

# *Public Hearing*

before

## ASSEMBLY HOUSING AND LOCAL GOVERNMENT COMMITTEE

*"The Committee will discuss the creation of more affordable housing opportunities in New Jersey, including a comprehensive reform plan proposed by Assembly Democratic leadership"*

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**LOCATION:** Committee Room 11  
State House Annex  
Trenton, New Jersey

**DATE:** December 10, 2007  
2:00 p.m.

### **MEMBERS OF COMMITTEE PRESENT:**

Assemblyman Jerry Green, Chair  
Assemblyman Louis M. Manzo  
Assemblyman Craig A. Stanley  
Assemblywoman Joan M. Voss  
Assemblywoman Alison Littell McHose  
Assemblywoman Charlotte Vandervalk



### **ALSO PRESENT:**

Joyce W. Murray  
Mishael M. Azam  
*Office of Legislative Services  
Committee Aides*

Kate McDonnell  
*Assembly Majority  
Committee Aide*

Thea M. Sheridan  
*Assembly Republican  
Committee Aide*

***Hearing Recorded and Transcribed by***  
The Office of Legislative Services, Public Information Office,  
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

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**ASSEMBLYMAN JERRY GREEN (Chair):** The first person I'm going to ask to come before you to speak is Assembly Speaker Joe Roberts.

Speaker, what I'm going to do this afternoon-- I'm going to ask you, if you don't mind -- if you would kindly testify. But I'm not going to ask any questions of you or Majority Leader Bonnie Watson Coleman. As I said before the two of you had arrived -- that this is the first step towards our hearings moving toward affordable housing. And I feel that it would be the appropriate time for you to respond to any questions as we move down this process in the new session.

So welcome, you and Majority Leader Watson. You have the floor.

**ASSEMBLY SPEAKER JOSEPH J. ROBERTS JR.:**  
Chairman, thank you very much.

You state the obvious, which is -- and I know there will be many questions as we go forward. And I wanted to simply make a few comments, as does the Majority Leader. And then I see a very distinguished collection of witnesses here to provide this Committee with their input on housing issues, generally.

Mr. Chairman, let me begin by thanking you for the leadership that you've provided on this issue, not just as Chairman of this Committee, but as someone who I've had the privilege to work with in crafting housing policy in New Jersey; and my friend, the distinguished Majority Leader, as well, whose work product has been the source of some of the bills that we're here to talk about today, and who has been a fighter for housing policy her entire time in the Legislature.

Mr. Chairman, you have a number of very significant viewpoints to be heard today. And I'm so pleased that you'll be hearing from Commissioner Doria, who is very well positioned to move New Jersey's housing policy to the next level, drawing upon his experience as a Mayor and as a legislator; Public Advocate Ronald Chen, who has fought on behalf of New Jerseyans on a variety of different issues, and who I think has been very eloquent in his advocacy on behalf of a fairer and a more comprehensive housing policy in our state; a variety of local elected officials whose perspective is essential; members of the clergy and representatives of a variety of faith-based organizations; affordable housing advocates; and academic experts, as well.

Some of these individuals bring a national perspective, others have a distinctly New Jersey expertise. Everyone, however, shares a deep passion about improving affordable housing opportunities here in New Jersey.

Mr. Chairman, this hearing marks a beginning, a starting point, if we are serious about delivering change. Almost 20 years have passed since the enactment of New Jersey's Fair Housing Act. It is clear that the law isn't working, and we must confront that reality. Too few units are being built, and there are too many loopholes in the law. Too many families are simply being priced out of New Jersey, and poverty is concentrated in a few communities.

The current approach to housing in New Jersey is unfair, indefensible, and economically counterproductive. For me, this is a very fundamental situation. We have communities where young people grow up and that they like so much that they want to stay in the community and

regenerate it, and raise their families there, and they simply cannot afford to do so because of the economics.

New Jersey's affordable housing problem is certainly well documented. The Brookings Institution calls the affordable housing shortage the greatest threat to our state's future. Brookings also says that we face the most difficult housing challenge of any state in the nation. We simply must do a better job here in New Jersey of providing housing for people who are living on the margins.

Working with yourself, Mr. Chairman, and with Majority Leader Watson Coleman, I believe that we have crafted a broad plan of reform. The components of this plan were developed after review of housing policies in other states and discussions with leading housing advocates, as well.

Let me just take a moment and just summarize them if I could -- actually more than a moment, but not too many moments. The first is: I propose that we abolish regional contribution agreements. In my judgement, it is long overdue that we end the reprehensible practice of allowing municipalities to duck their affordable housing responsibilities. It is simply the height of unfairness for someone to pay to shift their problem or their responsibilities to someone else. But having said that, we need to give urban communities a new funding source so that they do not have to rely upon the funding stream that has been represented by RCAs.

Secondly, I propose that we establish a 20 percent affordable housing set-aside for all State-assisted development projects. Frankly, the State needs to lead by example. And if it's Smart Growth projects, if it's

transit village projects, the State needs to lead and provide a foundation on which other communities can build.

Third: the creation of a reconstituted State affordable housing umbrella fund, with an expanded pool of revenue sources.

Fourth: I propose that we make Federal Low-Income Tax Credits available for private developers building inclusive projects. New York does it, North Carolina does it, Ohio does it, Washington does it, and California does it. New Jersey should, as well.

Fifth: I propose that we expand middle-income eligibility for affordable housing units and promote the production of housing units for families earning less than 30 percent of the State's median income. This is an issue particularly that the Majority Leader has provided great leadership on.

Sixth: that we use the new school funding formula to award towns that provide affordable housing to low- and moderate-income students.

Seventh: that we prevent eminent domain from reducing the existing pool of affordable housing units in New Jersey. Every unit of affordable housing that is lost through eminent domain must be replaced.

Eighth: that we prevent towns from stockpiling, and never using, local trust funds meant for construction of affordable housing. By some estimates, it's \$100 million to \$150 million in development fees that are sitting in municipalities all over New Jersey, money that is not being used, and money that needs to be used.

I propose that we mandate municipalities to provide density bonuses to developers for construction of inclusionary development. We

need not just to mandate, we need to provide incentives. And that's something that we're proposing.

Tenth: that we require the Council on Affordable Housing to account for existing affordable housing units when allocating a town's fair share. State regulations need to take into account those towns that are doing the right thing.

Eleventh: that we create a task force specifically assigned to mapping out a comprehensive housing plan.

And finally, that we do a better job of tracking the progress on affordable housing through the regular publication of statistical reports. If we don't keep track of what we're doing and not doing, we won't know whether we're making the progress that we need to make.

Mr. Chairman, it is clear that change is needed, and it is clear that we must achieve it. We need to develop a plan, and then we need to make a commitment to that plan becoming a reality.

Let me just take a moment and touch on the RCA issue, because that's one that probably has generated the most attention. And I would like to reference Assembly Bill 3857 -- which is the legislation I introduced some time ago which would deal with this issue -- and just speak about some changes, from that legislation relative to where we are today.

It is my view, and I feel passionately about this, that we must eliminate regional contribution agreements in New Jersey for all the reasons that I've stated on many, many occasions in the past. But I feel just as strongly that they cannot, and should not, be eliminated in a vacuum. I have absolutely no intention of leaving municipalities, whether they be

urban, or suburban, or rural municipalities, in the lurch. We simply have to acknowledge that we have to address this situation in a way that is fair.

Currently, the regional contribution agreements, going to largely urban communities, represent about \$15 million a year. The bill that I referenced suggests that the Balanced Housing fund would be used to replace that \$15 million annual obligation.

Mr. Chairman, when you, and I, and the Majority Leader announced this package of proposed legislation, we indicated a month ago, on that day, that we would not propose using the Balanced Housing fund for this purpose. What we propose to do is to use a combination of money from the General Fund and the significant, unexpended housing money currently sitting in municipal accounts around the state. In my judgement, that will provide local officials with what they need and what they deserve, which is a permanent, dependable, ironclad source of funds for housing development and rehabilitation in New Jersey -- in urban communities particularly -- but will allow us to do it and, at the same time, repudiate what I believe is our ill-advised and almost insidious reliance on regional contribution agreements.

Mr. Chairman, there is still a lot of work to be done. But hearings like this one today move us one step closer to the goal of achieving an affordable housing policy for this state.

And I would note that today, in many ways, is maybe not the beginning of this discussion, but certainly a midpoint. And I've discussed it with members of this Committee and with other of our colleagues in the General Assembly. And I am certainly open to other ideas, to other viewpoints, to refinements. But I think it's important that we move



forward and we move forward right away. It is my plan, on January 8 -- as soon as this new Legislature is sworn in -- to introduce the final versions of this legislation and to move it expeditiously as the first -- among the first set of legislative initiatives that we consider next year.

For the sake of our residents, our economy, and our future, let's build a new framework of providing affordable housing opportunities for the residents of this state, regardless of where they happen to live.

Mr. Chairman, thank you very much for making the time on your agenda today to deal with this issue. And thank you personally for the leadership that you have provided. You have impressed upon me, based on the work that you have done as Chairman of this Committee probably for a decade now, that New Jersey's housing policy needs a comprehensive overhaul. We need to start with the foundation and rebuild, and rebuild all the way to the roof. And we need to do it in a very, very thorough way. And I thank you for that guidance and that leadership. And it's a pleasure to work together with you and the Majority Leader.

