICHARD KAMIN (Chairman): Let me say good morning. Mr. Baer just said that it's illustrative of the real housing crunch, the fact that we're all cramped in up here at the front table.

Let me say good morning and thank all of you for coming as members and also those that are concerned about this issue. For the record, my name is Dick Kamin. I'm the Chairman of the Rental Housing Study Commission. What we've been working on for the last three months, actually longer, because we had to do some retroactive legislation to re-establish the viability and sanctity of this Committee, is to try to look for some solutions to the New Jersey housing problem as it not only affects us here, but around the nation. There just is a lack of affordable housing throughout all areas of the State of New Jersey.

Several factors have contributed to this problem including the loss of Federal funds, unavailability of rental units despite the fact that the construction industry is booming in other areas, rental apartments are being converted into condominiums--

There are several existing tools that have been developed to deal with this problem concerning the shortage of affordable housing, including the Fair Housing Act of 1985. HMFA can also offer mortgages about two-and-a-half percent below the going rate to moderate-income families statewide. And there's nearly 40 million which was committed to the affordable housing under the Neighborhood Preservation Balanced Housing Program over the last two years.

A bold new initiative proposed by Governor Kean this year is the Statewide Housing Partnership. And this fund will consist of 100 million to build needed housing. It promotes a partnership among banking, insurance institutions, and the State government.

There's also-- Ten million dollars will come from the balanced housing program for the partnership while the private sector will contribute nearly \$90 million. It will provide builders with loans for buildings for needed housing.

Soliciting proposals that will mix affordable rental housing units with market rate units is certainly a goal of this issue. This is a bipartisan effort, incidentally, which we certainly find to be the most effective in government.

A number of initiatives are under way right now including Assembly Bill 1504 which is sponsored by Assemblymen Schwartz and Loveys to establish the Tenant Ownership Assistance Fund. Assembly Bill 1510 which is also a Schwartz/Loveys Bill for the Employee Assisted Community Housing Fund. Assembly Bill 1607, which is sponsored by Assemblyman Kelly for the Fair Housing Act which would permit municipalities to grant exemptions from property taxes for low- and moderate-income housing. And in Assembly Resolution No. 92 by Assemblymen Kelly and Roma, which I believe has been passed, at least by our house, would memorialize Congress to pass legislation extending the ability of state housing agencies to issue tax-exempt mortgage revenue bonds.

We all know from the earlier meetings here that the biggest thing is the-- The most difficult thing is cracking that down payment, the security, or whatever it might be, that first nut, in order to get people into housing and make it affordable.

Since we are now transcribing our minutes to be more accurate and to help the members in between meetings, I'd like to go around the table. And if you would identify yourself and give the name and spell the name so that the transcribers can -- and where you're from -- so that the transcribers can give an accurate account of the minutes. If there's anyone that's coming to testify today that has constraints on their time and has to perhaps go to another meeting-- For example, we have a

representative from the DCA, Department of Community Affairs that is, who's asked to speak early so that she can also attend a meeting up in Newark at one o'clock.

Is there anyone that has such constraints that does want to make comments before us today and has a problem? (no response) Otherwise we'll just kind of go in order. I expect this meeting to take about two-and-a-half to three hours longer if needed. And with that, let me start to my left.

MS. LENZ: Susan Lenz, L-E-N-Z, representing Commissioner Villane from the Department of Community Affairs.

MR. BRAME: Steven Brame, B-R-A-M-E, representing Commissioner Putnam, Department of Commerce, Energy and Economic Development.

MR. ROSEN: Mark Rosen, R-O-S-E-N, appointed by the Governor.

MR. FIORETTI: Bob Fioretti, F-I-O-R-E-T-T-I, Waterfront Invest.

MS. WELLS: Jan Wells, W-E-L-L-S, Chatham, New Jersey, Builder and Developer.

MR. GIAQUINTO: John Giaquinto, G-I-A-Q-U-I-N-T-O, from Edison, New Jersey, appointed by Senator Russo, property builder and apartment owner.

ASSEMBLYMAN BAER: Byron Baer, District 37, Assemblyman.

MR. KAHN: Mitchell Kahn, M-I-T-C-H-E-L-L K-A-H-N, Executive Director of Bergen County Housing Coalition.

ASSEMBLYMAN BAER: Oh, that's right. I forgot to spell my name. B-Y-R-O-N B-A-E-R.

ASSEMBLYMAN KAMIN: Thanks, Byron. Also John Kingston, from Majority Staff, John Lee, from Office of Legislative Services. Let me ask if I could to get us back on track, if Susan Repko from Department of Community Affairs could come up for some comments. She distributed, I think, to everyone here on the Committee some follow-ups from the questions we had from Deputy Commissioner Lerman last time.

There were some questions that the Committee had asked. She has responded in writing, and if there are any additional ones that perhaps the Department of Community Affairs could answer, she's available here to respond to those. Susan just stood, for those of you who weren't looking. Thank you. Or if you want to look at this while we get into some additional testimony from this morning and then we can go back to Susan later if she'll just kind of stay with us for maybe 20 minutes to a half-an-hour.

James Logue, Chairman, and Douglas Opalski of the State Council on Affordable Housing are both here this morning. And since you're kind of first on my list, how about we ask you two to kind of slide up and give us some comments? Jim, if you want to slip around here and sit up here, there's another mike. We'll put you in this corner. How's that?

J A M E S L O G U E: Fine.

ASSEMBLYMAN KAMIN: And I pronounced Opalski's name wrong. Doug Opalski, okay.

D O U G L A S O P A L S K I: Thank you.

MR. LOGUE: Let me start off by saying it's a pleasure to be here again. I spoke before you in my other role as Executive Director of the Housing and Mortgage Finance Agency, and today I'm here as Chairman of the Council on Affordable Housing, and Doug is the Executive Director of the Council.

Let me start off by saying I have a few points I'll make, and Doug can fill in any things he thinks are important. I'd be happy to answer any questions or discuss overall issues.

I don't think I have to explain to any member here the role of the Council on Affordable Housing as created by the Fair Housing Act. Let me suffice it to say that we've been in existence for a time and I think we've made some great progress in having municipalities meet their fair share obligation at getting affordable housing approved and under way throughout

the State. One of the major concerns the Council has had since it's inception has been the ability to address the need for low- and moderate-income rental housing in the State, which I think we consider to be an essential ingredient in any overall housing policy -- and that overall policy would include the work of the Council under the Fair Housing Act, certainly from the perspective of being able to afford home ownership.

Home ownership does not meet all the needs in any state, and particularly in the State of New Jersey we recognize that there is a certain segment of the population that is not going to be served for a variety of reasons by just having affordable home ownership available to them.

For economic reasons, for social reasons, for a variety of factors rental housing is essential if we're going to achieve affordable housing for everybody. The single parent who is really not in a position to own a home, may not even wish to own a home. There are people out there who really are not capable, even if they were able to afford home ownership initially -- may not be in a position to maintain that home on an ownership basis. That's why rental housing, again, for a variety of reasons, is essential.

The Council, as I mentioned, has recognized that need and has tried to implement strategies within its regulations that would make affordable rental housing a priority in the towns meeting their affordable housing obligation. And we've done a number of things to try and accomplish this, and I think, to date, we've seen that we've had some success in getting rental housing -- low- and moderate-rental income rental housing under way.

One of the first things that the Council deliberated on and finally passed, was a policy by which municipalities that had an obligation -- a housing obligation of over 125 units would have to incorporate within their plan a rental housing component, and that within their plan, at least 25% of

the units that they were obligated to provide would be in the form of rental housing, either through zoning variances or through direct development by the municipality or another governmental or nonprofit entity.

With that, we also approved a concept by which a municipality that did provide for rental housing either because of the 125 unit requirement or through their own initiative would receive, in essence, a bonus credit of one-third unit for each rental housing unit that they planned for or provided for in their overall housing element. So there was a distinct incentive to municipalities who wanted to reduce the densities that they might have to otherwise provide, to provide rental housing. So for every unit of rental housing that they provided for, a municipality would get one-and-one-third credit for that unit, recognizing that rental housing is probably the most difficult type of real estate and the least inviting type of real estate today for builders to develop, especially in New Jersey.

So we have both an obligation and a incentive built into our process that addresses the need for rental housing. Let me give you-- I won't bother you with a lot of statistics, but I think it's important for you to know where the Council is today with regard to its process. We've got 162 municipalities that have filed housing elements, 106 of which have petitioned for certification, which means that they're actively undergoing the review process with the Council. We have certified to date 57 municipalities, and of these 57 municipalities, there's a fair share obligation of almost 12,000 units. That means that 12,000 units of both purchase and rental housing have been planned for by these 57 municipalities.

Of the almost 12,000 units, 2800 of these units are rental units, and there will be another 95 new rental units developed through regional contribution agreements which are the allowed transfers between one municipality and another of up to 50% of the ascending municipality's obligation.

So this represents that 24% of the total units that we've certified, so far, have been rental units, and these are, of course, low- and moderate-income rental units. So if you consider the fact that I think that these statistics statewide for the last number of years in the State have been that 4% of the total market rate housing that had been building in the State has been rental, the fact that we've initiated 24% of the units that we've certified so far, indicates that some of the incentives and regulations that we put into place to encourage rental housing have, in fact, paid off. So I think that's a significant positive indication that rental housing for low- and moderate-income people is getting built through our process, at least to date.

The other aspects of the rental housing that we are involved with through our process include that-- One of the questions is, what is "affordable" as far as rental housing? The Council has established that rental housing is affordable to low- and moderate-income -- and we define low- and moderate-income as people who earn not more than 50% of the median income and moderate income as people earning between 50% and 80% of the area median. We consider affordable to those two income categories, being a tenant not paying more than 30% of their income for rent and utilities. We include utilities in that 30% whereas in some cases, utilities, under other programs, are considered outside of the 30%. But we consider that to be-- It's necessary to make the units affordable, assuming that they're going to spend no more than 30% of their combined income -- of their income for the combination of rent plus utilities.

As I said we are seeing both through the RCA process, rental housing being developed, and through the direct certification process -- that is where towns are actually providing zoning in their own municipality for rental housing to become accomplished through the process.

The two programs that were the direct funding programs through the Fair Housing Act, the Balanced Housing Program and the Affordable Housing Program; Balanced Housing being run by the Department of Community Affairs, and the Affordable Housing Program by the Agency. Both programs give priority as far as the amount of money and the availability of money to rental housing. On a per unit basis you can obtain higher levels of funding, if you're doing rental housing, and in fact you can receive funding from both the Affordable Housing and the Balanced Housing Program for one project, if you're doing rental housing; recognizing that rental housing within the State is the most expensive type of housing to develop.

I think it's important to recognize that some of the reasons why rental housing is not an attractive type of real estate option for developers today -- and a lot of these factors are beyond the control of simply the State, but are really functions of what the Federal government has or has not been doing over the past few years with regard to rental housing.

Probably the biggest impact -- negative impact on rental housing recently was the passage of the 1986 Tax Reform Act which essentially eliminated all of the significant tax advantages to owning rental housing, and replaced it with a much less, although it's become increasingly more productive -- but a much less attractive option which is known as a Low-Income Housing Tax Credit, essentially where developers were able to take accelerated depreciation on the properties that they owned for rental housing, prior to the '86 Tax Act. That is no longer an available option to them. Then in its place, they have the tax credit which is worth quite a bit less than the overall accelerated depreciation that used to exist.

If you couple that with the fact that on the direct spending side the real significant Federal housing programs that New Jersey was very successful in utilizing and developing

true low-income housing are no longer available, you have a real double hit on rental housing production. It just doesn't make a lot of sense for a developer to get into rental housing if they have the option of doing purchase housing, getting their money out fairly quickly, and having a reasonable return on their investment.

So I think it's important for the Commission to know that for any meaningful reentry into the rental housing area for low- and moderate-income, there's going to have to be a reentry on a Federal level or some movement towards getting back to providing the incentives for low-income housing, if we're going to really make a significant dent in the problem. That's not to say that we aren't making a very good effort, so far, I believe on the State level with the resources we have available.

The two other aspects that I think are important that the Council's put into its regulations with regard to rental housing in ensuring that rental housing for families is achieved, is the fact that we have a bedroom mix requirement, which means that if a project has two, three -- one, two, and three bedroom units within its configuration a representative portion of each unit's size has to be set aside for low-income, so that we can get the two bedroom and three bedroom and hopefully even four bedroom units that are really needed by low-income families to be put together as rental. That's essential.

The other aspect that we consider essential is an affirmative marketing obligation on the part of each municipality that participates in our program to assure that the marketing of these low-income units is broad based and is designed to ensure that people who would be least likely to apply for this housing would have the knowledge and the opportunity to apply for it. We consider this to be essential, also, with respect to ensuring that this rental housing opportunity is available to all people.

That covers, I think, all I wanted to outline. I'll turn it over to Doug. If you had anything you wanted to add or amplify?

MR. OPALSKI: I would, Jim. There are some things that the Council's recommended that ought to be, by way of refining the Fair Housing Act, and those refinements would result in more rental units. One of those refinements would be that municipalities who filed the housing element with the Council but have not petitioned for certification, that they do so within two years of having filed.

Right now we have 56 municipalities that have filed, but have not petitioned. The collective number of low- and moderate-income units that would be generated from those 56 would be in the order of 18,000 units, and about 4500 of those would be rental units. What essentially municipalities have done, is bought an insurance policy under the Fair Housing Act as it's now written that does not require them to proceed with the implementation of their plan. Yet that plan would result in another 4500 rental units, if they were, indeed, certified.

So the first thing the Council has done is to recommend to the Legislature that that refinement be incorporated in the Fair Housing Act. The second is with respect to regional contribution agreements, the Council feels that there are linkages between municipalities in adjacent housing regions. For example, a commuting municipality on the Route 9 Corridor in Monmouth County may well have job linkages in Middlesex County where Route 9 also occurs. Yet a fixed boundary, a housing region boundary, separates the two counties.

Now we think in instances such as that, it makes sense to allow for a transfer of funds from municipalities and adjacent housing regions so long as it meets the objectives of the Fair Housing Act as specified by the Legislature; one of those being the revitalization of urban centers. So that that would indeed allow and facilitate more regional contribution

agreements, and those regional contribution agreements may indeed include rental units, as Jim pointed out. So the second way in which we could stimulate more rental units would be to make the regional contribution agreement process more flexible.

Finally, the Council has a Task Force that's formed to begin to look at affordability controls. It's too premature to suggest what may emerge from that, but the intent is clearly to ensure that units brought on-line by the Council through the Council's process will be available for a longer period of time. Clearly it's in our purview to do that -- to look at the affordability controls, the length of those controls, and therefore the assurance that the stock of rental housing provided through the Council's process is in place for a longer period of time.

So those are three things that may well emerge, two of which have been recommended to the Legislature now. We believe it will help produce more units. They're within our purview, and we think they are implementable.

MR. LOGUE: To amplify one other point that we've also recommended, we had a three-year report to the Governor and the Legislature as required under our Act on recommendations that Council would make, in making the legislation more workable.

The other concept that we believe would be helpful in facilitating regional contribution agreements -- and we believe also, as a result, more rental units -- would be to allow for an option for municipalities to either directly negotiate with a receiving municipality or alternatively in directly negotiating, is what the law allows now, where one municipality makes contact with another municipality, and these two municipalities work out a regional contribution agreement.

We found through the few years of experience we've had with that so far, that oftentimes the complexities of putting together a package which can be astronomical in size and nature are often beyond the limited capacity of municipalities -- both on time and expertise -- in putting these things together.