Thank you, Chairman.

Thank you, members of the Committee.

ASSEMBLYMAN GREEN: Thank you very much, Mr. Speaker. It's a great honor to have been able to have gotten this far with this issue. It's obvious, other than taxes, this is one of the most important issues facing New Jersey. And it's very embarrassing when I find the Affordable Housing Trust Fund currently sitting with almost \$170 million that basically people don't recognize -- that have (*sic*) been moved towards giving some people some decent housing.

So I really appreciate your support. And just the mere fact -- with the presence of you being here today, it's obvious this is an item that is very, very high on your agenda going into the next session. So I appreciate you being here, and giving us the support, and moving this issue in the right direction.

At this time, now, I would like to have Majority Leader Bonnie Watson Coleman--

Do you have any comments on this issue?

**MAJORITY LEADER BONNIE WATSON COLEMAN:**  
Thank you very much, Mr. Chairman and to the members of the Committee. It's good to see you, and it's very good to be here today on this issue.

Obviously, my comments are going to be quite brief because, as always, the Speaker has covered this issue in a very comprehensive way. I want to thank him personally and publicly for the work that he's been doing in this area. And I share the same passion and determination that we move forward, and stop talking, and start doing, so that we can have a comprehensive housing policy in the State of New Jersey that is reflective of the needs, the desires, the choice, and hopefulness of all the citizens of the State of New Jersey.

I am really delighted to be here and to know that there are pieces of legislation that have already been introduced that are going to be a part of this comprehensive housing policy, whether it is legislation that will ensure that the lowest of income families have access to affordable housing, or whether or not it is legislation that is designed to help middle-class families -- families who are making above the, sort of, poverty line -- to be

able to be considered as part of the targeted population that we are going to address in order to ensure that they have housing choice.

We have people who are working in communities -- whether they're teachers, or firemen, or police, or cafeteria workers, food service workers, a range of young people, and a range of people working in different areas -- who work in communities that make those communities stronger, and better, and wonderful places to live, but cannot afford to live in them. They cannot afford to rent apartments in them, they cannot afford to buy houses in them. That is unacceptable. And we need to eliminate any kind of barriers that exist that preclude our people from the State of New Jersey having an opportunity to live where they choose to live, and work where they choose to work.

I find that the implementation of the RCAs has been something that I have been fighting against from the very first -- coming into the Legislature. At first I just wanted to make them so expensive that municipalities didn't see the wherewithal to try to give them to someone else. Because I believe that RCAs are principally responsible for the overburdensomeness of poverty in our -- certain communities, and has a negative impact on both the quality of life, the safety in the community, and definitely the education that is offered. That's not acceptable, that's not allowable, and we need to do something about that.

And while we consider the elimination of RCAs, I am in full accord with the Speaker -- and with you, Mr. Chairman -- that the money that would be no longer available for this purpose -- that we would find a sustainable, returnable, and a dependable source of income to ensure that

affordable housing does, indeed, become available in the State of New Jersey.

And while we focus on what kind of housing, we need to also ensure that we recognize not everybody is looking for a house to buy. Some people need a facility to rent. So any policy that we have needs to address the needs of housing across the spectrum, whether or not it's a single room, to a single-family house -- anything in between. New Jersey needs to recognize that we need a policy that addresses housing across the spectrum, and that we need to be proactive, comprehensive, determined, and don't let go until we have one.

The idea that we are moving forward now, on January 8, is just absolutely exciting to me. Last night I was at a concert that was given by my church. And the proceeds from that concert were given to the homeless prevention programs in the county of Mercer. Just the idea that in this day in age, in this very affluent state, in this very affluent country, that we would even have to do that is totally unacceptable. And I want to be a part of the solution to eliminate that scourge on our society.

I know that there are mayors and there are other officials here who are concerned about what happens with the RCAs and the agreements that are in the pipeline. I would urge us to look to make sure that we hold some of those agreements harmless so that we do not negatively impact that which the wheel is moving already along, but that we look forward, and we look forward immediately, to creating a system that doesn't rely on this form of subsidy.

I'm delighted that-- When I first started working on this issue, Commissioner Doria was an Assemblyman, then he became a Senator, and

now he is perfectly poised in the position of Commissioner of the Department of Community Affairs. I welcome his leadership, and I trust it, and I trust his judgement on this issue, and I look forward to working with him.

I also look forward to working with any of the other advocates, and any of the local officials or representatives across the state that have a perspective on this issue. Because we don't profess here to have all the answers. What we do know is that the system is mightily broken and that we need to fix it. We need to fix it comprehensively, and we need to fix it quickly.

So I look forward to working with each of the members that are here today, and all of my colleagues in both the Assembly and the Senate, as we move forward and do the right thing in the State of New Jersey, and develop a comprehensive housing policy that addresses the needs of all of our citizens.

Thank you, Mr. Chairman, for your leadership, for your tenacity on this issue, and for giving us the opportunity to be here today.

ASSEMBLYMAN GREEN: I want to thank the both of you.

MAJORITY LEADER WATSON COLEMAN: Pardon me?

ASSEMBLYMAN GREEN: I want to thank the both of you, not only for your support, but for coming here this afternoon to share your views with the other members of this body.

MAJORITY LEADER WATSON COLEMAN: Thank you, Mr. Chairman.

And we do want to stay for a while so that we can hear some of the wonderful perspectives that are going to be offered here.

Thank you.

ASSEMBLYMAN GREEN: Thank you. (applause)

Commissioner Doria, the Majority Leader took away all my thunder, (laughter) so there's not much more I can say other than the fact that I spent 16 years with you here in Trenton. And it just gives me great pleasure-- And trust me when I say that this is no knock on all the former Commissioners. (laughter) But there's nothing like having your teacher sitting there, who taught you everything about how to conduct yourself as a legislator. And I just want to publicly thank you for that. And I can't find a better person to be sitting in that seat right now as we move the State in the direction that I feel is long overdue, and that's dealing with housing policy.

So before you say anything at all, I just (indiscernible) want to thank you, Joe, for all the things you have done in terms of helping all of us. Because you have been a legislator that we've all been very proud of. And you're going to do a hell of a job as our new Commissioner.

Now you have the floor. (applause)

**ACTING COMMISSIONER JOSEPH V. DORIA JR.:**  
Thank you.

Thank you very much, Mr. Chairman. I appreciate those very, very kind remarks. And I hopefully will live up to the standards that you, and the Speaker, and the Majority Leader have established in this area of housing.

And I want to begin by commending you, Mr. Chairman, for your leadership over the years. As the Speaker said, you have been diligent in your efforts to promote affordable housing and have worked very

diligently on this Committee -- and all the members of this Committee. So I want to begin by saying that.

And I want to say that the proposals made by the Speaker, I think, are proposals that are very serious and need to be considered as we move forward to deal with the issues of affordable housing. So I want to commend the Speaker and the Majority Leader.

I've had the opportunity to work with both of them for many long years in the Legislature, in the Assembly, before I moved on to the smaller house, the Senate. (laughter) And I just also want to mention that whenever I sit here, I always think of the Majority Leader's father, John Watson, who was an outstanding Assemblyman, an outstanding leader in the State of New Jersey and here in the city of Trenton, and who fought very hard for the people, fought very hard on the issues such as affordable housing. I had the privilege of being here when he was the chair -- appointing chair of the Appropriations Committee. So what I have to say is that I know the commitment that each of you -- the Speaker, the Majority Leader, yourself, Mr. Chairman, and the members of this Committee -- have to creating affordable housing in the state.

And I appreciate the opportunity today to be here to speak on this very important issue, and to be in the position -- and have the privilege of being the Commissioner of the Department of Community Affairs. And I thank Governor Corzine for that.

As we all know, Governor Corzine has made a commitment to affordable housing; a very strong commitment to create 100,000 units of affordable housing. And up to this point, we've been able to provide, for 17,000 families, affordable housing opportunities. It's a first step. It's not

the final end. We are moving in the right direction. But much more has to be done. And the State of New Jersey is committed to that, and our Governor is very much committed to the concept of affordable housing.

And the Governor knows that we need to take positive steps. And I think the legislation that is being proposed, and the ideas being proposed by the Speaker, are those positive steps -- working in conjunction with the Department of Community Affairs and agencies such as New Jersey HMFA -- which is an important part of providing the funding that is necessary.

He has made no secret of his commitment to meet the issue head on. And we know that this issue is not an easy issue. We need to rehabilitate, we need to maintain affordable housing, we need to make sure that we do not do away with affordable housing. So I support very much the concept that the Speaker has presented: that if affordable housing is demolished, we need to replace unit for unit. That is extremely important and something that I think everyone can agree to and is necessary, no matter how that takes place.

I come here today to talk to you about the efforts of the Department of Community Affairs in this area. The Governor gave me one major task. He's given me a few more since the first time I met with him to discuss DCA. But the first major task he gave me was that we needed to provide and develop an affordable housing policy for the State. And I've dedicated a great deal of my time and the resources of the Department, for the past to months, to work towards doing that.

As you know, we are under court mandate to come up with new, round three COAH regulations. And we are in the midst of doing that



at the present time. And we have actually gone to court to ask the court to give us a little more time to promulgate the regulations rather than doing an emergency regulation. And we are in the process -- by next week -- to promulgate the new regulations, which -- if they follow the usual course of regulations -- would take effect in June of 2008. So we are moving forward to try to deal with the issues, through the traditional COAH process.