One of the other suggestions we've made is to allow an option whereby a municipality that wants to send -- transfer some of its obligation out would be able to essentially transfer that obligation by contributing essentially money on a per unit basis to a State department or agency who in turn would then make that money available to other receiving municipalities that are interested in developing affordable housing on a pool basis, so that we can pool the resources together and provide a link that may not exist today between the senders and the receivers that would allow for expertise to be there, and to put together good housing proposals and also have the funding available to do that.

We think that would be-- And I've talked to a number of officials from municipalities who have participated in this program so far and gone through the RCA process and have told me that if they had had that option, they would have likely chosen it as an alternative to the direct negotiation because the time that, for instance a Mayor would have to spend -- and the Mayor of Denville comes to mind who just successfully completed an entire package and did an extremely good job on it -- said he had to become a housing expert in the process and said he would have liked to have had the option of having, essentially, a statewide bank that they could have directly contributed to -- not have had to worry about rounding up sending -- receiving municipality and worrying about whether they had the capacity to put the project together and essentially say, "We'll meet our obligation by providing 'X' number of dollars per unit."

Then a State agency could, then, put the money back to municipalities who brought in good workable housing plans and created this linkage that would have probably made the process move a lot faster and taken some of the burden off of the municipalities to worry about these housing projects.

So that's another recommendation we think would help the process, particularly in rental housing because we're seeing receiving municipalities that want to get into the program really looking at rental housing as meeting a big part of their need; and we're talking about basically urban areas that really need to have rental housing provided. So that's another option that we think is worthy of looking at.

ASSEMBLYMAN KAMIN: Thank you Doug, Jim. One of the questions you raised or comments you raised, Jim, was the implementation of, I guess, a home rule agency to control and develop the availability of the housing once it's been established, to make sure the people who, in fact, need it, become aware of the fact that it's available. Did you look at just the municipal level for implementation of that for the clearing house or the concept of the county doing it or perhaps a State agency? What do you feel is the best way to kind of pool all those demographics to put together -- to match up the housing with the people.

MR. LOGUE: We feel there's a definite need for a statewide clearing house to make availability known on a statewide basis. Right now the obligation falls to the municipal government that's putting the plan together because that's their obligation, and they don't have a formal option right now to do otherwise.

But I think a statewide clearing house is essential, if we're going to make sure that the housing gets to the people who need it, and that there's fair opportunity for all people who are interested in that housing to have availability to it. And I know there are a number of legislative initiatives to move that concept, and we would strongly support that concept.

Again it's a function-- There are municipalities who are interested in doing that component and all components and who do it well. But there are others who, quite honestly, have

other pressing matters that they have to turn their attention to, and we appreciate on the Council the variety of issues that local municipal officials have to deal with to: A) understand that, you know, that garbage -- the garbage crisis in one town and toxic waste in others may be overriding issues than to give-- To have this opportunity -- this resource available to them, I think, would be appropriate and would be very worthwhile.

ASSEMBLYMAN KAMIN: Is the thought to have the State agency -- is the agency to collect it and then the implementation of it throughout the counties?

MR. LOGUE: I don't-- We would deal probably directly-- We don't have any overall idea of what the best game plan would be, but certainly, either through the Department of Community Affairs, through the Council itself, working with whatever entities were interested in participating. There are good-- For instance in the issue of affirmative marketing, there are many good county organizations that participate in fair housing practices and would be an existing network that would be utilized.

So we'd be looking to use whatever networks were existing and available, and to the extent they were, we'd want to fill the gaps in.

MS. LENZ: I should add that the Department of Community Affairs very recently agreed with the Council on Affordable Housing that we would work together on putting together assisted housing inventory which would be his first step in a clearing house to get some comprehensive list of all of the assisted housing in New Jersey, whether it's Federal, State-- What we're particularly going to work with COAH on is the units included in fair share plans. We expect to have that first piece done by the end of March. So there will be-- And it will all be on computer which, in theory, you'll be able to tap into it, by a phone, from any source. So that anyone

calling and wanting to know how many assisted units there were in a particular municipality, county, whatever, that information would be readily available.

ASSEMBLYMAN KAMIN: Thank you. Let me add that since we started the meeting, Senator Cardinale from Bergen County has joined us, another member of our Commission, and we're glad to have you with us.

SENATOR CARDINALE: How are you?

ASSEMBLYMAN KAMIN: Other questions?

MR. KAHN: Yes.

ASSEMBLYMAN KAMIN: Mr. Kahn, go ahead.

MR. KAHN: The Council's target for the number of affordable units is 165,000, in that neighborhood?

MR. OPALSKI: Well the pre-credited need was 145,700.

MR. KAHN: Okay, and you have 12,000 in the pipe line?

MR. OPALSKI: Twelve thousand in the pipe line have been certified, and then another 47 that are in the process of being certified, and another 56 that are waiting in the wings that are filed but not petitioned. The courts have another 46, and one of the pieces to complete the clearing house that was brought up by Dick would have to be the pulling together of the compliance plans from the courts; over 200 municipalities that are essentially the growth municipalities in the State. It's not the sheer number, but it's where the market is that drives the process forward. They're basically in the process in one form or another, either in court, before us with a filed plan, or with a certified plan -- one that's seeking certification.

MR. KAHN: Okay, one thing I would like to see, you know, that comes out of whatever reports are generated by this Committee is the timetable in which these units are completed. Obviously you've been in existence for a couple years now, and at this pace where we're to complete 145,000 units it may take 20 years or more. And who knows what the need might be at that point? So I think that that should be in the record.

MR. LOGUE: I think that's a good point and it's one we've addressed again in our report as an observation. That is that by its very nature, the Fair Housing Act and the process through our Council, is a voluntary process. Municipalities have no mandate or obligation to participate. They make a decision as to whether or not they wish to or not. If they do participate, they enjoy certain benefits. If they don't, then they don't have the protection of the Council certification.

Our feeling as a Council is until the process is made -- unless it's made mandatory, we're not going to get all the municipalities that have an obligation before us, because they're going to-- Some municipalities have made a decision that it's not in their best interest to participate, and that's certainly their prerogative under the Act.

MR. OPALSKI: I think your question, though, raises two other aspects. One is streamlining the permit process by which a builder wants part of a plan; indeed, proceeds toward the implementation of the units -- the building of the units. And that's a bigger, larger issue that would have to be redressed through whatever actions the Legislature and/or the Governor decide to take.

But beyond that, the benefit of having been transferred to the Council does short-circuit the timetable. A number of cases that we've certified have come from court. They've been longstanding litigation for 10, 15 years in some instances, and yet, because of the mediation process and the wisdom of the Legislature, we've been able to short-circuit that and, indeed, come up with settlements and agreements that both parties can agree to; developers on the one hand, municipalities on the other.

So some tough nut mediation cases that we've inherited from the courts have been resolved in a very short time period as viewed against the past track record of entrenched

litigation. We may have been able to cut that down by one-tenth of the time that it took the court to arrive at a compliance plan. Mediation does work.

ASSEMBLYMAN KAMIN: Assemblyman Baer.

ASSEMBLYMAN BAER: Yeah. I think in terms of these numbers, your predecessor was certainly with -- was certainly pretty frank in some of his public statements that these are targets. But the realistic expectation of the number of units expected to actually be produced within this burst -- is it a five- or six-year cycle? -- was a small fraction of that, realistically. Maybe you've made similar statements but I haven't got your -- haven't got any -- not as familiar with what your public statements have been. Do you share that view?

MS. LOGUE: I share the view that is, until the process is made mandatory, we will not see all the units defined as being needed by the Council being completed within the six-year time frame. The other factors we have to recognize are that the Mt. Laurel process is to a large extent a market driven process by its voluntary nature. To the extent that the market softens as it has recently somewhat, the stick, if you will, of the builders' remedy or the coming into a municipality somewhat lessened because of the capacity to do it -- do 145,000 units.

ASSEMBLYMAN BAER: Well, through you Mr. Chairman, the falling -- not having them all is one thing. But, I mean, frankly, don't you also share the expectation, not the hope but the expectation -- I realize you're doing everything you can; this is not a question of motivation -- that's expected to produce a small fraction of the target goal number? It's not just falling short by a small amount.

MR. OPALSKI: Well I think the numbers -- if you take the 200 municipalities -- the numbers of low- and moderate-income units that would be generated from those two hundred would be in excess of 61,000 units, which is not a small fraction but a significant portion of the total amount.

They're essentially occurring in the suburbanizing municipalities by and large; the urban municipalities where an enormous amount of rehabilitation is to occur. And our pre-credited need is for about 80,000 units for rehabilitation that that really is going to take a long-term commitment on the State's part in order to boot strap up and redevelop urban areas.

That's essentially where the number will not be addressed; is the rehabilitation of urban areas. That is a significant issue, and it needs to be redressed on a long-term basis. It will take a long-term comittment to redevelop the urbanized portions of New Jersey. And I think that, one recognizes, won't be done overnight.

ASSEMBLYMAN BAER: Well I recognize that. I was going to proceed in another direction, but your mentioning that, certainly brings to mind the question not only of what's going to be happening with rehabilitation of the urban areas, but what's going to be happening with the loss -- further loss of affordable units in urban areas? Am I correct that presently -- those losses of affordable units that occur through the various mechanisms that you're aware of and have been mentioned here? I think the numbers you're familiar with do not plug into the formula process that you've developed. So that although there's strong incentives or varying incentives to produce housing in meeting these goals, there's no incentive under this mechanism to reduce the loss of units.

MR. OPALSKI: There are affordability controls.

ASSEMBLYMAN BAER: Because those lost units do not--

MR. LOGUE: You're talking about the loss of existing units.

ASSEMBLYMAN BAER: Existing units. The loss of existing units are not recorded and end up producing a liability which increases the goals of the particular communities affected. So they don't--

MR. LOGUE: Well theoretically it will be picked up in 1993 at the end of this six-year cycle, and then will be factored into their subsequent obligation of them.

ASSEMBLYMAN BAER: Maybe. Who knows what's going to happen with the new cycle? But in this cycle there's no incentive.

MR. LOGUE: Well there's no-- I'm not sure that we have any opportunity to provide an incentive, to be perfectly honest. First of all, the variety of statistics I've seen have been fairly inarticulate about where units are being lost and who's losing them and how quickly. I think there is a-- There's got to be a lot more research into -- and a good sound mechanism determining when units are lost, to plug that into a formula.

ASSEMBLYMAN BAER: So it's-- Even if it was desirable to do so, we don't have the data that would make the formula--

MR. LOGUE: I am not aware of--

ASSEMBLYMAN BAER: Or could it be gotten?

MR. LOGUE: I'm not sure that anybody has the-- The Federal government which has the biggest housing inventory in the country of low-income units has no concrete idea of how many units it will lose just in it's own inventory of affordable housing. And again they're the largest provider of low-income units.

ASSEMBLYMAN BAER: And we don't--

MR. LOGUE: Our Agency, the Housing and Mortgage Finance Agency, which had produced 44,000 rental units throughout the State-- We do have a very good idea of how many units we're going to lose over the next 30 years or so. And that right now, based on our current policies, is zero because we won't allow the units to be prepaid -- the mortgages on these units to be prepaid and converted to alternative uses.

ASSEMBLYMAN BAER: You implied, as part of your answer, that it wasn't just a matter of data but you weren't

sure that you had the authority to plug in such a requirement, presumably even if you had the data? Is that correct?

MR. LOGUE: That's correct.

ASSEMBLYMAN BAER: Do you feel that this is something desirable to have the authority on? I see, you know, you've made a series of legislative recommendations. Is there some reason that this was not included in them? It wasn't, was it?

MR. LOGUE: No, it was not included.

ASSEMBLYMAN BAER: Do you feel that the loss of units isn't significant enough to warrant a legislative recommendation?

MR. LOGUE: Well our feeling, as I mentioned earlier, is that the loss of units in every six-year cycle will be picked up during that six-year cycle through our new determination of obligation. So that if there are units lost during the six-year cycle, the next time we determine the numbers of the obligation numbers, I believe our formulas will be cognizant to the fact that units have -- or there's a potential that they've been lost, and we'll take that into account.

ASSEMBLYMAN BAER: Let me just, before I move on, put it this way. There are some folks that feel that we're having a dramatic hemorrhage, loss of affordable units. It's occurring at a very rapid rate. It's a very heavy, very drastic effect on housing and society that depends on it, and that this isn't something that can afford to wait for a six-year cycle. How do you feel about that?

MR. LOGUE: I would, as Chairman, have no opposition to a mechanism by which we can incorporate loss, or if we don't have the authority to have some opportunity or authority to prevent that loss, if we have statistical basis to make that determination I would support--

ASSEMBLYMAN BAER: Well, I for one--

MR. LOGUE: --that as a concept.

ASSEMBLYMAN BAER: --as a member of the Commission would very much welcome your further input, if you would take a look at that, considering the various multiple causes for loss of units which have been identified. We don't need to spell them out here. The Chairman identified quite a number of them. It wasn't a total list, but he's aware of it, and I didn't want to cover every little base.

ASSEMBLYMAN KAMIN: Right.

ASSEMBLYMAN BAER: If you could look at-- I'm just trying to say there was-- I'm sure there was no effort to deliberately leave anything out in any way. But I think it would be very valuable if you would communicate further with the Committee either through the Chairman or further testimony, or whatever, so we could receive your thoughts on recommendations for a practical way of achieving this.

MR. OPALSKI: We'll do that.

ASSEMBLYMAN BAER: Let me ask you a question on marketing. I think the marketing objectives as you stated are very worthwhile and laudable. There's one problem that's come to my attention. I'm not sure I have the answer to it, but I thought perhaps you've given it some consideration and your people since you're thinking full-time on these problems--

Some concerns have been expressed by some quarters that the marketing efforts and the rental efforts seem to miss a lot of what some people would hope would be a target group that needs housing. That whether it's because of preferences of developers or whether it's because of shortcomings in the flow of information, or whatever, that a lot of the units seem to be filled with -- new units, that is -- with people who perhaps are of low-income, but merely because this is a very short transitional situation with families that have great opportunities before them.

I think a newspaper article in The Star-Ledger, at one point, illustrated that an archeologist with a Ph.D. that was

just a year out of school -- well maybe there aren't a lot of people doing hiring in archaeology. The point, nonetheless, is the person with a fine education and maybe with a lot of opportunity up to that point probably needs the opportunity, perhaps-- Well let me just say: These aren't the only folks that need opportunity. I wouldn't suggest anybody be ignored.

And yet, it's a perplexing problem as to how you practically address this. I wonder if you have heard discussion and thought on it, and whether there's any awareness of ideas on how this could be addressed, even before you get to the question as to whether there's the will to do so.

MR. LOGUE: I think that that's a very good question and certainly an issue that we've considered in a lot of arenas. There is a perception that people who may not need it as-- It's a really a question of people who need it the most, getting the availability of the unit. I think that's what you're addressing. And as you pointed out, there's a real dilemma there. How do you project or predict somebody who may meet the income levels today and their opportunities in the future based on what may be very subjective determiners? You know, whether somebody has a college degree or whether their long-term prospects for increasing in their income make them less of a priority to serve than other people who maybe have different circumstances.

Those are issues that I'm not sure that anybody can address legally or honestly: How you deal with people who-- You have to have criteria, and if people meet the criteria, they should have an equal opportunity or an opportunity to get a unit, in this instance. And the way we've approached it is that we want to ensure that the opportunity to apply and the fairness of the awarding of units is accomplished. There's got to be a clear and approved mechanism to ensure that people who are least likely to apply -- and generally we're talking about least likely to apply are people of -- certainly of minority --

more minorities in an area which doesn't have a high percentage of minorities. Those are people who are least likely to apply for that housing, traditionally. These are Federal definitions under fair housing law.