And, you know, as we look at this, I know that you, and the Speaker, and the Majority Leader are aware of the various problems that exist, and the need to guarantee that everyone in the state is treated fairly. And how do we treat them fairly? We treat them fairly by providing affordable housing.

But we also need to understand that the State of New Jersey needs a housing policy -- a total housing policy. And one of the things we're moving forward with in the Department is to develop that policy. You cannot have affordable housing without having market-rate housing. The State of New Jersey does not have the financial resources to fund all of the affordable housing that would have to be built in the state to meet the goal of 100,000 new affordable housing units that the Governor has proposed. So we need to bring into the process the private sector, the private developers. We need to have -- make sure that they are part of the process, that they understand the importance of creating market-rate housing, workforce housing, and affordable housing. So we need to understand that.

And so I commend the Speaker and the Majority Leader, and the legislation that they propose -- number one, to go and guarantee that we provide housing for those people who are below 30 percent of median. But

also we need to move up to 110 percent of median. And I might even propose we might need to go a little higher than that to cover the workforce housing, to cover the housing that we need for the people who work in the factories, but also the people who live in the community.

I want to commend Mayor Palmer, who is here, who is the Chairman of the National League of Cities, for his programs, especially the new program that he is developing with HMFA. The program is Live Where You Work. It's funding provided through HMFA for mortgages to the employees of a municipality, to make sure that they live in their communities, which helps all of those communities. And Trenton will be the first community to participate in this program. And we hope to expand it to other communities in the state. That will help us to allow and guarantee, as the Speaker, Majority Leader, and yourself have said, that our children can live in our communities, that they will be able to afford to live -- to rent or to buy -- within the communities that they grew up in.

As part of the effort, the Department of Community Affairs has set up a series of committees to develop a total housing policy with an emphasis on affordable housing. And we set up a number of committees -- six committees, which will be working on that. There is a committee just dealing with affordable housing, which will look at producing and preserving housing opportunities that are affordable to a broad range of incomes, from low to moderate; a committee on homelessness and special needs. Because the Majority Leader is correct when we say we should feel very much ashamed of the fact that we have such a significant problem of homelessness. And this committee would look at providing community-integrated housing opportunities with support services for special needs

individuals. A commitment is there to provide 10,000 units of special needs housing.

I was in Jersey City this morning where they broke ground for a project being sponsored by the Episcopal Housing Unit within Jersey City for eight units of special needs housing, funded through HMFA, through HUD, and through an expenditure of the local Affordable Housing Trust Fund; and also supported by the State Rental Assistance Program for four of the units. We need to be doing more of those. Seven hundred and twenty-two units have been built since 2005. Eight hundred more of those units are in the pipeline. We've committed \$55 million of the \$200 million in the Special Needs Housing Trust Fund, but we need to leverage that money. And we have, and we need to leverage more money to provide those needs to those people with special needs, who need special needs affordable housing with support services.

The third committee is community revitalization, which will look at utilizing housing investments as the catalyst to economically, environmentally, and socially revive neighborhoods. We need to revive our neighborhoods. We need to take advantage of the old, urban centers and rebuild those urban centers. We need--

There's another committee on land use and planning. We need to determine how much land there is available in the state. The COAH Commission had a study commission by Hank Mayer, a professor at Rutgers University, to determine-- There's approximately 1.3 million acres of land that's still developable. But then, when you take in a lot of the new environmental regulations that are being proposed -- some of which will have a major impact upon the potentiality for development of housing

opportunities and affordable housing opportunities -- we could get down to a number of less than 300,000 acres. That's a serious issue. Will we have the space to build our housing? Will we have the space to house the people of New Jersey and provide affordable housing?

The third-- The fifth committee is workforce housing, which will look at producing and preserving housing opportunities that are located near jobs. As part of this process, we need to understand that workforce housing is extremely important. So we need to work together to guarantee that there are homes for the people who work in the companies so that we can have economic development in this state.

And finally, the last of the committees is an interdepartmental coordination committee which understands the issues. And the Speaker understands them. He talks about the need for school aid to be tied to housing opportunities. Hopefully, the new school aid formula, which will follow the child and will result -- if enrollments go up, the communities will get additional money -- will help to do that.

But we need to look at transportation, because we need to make sure that the people who live in the houses can get to their jobs. We need public transportation. We need to look at environmental regulations. I said the amount of available space-- Are they being impacted negatively by some of the environmental regulations? What do we need to do to guarantee that there is space available to provide for affordable housing? We need to work together with our Public Advocate, Ronald Chen, to determine how we could do this in a fair and appropriate manner. We need to work together with Education. So we need to bring the departments together.

This is an interdepartmental responsibility. And if we don't look at it as a whole, as you know from your experience in the Legislature, Mr. Chairman, we cannot get it done.

So we need to have recommendations. The Speaker has put forth legislation. And we need to work on modified regulations -- which, hopefully, we'll have some of them out -- the new COAH regulations -- next week. We need to look at new programs, trying to develop new programs through HMFA, through the New Jersey Redevelopment Authority, through the Department of Community Affairs.

We need to talk about partnerships and coordination. There are many groups here today, the housing advocates. But there are the private development people. There are the builders -- we need to work with the builders. Tim Touhey is taking that over. We have brought the stakeholders in to have discussions. We need to work with the League of Municipalities and the mayors. Mayor Bowser, the new president, is here today. So we need to bring everyone together as part of a conversation -- a conversation to move forward.

And we brought some of the experts -- the people who are involved -- to serve as chairs of these committees. The chair of the entire steering committee process is Chris Foglio, someone who is very knowledgeable in the area of development and in housing, and is someone who I think all of us respect for her ability. And then we have people like Paige Carlson-Heim; Ed Martoglio; Reverend Davidson; Alison Recca-Ryan; Richard Johnson; Mayor Wayne Smith; Tim Touhey; John Wintersella, a former mayor who is on the COAH Council; Mark Murphy, from the

foundation community; Mayor James Maley; Lopa Kolluri, from Treasury; Dave Fisher. We're trying to bring everyone together.

We're hopeful, Mr. Speaker, Majority Leader, Mr. Chairman, that by March we will have a policy that we could look at, and discuss, and bring to bear as we move forward on your legislation -- so that together we could come up with the conclusions, and the findings, and solutions. Are these solutions easy? No. Are there things that can be done quickly?

I commend the Speaker, again. Twenty percent of all State projects should be affordable. And that should be done. So we should move forward on something like that.

Should the Affordable Housing Trust in the community be spent? Yes. I suggested, and the Speaker agrees, that we move forward. Some communities have Affordable Housing Trust money for 10, 12 years that's sitting there. It should be out and being spent. So we should ask the communities to commit that money in two years, and spend it in four. If not, it should then accrete to the State to do more affordable housing projects. We need to move forward.

So there are many things that are in the Speaker's proposal that I think are extremely beneficial and worthwhile. The most controversial is the RCA. And we need to look at that. I don't disagree with the Speaker. We need to look at how we can deal with that. And we need to understand that the RCAs have played an important role in many of our urban communities to deal with rehabilitation, to deal with housing needs, where there is no money available other than through RCAs. Because those communities have used their Affordable Housing Trust much more effectively than many other communities.

And the amount of money-- Right now, an RCA is \$35,000. In the proposed regulations that are coming out, it's going to be more than double by region. Because, in reality, you need more money to build or to rehabilitate.

So, are there problems with RCAs? Yes. Does there need to be a solution to how we deal with them? Yes. But at the same time, we need to understand that there is a need to maintain that type of vehicle for the municipalities that take advantage of that program. And I'm sure as the discussions will take place, the money issue will be coming forward.

One of the problems we have, right now, is that the Balanced Housing fund is not fully funded because of the slowdown in the sale of homes. As you know, the Balanced Housing fund is very dependent upon the Realty Transfer Tax. And that tax is not bringing in the kind of money it did a few years ago, when housing sales were booming. And that, obviously, is impacting upon our ability to then provide money for projects throughout the state. And that's the reason why I say we need to bring the private development community to bear on how we create affordable housing. We need to take advantage--

And, again, I agree with the Speaker. The use of the Federal tax credits -- 4 percent to the 9 percent tax credit -- should be made available, within parameters, for the private development community, again creating requirements that guarantee that, in that process, affordable housing is being developed. Because that is the key.

In my opinion -- and I think it's in your opinion, Mr. Speaker, and that of the Speaker and the Majority Leader -- there should be no development taking place where affordable housing is not included.

Affordable housing should be there. And by *affordable housing*, I mean housing for the people below 30 percent of median, but I mean also for people up to 130 percent of median. We're talking about workforce housing, we're talking about housing for moderate income. In New Jersey, \$60,000, \$80,000 for a family of four is a middle-class family who has a hard time paying rents, and who have a hard time buying a home. And in the present situation, with the mortgage market so very much depressed as a result of the sub-prime crisis, it's very difficult for many middle-class families to contemplate purchasing a home, or contemplate paying their mortgage, especially if they have an adjustable rate mortgage or a balloon mortgage.

So these are all issues, Mr. Chairman, that we need to address. And I want to commend you and the Committee for having this hearing. I want to commend all those here present for their participation, and especially commend the Speaker and the Majority Leader for their leadership in moving forward. And I look forward to working with them on issues that are very important to guarantee that every person in this state can have a home to live in -- a decent home -- and can, in those instances, acquire what is the American dream: to own their own house. And hopefully we, in the State, will provide that opportunity through the affordable housing programs we establish.