And our requirements are that a project that has units available in an area that is predominantly non minority today must make a concerted affirmative effort to market the units and the availability of these units to people who are least likely to apply, and they can't rent up these units or sell the units until they've gone through that marketing plan.

The next phase of that is to ensure that the process by which the units are allocated, either again on a purchase or rental basis, is done fairly and honestly. Generally, you know, you can do that through a lottery or a pool or some mechanism that ensures the fairness and objectivity of people who meet the basic criteria.

ASSEMBLYMAN BAER: Well, let me ask about that. I read about the lotteries, and that certainly seems to be an excellent means if the advertising-- And I certainly can think of one of our most prominent and highly advertised developers who's advertised very broadly and had lotteries.

I'm not eminently familiar with the process, but I'm of the impression that a lot of developers don't have to go the route of lottery, and they have a lot of latitude as to how they make selections once they have applications. And it's hard to know whether or not that process involves a lot more than threshold criteria that's necessary to ensure that people will be responsible tenants, but perhaps goes to highest criteria which would negate these objectives.

And I'm wondering whether that latitude exists today, and whether you feel it should? And whether there's monitoring so as to determine whether the application acceptance process does produce disproportionate results in some instances so that that won't happen in the future?

MR. OPALSKI: One of the responses, and it's a good concern, is that the Council-- We anticipated that there may well be abuses and that the affirmative marketing process does not work the way it was intended.

We, on a regular basis, require a municipality who is producing or setting in motion new units -- whether it's rental or ownership units -- to report back to us on a regular basis and report-- They'd agree to which our criteria are being met, and if they are missing the targets, to recommend ways in which that affirmative marketing may be improved to increase it.

Clearly we're a regulatory, not an enforcement agency at this point. To the degree that we can focus attention on this issue, I think we've done that within our existing rule.

The second thing is that we've learned from the courts, and our rule is really a product of what the courts may well have done, but didn't. And some of the abuses that you've pointed to are clearly the ones that we acknowledged when we, in fact, struck the rule.

The press will report very vividly on those exceptions where the people who are in the units may not be viewed in a larger social context as being more worthy than others. What they will not focus on to a large degree are those who, in fact, are in that lower group and who, in fact, are in the units.

There was an exception. The Trenton Times reported on, for example, a black school teacher from Trenton who has a very low threshold of income but was able to secure a unit in Lawrence Township that was certified by the Council. The jury is still out on the process. We're waiting for some of the monitoring results, and as they come in, then we'll be in a position to better adjust that municipality's response to marketing the unit.

ASSEMBLYMAN BAER: Do you feel that this may be merely a problem of reporting, and media, and not a problem, in reality?

MR. OPALSKI: Oh I can anticipate that it may well be. I can see it. And I essentially see the product of what the courts have been doing. We don't have a full picture of the product of what the Council has set in motion yet. I'd like to see that; I think we'd all like to see that: What we've wrought. I'm not sure what we've wrought. That was the reason for the clearing house, and clearly, that's what we wanted to monitor, and we've put that in our rule.

ASSEMBLYMAN BAER: Thank you very much.

ASSEMBLYMAN KAMIN: Thank you. John you have some questions?

MR. GIAQUINTO: Yeah, just a couple of follow-up questions. Out of the 57 municipalities, you say there's about 12,000 units that are-- Of that 57 municipalities, how many units are now under construction or how many have been completed, or are there any?

MR. OPALSKI: We can't report that to you. That's the reason for setting up the clearing house. We should have a base for doing that by the spring. I wish I could report it to you. What we're reported to do and what we're charged to do, is to ensure a realistic opportunity; and realistic may be that the land use provisions are in place to allow it to occur.

What we can't do is to structure it to mandate that the units be built. But only in those instances where a municipality has sponsored the construction and/or used public funds. In those instances we can do it, but those funds are limited.

In those portions of the housing element, indeed, we can hold people to the fire on it. There is a fiduciary responsibility. The other is a function of the market and for that reason, the Legislature did identify realistic opportunity, not the production of units. Indeed, we are attempting to monitor it so we can get a feel for it even

though the Fair Housing Act was silent on it except for RCAs. For that reason the Council's resolutions in offering certification, proffering in certification for municipalities, includes monitoring responsibilities.

Now we're just starting to get those reports in, and they're not in a summary fashion to give you any representative sense as to what's being produced. But we should have that, in the next three months. I would expect some initial results should be out by April.

MR. GIAQUINTO: I think what this Committee probably should have is probably a whole cross section of all the municipalities who are committed to whatever they are, what's going to be approved, and what's under construction, or what's already completed so that we have an idea of what the movement is in the marketplace or, you know, in actual construction.

Now I know you're strictly in affordable housing and it's mostly for sale, and I guess that's the way the whole Mt. Laurel Law was put to the courts. Was there anything ever in converting this all for sale? Because now what's happening is that there's probably an overabundance of construction -- and we're all feeling it -- of for sale houses, and condominiums, and town houses, and such, that maybe you should look into the area of some of this affordable housing or-- I don't know that the law provides you with that is that instead of building these projects for sale is to try to get the towns to go for the rental housing and mixing in the -- for the low- and moderate-income? Now I don't know if that's possible because this has been going on for years, and I don't know if it's in your jurisdiction or not. But it might be an area you could look into, because what may happen and what is happening is you've got a very flattening of the market and before you know it, you're just going to have a lot of buildings up. And what's happening with a lot of other people, too, who

are in condominiums who want to sell, they can't even sell. Now this could be only temporary, and it could, you know, just straighten out. But for some reason, this is what's happening right now.

So that area of-- Instead of the municipalities building for sale units, possibly just going all out on rental units. It may pick up this gap of the numbers that we have that have been converted, even though in my feelings that even these conversions are help supplying the housing market for the low- and moderate-income people to find a place to live and own.

So it's not all together that it's a plus and minus where-- You know, I know we're losing the rental units but somebody is gaining an affordable unit that they can afford to live in which is below \$100,000.

So that's an area that I'd like to see if there's any possibility that can be worked out.

MR. OPALSKI: We can take that back to the Council.

MR. LOGUE: I think some of the things we have in place are, we have, as I mentioned earlier, some distinct incentives for municipalities who do rental housing. They get a one-third bonus credit for doing rental housing. We are, in fact, seeing through the Agency somewhat of a renewed interest in developers doing rental housing, even existing condominiums. We have a subsidiary corporation that we're currently looking at utilizing and purchasing condominium units and owning them through our subsidiary and using them as rental housing stock.

A number of projects that were originally intended to be condos have in the last year or so converted a portion of those units to rental housing, because, I assume, partly the market for the purchase was not as good as it appeared to be, plus the fact that the low-income housing tax credit is available. And it appeared to be-- Since these units already

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had to be low-income was enough to induce a developer to take advantage of the credit and convert these condos to rental housing.

So we're seeing some of that. Plus some of the initiatives we're working with the Department on like the JUMPP Program that will hopefully produce quite a few new rental units, are things that both the Council and the other State agencies are-- We will continue to look at that. We consider it a high priority.

MR. OPALSKI: We certainly will report back to you. We can at least leave with you what's at the front end of the pipe line--

MR. GIAQUINTO: Right.

MR. OPALSKI: --what we certified to date and what some of the impacts will be in terms of where these units will be and for whom they will be.

MR. GIAQUINTO: The other area, too, is that I like the idea of the-- I know there's been a lot of bargaining between towns and suburban towns on, you know, for their credits and giving other towns money. The only thing that bothers me on that is, you know, where does the money really go, you know? I like the idea of the mayor who said that, "We'll give you the money, and you'll make sure that the housing is built."

Now in these particular programs where these towns are buying themselves out of their particular agreements to towns who need the housing, and they are giving the money, does that go through your affordable housing, and do you follow up as to what happens to that money once they get it? Say, particular towns like New Brunswick or Perth Amboy -- and I've referred a few cases there?

ASSEMBLYMAN KAMIN: DCA has a piece of the monitoring of that.

MR. OPALSKI: We do. We do follow-up, and there is follow-up on both ends. There's follow-up on the budgeting of the money from the senders, and that's to be reported to DCA on an annualized basis. It must show up in the proposed budget for the sender, otherwise the budget will not be released and authorized for adoption.

And on the receiving end, in our certified RCAs we are requiring reports back to the Council on the production of the units. So we are having it done on both ends, and when we get it for certification, the Council has the benefit of two reviews already.

The first is for economic feasibility. It has passed through muster at HMFA and they found it to be economically feasible. Also, the respective county has reviewed it and finds that it's in keeping with sound comprehensive planning.

Our part is to ensure that, indeed, it links up with job opportunities. And after having done those three reviews then the Council can sign off; and 17 have been signed off on so far. About 1600 units are in the pipe line, so far. About 240 of them will be new units. So essentially it's rehabilitation in the urban core. And \$32 million are, so far, in the process of being transferred into these towns.

It's really regional tax base sharing. Without the benefit of this, the towns would never have been able to do what they intend to do with it, which is essentially to upgrade unsound housing to essentially bootstrap the tax base, but also to provide for constituency in place now.

And what we will do is to -- if you would like to -- also provide to your Committee on a regular basis reports on where these are so that you'll have a feel for it.

MR. GIAQUINTO: Very good. Thank you.

MR. OPALSKI: Sure.

ASSEMBLYMAN KAMIN: Thanks very much. Mr. Rosen.

MR. ROSEN: Gentlemen, I just have--

ASSEMBLYMAN KAMIN: And then Senator Cardinale.

MR. ROSEN: Really maybe you can answer this in a capsule. It appears to me that the projections that you made as to why affordable housing is needed is very similar to the purpose of what this Committee is for. I understand that you've been-- Your projections are based probably from three years ago, from what you stated before. But maybe you could just give us a simple explanation as to what goes into the make-up of the projection and how, if at all, does the existing market affect it? As John had mentioned, now that there's a softening in the market and there is -- housing on the market may not be forever. It may only be, you know, a six-month or an eight-month, or a two-year slump. How does that affect your projections and your -- and what you basically said, what I think was 143 units -- 143,000 units are needed. How does that come about? Maybe if you just give us--

MR. LOGUE: I'll let Doug give you the formula. He's the expert on how the formula was put together.

MR. ROSEN: Well, I mean--

MR. LOGUE: Let me give you a--

MR. ROSEN: Simplify the formula.

MR. LOGUE: Yeah.

MR. ROSEN: How have we determined that it's needed, is my real question.

MR. LOGUE: I'll let Doug answer that, but let me talk to your second point first because I think it answers the whole question of how quickly you can respond or anybody can respond to changes in the market -- and that's one of the dilemmas we have. That gets back to Mr. Baer's question about, you know, preservation and how we factor that in.

We base most of our data off the census. That happens once every ten years, and that's the most-- That's what any major housing study -- all of the country -- utilizes. And

the ability to fine-tune numbers on an ongoing basis has been found to be fairly statistically inaccurate; it's not a science by any means. It generally ends up causing problems by constantly changing numbers for municipalities. It really causes a problem in getting-- You know, we've got a process that a municipality going through mediation and our process, may take six months to -- six to nine months to go through. And if they-- All of a sudden every six months we change numbers because of changing trends we can affect an overall plan maybe by a few units here or a few units there, but it really could wreak havoc with getting municipalities through a process where they know they have some consistency, what their obligation is, and how that obligation is determined.

So the six-year period, I think, was crafted recognizing that that problem with reacting consistently to changes in the interim, and I think you need a reasonable time frame in which to run a process and reevaluate it at the end of that process.

So there are problems with adjusting that they go beyond just the number. There are problems with the process and what municipalities will have to do. What that will mean-- Doug can give you a quick overview of how the numbers were derived.

MR. OPALSKI: Mr. Rosen, your point is well taken. The Council was sensitive to that when we started the process off and identified two major elements. One is indigenous need, which is in place; people who are currently occupying units that are unsound and require rehabilitation. And after considering what the private market may do to rehabilitate those units, the number is around 81,000. This is the 81,000 that I mentioned in response to not having the full number met by mid-'93.

It's essentially sound in urban aid areas and it represents a long-term commitment in order to address.

However, every town except for about 41 has some kind of rehabilitation to take care of. At least there are indices to suggest that it does. If it believes that it doesn't, the council has a process to rectify it, because we're not wizards at this. We use the best data. But if a municipality says, "Oh that's crazy. We don't believe that there are these ten units that we have to rehab." Why, then they may choose to do a survey that's statistically significant, could withstand an attack in court and therefore, we can co-defend them. So that if they believe that they only have five units, versus, let's say, 10 or 20, they may do the survey that's cost-effective and that will give them a defense that we can rest on in court to co-defend them; to give them the presumption of validity.

So, the first piece of this is -- having used the 1980 census with all the indices of unsoundness that can be found -- disaggregating that down to the lowest level that's available; the detailed census data. That covers 52 areas of the State. And within each of those 52 areas, municipalities there have three indices that are clear indices of deficiency. And the number from that sub area is prorated down to the constituent municipality by the degree to which they exhibit those factors of unsound housing.

We've also taken credit against what may be the private market response to rehabilitating units, and we've done that by using the American Housing survey which, in fact, traced through the rehabilitation of units by the private market throughout New Jersey. It's the best available data there are, and it shows, in fact, what has been the response in bringing a unit up to code.

In fact, in New Jersey there are 800,000 households that are low- and moderate- over that that are existing in sound units. So that the market does respond and the people are doing it by hook or crook, or however, in order to secure a sound unit.

So the market does respond, and we've taken that into account. So the major-- One of the major components representing about 81,000 of the 145,000 is the need for rehabilitations essentially found in urban aid areas -- in urban cities and that will require a long-term commitment.

The second component is the need for new housing, and that's a function of the jobs that drive forward our economy. Essentially the Council has taken a look at the historic trend in population and used the indices from the census as a way of characterizing how much of that new housing needs to be put in place in order to take care of the growing economy of the State. That's what we call prospective need.

It goes into two subcategories: that which is generated in place and that which is representing a redistribution of the overload from these urban areas. And the Council recognizes that the urban aid areas of the State -- essentially the urban aid areas -- but those that have a disproportionate share of low- and moderates through no fault of their own, but through a pattern of zoning around them and have been relegated in disproportionate shares, should not be burdened.

Therefore, the proportions that are over and above a housing region average for those urban aid areas is pooled and redistributed for redevelopment outside. And the opposite side of that coin is the regional contribution agreements that allow for the transfer of the funds back into, in fact, rehabilitate units where people exist now and clearly is a local, political decision to make. So one component of the prospective need is this reallocation which may be redressed in place or, again, where it is through a regional contribution agreement.

The second component is the part generated in the outlying growth areas, by and large. That's reflected by and the Council took a look at the historic job growth in these

areas and proportioned that structured need down to a municipality, essentially on the basis of: 1) its share of existing employment, and 2) its share of employment change.

Those are two key factors that pull the number down and make it a number that is proportioned fairly among the municipality's, in particular, housing region. That component is essentially being addressed. The 200-and-some municipalities that are before us or the courts are, indeed, growth area municipalities. These are the places where the jobs have occurred or are occurring. This is the place in the State where essentially if the number will not be addressed voluntarily, a developer will see to it that it will be through a litigation process.

So there is every reason for municipalities to begin to address it, and address it through the Council's flexible process. And in that there are about 64,000 units that are involved, and as I mentioned before, about 60,000 of those are, in fact, being addressed. So I feel comfortable that the prospective need will be addressed and the market is strong enough to do that. What I feel will take a long-term commitment is the indigenous need. That will require us to commit ourselves to the redevelopment of the urban aid areas of the State.

Those two components represent the total need. A municipality may choose to address it because it doesn't have sufficient land, and you seek adjustments for that. Municipalities may address it because, in fact, they've done some of it, and they make take credit for credit worthy efforts that they've set in motion. Or they may ask for a durational adjustment because the infrastructure isn't there. We recognize that the units won't be built unless the water and sewer is, indeed, available for the units to emerge.

There are those two components. I'm sure this is just a very broad overview.

MR. LOGUE: We can send you the methodologies.

MR. OPALSKI: We'll send you that paper that explains it.

ASSEMBLYMAN KAMIN: Thank you. Senator.

SENATOR CARDINALE: Thank you. There are a number of questions that occur to me whenever we discuss affordable housing. I know that that's most needed in the inner cities, but I don't know that because of any really good statistical analysis I've seen. It's just a general observation that I think we can all make, but I think we can all agree on that.

And yet, as I hear us moving toward encouraging various municipalities to see to it that housing is built, it occurs to me that in those inner cities there already exists a great deal of unoccupied housing. That unoccupied housing in many cases is dilapidated and cannot be occupied in its present state, but a good deal of it is publicly owned and at one time was not dilapidated.

And it occurs to me that if it could get dilapidated under public ownership in the past, it could get-- Things we're going to build today could likewise become dilapidated and unsuitable for people to occupy in the future.

Have you done any studies as to the reasons why public housing has become unoccupiable? What those factors are? What we should remedy in the way of preventing that happening, and whether or not we should direct our efforts toward restoring that housing to livability as opposed to constructing new housing? I have a whole series of questions along that line but perhaps you could-- I'm referring, you know, take that right on 280, you can see a whole series of buildings that are obviously unoccupiable but which look structurally pretty sound.

MR. LOGUE: I'm going to talk from my experiences at the Housing and Mortgage Finance Agency because I mentioned we financed the construction rehabilitation of 45,000 rental units

throughout the State. So we've had a long history. We've been in existence for 20 years.

And the reason I-- You know, there has been a lot of studies as to why housing deteriorates and what happens, and I think from based on those studies and my own experience with the Agency -- and the Agency's experience you relate it to two very simple straightforward reasons either one of which will cause the problem: One is poor planning of the housing. And a lot of the housing that you see vacant is high rise housing which any major housing, any housing professional today will tell you unequivocally that it is-- High rise housing is not a satisfactory environment for families; in particular, low-income families. You can't put families in high rise housing. Nobody builds it any more other than in some very unusual circumstances, possibly in New York. But that's a different circumstance. You can't put families in high rises. It's a simple, very basic planning concept.

If the planning does not incorporate good quality construction, then you're going to have problems, not withstanding how good your management is. That gets to the second reason why housing becomes dilapidated: And it's management. If you have poor management, you can have the best facility in the world in place, and it will be run down in no time. Not too difficult why.

And management, I don't just mean the property manager. I mean management of the housing from the perspective of the owners, property managers, the municipalities in which the housing is located. They need good management support of those facilities, and on the State level the support necessary to ensure that low-income housing stock remains decent and affordable.

We've rehabilitated a number of projects in inner cities through our Agency. We've had a lot of good experience with it. In the early days-- In the early '70s when the

Agency first started doing housing, we made the same mistake on one or two projects that the Federal government did in putting -- designing high rise family housing, and those are our problem projects. And they will remain problem projects, because you just can't house families in high rise properties unless it's in a very unique circumstance.

SENATOR CARDINALE: Let me ask you-- I have a number of follow-up questions. Let me ask you, you made the declaration that high rise is unsuitable, and it's poor planning, except in New York City. But I can point to any number of communities in New Jersey where high rise housing commands the highest prices -- much higher prices than mid rise housing when it is in a free market situation.

So that would seem to say to me that human beings -- and human beings are human beings whether they're high-income people or low-income people -- find high rise housing a desirable -- at least under some circumstances -- a desirable form of accommodation. Can you cite for me some objective reasoning, some objective studies that have been done which indicate, why? And I'll tell you what I'm driving at.

It seems to me that it's a combination of management and planning that create the problem. It's not the planning. And you can't fault high rise because high rise is not per se poor planning. If you have high rise buildings, I will grant you that they're more difficult to manage than low rise buildings, but shouldn't we have some different form of management?

Secondly, on that same point, before I ask you to answer some of the others-- Some of that housing is mid rise housing over on 280. I know that we've dynamited some 30 story buildings, whatever the height of those buildings was, and those were definitely high rise. But some of these are mid rise buildings where you-- You know, this factor is certainly not there, and it seems to me that there are other factors out there.

MR. LOGUE: When I say a high rise I take in a poorly planned or not properly planned high rise development. Obviously you can spend a lot of money and develop a high rise building that has all the -- internally all the necessary, if you will, open space or recreational areas for growing families, large families. And again, we're talking about in a lot of those units five -- four and five bedroom units in high rise structures with no available recreational activity areas either below on the ground floor or on the floors that the units were put into.

So it's a combination of the high rise nature and the poor planning of the high rises contributing to this overall problem. I agree that there are some success stories where high rise projects through very strong management -- generally tenant based leadership -- have made those desirable and decent, safe, and sanitary places to live. But those are the exceptions, not the rules and you need, in essence, a markedly better form of management or involvement to make those projects work. Our experience is that you don't build things that are more difficult to manage than is generally manageable. Otherwise you've got to make extraordinary efforts to make the units work. And you can do a lot better at a lot less cost, generally, by doing low structures, particularly for family type development.

So there are a combination of factors, but I can just tell you that if you combine-- If you start with the concept of families in high rises, you are building projects that are much more difficult to manage and develop, and there are a number of studies that have dealt with this on the Federal level. I can't think of any off the top of my head, but we can certainly find out, which deal with this particular issue.

The whole concept-- I'm sure anybody who has been in planning knows the work done on defensible space and the concept of how the living environment relates to how people

live, and the ability to have successful projects and developments, as opposed to unsuccessful ones. Defensible space really deals with the concept of -- at least in the high rise versus low rise nature -- the ability of parents to see where their kids are playing and have supervisory control over them which is very difficult to do in a high rise environment.

SENATOR CARDINALE: With respect to the management aspect. You know, legislators get all kinds of explanations for one or another thing, and I guess it's forums like this where we can perhaps get some hard information; at least where we can seek it, if we don't get it.

It's been stated by various people around the Legislature, mostly in private conversations, with respect to management problems that there seems to be a reluctance on the part of municipalities to give up the management of buildings which they seem unable to manage, even though some private entities have made overtures in that direction and have offered to manage those facilities in one way or another.

If in fact we have had these difficulties in management: A) would you comment on whether you know or you can give us any information with respect to these various management offers and denials, and what you would do to keep the management of these facilities in the most efficient form?

MR. LOGUE: I don't know offhand of any specific-- We don't deal that much with municipally or publicly owned housing other than our own inventory and we have-- Most of our inventory-- All of our inventory is either owned by a profit oriented developer or nonprofit that's generally set up specifically to deal with that project or a group of projects. So I don't know if I can comment on the public municipal ownership aspect.

But I can tell you this: There are good nonprofit managers, and there are bad nonprofit managers. There are good

profit managers and there are bad profit managers. There are good public housing managers, and there are bad public housing managers. And we've dealt -- on at least on a profit and a nonprofit aspect -- with both categories. We've fired or caused to be fired nonprofit managers because they weren't doing the job or made sure that they had gotten the assistance that they needed to make it work. And generally that-- Sometimes that meant bringing in a private manager.

Other times we've had private managers who are not doing the job and have fired them and in some circumstances have either gotten good qualified nonprofit managers into the building or got alternative private managers managing the property.

It's like any other business. You got good operators and bad operators, and it really is a very project specific problem. There is no one simple answer as to what form of management is better versus another because it really depends on the people they employ, the people they have on the site, the supervision of the financing entity or the authority that oversees them, their capacity. There are managers who have managed one to two buildings for us very well, and as a consequence, have been expanding their purview and have turned out to be expanding beyond their capacity and turned into not so good managers because they're just doing too much and they don't have the infrastructure or the number of good people working for them to do the job right.

It's a very individual project related problem. I've got a couple of nationally -- national managers who I wouldn't give you a plug nickel for to manage a building of mine, but who have a tremendous reputation throughout the country. It's really a very fact specific project specific problem from my experience.

SENATOR CARDINALE: Do you think that incentive is a major factor?

MR. LOGUE: No question about it. No question about it.

SENATOR CARDINALE: I have one other basic question that I'd like to approach with you and find out if you have any information with respect to this. It occurs to me that at one time, historically, there was no lack of the free market providing as much affordable housing as could be absorbed. We can look back historically and see that the problems of affordable housing seem to be more progressive today than they have been in the past. Have you attempted to identify what factors are operating now that are controllable by State government that would, in fact, either serve to reverse that trend if we did them differently or are propelling that trend?

Some of the things that occur to me right off the top-- I was thinking of this when Byron was talking about the loss of housing units. We have changed some of our codes that has caused some conversions of units to commercial units whereas they had been residential, and we have not passed some of the laws because we have heard from the Department that that would be a resultant of passing some of those other laws.

But there must many other factors, that are at operation, that are causing this to happen. Have you identified those?

MR. LOGUE: Well I think we have a good idea of what some of these factors are. Certainly in New Jersey the supply and demand issue is a big reason -- why the upper end of the market is classic supply and demand issue as to why housing crises have escalated so far. And I don't have to belabor that point. I think it's clear that from the regulatory perspective, while there are a lot of good reasons why the regulatory process exists for a variety of reasons and has a distinct impact on the ability to provide lower-cost housing

because of the natural time is money issue with-- And the actual cost of going through all the regulatory processes for housing that causes housing projects and prices to escalate.

I think on a State level that's something that we can control, although I don't know if we've done a very good job of that, so far, although there are certainly attempts, I know, with the Department and our Agency to try and deal with that issue in a positive way.

With regard to the loss of housing to the-- I know there's legislation on condominium conversions, I believe, pending which I think the Department supports and may be a mechanism to ensure that some of the housing stays in place. A lot of the things that the State can do are, again, influenced by what the Federal government is doing; therefore, there's not always a capacity to deal with it.

Again, if you go back to the most significant provider of low-income housing, it is the Federal government. They're facing a crisis nationwide with regard to the prepayment of mortgages on projects that were originally developed as low-income housing. These are based on contractual agreements that they've entered into with the housing developers, and the housing developers are opting out of their mortgages, prepaying them and switching over to-- You know, selling them on the free market.

One of the things I can tell you the State has done, because our Agency just approved it at our last board meeting, was the participation in a national program by which a consortium of State housing agencies throughout the country negotiated with HUD on the purchase of a pool of mortgages for low-income housing projects. And our Agency is participating in it. We bought into the program. Essentially we have an interest in a pool of mortgages that incorporate projects that exist in New Jersey which may be facing, or may be coming up for prepayment of their mortgages, and the loss of that affordable housing stock to the State.

Our participation allows us to negotiate with those owners directly in order to encourage them not to prepay and continue the low-income housing, and if we're successful in that, we've obviously achieved part of the goal. The alternative, if we're not successful and we can't convince them to keep it -- to not to prepay -- the Agency and the State will receive some residual funding from the prepayment of those mortgages because there's some value in that prepayment which we will be obligated to funnel back into producing additional affordable housing.

So that's one way that may becoming more national in scope and may replicated itself in the future for types of projects such as this, where states can play a role by participating in this type of a (indiscernible)--

SENATOR CARDINALE: I take it from your answer -- because I was really talking about the free market housing -- you've answered in terms of really government housing after the first couple of words -- that you have no confidence that there's very much that we can do that would cause free market housing to, again, become affordable.

MR. LOGUE: I think that probably the regulatory aspect, if we could take a lot of the regulatory problems out of the process, I think you would reduce the cost of all housing, and therefore market rate housing principally. Certainly from the Mt. Laurel perspective there is a -- somewhat of a function of free market enterprise in that because of the concept of density bonuses and what have you and having the market demand drive the production of affordable housing by requiring an inclusionary component in any market rate housing project.

I don't know if it would be more worthwhile to ask the developers of housing what it would take to make market rate housing more affordable without government intervention.

SENATOR CARDINALE: Of course that's what prompts the question.

MR. LOGUE: Yeah.

SENATOR CARDINALE: Let me-- And I see that there is going to be later in the program somebody from the developers' sector. But some legislators who are told-- A number of us were treated to a discourse with respect to exactly how much of the cost of housing comes from what was termed "unnecessary regulation" or "duplicative regulation," and I'm glad to see that you kind of support that concept.

MR. LOGUE: I think there's a lot that can be done to remove that.

ASSEMBLYMAN KAMIN: Thank you. Yes, sir.

MR. FIORETTI: Gerry, just to make a quick comment on your last statement. I think the State University of Rutgers in their study had come up to 25 to 33% of the cost is due to over regulation and not unnecessary regulations. It's an incredibly large number, and one that the Legislature can certainly take a look at in different ways of reducing the cost.

Jim, I've got three of four questions for you. You mentioned that COAH was voluntary and not mandatory. And when since then, was it able to get into the courts if it was voluntary?

MR. LOGUE: Well that was prior to the existence of the Council. That, again, was driven by litigation. Our process is driven by protection from litigation. So it's a-- While there are some municipalities that certainly find our process more constructive than the potential of being put back into the courts through litigation, not every municipality may be in a growth area, may feel that they're threatened by a Mt. Laurel builders' suit. If they don't feel threatened or they don't feel that that's a likely scenario, then they'll opt, as many have done, not to participate at all.

MR. FIORETTI: When you mentioned affordability before, you mentioned the 50% of the median for low and the 50 to 80% for moderate of the area median. Does that mean county? Is it done by county?

MR. LOGUE: Basically, although I guess there's some over-- There's some that have a number of counties involved.

MR. OPALSKI: They come from SMSAs. And they're disaggregated. The constituent counties reflect what the SMSA is, and we take it from there.

MR. FIORETTI: I guess one of my concerns is doing development both in Newark and Jersey City, two of our largest cities, and probably cities that have a lot of the same characteristics; Newark being very fortunate of being in Essex County and Jersey City being unfortunate of being in Hudson County. There's a tremendously wide disparity in income levels for people to qualify in Hudson County. And I was wondering if there was anything you guys can do on that end to assist that -- such a low level -- and bring those numbers up.

MR. LOGUE: I don't know if there is much, but I think we're basically relegated by statute to utilize the areas that we're utilizing. It's a problem that we face not only with the Council but with other Federal programs. Because Hudson County probably in the next census you're going to see a big turnaround. But the way that, you know, timing is everything and timing on the '80 census showed that Hudson County was not up, and you know, moving up in the area of income as was Essex County and Newark.

The Housing Agency's programs were successful in providing some statistics that supported some higher income levels for -- as the median income for the area. I don't know what extent -- what latitude we have with the Council on that.

MR. OPALSKI: The law, the Fair Housing Act, sets up and suggests to the Council very strongly that guidelines be used in determining those income limits. And they are by SMSA and, indeed, there are two separate SMSAs you spoke about.

MR. LOGUE: Yeah, we value the standard and unfortunately the standard may -- which get back to some other

issues of, you know, what happens in the interim if things change in the deadline?

MR. FIORETTI: Right.

MR. LOGUE: There's some positives and negatives to that whole issue.

MR. FIORETTI: You also mentioned the 30% of the income towards the rent and utilities. You know, I know home ownership rates fluctuate between 28 and 36 when applying for a mortgage, and it's also been said low-income people usually spend a larger percentage amount of their money on their rental. Is there any possibility of moving that number up to possibly 35% of 30% which, you know, would give you a 15, a 17% in the levels that you have now?