So thank you very much, Mr. Chairman. I appreciate the opportunity to have the time to speak to you today.

ASSEMBLYMAN GREEN: I want to thank you also, because of the fact that it's obvious you touched on just about every entity that needs to be at the table. And it's obvious you recognize the fact that there



has to be a partnership with you and the Department -- DEP. It's obvious they play a major role in terms of determining the future of the State of New Jersey.

So I'm confident that the Speaker has already recognized the concerns, as well as you have recognized the concerns. Because I'm pretty sure just about everybody in this audience realizes that every person that you mentioned should be at the table. There's going to be a lot of give and take. And the only way we're going to be able to accomplish everything that we want to accomplish is, we're all going to have to work together. So I really appreciate you coming this afternoon and enlightening us on exactly what you're trying to accomplish between now and March, when you put all the things together.

It's obvious this side of the aisle is going to be working on-- When I say this side of the aisle -- this Committee, as well as the Speaker, has made their commitment. Now it's up to the front office, with the Department and DEP, to make that same commitment to us.

So, again, thanks for coming this afternoon and testifying.

ACTING COMMISSIONER DORIA: Mr. Chairman, thank you. And I appreciate your involvement and commitment with these committees, also. And I thank you, and I thank all the members of the Committee.

Thank you.

I apologize. I have a meeting with the Governor now, so I'm not going to be able to listen to the testimony. But I have staff here who will.

Thank you.

ASSEMBLYMAN GREEN: Thank you. (applause)

Assemblyman Stanley, you have some questions?

ASSEMBLYMAN STANLEY: Yes, I just--

First of all, I just want to commend Commissioner Doria for a very, very comprehensive approach in a very, very short time, on a very complicated issue.

Mr. Chairman, the Speaker and the Majority Leader present a tremendous challenge to us -- or to you. I don't think I will be continuing on past this session.

However, Assemblyman Doria -- or Commissioner Doria-- I've known him as a speaker, as a boss, as a chairman, and now as the Commissioner. Commissioner Doria has certainly begun working on an issue that's very important. Both of us are very, very concerned about education in our state. Our state is, indeed, one of the most segregated states in the nation. And we all know that concentrations of poverty and minority concentrations don't usually equate to equity as far as education achievement or education opportunity.

So, again, Mr. Chairman, I commend the Commissioner, the Speaker, and the Majority Leader for their work on this issue.

And if not in a capacity as an Assemblyman, certainly as an advocate, certainly as someone deeply interested and concerned about this issue, I certainly will be engaged.

Thank you very much, Mr. Chair.

ASSEMBLYMAN GREEN: At this time, now, I'm going to ask Mayor Bowser, from East Orange; Bill Dressel; as well as Ed Schmierer-- Would you three like to come up at one time, if you don't mind?

**WILLIAM G. DRESSEL JR.:** Mr. Chair, may I also ask that Mayor Palmer join our panel as well?

**ASSEMBLYMAN GREEN:** Well, my notes state that you guys are against RCAs, and--

**MR. DRESSEL:** Not necessarily; we are in concept.

**ASSEMBLYMAN GREEN:** Well, I have no problem if you are comfortable.

**MR. DRESSEL:** Mayor Palmer.

**ASSEMBLYMAN GREEN:** Would you like to join them, Mayor? I had you coming up by yourself. But if you want to join them--

**MAYOR DOUGLAS H. PALMER:** You had me coming up alone? I'll come up alone. Am I next if I come up alone?

**MR. DRESSEL:** No, you're in there buddy.  
Ed?

Mr. Chairman, I'm Bill Dressel, the Executive Director of the State League of Municipalities. You all have a statement before you outlining our position. And the League's President, Mayor Robert Bowser, the Mayor of East Orange, is going to present our prepared testimony.

The gentleman next to me is Ed Schmierer, a municipal attorney, who is a member of our affordable housing committee.

And Mayor Palmer will be testifying, as well.

With your permission, Mayor Bowser.

**ASSEMBLYMAN GREEN:** Good afternoon, Mayor.

**MAYOR ROBERT L. BOWSER:** Good afternoon.

Chairman Green, and members of the Committee, to Speaker Roberts, Majority Leader Watson -- Commissioner Doria had to leave -- I

think you left out of a couple of things -- that he also used to be a mayor. So we look forward to working with Commissioner Doria.

I'm Robert Bowser, Mayor of the city of East Orange and President of the New Jersey League of Municipalities. The League of Municipalities has reviewed the Assembly Housing Reform Plan put forth by the Assembly Majority leadership. We appreciate that the proposal recognizes the complexities and interdependence of the issues involved, and is a comprehensive proposal. On some issues, the League has a well-defined position, which we will state. Some initiatives put forth are new, however, and will require time to discuss with the sponsor and our membership.

The first point is the elimination of regional contribution agreements, RCAs, which are voluntary agreements between local governments in which one municipality provides funding for affordable housing in another. RCA agreement funds have been successfully used by many mayors to spur not just housing, but also first-time homeownership and to promote economic development, particularly in our urban centers. We recognize that these agreements have led to claims that RCAs have contributed to economic inequalities between wealthier suburbs and less-affluent cities.

It is, however, inaccurate and inherently unfair to assert that suburban municipalities are dodging their obligation by entering into agreements that are authorized by the State statute and have survived numerous constitutional challenges in the courts. In fact, the sending municipalities have voluntarily sought certification by the Council on Affordable Housing, and are providing affordable housing within their

communities, and in many cases have provided more affordable housing than which they were required.

It is equally unfair and inaccurate to assert that our urban municipalities have failed to use this funding wisely. On the contrary, there are many examples of how urban mayors have used RCA funding to promote housing, first-time homeownership, and economic development.

In the city of East Orange, we went through all this moral obligation that folks are talking about now. And for many years, we did not enter those agreements. But when we found that our minority homeownership was around 31 percent, we had to find some way to find funds to provide housing -- affordable housing within our community. And we started to use the RCA funds. And that's only one component. But I'm happy to say that, now, minority ownership is up to 43 percent in the city of East Orange. RCAs have contributed to that.

On June 7, the Urban Mayors Association put forth a thoughtful response to A-3857, outlining what would be done before they could consider the elimination of an affordable housing -- a compliance technique that has been successfully used to promote housing across the state. The League believes what the Urban Mayors put forth was a good step in an honest policy dialogue on housing affordability.

If the State Legislature is to eliminate the use of RCA agreements, then it is incumbent to do more than transfer existing money from elsewhere. Any new funding should be in addition to existing funds, and must result in a net gain for housing in all our communities, and must be dedicated, sustainable, and guaranteed. History has shown that the well-intentioned State programs often dry up, and there is no guarantee moneys

will be available to assist low- and moderate-income families if the present proposal were to supplant regional contribution agreements.

We would gladly support the creation of an Affordable Housing Trust Fund, which is also part of the Speaker's proposal. Any comprehensive housing policy should result in a gain in housing dollars for urban, suburban, and rural communities alike. Any new or replacement funding should be constitutionally dedicated. Put simply, if the State Legislature takes away a permanent source of funding, then it is incumbent for the Legislature to replace it with a permanent source of funding.

This is a pretty long statement, which I think all of the members of your Committee have, Chairman, which covers some set-asides for State development projects; it talks about private developers -- allow private developers of inclusionary development projects to compete for Federal Low-Income Tax Credits.

But we'd like to address A-4385 and A-1343. The proposal supports two existing pieces of legislation. A-4385 increases the moderate-income housing threshold to 110 percent of regional median household income. A-1343 would require a certain percentage of affordable housing be reserved for very low-income households.

As you know, the League has been a vocal leader in the call for property tax reform, and this is for one simple reason: New Jersey has an affordability crisis. Many of our young families and retirees on a fixed income consider leaving the state because of this crisis. These bills attempt to address this issue by expanding the universe of those who qualify for affordable housing. For this reason, we certainly understand the intent of these bills. However, when most parties agree we are not satisfying the

need for affordable housing now, we must ask where will we be in a position -- where we are in a position for an expansion which will require additional funding and subsidies. As much as we can support the underlying intent of these bills, and as much as we understand the increasing need for balanced housing throughout our communities, we would not be in a position to support them unless they are adequately funded by the State.

Furthermore, we urge the Legislature to steer clear of issues that would be addressed through the regulatory process. For instance, the League opposes any legislative requirement for density bonuses. At the present, we anticipate COAH's regulations will include some sort of density bonus, and we believe that this is a regulatory and not a legislative issue. We do not (*sic*) take issue with the statement that the absence of a density bonus discourages the construction of affordable housing. There are several jurisdictions throughout the state that do not offer density bonuses and have actually seen the production of affordable housing remain constant or increase.

Furthermore, on the issue of reallocated present need, we also urge the Legislature not to reinstate reallocated present need. This was not part of the initial COAH growth-share regulations, and this portion of the regulations was upheld by the court. We advise that this remain a regulatory, not a legislative, issue.

The Speaker's proposal -- for the new school funding formula to provide enhanced funding to school districts located in municipalities that provide for affordable housing: On face value, this will garner the support of hundreds of local governments which already provide their fair share. There is a clear logic in such a policy, but it is very difficult to comment any

further without being able to review the new school funding formula. We just spent a weekend retreat at the League trying to get our arms around the school funding formula. Until the numbers come out, it's going to cause us just to be in limbo until we see what those numbers are. We've asked a special Mayors' Committee on School Funding, which is chaired by Edison Mayor Jun Choi, to review this particular proposal so as to provide us context when the new school funding formula is released.

There are already tight controls on the use of funds collected by municipalities through development fees and payments-in-lieu of construction. We would oppose any tighter regulations which remove flexibility to local governments. We agree that this funding must be used, and must be used for affordable housing. However, the State should be seeking to give local governments more flexibility, more options, instead of seeking to restrict how these funds are used.

We thank you for the opportunity to provide our initial comments to this proposal. As you can tell, there are elements of this plan which the League can easily support. But there are others we believe actually sets back the cause of affordable housing in the state. But we respect that the proposal put forth is very comprehensive. While some would merely focus -- some people would merely focus on the RCA issue, there are those who are truly committed to the cause of housing, and see the complexity of these issues involved and do not try to portray issues as good versus bad, or right versus wrong. We thank the Speaker for seeing this, and his commitment to work with the League and the Urban Mayors. And we look forward to working with Commissioner Doria.



There is no one more committed to the livability and affordability of our communities than locally elected officials. There are no organizations more dedicated to these causes at the State level than the League of Municipalities and the Urban Mayors Association. At the same time, however, we must be assured that any housing reforms enacted must be fully funded, resulting in a net gain for housing, and must not be done relying on property taxes. Too often, local governments are portrayed as obstructionists, while at the same time we see less and less from Washington and from Trenton. We hope that lessons have been learned and that the Legislature sees local government as a partner to progress.

Thank you, Mr. Chair.

ASSEMBLYMAN GREEN: Thank you.

Who wants to go next?

MR. DRESSEL: Mayor Palmer.

MAYOR PALMER: Oh, no. These are your guys. Let me--  
(laughter)

ASSEMBLYMAN GREEN: Gentlemen, if you could do me a favor now, in terms of--

**E D W I N   W .   S C H M I E R E R ,   E S Q . :** Well, you know, the Mayor always wants the last comment.

ASSEMBLYMAN GREEN: I started off between three and five minutes. And I'm pretty sure everyone listened to what the Mayor had to say. If you have anything new to add, I would appreciate it, but--

MR. SCHMIERER: Just briefly, Mr. Chairman -- and I will be brief.

ASSEMBLYMAN GREEN: --I'd just like to try to start to begin to, kind of like, put a little control on the time so I could give everybody who has been invited here an opportunity to speak.

So if you have anything new, since the four of you are sitting there as opponents of this particular issue-- That's why I asked you to come up. Because I had some other people that wanted to come first. But since I allowed the Commissioner to speak longer than I anticipated, I thought I would give you that same respect. So if you could stay within that timeline that I set forth earlier, I would appreciate that.

You have the floor.

MR. SCHMIERER: Mr. Chairman, no comments. (laughter)

ASSEMBLYMAN GREEN: Well, that's short and sweet.

MAYOR PALMER: Thank you, Chairman.

I've written this down, so I can be concise and brief. Today I'm wearing three hats: one as Mayor of this great Capitol city, Trenton, New Jersey; secondly, representing Urban Mayors, and the President, Wayne Smith; and third, I'm wearing a real hat to cover my bald head. (laughter) So I'm wearing three hats today.

First, I also want to commend the Speaker; and my Assemblywoman and Majority Leader, Bonnie Watson Coleman; and all the people who have worked on this issue; as well as you, Chairman Green. And I also want to say I really appreciate working with Paul Scully, and the Housing Network folks, and Marty Johnson, and others.

I think the city of Trenton has utilized, successfully, RCAs almost as well as any town in the city of Trenton (*sic*) -- in the State of New Jersey. And I have met several times with the Coalition for Housing. And I

know their real feeling, as the Speaker's, as it relates to RCAs and the moral issue. So I want to really speak a little about all those different things, and I will try and be brief.

I agree with just about everything that everyone said. And that's why I believe, at the end of the day, good people can disagree without being disagreeable and that we will work this out through strong leadership and dedication.

Reform of New Jersey housing policy is a matter of solid policy planning and financial commitment. And to this end, I have argued for a comprehensive housing policy to accelerate homeownership for working families and the momentum of urban cities' revitalization. One-dimensional attacks on RCAs really miss the point.

I am appreciative that the outline entitled "Affordable Housing Reform Plan" acknowledges -- and it's been said -- that for all their flaws, RCAs should not be abolished in a vacuum. Frankly, all the statements about RCAs are meaningless, unless we weigh carefully the fact that RCAs have been the only real, consistent funding mechanism that urban areas have to remove blight and create neighborhoods attractive for working families. The problem is that RCAs have been the only technique available for urban cities to realize residents' dreams of homeownership and to rehabilitate homes, specifically for seniors.

As I've said before, Trenton has been at the forefront of dealing with the double-edged sword of RCAs. We have used these dollars to produce homes for working families who are from our city and who want to own, rather than rent, their homes. We have rehabilitated homes for seniors on fixed incomes so that they can stay in our cities. RCAs also are

used to rehabilitate homes for seniors. It is a grant so that they can make their homes affordable.

The New Jersey Urban Mayors and the Trenton experience point to one overreaching point: the elimination of RCAs -- and this has been said -- can only be considered in the context of a comprehensive discussion of the state of affordable housing in New Jersey. Ideally, suburban and rural communities would shoulder their responsibility to provide affordable housing. But corrective action in a financial vacuum could actually make the situation worse, because New Jersey's need for affordable housing does not fit neatly into the classic urban-suburban breakdown.

Population loss and poverty rates in older suburban communities look more like urban New Jersey. Growth in rural-suburban areas is fueling an anti-growth, anti-school-children, and anti-low-income-housing mentality across our state. Our challenge is to produce a formula tailored to needs rather than broad categories; to develop a policy that addresses the financial impact of housing construction, as well as long-term impacts of affordable housing initiatives.

Ultimately, six key considerations must inform our thinking in replacing RCAs. One, urban distressed communities must have funding to attract moderate-income and market housing to raise incomes within our older cities. The Balanced Housing rules and the State Council on Affordable Housing -- COAH -- regulations need to be evaluated to encourage diverse-income communities. My suggestion -- and this is a suggestion to talk about -- is to allow RCAs -- or you get rid of them, whatever mechanism -- but to allow them so that any units transferred to an

urban community can be used for moderate-income housing. We should allow 25 percent of a suburban need to be met through the transfer of moderate-income housing to urban communities. An additional 25 percent of the suburban obligation should be allowed through a payment similar to the old RCA -- but rather, to a dedicated fund to underwrite the State Rental Assistance Program, SRAP. By allowing 25 percent of a suburban obligation to fund SRAP for low-income families, we can provide mobility and a choice for low-income families, therefore addressing the concern of the concentration of poverty. The key to this will be that the SRAP program, funded by this suburban fund, could not be used in a community utilizing RCAs or what else you come up with -- that name.

The result would allow suburban communities to transfer a total of 50 percent of their obligation, but do it smarter. This option gives urban communities the needed funds for moderate-income families, while creating a true option of suburban housing, through a mobile housing voucher -- which is SRAP -- to be used in the housing region.

As we have stated, the Urban Mayors' cooperation and endorsement of the elimination of RCAs is contingent upon the establishment of an urban fund. However, the foreclosure crisis -- which Commissioner Doria stated -- which has depleted the Realty Transfer funds for the State of New Jersey--

I'm asking you, as the Mayor of Trenton, to consider my option plan for a new underwriting program as an alternative. I believe it can be the interim step to a dedicated fund. I mean, we see what's happening with the Realty Transfer Fund and what's happening with Balanced Housing. This, heaven forbid -- after it's fixed, hopefully it will never happen again.

But that money is not there, and that will hurt -- without building affordable housing -- hurt our whole statewide economy in terms of jobs and services.

Suburban communities must promote diversity and inclusionary housing, and the State should financially support it. A comprehensive approach to a community's housing obligation must include economic relief for towns to shoulder the cost of affordable housing. Consideration also should be included, as: an offset of school costs associated with affordable developments, as well as Balanced Housing, and -- as was mentioned -- Low-Income Tax Credit eligibility for inclusionary housing.

Third, redeveloping communities should not have the burden to house low-income residents if the census tract already has a majority -- more than 50 percent -- qualifying as low-income.

Fourth, the Governor -- and I think Commissioner Doria is heading in this direction -- should create a blue ribbon commission on affordable housing to address all these issues in a comprehensive way.

Fifth, school funding must be a part of this housing discussion, as was mentioned. Without addressing schools, we fall short of dealing with the true cause of suburban sprawl and the decline of urban neighborhoods. New Jersey families need quality education choices, as well as housing choices. Then, and only then, can urban communities redevelop into mixed-income neighborhoods.

And, finally, those RCAs that have already been approved -- and the Majority Leader said this and, I know, Speaker Roberts -- should be approved, deemed compliant, allowed to-- Finally, those RCAs that have

already been approved should be deemed compliant and allowed to transfer funds. A rollback of approved funds would be wrong. We have houses in the pipeline that need this money, as we use RCAs and market rate as diverse housing.