MR. LOGUE: Our feeling is that-- In fact our methodology has gone in the reverse. We started off without including utilities in the 30%, and we're convinced that after a study and review of that, that was really placing a much more significant burden on the renters than was reasonable. Because in fact, what-- Remember, we're talking about 30% of 50% is the -- 30% of 80% is the rent that's established. It doesn't change based on the income of each individual, you know, who may be coming in there. It turns out that it's actually 30% and 50% -- 30% of the income group.

MR. BRAME: Is that disposable income?

MR. LOGUE: No it's gross income.

MR. BRAME: Okay.

MR. LOGUE: Gross income is the rent. What that allows us to do, recognizing the fact that some people would choose to pay more than 30% of their income allows you to serve a lower -- for those who wish to-- If somebody's at 40% of median or 30% of median, the rent is still based on the 30% of 50%. So, in effect, they would still have the option of living there, but they would be paying a proportionately higher percentage of their disposable income or their gross income for

rent. So, in fact, that happens. We just need to establish the basic parameter since we can't adjust the rent on each unit for -- on the basis of the actual individual family that's living there.

MR. FIORETTI: I guess one of the points I was moving towards is that every program that we continually come up with is focused on one group, and it's the low and moderate. And the people continue to be pressed out of these areas are the middle class; people who are the 100 to 120% level. Perfect example: the people from Montville where I grew up. Ten years ago it was a very affordable town in Morris County. Now the average sale price of a home is \$440,000. The children of the people who live there, one's a teacher and one's a cop, and they're making \$40,000, \$50,000. There's nothing available and they're working two, three jobs combined. Yet again, there seems to be no funds available for the people who are really out there working hard and trying to start a family. Yet they're squeezed out of these limits.

I know at the HMFA on the home ownership end, you've addressed areas where it seems like the middle income does have availability to the reduced funds. Have you addressed it anywhere on the rental and to include those markets?

MR. LOGUE: Of course one of the problems you have is you can't deal with all the problems, all the income groups, and certainly our respective agencies, our target population as far as funding is concerned, is the 50 and 80% of median. I mean, we have enough trouble dealing with that population without having to figure out how we're going to deal with other populations.

And I say that honestly. It's a big job, and we'd like to be able to do more, but there's a limited source of funds both at the State and Federal level.

One of the programs that will, I believe, address that rental aspect that you just pointed out, to a fairly

significant degree is the JUMPP Program that we're working with now with DCA. And JUMPP is really an urban rental program which has at least 20% and not more than 35% of the units affordable to low- and moderate-income. The balance of those units are market rate, or considered market rate. But since it's an urban program, the market rents that are going to be achieved are probably going to be in the area that are going to be affordable with people making 100% to 120% of the median income.

So as a consequence of the programs targeting as far as the areas it's going to be targeted to, I'm fairly confident that you're going to see rental units available at a fairly moderate level in addition to providing the low-income. To the extent we're going to be able to do-- You know, depending on whether we get additional funding for that program, we'll be able to do more.

MR. OPALSKI: It's a by-product of municipalities using the market to address their need. There are inclusionary developments and in those inclusionary developments, the market units are generally priced at a level lower than they would have otherwise been priced, because the density bonuses are there.

The costs can be, to a degree, contained and reduced because the efficiency is in the increased density. And to the degree that municipalities choose to use that mechanism, there will be more units made available to the group that you're speaking about. And there are limits.

Clearly there are limits in the developed areas of New Jersey where there isn't sufficient land to do it, but to the degree that they can, that will help provide a supply and help regulate the price of the unit as well as the availability of rental units, because, indeed, there may well be more projects that have a component that is market component. And the more projects there are, the more affordable the rents will be. I

think the supply, as it increases with our program, and with more market unit components to it, will help allay the problem.

MR. FIORETTI: One of the other issues that I've heard from the people who are running these different programs is that there's always not enough money. If I gave you guys the free realm to tell us how much money you needed to make the programs work like you expect them to, do you have an idea of what that figure is?

MR. OPALSKI: If you assume \$20,000 subsidy per unit and 145,000 units, you're talking two-and-a-half to three billion dollars. Therefore, it really has to be market driven to a large degree. There isn't anyplace I can think of that can marshal those kinds of subsidies just for a six-year program.

MR. LOGUE: To give you another example of how costly it would be, again, harkening back to our Agency's involvement of over 20 years of development and 45,000 units of rental housing-- To support that, those 45,000 units, and I'm not talking about the construction funds we receive annually, \$175 million in Federal subsidy for those 45,000 units. So if you wanted to do 45,000 units of low- and moderate-income rental housing, you'd have to find the funding source that's going to provide you with 175 million plus inflation per year for the next 30 years.

MR. ROSEN: What do you have currently as far as funding? If you needed 20 per unit to do it, what are you operating on today?

MR. LOGUE: Well, I guess combining the various programs, we received the \$15 million from the Fair Housing Act that went to the Agency which has been spent and we're looking for re-appropriation of that funding. The Balanced Housing Program, I don't know what the levels are now, Susan, but it's totaled about 40 million or so over the last two or three years. But that's relative to-- That goes up and down, based on real estate transactions.

MS. LENZ: We're expecting about 20 million this year. It had been higher last year, but since the real estate market's going down, we expect it to be lower this year.

MR. LOGUE: And through regional contribution agreements--

MR. OPALSKI: About 32 million.

MR. LOGUE: --about 32 million in funding over the last two years, I guess, and--

MS. LENZ: Ten million for JUMPP.

MR. LOGUE: Ten million for JUMPP. And the Agency usually puts in between 5 to 10 million a year, and it's affording -- its financing programs.

MR. ROSEN: So approximately \$100 million.

MR. LOGUE: Probably if you added it up over the last two years, that's what you'd be looking at.

MS. LENZ: To give you a more realistic figure because the State's not going to put up 170 million-- We just began implementation of the JUMPP Program, which Jim has mentioned. We announced the funding availability in September. And on December 1, we were very pleased to receive \$70 million worth of applications for the 10 million we have. After having a week to go through those, about 40 million of that 70 represents good, solid projects where we funded them that could be built within, you know, a couple of years or a year hopefully.

So, I mean, if the JUMPP allocation had been 40 instead of 10 we could have spent it and built probably about 800 rental units.

MR. FIORETTI: So I guess what I was trying to bring a point to the head here was that through the Legislature just creating this Commission there seems from their perspective that there is a tremendous need for housing. And yet I haven't seen the commitment from the Legislature to put the money where

it counts, and that's in the budget and in the other areas. Where from one end they're saying we need, and yet they're not matching it with the dollars available in helping to produce it.

So I know we have some legislators here and I just wanted to put that forth that--

ASSEMBLYMAN KAMIN: Who both serve on Appropriations.

MR. FIORETTI: You know that they're-- If we decide and are moving housing up the ladder as to priority, that I think there needs to be a match of that priority with funds, or else we're not going to see it work.

MR. BRAME: I just ask that we refrain from the resolutions until we get all the issues on the table. I think there's several competing factors here.

MR. FIORETTI: Oh without a doubt. The last comment that I had, and I guess Senator Cardinale brought it up before on the high rise and the management, is additional support, I guess, from the court systems. I don't know if this has been one of the reasons, but I know -- and there is where there is lower rents included when there are so-called bad tenants. Whether they're dealing drugs, or other things, or not paying rent, or so forth, it continually is becoming very much more difficult to move those tenants out of that housing. And, you know, it just might compile itself into attracting more people like that, and those developments going sour.

You take a look at Walsh Homes in Newark off Route 21 which was only built 20 years ago. It's 750 rental unit housing. The place is a disaster zone. Five-hundred are unoccupied right now. The other 250 should be unoccupiable. If you go by there, you'd be surprised as to what people are living in.

You take a look at Hoboken where the city, again, owns the projects back on the west end which is a disaster. Yet you have a very successful private developer who's provided several thousand units through applied housing, which, when you drive

by and look at them, they look fantastic. So possibly that might be another avenue to address is-- And it goes along with the strong, good management that we have the ability through the courts to move some of those people out when the time comes necessary.

ASSEMBLYMAN KAMIN: Bob, thank you. Anyone else? Jim, Doug wonderful testimony this morning. Assemblyman Baer.

ASSEMBLYMAN BAER: If there's no one else? I realize there are other witnesses who have been waiting, but I can't think of any group more important than COAH and the witnesses here, and I'd like the opportunity to ask a couple more questions here.

Also, by the way, I wanted to just respond in terms of the Legislature; that I think many of us are very eager to see increases in the funding and have been working for that. The appropriation process starts in terms of what's recommended by the Governor. It ends in terms of what's red lined by the Governor. We have not cut the Governor's figures. We've tried to increase figures, but it's something we're going to continue to address.

The JUMPP Program is a nice program. I'm not trying to knock it in any way. But at its present level it's about 500 units, which for a statewide program isn't very much. And then when you consider that it only will accommodate, basically, the very highest of the low-income level in it because of the economics -- I'm not faulting the Agency or the program -- I just think it's important when we have an overview that we be aware how limited some of the impact of the things are and how, therefore, big our job is.

The first question I wanted to ask is, in terms of the condo legislation -- for the legislation to protect tenants from displacement and condo conversion and to preserve the affordable units -- what legislation, specifically, is it that you're referring to that the Department has supported both?

MR. LOGUE: I can't remember. Susan, maybe you can even help with what legislation was that the Department supports.

ASSEMBLYMAN BAER: Because I'm delighted to hear the good news.

MS. LENZ: Well--

ASSEMBLYMAN BAER: Maybe I've been behind the times. But since it's a fact, I'd like to pin it down to specifically what legislation.

MR. LOGUE: I believe it was the protection of the 50% -- the 50% level.

MS. LENZ: The Department did, I think, toward the end of Commissioner Coleman's term, support the non eviction bills that were moving in the Legislature. Under Commissioner Villane I don't think we have any position right now.

MR. LOGUE: I was referring to--

ASSEMBLYMAN BAER: The non eviction legislation, I think, hadn't been introduced at that time. I'm a cosponsor of it. What had been introduced was legislation that would require a certain percentage of persons to completely agree to to purchase. I'm aware that the Commissioner -- that the prior Commissioner indicated some principles that he was interested in, and there was never legislation introduced in response to that, and a great many problems were pointed out which perhaps explained -- as to the workability of some of the features that he included in that. It was a mixed bag with some elements that were very interesting and some elements that many people felt made it unworkable.

So what I'm wondering is did you mean that there's any specific legislation now pending to accomplish this that the Department supports or that you support?

MR. LOGUE: Well our-- The Council has not taken a position on any legislation itself.

ASSEMBLYMAN BAER: Okay. And your other half?

MR. LOGUE: The Agency has alternatively also not, because it really is out of our purview. Because our projects are not that-- We have control over, are not in a position where they're going to be converted because we control the conversion opportunities for that.

ASSEMBLYMAN BAER: All right. Well I just wanted to get this clear--

MR. LOGUE: That's fine.

ASSEMBLYMAN BAER: --because for a moment I thought there was some specific, as opposed to the legislation from the testimony. I was hopeful that that's the case, and I certainly hope that that will become the case very soon because of the urgency of this, addressed to that, to anybody here connected with the process.

MR. LOGUE: I wasn't aware that the Department's support was not on specific legislation but it was basically-- I know that the Department took a position.

ASSEMBLYMAN BAER: Maybe behind the closed doors of the Department you'll have some opportunity now to discuss that with your colleagues.

On the things that you said about defensible space and Senator Cardinale's comments, I think this is of course a vitally important thing to recognize. As a matter of fact, when I did the developments many years ago -- low- and moderate income developments -- in my home town working in government, it was a central concept that I think explains why that has been very successful and we drew on -- those lessons were already learned then, which was 20 years ago, and I don't know how much before that. But that's just a few years before that, I began to become aware of them because I was getting into it.

Relative to that, when you're considering your policies on the loss of units, one of the things that I've certainly pondered about -- and I agree with Gerry that high rises don't have to be unworkable; and certainly we see high

rises in the totally free market which work well -- and I'm struck by the fact that some of the -- that there are all kinds of strategies used to produce defensible space in high rise; whether they're physical arrangements such as breaking them up into more compartmentalized areas with separate elevators that serve just a few, or whether it's in terms of high security equipment or personnel controlling access, or whatever.

I realize it's difficult, and I realize it's a problem. Defensible space is naturally easier when you have non high rise. But one of things that-- I hope that there will be attention to and consideration of, and that is when there -- when communities are considering demolishing thousand of units which represent huge investments while at the same time they have huge amounts of money in accounts, whether before that should be done there should be feasibility studies done as to whether the fundamental structure there can be economically, feasibly, converted through whatever changes in structural changes and whatever changes in security procedures, whatever.

Whether that's possible that that can be saved because it seems to me without a feasibility study of that sort, we'll never know whether units could be produced at a far cheaper cost by the rehabilitation of high rise with defensible space as a concept in mind, and that such a loss may not be necessary or defensible.

I'm not so wise that I can, sitting here, know the answer to that. But it seems tragic to permit that without such an analysis being made. And it would seem to me that that could feed back as well as other things and to attempting more controls on the loss of units. This is just one way units are lost. Now I just wanted to address that in a little more specific way.

You raised the concern about changing the numbers in midstream would wreak havoc, and I understand and recognize why it makes relatively little sense to change the figures in midstream. So far as a great many things that go into your calculations, the census figures, some of the other things that come down, these are just targets anyway and in a few years, they're going to be revised. And to go through the agony of all that for many purposes seems unwarranted because you've maintained, still, an incentive to go ahead and build that's sufficient in most communities.

But I would submit that that's a different situation when it comes to the loss of units. I would submit that there has to be a disincentive for the loss of units that's working now, and it can't wait for the next cycle. And that when it comes to the loss of units, that motivation need is sufficiently strong to warrant the bureaucratic inconvenience of having to revise numbers. Because unless you have a mechanism that puts numbers in and feeds back into a formula, you can't hold communities' feet to the fire when they do decide to directly or through encouragement indirectly, permit or allow or produce the loss of units.

And I know that the COAH doesn't lack for courage. What they've taken on in terms of building in communities that aren't impacted communities has taken a lot more political courage than tangling with some of the developmental -- development economic interests or other parties that would produce controversy with these objectives. I'm sure it would be controversial in any case. And in some cases it may be that there are local officials that haven't taken sufficient look at it.

But so far as the final thing on the inaccuracy in numbers, it seems to me that no numbers are absolute or final, and that the whole work of your Agency has used the skills and expertise and technique of planners in using numbers that basically are estimates but rationally--

MR. BRAME: Derived.

ASSEMBLYMAN BAER: --derived, thank you. And that certainly from building permits, demolition permits, and all the other things-- I don't need to list them; I'm sure you're aware of them. Numbers can be derived that at least are a good approximation, and if not, in many cases, a hell of a lot better than the type of numbers that are the best kind of numbers that you use in some of the things that you derive in your figures necessarily; not because you have better numbers to choose from, but because, of necessity, you have had to use numbers that are approximations, because it's the best you've got. And I would encourage you, so that this is not just me sitting here and preaching, to give some consideration to this and get back to us with any further reflections on this. Thank you.

MR. OPALSKI: Byron, just to-- I'm glad you brought it up, because the method does account for anticipated demolitions of units occupied currently by low- and moderate-income people. Part of the 145,000 is about 12,000 to 13,000 which will be to redress those units which will be lost as a result of anticipated demolitions. And we took the best available data which were the New Jersey building permit data which show the--

ASSEMBLYMAN BAER: If I can interrupt, because I don't want to keep holding people up. The difference-- The distinction I'm making is, it's one thing to plug into your total statewide need, numbers that are your best approximation to demolitions--

MR. OPALSKI: I understand.