And no one can dispute that all communities must be involved in the provision of affordable housing on an equitable basis.

I believe, Mr. Chairman, that we can do this. I'm willing, ready, and able to work with all that are testifying today to come up with something that meets the needs of all of New Jersey so that we can really have one New Jersey.

And, again, I really commend you; and Speaker Roberts; and my Assemblywoman, Bonnie Watson Coleman. We've had spirited discussions, and I think as a result we're coming up with a policy that really meets the needs of everyone involved, for working families and for everyone else in our cities, suburban areas, and rural areas.

Thank you, Mr. Chairman.

ASSEMBLYMAN GREEN: Mr. Dressel, do you have any comments?

MR. DRESSEL: I'd just like to thank you, Mr. Chairman.

I know we went over our time limit, but I appreciate you for your indulgence. We look forward to working with you, with Speaker Roberts, and Assembly Majority Leader Bonnie Watson Coleman.

Thank you.

ASSEMBLYMAN GREEN: I just want to comment, in terms of-- I listened to the two Mayors. There's not much -- I don't disagree with

you. I am confident that with Joe Doria, as well as the Speaker -- that there are some areas of give and take there.

I just have two quick questions of both of you -- whoever wants to answer them.

One, your ability to be against RCAs is basically-- Is it a money issue? What I'm trying to say is, if new money can be found to replace the money that you feel you're losing, would that be an answer to your reason for not being against it?

MAYOR PALMER: And let me just clarify, I'm basically saying I can go along with the moral argument about eliminating RCAs. I'm just saying, give us a consistent money source.

However, the State doesn't have money. At least that's what they tell me when I ask for it. (laughter) And so I don't think we should use property tax money or State money to fund housing. Right now, what we should do is maybe raise sending municipalities -- \$100,000 a unit, and change the qualifications so you can use that money. Why use somebody-- Why use State money, when you can have the private sector using money? But change how it's used so that you can repopulate cities -- 110 percent of the median income -- and then have the outlying towns use their money for affordable housing. So they wouldn't be sending me low-income housing. It would be more money, and I could use it to attract a diverse economic population of money, and nobody would tap your money. Because you don't have any money right now in Balanced Housing.

Philosophically, I believe, when RCAs were first intended -- 20 or 30 years ago -- the urbans -- this was to help urbans. Because they were saying, "Why are you going to let the suburbs build all that housing? We



need some moneys that could help rebuild cities.” RCAs were created. I think, working with COAH and others -- they sort of changed the dynamics that made the concentration of poverty.

In the city of Trenton, we use RCAs in a targeted way: to create homeownership. We built over 2,000 units of homeownership where there was blight, created home owners that live in the city of Trenton -- to pay half of what they were renting for homeownership. What we do is blend them. We don't-- If we have 100 units, we don't have 100 units of affordable housing in that area. We probably have 20 and blend it with market. And that's what works. Plus, we use moneys from RCAs for senior citizens and people that are qualified to weatherize their homes. And now we're using the Green Initiative to double pane and those things, which gives value to their homes.

So I understand the argument. And Paul and them beat me down enough, and the ministers beat me down enough-- “Okay, we'll get rid of RCAs. But what are we going to use?” And it's more than money; it's how they're targeted. Call it something else. Call it *Housing Visions*, call it *Palmer's Housing Money*, call it *Housing Palmer's Way*. (laughter)

ASSEMBLYMAN GREEN: Reverend Palmer, I wasn't ready to get a sermon, but it's obvious you gave me one. (laughter)

My last question -- and this is on a serious note. There is no problem that you don't have that the city of Plainfield doesn't have. I, as a businessman, have sat around for 40 years and seen how we got played off, until I really realized what was really going on. For example, we can get \$40,000 from a municipality next door to me, and basically we can use that up in one year with three children going to one of my public schools.

When I spend half of my budget on law enforcement and fire -- where another municipality doesn't even have to spend anything at all because everything is volunteer-- And I see how my grant money is drying up; I see how my hospitals are getting ready to close because of the fact we're serving a population that basically, nine out of ten times, is going to fall on hard times.

So this issue, Mayor, is bigger than RCAs. I, for one, don't want any municipality to give me anything. Because I think they have an obligation to the people of New Jersey to have affordable housing for their firemen, for their teachers, for the policemen. And that's not happening.

So when we look at this issue-- When you talk about money-- When I sit here 16 years -- sat on the same panel -- and I had some of my colleagues in the suburban community talk about the fact that they get free police protection, four or five acres of land and only pay \$3,000 or \$4,000 when I'm paying \$10,000 -- then I think we need to look at the whole structure.

MAYOR PALMER: Yes.

ASSEMBLYMAN GREEN: I'm hoping that, moving ahead, we all work together. But we should have one thing in common: Everyone should take on the responsibility of making sure where you live there is housing for everyone. When I see people being bussed into my town because they don't have such programs in their town, then I'm concerned about that.

But this is all healthy, this is all workable. And I'm confident your approach, as well as the Speaker's approach-- For the first time, now,

we have enough intelligent people in this room, we can deal with this problem in New Jersey. And we're going to deal with it.

So, again, I appreciate your support, I appreciate what you put on the table. But you have the same problem I'm having. And I (indiscernible) tell anybody real quick, we don't want your headache because of the fact -- it's money that we have to, eventually, spend. Because like you said earlier, Trenton isn't giving us a dime. I'm concerned about a hospital closing up on me now, I'm concerned about getting cut here and cut there.

So, again, I think the Speaker's heading in the right direction. It's the question of: We have to find the money. If we can find the money to lock them up, then we should be able to find the money to give them some decent homes. (applause)

MAYOR PALMER: And, Chairman, all I'm saying is, in the areas where we're building housing -- in the areas where we're providing homeownership opportunities, the income in those neighborhoods have gone up, and the investment has gone up, and the people now own their own homes instead of having to pay high rents.

And the other problem is, it wasn't the RCAs. I'm back to debating that. COAH let 25 percent of the obligation to these towns -- they let them build senior citizen housing. COAH should have made them build low-income housing instead of letting them get off on that. (applause) That's what they did to them. And to us-- They held us to a higher standard -- that, "If you want the money, you've got to make it poor."

So you need to look at all of those things. But I know the areas where we have homeownership with RCAs blended -- we have less police

problems, we have higher property taxes, and we have more stores opening, because you have people that own their own homes.

So we can go through all of that, but I think you really need to also look at how you can find money. But also, even if you found money, if the rules aren't changed in terms of making cities like Plainfield, and East Orange, and others -- using funds to raise the income level so you can get a more diverse, economically revitalized city, then you'll just be doing the same thing, except you'll be using State money to do it.

ASSEMBLYMAN GREEN: Gentlemen--

MAYOR PALMER: So, anyway, my time is up. Call me when you want me. Even if you don't want me, call me. (laughter)

ASSEMBLYMAN GREEN: We're going to call you, because we need you.

Assemblywoman Vandervalk, do you have a question?

ASSEMBLYWOMAN VANDERVALK: Can I make a statement based on what was just said?

ASSEMBLYMAN GREEN: Go right ahead.

ASSEMBLYWOMAN VANDERVALK: Thank you.

Mayor Palmer, I think what you have said resonated with me. I think what we need is more open -- how can I say this -- more options. I think to ban something because, perhaps, there were some problems with it-- That may be the perspective that you're looking at it-- But nevertheless, it did work. It did provide housing. And to ban it could be-- Maybe you just allow it as one of many options, and maybe make the options -- the other options more attractive.

My district, which is in Bergen County-- We're 95 percent built up -- all the communities -- there's no land left. So the only parcels that come in front of the boards for development are really difficult parcels, those that-- We have severe flooding in our area. So those parcels either have flooding or some other type of encumbrance placed on them by the DEP. And so we have used the RCAs. And they don't mind that, because they understand that they have to do their fair share -- *they* meaning the local governing bodies. They understand they have to do their fair share. But if they don't have any land left to put affordable housing--

I think-- I'm asking you not to close the door on RCAs. I think it's just one option that has worked and, perhaps, could work again in the future, as part of a broader program.

The other thing is that when low-income people come into an area that is high-income, it's very difficult for them to live there, simply because it is high-income. And we don't have mass transit. I mean, that's a problem even for high-income people. We have many problems in our areas that the cities don't have.

So the bottom line, I guess, is, let's keep some options open and look at broadening what can be done to attract more affordable housing.

Thank you.

ASSEMBLYMAN GREEN: Thank you very much, Assemblywoman.

Thank you very much. We appreciate it.

MAYOR PALMER: Thanks, Mr. Chairman.

ASSEMBLYMAN GREEN: I'd like the Public Advocate, Mr. Chen--

I apologize for not bringing you on earlier.

**R O N A L D   K.   C H E N:** Thank you very much, Mr. Chairman and members of the Committee, for allowing me to speak to you today.

I commend this Committee for all its past efforts to address the State's affordable housing crisis. And I look forward to working with you on expanding the State's affordable housing initiatives to address that which we all, I think, can agree is one of the most pressing public policy issues before this State.

I would be remiss if I didn't also take this time to specifically thank the Speaker, Speaker Roberts, and Majority Leader Watson Coleman for their leadership on this critical issue. And I know for both of them it's not simply a question of articulating correctly public policy -- which is, of course, important enough -- but for them it is also a very passionate, deeply felt personal commitment to the public of New Jersey, and particularly members of the public from lower-income households.

In light of Governor Corzine's and my new colleague Commissioner Doria's goal of creating 100,000 new affordable units, I hold great hope that we will be successful in making positive, lasting change in the State's affordable housing policies.

For the sake of brevity today, I will limit my testimony to summarize, very briefly, our recent report in the Department of the Public Advocate on affordable housing, and offering some preliminary thoughts on the housing agenda that the Speaker and the Majority Leader have advanced.

But let me preface those remarks by saying, I, like everyone else, do not have all the answers. And I look forward to this as the beginning of the process, as we try to come up with these solutions.

In October, our Department issued a report entitled *Affordable Housing in New Jersey: Reviving the Promise*. We have circulated copies of the report for your convenience. And, of course, all copies of our reports are on our Web site, as well.

The report begins by reiterating that every municipality in New Jersey has a constitutional obligation to provide its fair share of housing for the region's need for affordable housing. And with all the understandable detail in discussing third round rules and growth shares, I think it is important for us to remind ourselves that, ultimately, this comes from one of the first principles of our State, embodied in our Constitution: that every municipality have the -- given the opportunity -- a reasonable opportunity for all people to partake in the benefits of being members of that community.

The report then addresses two key issues. And while I don't want to dwell on the past, I think it's important for us to understand the nature of the problem. In the past, the COAH rules have not contained adequate requirements for providing housing to very-low-income New Jersey families. And secondly, COAH has, in the past, significantly underestimated the affordable housing needs of New Jersey residents. But let me also say that in my short time working with Commissioner Doria, he has expressed to me his commitment to address both these issues. And I look very much forward to working with him on them.

COAH's estimate of the housing need, however, is crucial, because it determines the "fair share" housing obligation of every town in the state. Yet COAH's projections of the statewide affordable housing need have actually dropped each time they have been issued. In 1986, COAH projected a need of roughly 11,000 new units of affordable housing. In 1998, COAH projected a need of roughly 6,500 units. And COAH's most recent projections were for just 3,500 units per year until the year 2014.

We have tried to make the case in our report that this number should be much higher, and that COAH should consider families that are cost-burdened in calculating New Jersey's affordable housing needs. Cost-burdened families are those low- and moderate-income households who spend 30 percent or more of their pre-tax income on housing. According to DCA, nearly 700,000 low- and moderate-income families in New Jersey are cost-burdened, spending more than 30 percent of their income on housing. And roughly 325,000 of those households are severely cost-burdened, which is defined as paying more than 50 percent of their pre-tax income towards housing. Under COAH's current methodology, however, most cost-burdened families are excluded from the calculation of New Jersey's affordable housing need. And, in our view, by definition, the word *affordable* must take into account the extent to which you are spending more than a certain percentage of your income on housing.

Let me be one of the first to say, the openness and transparency that we have found from my new colleague, DCA Commissioner Doria, has been extremely commendable and heartening. And we are very hopeful that the revised rule, the third round rule, will move this State forward in



meeting the affordable housing needs of our low- and moderate-income families. It is absolutely crucial that we get this right.

However, just as-- As important as the COAH rules are, they must be just part of the solution of the problem, which is why I'm pleased to see such leadership from the Legislature on this issue. And it's worth noting that some of the proposals in the Speaker's and the Majority Leader's agenda directly impact the revised rules that COAH is finalizing.

To keep my testimony relatively short, I will focus on just a few of the proposals in this package that I think are particularly important. First, I strongly support Majority Leader Watson Coleman's legislation to set aside 25 percent of affordable units for very-low-income families, those who make less than 30 percent of median income, or roughly \$19,000 annually.

As our report documents, towns can comply with the current COAH rules without providing significant housing opportunities for very-low-income households. We recommended specific set-asides for this population and support the Assemblywoman's proposal to require this in the statute.

Second, we support the Speaker's initiative to abolish regional contribution agreements, RCAs, and to replace the funding that cities receive through RCAs. At the core of the Mount Laurel doctrine is the notion that low- and moderate-income families must have affordable housing opportunities in all of New Jersey's towns and must not have those options confined primarily to urban areas.

Although I recognize that RCAs have, in the past, funded many worthwhile housing opportunities, especially in urban areas, in the end I do

not think that one should be able to buy your way out of the constitutional obligation. (applause)

Low- and moderate-income families deserve an opportunity to live in or near the towns where they work, to seek out school districts where they believe their children can thrive, or to afford a home in the community in which they were raised. To make this possible, every municipality in the state must provide its fair share of affordable housing.

Finally, I support the idea of one-to-one replacement of affordable units lost through redevelopment. Since we have studied this topic in great detail at the Public Advocate, through our work in studying eminent domain reform, I'd like to point out that in the context of redevelopment, there are two distinct and important housing issues. The first issue is, where do tenants and homeowners live after they are displaced by redevelopment? This is a particular concern for low- and moderate-income families that are displaced.

And to put it briefly and succinctly, I work under the assumption that there can be no public policy that depends upon people simply disappearing, for whom -- they are no longer the problem of the municipality or the State, whose welfare they are charged to protect.

This question is best addressed through our relocation laws. And I believe the answer is to require adequate relocation planning and assistance in the redevelopment process, coupled with adequate compensation. Compensation and relocation assistance can be called *adequate* only when they enable a family to afford a dwelling comparable to their previous home within the municipality and within a reasonable distance from the home from which they were displaced.

Under this approach, if comparable housing that fits this description is not affordable, then the tenant or property owner should be compensated enough to make it affordable. For tenants, this should be done through adequate and sustained rental assistance. And for homeowners, it should be done by giving them replacement value for their home.

The second issue, which again is related but also distinct, is: What is the impact of redevelopment on a municipality's constitutional affordable housing obligation? The answer here should be, generally, one-for-one replacement. But it should be implemented in a way that takes into account the status of the housing market in that municipality. For example, if a town with very little affordable housing knocks down 10 affordable, market-rate units as part of the redevelopment project, that town should be responsible for replacing those units.

We might be able to view the situation differently, however, if an urban municipality with a disproportionate share of affordable housing, relative to its region, knocks down 10 dilapidated affordable units as part of a project to redevelop a truly blighted area. In this instance, it might not be appropriate to require that cities replace the units it knocked down, but rather to add the lost units to the affordable housing obligations of the surrounding towns.

Let me close by saying that there are other worthy ideas in this package, such as more efficiently spending housing funds, developing a comprehensive housing plan, and requiring regular publication of affordable housing statistics. I also think increasing the maximum income that an individual may earn and still qualify for affordable housing is a worthy idea

that recognizes that middle-class families in New Jersey are also struggling with affordable housing problems. But as you note in your housing plan, we must only do so in a manner that does not divert resources from the low- and moderate-income families who have the greatest need for assistance.

Because I know many other speakers are behind me, I will wrap up my comments. And I would just be happy to answer any questions you may have here. But I know that the -- this is only the first of many fora that we will have in all trying to work to the same goal of achieving affordable housing for New Jersey.

Thank you very much, again, Mr. Chairman.

ASSEMBLYMAN GREEN: And thank you very much.

Any questions? (no response)

Thank you.

At this time, now, I would like to have David Rusk, urban policy consultant.

Dave.

**DAVID RUSK:** Mr. Chairman.

ASSEMBLYMAN GREEN: I apologize for keeping you waiting, but I--

MR. RUSK: Oh, not at all, Mr. Chairman. I've been listening intently, particularly with my cochlear implant.

ASSEMBLYMAN GREEN: Well, I was hoping that you would stick around to listen, as well as the Speaker.

I'm happy he's -- they could stay.

MR. RUSK: Mr. Chairman, and members of the Committee, my name is David Rusk. I'm a former mayor of Albuquerque and a former state legislator in New Mexico. Indeed, I have sat where you are sitting today many times in years past.

Over the last 15 years, I have been a speaker and consultant on housing and education development issues in over 120 metropolitan areas in 36 states.

Mr. Chairman, I want to say that the proposals -- housing proposals, related education funding proposals that have been brought to this Committee by Speaker Roberts, Majority Leader Watson Coleman are just simply the most wonderful, far-reaching recommendations that I've ever seen sponsored by major legislative leadership before a legislative committee in any state. And I want to commend them for that. (applause)

Mr. Chairman, when this Legislature enacts those into law, New Jersey will set a standard for the rest of the nation that other states will spend a long time in trying to reach.

Mr. Chairman, I've been asked to make a very brief summary of my remarks prior to a number of other witnesses, and then I will return as part of a panel of scholars to testify at greater length. You have received the overheads that summarize my full testimony.

I would like to pick up on one comment, Mr. Chairman, that you made just a few minutes ago. The essential question is one of opportunity and access to opportunity. And indeed, I want to focus on the issue of regional contribution agreements in the context of what we perceive as opportunity-based housing -- opportunity to live in communities not only where you can find affordable shelter, but where you can live in

communities with access to a large and growing supply of good jobs; where you live in a community that has the ability to provide excellent public services; where you live in a community with access for your children to high-performance schools, which are, invariably, low-poverty schools.