ASSEMBLYMAN BAER: --whether it's 145 or 160 or 130--

MR. OPALSKI: I understand.

ASSEMBLYMAN BAER: --thousand. However, in the long run, the number of units that are going to be built in the first cycle are going to be pretty much the same, which is going to be some specific number substantially less than that.

But if there are specific numbers that plug into a specific community when through acts of omission or commission directly or indirectly they allow or cause the loss of units which are preventable and that results in either additional units that they have to meet as a target or the loss of money under RCAs-- If it's an impacted community that will provide-- Or maybe there is better techniques than this. But these, nonetheless, illustrative of reaching for some mechanism that will provide sufficient incentive or maybe disincentive, whatever you want to call it. So that there will be a lessening of the rate of loss of those units; that there's local responsibility. And that's the point I'm making.

MR. OPALSKI: I understand.

MR. ROSEN: Can I just ask a simple clarification?

ASSEMBLYMAN BAER: Yeah.

MR. ROSEN: Under your suggestion, is it that the communities should notify COAH of the loss of low- and moderately low-income houses from conversions excluding those people who are not moderate- and low-income and those who have protection; for instance, from seniors or the four-year protection?

ASSEMBLYMAN BAER: Well I'm not trying, at this point, I don't want to get too specific as to--

ASSEMBLYMAN KAMIN: You're looking for the municipality--

ASSEMBLYMAN BAER: --how to do it.

ASSEMBLYMAN KAMIN: --to do something other than the fate worst than death.

ASSEMBLYMAN BAER: I would certainly hope that it would be targeted most particularly and specifically and effectively where the need is greatest, at the lower income range. However for those who are concerned about the shortage in ranges at levels somewhat above that, I certainly don't want to say anything to exclude the Department or COAH. Well maybe

it would need to be the Department -- or us -- from considering if there are practical means that we can help to maintain the affordability of units in the middle or moderate range or the loss of units of affordability.

So I don't want to narrow this too much, although I certainly think it has to be prioritized. I've suggested some ideas off the top of my head how this might be approached, but if there are better ways that people with more expertise who work at this day in and day out can come up with for achieving these objectives, I don't want to limit it to these techniques. Okay.

ASSEMBLYMAN KAMIN: Thank you. Bob, comment?

MR. FIORETTI: Yeah, just a last comment on the disincentives. I guess my concern was the generality of it. I look at a specific piece, again in Newark, because I know it so well as the Columbus Homes which is eight high-rise buildings right off 280. Probably represents 1500 units, five buildings which are vacant. You know, you have a situation where the priest in the area was beat up; you have eight-year-old children running around with guns and ten-year-old girls shooting themselves up with needles; and there's a tremendous need. HUD has now accepted the proposal to take down these units.

Now how would that taking down of 2000 or 1500 units affect those numbers, I guess, would be my concern? You know, one specific instance.

ASSEMBLYMAN BAER: Well, I'll try to answer briefly, but what I'm hoping at this point is that we can get further input, and we'll probably be debating these things at length later on.

ASSEMBLYMAN KAMIN: Yeah I would think.

ASSEMBLYMAN BAER: But I will respond, subject to the Chairman -- maybe allow you to respond. I'll hold back if you intend to, because I don't want to--

MR. KAHN: No I think there's a--

ASSEMBLYMAN BAER: --have too much to say--

MR. KAHN: One is really a procedural--

ASSEMBLYMAN BAER: --but I don't want to deny you a response.

MR. KAHN: You can answer the question.

ASSEMBLYMAN KAMIN: I'd like to--

MR. KAHN: I think there's a procedural question here and that is that issues were raised.

ASSEMBLYMAN KAMIN: Right.

MR. KAHN: And at what point does the Committee discuss then, or do we discuss then--

ASSEMBLYMAN KAMIN: Well I think those are--

MR. KAHN: --along with the witnesses?

ASSEMBLYMAN KAMIN: I'd like to save those answers for another time.

MR. KAHN: I mean, but I would like to know for the Chair, because I don't want to feel inhibited, I have a lot-- I think a lot of things were raised here about a lot of these issues, and I want to know how appropriate it is to be discussing them across the table among ourselves or with the witnesses. So I think we have to have some sense of ground rules.

ASSEMBLYMAN KAMIN: I think if our witnesses would like to comment on that particular issue-- I think Byron Baer has raised the question adequately. He's asked for them to get back to us prior to the completion of our report. I'd rather leave it at that if we can so we can move on.

MR. GIAQUINTO: Just to interrupt you, Mr. Chairman.

ASSEMBLYMAN KAMIN: John, go ahead.

MR. GIAQUINTO: I think what-- I think we're all trying to get at, and I think Senator Cardinale, too, is that there's two standards of housing code enforcement, State

enforcement codes and all these codes. There's no reason in the world that that building should be in the condition that it is because a private enterprise building cannot be that way, and there are double standards of how to enforce the rules and regulations, this is one of the toughest states in the Union. And if that continues to allow, you can build all the units you want, you'll be tearing them down ten years from now.

So that's the problem that has to be addressed. Once that unit is put up, it's got to be maintained, and it's got to be enforced to that point.

UNIDENTIFIED MEMBER OF COMMISSION: Good point.

ASSEMBLYMAN KAMIN: I think it's absolutely accurate.

MR. GIAQUINTO: And if we don't do that-- And I can see that New Brunswick is turning around, they're getting on all the houses, and it's changing. They did the same thing years ago, right after World War II. They let everything go downhill. And what happens? They just start tearing everything down and replacing it.

Now they're enforcing the code for everybody. Not saying, you do it one way and some do it-- And they have a problem there, right there with that high rise in New Brunswick, too--

ASSEMBLYMAN KAMIN: I think DEP just went there.

MR. GIAQUINTO: --and the Housing Authority there is the guilty party. So that's the area that I think that somewhere we have to address. You know, and I think we can save all this stuff and maybe start rehabilitating. But keep it that way, not to let it fall apart.

ASSEMBLYMAN KAMIN: You raise an excellent point. I was going to comment that DEP, essentially, has gone through that--

MR. GIAQUINTO: I think that's what we're trying to get at in the whole thing.

ASSEMBLYMAN KAMIN: --kind of revelation in enforcement of the operation of sewer plants. It used to be the private developers were getting absolutely hammered, and municipalities were kind of being overlooked. Maybe that's a polite way of putting it. Yes?

MR. KAHN: I think there's a parallel issue, and that is, I'm not in favor of demolishing or seeing the demolition of units in large inner city high rise public housing projects. But maybe Steve, you can give me some help here. And that is, I mean, we have to really also think about housing construction where there's an emerging job market, where the labor market is expanding.

To talk about rehabilitating 80,000 units in areas where there's virtually no jobs, or most of the tenants living in those areas are maybe unemployed or on some form of public assistance, living in extremely high density areas-- Columbus Homes, I think you've got 7000 people living in a half-a-square-mile. Stella Wright you probably have 20,000 people living in a square mile with all the accompanying social problems because of the characteristics of that population.

Well, yeah, maybe there's some things we can do to ameliorate that particular issue. But that's really, I think, a very, very minor -- you know, should be a very, very minor part of our suggestions.

ASSEMBLYMAN KAMIN: Okay, I think we're getting off onto a lot of tangents here. And--

MR. BRAME: May I offer a suggestion, through the Chair?

ASSEMBLYMAN KAMIN: Steven, go ahead.

MR. BRAME: Maybe we should just take testimony from the witnesses.

ASSEMBLYMAN KAMIN: Yes.

MR. BRAME: Ask them specific questions and then hope to advance our debate regarding the issues at a future time. Should we need additional questions answered by the experts, we might consider calling them back.

ASSEMBLYMAN KAMIN: Thank you. That's a good point.

MR. BRAME: One further request. My stomach is telling me that we should eat.

ASSEMBLYMAN KAMIN: I know the stomach is, but I would like, if we could, to continue right on. Carol Ann Short is here. Doug and Jim, I thank you both very much for your testimony today. It's 20 to one. Is there anybody here from the League of Municipalities who would want to testify? (no response) I don't think. So that leaves us Carol Ann Short, representing the Institute of Multi-Family Housing today to talk with us. And I'd like to, with your permission, start right in unless you want to take just a couple of minutes.

C A R O L A N N S H O R T, E S Q.: My comments are brief, so about 10 minutes.

ASSEMBLYMAN KAMIN: Then let's go right on through here.

MS. SHORT: Then we can have questions after that.

ASSEMBLYMAN KAMIN: Thank you for your patience, Carol Ann.

MS. SHORT: No problem. Good afternoon, Mr. Chairman, members of the Rental Housing Study Commission. My name is Carol Ann Short. I'll spell that for the record, S-H-O-R-T. I'm the Director of the Institute of Multi-Family Housing, which is affiliated with the New Jersey Builders Association.

Just a little background: The Builders Association is made up of about 3500, 3600 members statewide, including developers, builders, property owners, managers, associate members, architects, engineers, a variety of parties affected with the housing industry.

The Builders Association was very supportive of the creation of the Rental Housing Study Commission. I think even more so in light of the fact of the virtual withdrawal of the Federal government from the housing business.

I had an opportunity to participate, to listen to comments which were made earlier at the August 9 meeting when the Chairman, again by saying we need to look at ways or means to provide additional rental housing in the State, and there was a lot of comment at that time on the creation and the development of private and public partnerships among the members in the private sector and the public sector.

The Builders Association is also very supportive of that concept and we would support efforts aimed at working with the public sector. We have met several times with DCA and met with Susan Lenz and other members on the JUMPP Program and assisted with it. We came in afterward, but tried to assist in even just getting the materials out. And we'd like to applaud their efforts on that program and like to continue working with them in that effort and other efforts similar to that.

In that same light, in the private sector, though, our emphasis is focusing on the need to provide incentives to encourage the private sector to become more involved in the development of rental housing in the State. As was mentioned earlier by Mr. Logue, rental housing is not very popular. More than that, it is the least desirable and most costly form of housing. So that incentives must be there in order to get private businesspeople involved in the development of additional rental housing.

I wanted to just comment on several pieces of legislation, some that we've worked with in the past and the future. Unfortunately Senator Cardinale had to leave. He was the prime sponsor of a bill several years ago which passed in the summer of '87 to create a bill to provide that new construction of rental housing would be exempt from rent

controls. We were very supportive of that bill as a means to provide incentives to developers to create rental housing; to give them some incentive. Unfortunately, that passed coincidentally at the same time that the Federal Tax Code -- our amendments were put in place -- which, on the other hand, took away an incentive to getting involved in rental housing. So providing some incentives, that was positive, and then taking it away, we found ourselves in the same situation, looking for some way to get involved in it.

Another problem with the existing law, though we applaud the efforts of the Senator and Assemblyman Hendrickson who was the Assembly sponsor of that bill, to move legislation in that vein. Unfortunately it's a five-year program which to see if it would work, that's fine. Let's give it a chance. However the provision in the bill which says that you must complete your construction and have a CO in order to take advantage of the exemption, is a very limiting factor. It almost negates the entire bill, because it's already a year-and-a-half old at this point in time.

For a developer now to commit himself to developing rental housing, he would have to start now, work his way through the application and the permit process. Not only that, he would have to complete construction and get a CO at that time before this five-year window closes. Now you're already a year-and-a-half into it and with New Jersey being, as Bob Fioretti mentioned earlier, one of the most regulated and unnecessarily regulated overburdened states and having so much time delay in the application process, it is almost a void concept at this point. Not many developers, I don't think, would venture into development of rental housing with this window closing on them.

Assemblyman Hendrickson is sponsoring a bill to alleviate that problem right now. That bill would-- Well there are two options. One would be to remove the entire

sunset; to leave the window open. If a developer has -- would like to get involved in it, then the window would be open. He could take advantage of this exemption for the 30 years or the life of the mortgage and not worry about the window closing because it's a pilot program.

Second, would be to provide that the exemption be granted or be committed to the developer at the point of a preliminary approval. So he up-front commits himself to developing rental housing, and at that point, he can be guaranteed that the exemption will take place regardless of whether or not it's been delayed in the process by three, four, five years, down the road. We are supporting any effort along that line to amend the Rent Control Exemption Law.

I'd like to mention that the Builders Association is opposed to the condo conversion regulations that we're moving through. We've been very vocal that we have been opposed to that legislation last session as well as this session. The problem is we are looking to solve the problem in a positive direction. There are several issues involved. To create rental housing, we see the need to provide the incentive and the encouragement to the developers moving in a positive direction. They need a reason to build rental housing.

By restricting a property owner's right to convert the property will not keep the housing stock status quo. We suggest it will revert, and you will end up losing housing stock because the properties will not be maintained. They may not be able to keep up the maintenance of the property, and the property owner will eventually abandon the building. It may be demolished.

So you may still be losing housing. It doesn't move in a positive direction and we'd like to see housing developed. There's still the problems of the tenants and relocation and what to do with that. This does not solve their problem. But we would suggest trying to provide some subsidies or some types of encouragement.

And even more so now in light of the fact that the State is almost on its own now. So the Federal government has stepped aside. We have to work together with the private sector, and the public sector must work together to solve the housing crisis, especially the rental housing in the State.

I can answer any questions. I noticed that there are members--

ASSEMBLYMAN KAMIN: Well, there may be a few.

MS. SHORT: There are members of the building industry who are represented on the Commission. I could answer any questions you may have.

ASSEMBLYMAN KAMIN: Carol Ann, I thank you very much for a very direct presentation. Yes, go ahead.

MR. KAHN: I have a couple of short questions. Not that I want to see this as a rerun of--

MR. ROSEN: Was that a pun play? Was that a pun?
(laughter)

MR. KAHN: Not that I want to see this as a rerun of the last meeting, as a debate on rent control. But prior to the 30-year exemption, what was the difference in construction of rental housing in non rent controlled communities and rent controlled communities in the State of New Jersey? Was there an appreciable difference And can you furnish us with that data?

MS. SHORT: I don't have the statistics on that. I can tell you only from the experience of hearing from the members that are involved with the Builders Association that have commented that prior to that it was always a very -- leery venture to go into rent control because you cannot control whether the community will move into rent control or if they don't have it, whether they will adopt it in the future. It is the most costly form of housing -- being unsure of what the future will hold as to regulations.

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MR. KAHN: In other words what you're saying is that the New Jersey Builders Association wants a 2000-year exemption from rent control? Are they actually guaranteed because somewhere down the line--

MS. SHORT: They are not in support of the rent control.

MR. KAHN: Okay. So that's really the bottom line. The 30-year exemption-- You're maintaining it's an incentive, but there's really no evidence that it's an incentive. There's not even any evidence that the lack of existence of rent control in a community was incentive enough to build, that there are other factors involved.

MS. SHORT: Oh, there are definitely-- I cannot isolate it. There are other factors involved, but I think rent control has been held out to be one of the prime disincentives to developers for getting involved in rental housing.

MR. KAHN: Okay, let's move on to another -- the other area, and that is your position on the condominium -- the non eviction bill. It seems that converters in New York City have had no problem converting in a non eviction situation; that 90% of the conversions in New York City are done in the non eviction plan. Why would that be a problem in New Jersey?

MS. SHORT: From the Manhattan rent control and other -- the title of the group -- that I understand that it's not working there. That it's not being effective and they have a terrible housing crisis.

MR. KAHN: Are you saying that--

MS. SHORT: You're saying it's working there, why isn't it working--

MR. KAHN: --it's easier to convert a building in New Jersey than in New York? It's been more profitable for converters in New Jersey--

MS. SHORT: Well no, I'm not saying it's more profitable.

MR. KAHN: --as a result of having an eviction provision?

MS. SHORT: I'm saying that even the threat of conversion restriction as an additional restriction and unnecessary regulation on the free market to developing housing will be another disincentive for developers to get involved in the creation of rental housing. They will not get into that end of the market. They will go to other things. They are businesspeople. They will go to for sale housing. They will move onto other areas where they can be sure that they can invest just like any other businessperson.

MR. KAHN: But there's nothing in the legislation which prevents landlords from converting the property.

MS. SHORT: The legislation, in effect, will be a prohibition on conversion by providing that there is no eviction to any tenants.

MR. KAHN: Or conversely, the way you get a tenant to change his status -- his or her status -- is to offer the unit at an affordable price.

MS. SHORT: I understand that in most of the situations that the tenants in existing units are offered a lower price than the market price or the price that's offered to the other people--

MR. BRAME: Outsiders, insiders.

MS. SHORT: Yeah, inside price.

MR. KAHN: Yeah, well that's a whole area which we really lack data. Those prices are arbitrarily stated, and fixed. So, you know--

MR. GIAQUINTO: As from-- And I don't want to interrupt you.

MR. KAHN: Go ahead.

MR. GIAQUINTO: But as from experience and I'm in a-- I've been under rent control since 1972 and I am not a large-- I was, and we did sell half of our units. In fact, they're being converted. But, I've been living under rent control

when you have people under rent control paying \$336, we're subsidizing them. And then you have the fair market value of \$550 is the rental, and that's not high rent. These are three rooms and a bath, 660 square feet.

How in the world can you get developers if they're going to have all these restrictions on here to go? I'm insane to even be in this project when you have maybe-- And we have decontrol. We finally got decontrol in our town, but it will take-- It's been ten years, and I have half of my people in there. How are you going to convert those people into a buyer or not to stay in the status quo? And why should they be paying such a low rate and be subsidized, and the other person is paying such a market rate? It's just totally unfair.

MR. KAHN: Okay, I'm sure we're going to have a chance to debate--

MR. GIAQUINTO: I know that.

MR. KAHN: --those issues.

MR. GIAQUINTO: That's just an example--

MR. KAHN: Not in front of witnesses, but--

MR. GIAQUINTO: --of what--

MR. KAHN: Yeah, but my question on rent control was not existing landlords and existing tenants. It's the question now-- You're in a situation where you have an option -- an opportunity to build rental housing and get a 30-year exemption from rent control. The reality is, that that's not taking place.

Many, many communities have rent control ordinances and give permanent exemptions on new construction. And so--

MR. GIAQUINTO: No, I don't think so. I happen to also be chairman of the rent control board even though--

ASSEMBLYMAN KAMIN: I think it would be unconstitutional for somebody to give permanent--

MR. GIAQUINTO: We do have--

ASSEMBLYMAN KAMIN: --to give permanent legislation to bind a vacancy decontrol is one thing, but to bind a future municipal body from acting to -- for some reason down the road -- to impose rent control would be unconstitutional. I can't imagine how it would apply?

MS. SHORT: That's impossible. That's what I'm saying is one of the problems. There is no future-- You don't know in the future the next group that comes in, and the next administration that comes in could change the statute --the local ordinance at their whim.

ASSEMBLYMAN KAMIN: I think the only thing that keeps out rent control is, if it works, don't fix it.

MR. GIAQUINTO: See the other problem is that just only part of the boroughs and towns have rent control. There's a lot of towns that do not have rent control, and I've seen it-- You know, I think the incentive to-- I think a lot of the problems on getting rental housing, in fact, it just happened in the Edison area the other day. They have a new master plan coming up, and they were going to designate 50 acres or so for rental housing. Well the people all came in from the surrounding residential area and made such a fuss, they're just going to eliminate it. They're not going to change the zone.

So there are-- It's not only builders. It's residents that object to rental housing.

ASSEMBLYMAN KAMIN: Thank you. Steve?

MR. BRAME: Mr. Chairman, may I ask--

MR. GIAQUINTO: And that's just an example.

MR. BRAME: Carol Ann, notwithstanding the issue of rent control or possibly (indiscernible) and tax abatements, what other incentives would you see that would induce developers to go in and build rental housing?

MS. SHORT: Not to avoid the question, but I would prefer to defer that question to the builder experts on the panel. They're are members in the industry. I'd like to know what they think was needed.

MR. BRAME: Fine. The only reason for putting that question to you is because you were so definitive about some of the problems you saw in various bills and certain curative approaches that may have been introduced through, I believe, Mr. Hendrickson's bill. I addressed that question to you. I'll withdraw it.

MS. SHORT: Well, what I'd like to say is I'm not here to debate whether, you know, the rent control is good or it's bad or the condo conversion. I brought that up because what we're trying to do is look in a direction of creation of additional units. And even if-- I'm not even saying that that bill would alleviate the problem, that would be the answer. It's not the be-all and end-all answer, but it's moving in the right direction to maybe there would be one, two, three, I don't know how many developers out there who would respond to that type of legislation.

I guess my concern with addressing the question that was asked previously was if you have a bill out there that would provide this exemption for whatever period of time, even if the sunset was removed, it doesn't hurt to have it available. I don't see the necessity for having a sunset provision when you have existing tenants who will not be affected. The bill did not address senior citizens and did not affect existing tenants. It would be available out there for those people who might see that as an option of getting involved in rental housing. Whereas, if it did not exist, they may not even consider rental housing. They would move onto something else.

MR. BRAME: So let me be clear, do you support or oppose the bill?

MS. SHORT: No we would-- We definitely support the bill. I'm saying it may not be the answer, but on the other hand, it doesn't hurt. It can't hurt to have that available to a developer.

MR. GIAQUINTO: I might be able to help you answer that question because I think we're trying to get at it with the affordable housing area. Basically, production of multi-family housing is not the fault of the developer or of private enterprise. If they had the tools to do it, and they were given the tools to do it, they would do it whether it's new tax law or not, because there are swings in housing. Like right now there's-- In the last five years we've lost tremendous amounts of tenants who went from tenancy to homeowners, whether it's lower -- these condo changes or not. You lost-- You always, when you have a very prospective housing market you lose a lot of tenants going into home ownership. I mean, you know, you get these-- They don't stay there for periods. If you have a slump in the housing market then there is always a tightening of the rental market.

But I think what we were trying to get at was the affordable housing is-- They have to get at these towns who are restricting multiple family housing and are not, you know -- that is the last thing on their list. And I think that there would be plenty of developers around who will build multi-family housing, because it goes like the trend of the times. Housing starts to get where it's harder to sell houses, then they switch to something else. Just like office space became so popular, and they switch. They jump around from one thing; they wear that out, they go to something else. And I think we're ripe for multi-family housing.

MR. BRAME: Your raise such interesting issues that I would love to discuss. I mean, my goodness, we're talking firstly about the tools. I'd love to identify what tools we need.

Two, you're talking about cyclical changes in the market which may or may not reflect why we see a rash of condo conversions. Maybe it's the market responding to the condition of rental to ownership. Maybe that's a reaction to it.

And the third thing is, what other incentives does the public sector need to get into, to induce further development of further rental units to be undertaken? But I don't know if that's what we want to discuss right now. Are there any other comments that you'd have that we might take under advisement?

MS. SHORT: Not specific. My general comment is that the Builders Association wants to work with the public sector and the different agencies and whoever out there is looking to create some form of program to create rental housing. We would be willing to get involved in that at the preliminary stage and work with you throughout, to develop some type of program. Thank you.

ASSEMBLYMAN KAMIN: Carol Ann, thank you very much for being with us today. For the members of the Commission, anything to kind of wrap up here other than--

MR. ROSEN: Can I just ask--

ASSEMBLYMAN KAMIN: Sure.

MR. ROSEN: Maybe with the idea of what Carol Ann has told us is that -- and what John has mentioned -- is that our population is at the point where we have gotten the baby boomers into the housing market. The baby boomers are probably almost at the tail end, and a lot of them have moved onto home ownership.

I wonder if there is a possibility, if there is a way that the Commission can find out statistically where the people are in our State? In other words, how many people are at what age groups, and how many of those are renters as opposed to home ownership and that mode? Maybe we can take a look and maybe try to project whether or not, you know, over the next

ten years we're going to need more rental housing or if the need for rental housing has peaked within the State for this cycle?

That would be very important for this Commission to make a determination as to where we're going. I mean, I don't question the fact that there's 143,000 units that COAH has told us about. But where are we going in the curve? Have we gone to the top and are we now going down because the baby boomers have hit and are now in the home ownership market? I believe that that's the case. I don't know if we can show it statistically or not, but I think it would be-- If it's available, I would like to see it.

ASSEMBLYMAN KAMIN: It can be helpful to us, I think, you know, even if we were to, for example, change the tax laws to encourage marriage instead of divorce, that you're going to-- (laughter) Certainly the high divorce rates has been a factor on the number of households that have to be available, and that's put the pressure on essentially the rental markets. So if you change the tax deductions for married couples that live together, cut the number of needed units -- demand for units--

My suggestion is that we try to get together towards the end of January, give us time to-- This is holiday times for a lot of folks -- not for a lot of folks, for all of us. And of course getting back together in the swing of things of the New Year, I think, is going to slow down the legislative process a little bit. But I would like to get us back together then, now, for the next time, to really hammer out some of our proposals and to start drawing up a rough draft, so that we're looking into February at the latest, first part of March.

MR. BRAME: Mr. Chairman, if I may, will this Committee be in receipt of any further documentation that has been requested today, prior to our next meeting?

ASSEMBLYMAN KAMIN: Whatever we can get I will have our staff follow up with that, working with John Lee, and we will get those out as expeditiously as we can, including the materials requested today. As soon as we get it we'll turn it around. Yes?

MR. KAHN: Are we calling any more witnesses?

ASSEMBLYMAN KAMIN: If there are others that you'd like to, absolutely.

MR. KAHN: I mean because it seems to me virtually all the witnesses that we have called have either been State officials or representatives of the industry. We haven't called people from nonprofits that have been developing housing. We haven't contacted community organizations.

ASSEMBLYMAN KAMIN: Yes.

MR. KAHN: I don't think we have to burden the Committee with a tremendous number of those people, but there are some interesting projects taking place in New Jersey that the Committee should be aware of.

MR. GIAQUINTO: In fact, as I think at the last meeting we had asked for a sort of a model like I think the one in New Brunswick that they had done, and sort of-- Numbers: How much did it cost? What do-- You know, I think it was the Hampton. I don't know what it was. You know, what was the original cost? Who got in there and what?

The problem that we having facing us is everybody knows that anything for 20,000 to zero is the area that is certainly the greatest demand in the world, and that's the area we are not meeting at all, and I think the other areas above that-- Somewhere along the line, the market will dictate it, and somehow they will struggle, but they will get to where they want to go, but it's below that area that's there.

But those numbers would be good to see just how something is effected; especially in New Brunswick when there

is activity there, and there's a town that was down at the bottom. And it's really coming back, you know. And even Perth Amboy is doing -- other areas, too, and I'm not so sure about the other cities. But if we could get some numbers on it -- so it cost "X" million dollars, so much a unit. I know some of them are sale, some are rental, and some are rental with buying, things like that.

ASSEMBLYMAN KAMIN: Right.

MS. LENZ: The Department-- We can certainly provide that. I can give you information so -- performance on sample projects that we've funded showing you what the costs were on both purchase and rental and how much government money had to go in.

MR. GIAQUINTO: Yeah, give us an idea what's going on. That's what I think we're looking for.

MS. LENZ: That's fine. I mean Hampton Club, I think that was a Department subsidy. There was a set aside of low- and moderate-income units, but I'm sure we can get those. We gave them a loan from the Balanced Housing-- (laughter) We gave them something.

MR. GIAQUINTO: See, in that other end -- the same area where the Department was buying up units to -- and I think Mr. Baer brought up -- you know where they were -- you're buying up units that were going on the market too.

MS. LENZ: Yeah, the Agency was involved in that buying condominiums, subsidizing them, and then selling them or renting them.

MR. GIAQUINTO: Creating their region in that lower market.

MS. WELLS: Mr. Chairman, can I ask who and what was the source for this piece of data that we were given?

MR. KAHN: That was put together by Matt Shapiro, Vice President of the New Jersey Tenants Organization. They asked me to send it to you.

MS. WELLS: Plus the editorial, I think, on the second page?

MR. KAHN: Plus the editorial.

MS. WELLS: So we don't really know-- This doesn't really come from a public agency.

MR. KAHN: No it was--

MS. LENZ: It should match.

MR. KAHN: No, it includes 1979 and 1988.

MR. GIAQUINTO: I think this is something we did ask for, too. I mean statistics on--

MR. KAHN: Well, I solicited it. It was done in conjunction with DCA. DCA had nothing to do with the editorial comments on--

MR. GIAQUINTO: Okay.

MS. WELLS: Okay, that's what I wanted--

MR. GIAQUINTO: As long as the numbers are right.

MS. WELLS: Yeah, I guess the other question is, are the numbers relatively accurate? I mean, because I don't know.

ASSEMBLYMAN KAMIN: For those of us who contribute ours, when we collect material we'll try to make sure that each document does indicate where the source was.

MR. GIAQUINTO: Well, the only point is, are these numbers accurate? Because everything is registered in the State of New Jersey. So, those numbers are at the Commission or the Agency.

ASSEMBLYMAN KAMIN: We can get those double checked. I think we are going to have to look at those.

MS. LENZ: Yeah we could add 1979 and everything, and 1988. I mean they look fairly close. Like Bergen County, we have 14,243, and they have 15,511. And if you counted '79 and went on to '88--

MS. WELLS: See the problem is it says, "Percentage of rental units converted." Now, you can take a building, and I have buildings. You know, I've converted despite what the

second page says, I'm not an evil person. They're not sold. These units are still rental units, and in many cases this is a way that a developer or an owner has-- You know, as a process takes place he can get out at a higher price than, you know, he might otherwise do. But it doesn't mean that all of these units that were converted, immediately went to, you know, non rental units; and may not go to non rental units in the foreseeable future. I mean, it depends. See that's why I'm a little concerned about these statistics.

MR. KAHN: Well, but the converter has the option of removing the tenant after -- let's say, certainly within the fourth year of the tenancy.

MS. WELLS: Well, if I understand--

MR. KAHN: So they would all, theoretically--

MR. FIORETTI: But that's not true. There's a lot of units, number one, that are sold to investors who continue to keep their units as rentals for quite a long amount of time. The other thing that this suggests is that people living in the rental units are no longer living there. I think probably Mark can speak better than I can, that probably there is a good percentage of conversions that include the present occupancy of buying. So I think that this number shows in two areas, deficiencies in what it might be trying to represent.

ASSEMBLYMAN BAER: Well let me suggest something that I think could be constructive. Certainly these figures, or whatever -- to begin with these figures and I think they'll be verified -- will be useful in at least showing the units converted, regardless of what the outcome is. And if we understand that that's what it is, and it isn't the other, that's good, too. I would think that it would be worthwhile for us to try to get from DCA, although obviously those statistics are much more difficult to derive. These are easy to do. What has been the experience, you know; whether it's

done on a sampling basis or a total statistical basis, to find the outcome in terms of the percentage of people that leave following conversion, and if possible, an economic breakdown on that, because I assume it acts differentially depending on different economic groups. That would certainly be valuable information for us to have. Obviously it's not easy to derive immediately.

I would suggest that there's something else that would also be very worthwhile for us to derive from conversion, if DCA can provide it -- and I think this will address some of your comments -- and that is I think we have a desperate need to determine what differential there is for those who do buy in, between the affordability at the price -- the affordability that it was advertised for and the affordability that it turned out to be. Obviously we're talking about higher ranges. But there is some reason to suspect -- some very substantial reason to suspect that the carrying charges and taxes and other things that are promoted in the prospectus turn out to be much greater in a few years than any changes one would expect from adjustments merely in the cost of living or inflationary index, and if, in fact, the experience -- the statistics show that the affordability to purchase requires a much higher income or some -- you know, whatever that it is -- than apparent at the time of purchase and advertising. I think we should know what those experiences are. It's just part of the facts and understanding what the problem is.

I don't know anybody else than DCA to ask for this. I say that with some trepidation because to request this is probably to-- It's probably a sufficiently burdensome request that it might not be received with great enthusiasm. It may be difficult, but I don't know where else to go for these kind of figures.

MS. LENZ: We'd have to do-- Obviously we don't have that information now. When conversions are registered with us,

we don't know the asking price versus the insider price. And certainly there's never been any attempt to follow up and find out what happened in a few years.

ASSEMBLYMAN BAER: Right. I know.

MS. LENZ: We could to--

ASSEMBLYMAN BAER: It would require some kind of sampling or a survey?

MS. LENZ: Yeah, we'd have to do a survey. And whether we could do that with existing funds--

MR. BRAME: We need to create real reliability, too.

MS. LENZ: We're talking about something that probably costs, if Eagleton did it, depending on the size of the sample, \$50,000 or \$60,000. The Department could do that. It would certainly be up to the Commissioner whether he wanted to spend discretionary funds on that sort of study. Or if we were-- Obviously if we were appropriated that amount to do a study, we would certainly do it.

ASSEMBLYMAN BAER: Well, I realize that's difficult. But I would like to say, for one, I think that would be very valuable information, because I think the figures would show there's a great big problem here that we need to be aware of.

MS. LENZ: We could certainly -- We have the addresses so we could certainly survey people who live in condominiums that have been converted.

MR. ROSEN: I would question -- not that it's not a necessary thing to do -- but I would question its purpose for this Commission. I'm not saying that it shouldn't be done for the purpose of disclosure and finding out if we have a problem, but I don't know if it really focuses in on the Rental Housing Study Commission.

ASSEMBLYMAN BAER: Well--

MR. ROSEN: I think it's stretching it.

ASSEMBLYMAN BAER: Many people have expressed concern about the loss of units not just-- You know have not wanted to

see our attention just directed at the low-income end, and I have no problem with taking a look at the whole thing. For one thing, I mean, I think it's relevant, because you're talking about a transitional area between rental and non rental, and there could be many possible-- If we found there was a big problem, there could be many ways we could consider dealing with it, not the least of which would be whether to recommend more effective disclosure provisions so that people -- some people might not make a mistake of giving up rental units and buying in when they were buying in over their head.

I'm not raising that for the purpose of argument whether that should be done or not. But I'm saying I think the area has enough overlap that certainly within appropriateness of our work if we chose to do it.

ASSEMBLYMAN KAMIN: Well, let's wait to hear back from DCA, see what they can put together, maybe an estimate. Maybe there's something that the former Chairman of Appropriations and Art Maurice former Budget Director for us, can squirrel away \$75,000 or so and find it in their budget.

MS. LENZ: I'll ask them.

ASSEMBLYMAN KAMIN: Anyone else? (no response) If not, let me thank all the members of the Commission and for Carol Ann, again, for those who testified today. And I will-- We're going to try to get essentially summary minutes. I don't know if you want to do verbatim word-for-word transcript, since I think summary minutes is all right. Is that all right?

MEMBERS OF COMMISSION: Yes.

ASSEMBLYMAN KAMIN: Summary minutes? Okay, and I will try to get us -- schedule another meeting towards the end of January.

(HEARING CONCLUDED)

APPENDIX

MEMORANDUM...NEW JERSEY COUNCIL ON AFFORDABLE HOUSING

To: Anthony Villane, Commissioner
Art Maurice, Deputy Commissioner
Charles Richman, Assistant Commissioner
Bill Connolly, Director, Div. of Housing
Susan Lenz, Director of Planning

From: Douglas Opalski, Executive Director, COAH

Date: December 8, 1988

Re: Status of Substantive Certifications

Of the 162 municipalities that have filed housing elements with COAH, 106 have petitioned for certification. To date, COAH has certified 57. These have a fair share of 11,843 of which 2,804 represent new rental units in the towns. Another 95 new rental units will appear through Regional Contribution Agreements, for a total of 2,899 such units. This is 24% of the units certified so far. This is separate and apart from 436 accessory apartments that are planned and certified, but which are not viewed in the same light as "new" rental units by COAH. See the attached sheet.*

Also, 17 RCAs have been certified by COAH, representing 1,604 units (236 new construction), at an average cost of \$19,920 per unit and a total of over \$32 million transferred. Thus RCAs represent 14% of the certified fair share total. See attachment for more details.

DVO/rrr
D1348h

cc: Jim Logue, Chairman, COAH
Sidna Mitchell, Public Information Officer, COAH

*Howell Twp. received credit for a 99 unit senior citizen project that was built but not occupied at the time. This brings the attached tally of new rental units up to 2,804 in the towns.

COAH Substantive Certifications (by county) 11/28/88

FOR MORE INFORMATION:
Sidna B. Mitchell
COAH Public Information Officer
(609) 530-6663

County/ Region	Municipality	Date Granted	Precredit Need *	Credits	Adjusts	Fair Share	Rehab	New	Rental Units	Acc. Apts.	RCAs Sent	Mediated
Bergen/1	Paramus*	9/7/88	1097			1000		1000	200			1
Burlington/5	Bordentown Twp.	5/20/87	175			175	27	148	30			
Burlington/5	Moorestown Twp.*	5/16/88	707	27	32	648		648	125			1
Burlington/5	Mount Holly	8/15/88	259	30	121	108	55	53	47			
Camden/5	Brooklawn Boro	10/5/87	27		21	6	6					
Camden/5	Gibbsboro	5/20/87	109	9		100		100				
Camden/5	Gloucester Twp.*	5/20/87	321	321		0						
Camden/5	Haddon Heights	8/3/87	41	10	8	23	23					
Camden/5	Winslow Twp.	11/16/87	404	404		0						1
Cape May/6	Cape May City	11/28/88	120	46	74	0						
Essex/2	Cedar Grove	10/17/88	152	152		0					66	1
Essex/2	Roseland*	10/17/88	260		95	165	3	162				
Gloucester/5	Deptford Twp.	5/20/87	189	189		0						
Gloucester/5	West Deptford	9/26/88	307	8		299	36	263	104			
Gloucester/5	Woodbury City	10/5/87	235	235		0						
Hunterdon/3	Delaware Twp.	5/20/87	21			21	21					
Hunterdon/3	East Amwell	5/20/87	14			14	14			14		1
Hunterdon/3	Franklin Twp.	12/7/87	34			34	20	14				1
Hunterdon/3	High Bridge*	1/19/88	54		15	39	20	19	34			1
Hunterdon/3	Lebanon Twp.	7/5/88	24			24	24					
Hunterdon/3	Raritan Twp.*	9/8/87	358			358		395	96			1
Hunterdon/3	Tewksbury Twp.*	12/21/87	90			90	33	4		8	45	1
Hunterdon/3	Union Twp.	3/7/88	7			7		7	1			
Mercer/5	Lawrence Twp.*	10/19/87	911	217		694	71	623	139			
Mercer/5	Washington Twp.	7/5/88	227	60	8	159	7	152	30			1
Middlesex/3	Monroe Twp.*	10/17/88	184	6		178	51	127	25			1
Middlesex/3	Piscataway*	3/7/88	911	124		787	164	623	213			1
Middlesex/3	S. Brunswick*	5/20/87	669	94		575		590	70			1

COAH Substantive Certifications (by county) 11/28/88

County/ Region	Municipality	Date Granted	Precredit Need *	Credits	Adjusts	Fair Share	Rehab	New	Rental Units	Acc. Apts.	RCAs Sent	Mediated
Middlesex/3	S. Plainfield*	10/19/87	403	14		389	14	375	100			1
Monmouth/4	Bradley Beach	11/28/88	0			0						
Monmouth/4	Freehold Twp.*	9/26/88	937			937	14	923	250	135	150	1
Monmouth/4	Holmdel*	5/16/88	642			642	16	626	125		313	1
Monmouth/4	Howell*	11/28/88	890	152		738	10	728	290	221		1
Monmouth/4	Millstone Twp.*	12/7/87	11			11	5	6	6			
Monmouth/4	Red Bank	7/20/87	589	75	514	0						
Morris/2	Chatham Boro	4/18/88	123	1	82	40	17	23	4			1
Morris/2	Denville Twp.*	5/5/88	417	29		388		201	201		174	1
Morris/2	Kinnelon*	2/1/88	104			104	13	91	18			1
Morris/2	Mendham Boro	5/20/87	3	3		0						
Morris/2	Passaic Twp.*	5/2/88	198	2		196	17	179	54	58	42	
Morris/2	Randolph Twp.*	11/16/87	452	142		310	89	221	77			1
Morris/2	Washington Twp.*	2/16/88	160	11		149		149	74			
Passaic/1	Bloomingtondale*	4/4/88	182		12	170	53	118				1
Passaic/1	Ringwood*	5/20/87	47	15		32	32					1
Salem/6	Salem City	4/4/88	28	28		0						
Somerset/3	Bernards Twp.*	9/8/87	475			475		445	88			1
Somerset/3	Bernardsville*	10/17/88	119			119	37	82			41	1
Somerset/3	Franklin Twp.*	9/28/87	745	253		492		528	100		29	1
Somerset/3	Green Brook*	6/6/88	154			154		154	26			1
Somerset/3	Hillsborough*	6/6/88	194			194	12	182	91		79	1
Somerset/3	Peapack/Gladstone	9/26/88	55	9		46	18	28				
Somerset/3	Warren Twp.*	3/7/88	367			367	34	145	67		166	1
Somerset/3	Watchung*	9/26/88	132			132	9	123	20		57	1
Sussex/2	Wantage*	8/15/88	55			55	55					
Union/2	Union Twp.	9/8/87	552	305	48	199	105	94				1
Warren/2	Independence Twp	10/17/88	27	27		0						
Warren/3	Washington Boro	5/20/87	27	27		0						
TOTALS			15995	3025	1030	11843	1125	10349	2705	436	1162	31
										sbm/11/28/88		

3x

FOR MORE INFORMATION,
Sidna B. Mitchell
Public Information Officer
(609) 530-6663

(R)- Rental
(S)- Sales

NEW JERSEY COUNCIL ON AFFORDABLE HOUSING REGIONAL CONTRIBUTION AGREEMENTS (RCAs)

Sending Municipality/ County	Receiving Municipality/ County	Date Approved	Units	Cost Per Unit	Total Cost	Rehab	New Construction	Other Funding
1. Tewksbury/ Hunterdon	Perth Amboy/ Middlesex	2/10/88	45	\$26,667	\$1,200,000	45		DCA-Balanced Housing Diocese of Metuchen Private Capital
2. Warren/ Somerset	New Brunswick/ Middlesex	3/7/88	166	\$26,500	\$4,399,000	52	114	\$1,584,000-DCA Balanced Housing \$5,634,000-HUDA; HMFA Mortgages
3. Franklin/ Somerset	Perth Amboy/ Middlesex	4/4/88	29	\$27,500	\$ 797,500	29		Volunteers of America
4. Scotch Plains/ Union	Linden/ Union	4/18/88	175	\$20,000	\$3,500,000	175		None
5. Passaic Twp./ Morris	Newark/ Essex	5/2/88	42	\$20,000	\$ 840,000		42	DCA-Balanced Housing HMFA Mortgages Newark CDBG
6. Watchung/ Somerset	Phillipsburg/ Warren	5/16/88	57	\$22,000	\$1,254,000	57		None
7. Hillsborough/ Somerset	Phillipsburg/ Warren	6/6/88	79	\$22,000	\$1,738,000	79		None
8. East Hanover/ Morris	Newark/ Essex	6/20/88	14	\$20,000	\$ 280,000		14	DCA-Balanced Housing HMFA Mortgages
9. Freehold Twp./ Monmouth	Freehold Boro/ Monmouth	8/15/88	150	\$18,000	\$2,700,000	150		None
10. Roseland/ Essex	Newark/ Essex	9/26/88	66	\$17,000 (R) \$17,500 (S)	\$1,138,500		66	DCA-Balanced Housing HMFA Loans
11. Bernardsville/ Somerset	New Brunswick/ Middlesex	10/17/88	41	\$21,000	\$ 861,000	41		None
12. Howell/ Monmouth	Keansburg/ Monmouth	11/7/88	313	\$18,600	\$5,821,800	313		
13. Ramsey/ Bergen	Jersey City/ Hudson	11/28/88	107	\$16,635	\$1,780,000	107		CDBG, DCA Balanced Housing, Jersey City linkage & Affordable Housing Program
14. Middletown/ Monmouth	Union Beach/ Monmouth	11/28/88	75	\$17,000	\$1,275,000	75		
15. Middletown/ Monmouth	Highlands Boro/ Monmouth	11/28,88	50	\$18,500	\$ 925,000	50		
16. Middletown/ Monmouth	Red Bank/ Monmouth	11/28/88	45	\$18,000	\$ 810,000	45		
17. Middletown/ Monmouth	Long Branch/ Monmouth	11/28/88	150	\$17,500	\$2,625,000	150		CDBG maybe

12/6/88



NEW JERSEY
COUNCIL ON AFFORDABLE HOUSING



RENTAL UNITS (NEW)

<u>County</u>	<u>Municipality</u>	<u>Inclusionary</u>	<u>RCAs</u>
Bergen	Paramus	200	
Burlington	Bordentown Twp.	30	
	Moorestown Twp.	125	
	Mount Holly Twp.	47	
Essex	Roseland		33
Gloucester	West Deptford	104	
Hunterdon	High Bridge Boro	34	
	Raritan Twp.	96	
	Union Twp.	1	
Mercer	Lawrence Twp.	139	
	Washington Twp.	30	
Middlesex	Monroe Twp.	25	
	Piscataway	213	
	South Brunswick	70	
	South Plainfield	100	
Monmouth	Freehold Twp.	250	
	Holmdel	125	
	Howell	389	
	Millstone Twp.	6	
Morris	Chatham Boro	4	
	Denville Twp.	201	33
	Kinnelon	18	
	Passaic Twp.	54	
	Randolph Twp.	77	
	Washington Twp.	74	
Somerset	Bernards Twp	88	
	Franklin Twp	100	29
	Green Brook	26	
	Hillsborough	91	
	Warren Twp.	67	
	Watchung	20	
Total		2804	95

558c
12/8/88



THOMAS H. KEAN
GOVERNOR

NEW JERSEY
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JAMES L. LOGUE III
CHAIRMAN

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

SENIOR AND HANDICAPPED HOUSING UNITS

County	Municipality	Senior	Handicapped	Senior Unit Credits
Bergen	Paramus Twp.	70		
Burlington	Moorestown Twp. Mt. Holly Twp.	80 83		
Essex	Cedar Grove Twp.			149
Gloucester	Deptford Twp. Woodbury City			100 199
Hunterdon	Raritan Twp. Union Twp.	90 1		
Mercer	Lawrence Twp. Washington Twp.	59	27	161
Middlesex	Piscataway Twp. South Plainfield	150 100		
Monmouth	Freehold Twp. Holmdel Twp.	205 80	45	
Morris	Denville Twp. Mendham Passaic Twp. Randolph Twp. Washington Twp.	50 38	10	16 100 4
Somerset	Franklin Twp. Peapack/Gladstone			9 100
Union	Union City			233
Warren	Independence Twp.			40
TOTALS	23 Municipalities	1006	82	1111

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