If we could turn, Mr. Chairman, to the table in the materials that I've presented to the Committee called Table 3a, this looks at the question of the jobs in the context of RCAs. RCAs, Mr. Chairman, narrow the doorway to better job markets. Looking at the change in the job supply in the 1990s, in the 50 cities and towns that accepted RCA funds: cumulatively, they lost over 12,000 jobs. In the 149 RCA towns that were sending RCAs away -- where they were not building their workforce housing -- those communities experienced an increase, collectively, of 124,000 jobs. Hence, RCA-receiving cities and towns -- the job supply is shrinking. In RCA-sending communities, the job supply is growing rapidly.

Let's look at the question of quality of public services. I would turn your attention to chart 3b. Basically, RCAs shut the door to higher-quality services. If we use, as a proxy for that, property tax base per capita, in the 50 RCA-receiving cities and towns, the tax base per capita was about \$46,000. In the 149 RCA-sending towns, the tax base per capita was \$133,000. In other words, RCA-sending towns have three times the property tax base per capita as the communities that agreed to receive them.

Fundamentally, RCAs lock families into high-poverty cities and towns, as I demonstrate on Table 3c. If we can measure that by Census 2000, in the 50 RCA-receiving cities and towns, median family income was a little under \$50,000 -- the family poverty rate was almost 11 percent. In the RCA-sending towns, median family income was twice that level,

\$95,000. And the family poverty rate was only 2 percent. In effect, the poverty rates in the receiving communities were five-and-a-half times higher than the poverty rates in the sending communities.

And, Mr. Chairman, across this nation during the 1990s, it was a pretty good decade for cities, particularly the last several years at the end of the economic boom. And poverty rates went down in 70 percent of the 541 central cities in America. However, poverty rates in Trenton, in New Brunswick, in Newark, in Paterson all went up. And these were the highest users of RCAs in this state; while the poverty rate went down in the city of Camden -- which after it accepted only one RCA through the foresight of the Speaker -- the Camden Recovery Act barred them -- banned them from accepting any more RCAs. So poverty went up in the communities that accepted them and it went down, certainly, in the case of Camden.

Finally, Mr. Chairman, RCAs really slam the door for children's opportunities in low-poverty, high-performance schools. If we look at the 50 RCA-receiving cities and towns, they average 44 percent children that qualify for subsidized meals. In the 149 sending towns, they average 4 percent. In other words, the low-income rate -- the percentage of low-income students in RCA-receiving towns was 11 times that of the communities-- And as I will demonstrate, Mr. Chairman, in my more extended remarks later in the testimony, there is a very, very close relationship between the income level of the families of your classmates and the performance of low-income children. In effect, being able to move to low-poverty, high-performance schools would have substantially improved the school performance of many, many children who now live in situations where most really are doomed to fail.

Mr. Chairman, we heard eloquent pleas from the previous speakers about developing a comprehensive program, the need to provide alternative funds, etc. The issue of RCAs, though, comes down to a clear and present denial of opportunity of people to be in circumstances which can transform their lives and the lives of their children.

Mr. Chairman, I would urge that this Committee move forward decisively with that element of the Speaker's program that would ban regional contribution agreements. In the sad history of this country, we could not deal with civil rights until we had banned slavery. And there is no issue of gradualism that could deal with that question. So I would urge that the Committee, and this Assembly, and this Legislature take decisive action on this question.

I look forward to having a chance to meet with you further in the course of the afternoon to discuss my testimony and answer Committee questions at greater length, if that is your pleasure, sir.

ASSEMBLYMAN GREEN: Thank you very much for those kind remarks. And it's obvious that some of the things that the Speaker has moved forward here in the State, you have now basically said that -- said the same thing, but in your words. So it's nice to know that basically when RCAs are given to another municipality, it does not help that municipality. In fact, it hurts that municipality. So, basically, what the Speaker has been saying all the while -- as a person who has moved around this country, you're saying, yes, it is a problem. And we need to stop the problem.

So I appreciate your remarks.

Any comments from anyone? (no response)

Thanks very, very much. (applause)



I have Mayor Rick Taylor, Mayor Fred R. Profeta, Mayor Ed Remsen, and Mayor Santos.

I'm going to try to move rather quickly now, if it's possible, if you don't mind.

Who am I missing?

**MAYOR FRED R. PROFETA JR.:** I think there are three Mayors, Mr. Chairman.

**ASSEMBLYMAN GREEN:** Three Mayors?

**MAYOR PROFETA:** Three Mayors left.

**ASSEMBLYMAN GREEN:** Okay. It's nice to know you gentlemen are in support. So it's obvious all good things that have been said so far, it seems, you agree with.

So if you have anything extra to add, I would appreciate it very much.

The floor is yours. Who wants to go first?

**MAYOR PROFETA:** Good afternoon, Mr. Chairman, Mr. Speaker -- I believe he was here -- members of the Committee.

My name is Fred Profeta, and I'm the Mayor of Maplewood Township. I hope to be able to provide you with a view -- an on-the-ground view this afternoon of how these issues play out in the community, on the streets, and in the homes.

On June 6 of this year, the Maplewood Township Committee voted unanimously to support a resolution to support Assembly Bill No. 3857. A copy of this resolution has been sent to all concerned parties. I have a copy here if anyone would like it.

Our resolution speaks almost entirely to the issue of RCAs, which we strongly oppose. We did not speak to any other issues in this resolution, financial or otherwise, which should be adopted if RCAs are eliminated. I'm going to mention my own views as to those issues quickly at the end, if I might.

Let me give you a broad description of Maplewood. We are proud of our reputation as a well-integrated and demographically stable community. We, and our sister community, South Orange, are sought out by persons who want to live in a place where their neighbors don't all look alike. Many young couples come to us because they want their children to play and learn side-by-side with other children of different races, and they want them to do this in a green town, with great schools, parks, excellent access to public transportation, and a crime rate that is the lowest of any town around us.

Now, we didn't achieve this stable racial integration accidentally. We really worked at it. We were very intentional about our strategies. We saw resegregation coming in the early 1990s. And along with South Orange, we formed a public-private partnership called the Community Coalition on Race. I was the first Chair of that Coalition.

We adopted many programs which have now demonstrated their worth. We tested for real estate steering, and we brought legal action on the basis of it. We established our own touring service, which made sure that prospective homeowners see all sections of our town. We facilitated the growth of 32 neighborhood associations with the sure knowledge that people who socialize together are much less likely to be apprehensive about each other. We adopted intentional financial strategies, such as a program

of second mortgage incentives, for people -- eligible to people who move into areas where their race is underrepresented. And perhaps most importantly, we advertised ourselves in the New York and New Jersey media as a community dedicated to achieving and maintaining racial integration and racial justice. And it worked. It was something of a *build it and they will come* strategy, but it proved out. Now our reputation is so well established that we spend more -- we don't spend much time reminding people about it, we spend more time celebrating it. We passed that tipping point in publicity, and our reputation serves to promote itself.

We did much more, but the bottom line is that we succeeded. We have a well-mixed, cohesive, and involved community. And our market values appreciate at a higher rate than any other community around us, of whatever complexion. That, for many people, is the proof in the pudding.

Our biggest hurdle at the outset was to convince people of all races that integration made financial sense. Because when resegregation sets in, market values fall. And too often, it's the African-Americans who are left holding the bag with their undervalued homes tragically representing their biggest investment.

We were able to demonstrate that if persons of all backgrounds bid on homes, the demand increases, the values rise; and we were able to show that increasing diversity, if welcomed and touted, serves the financial interests of everyone.

We think that the programs of our Community Coalition on Race should be replicated around this state. We think all of New Jersey should be characterized by that which now characterizes Maplewood, South Orange, and some other communities. And if replicated, many of the

financial burdens which now afflict the resegregated urban centers and old suburbs will be ameliorated. Perhaps most importantly, racial tension will decrease and the cause of racial justice will be furthered.

But we will never achieve this replication -- it's our view -- if RCAs are allowed and Mount Laurel is not fully enforced. The sad truth is that many suburban and rural communities with dominant European cultures are not interested in stable racial integration. They are scared of it. They do not know that racial integration is not only good for their society, but good for their pocketbooks. And they will not experiment in this area, because they think if it isn't broke, don't fix it.

That's what old Maplewood thought. Why tamper with a good thing? Quite frankly, in my opinion, Maplewood went down the road to racial equality and diversity because it had to. Minorities were moving in. Maplewood either had to embrace diversity and make a positive out of it, or resegregate and make everybody a loser. Thank goodness Maplewood had more than enough people of good will and good sense, and made the right choice. And now we thrive financially and in every other way because of it. Of course, for present-day Maplewood, now in 2007, the choice is irrelevant. Integration now in Maplewood is valued for its own inherent social worth, and the financial benefits merely provide a happy context.

In the same fashion, it is our view that until Mount Laurel is fully enforced, many communities will avoid their social obligations and opt out by utilizing RCAs. Realistically, we cannot replicate the Maplewood and South Orange program until communities realize that they either have to go in that direction or lose money on their investments. Money drives

things, many things. We should not be timid about appealing to monetary self-interest in order to achieve the greater ethical good.

Maplewood and South Orange are islands of integration in a sea of segregation around us, of both the white and the black variety. Unless things change around us, it will become more difficult for Maplewood and South Orange to maintain our status. We are a good community. We are a moral community. New Jersey would be better off if there were more communities like ours. If we need some additional legal help to assist others in seeing the light, so be it. It is our view that RCAs must go. Communities must be induced to face up to their obligations for the benefit of all.

Now, having said this, let me emphasize that I have no quarrel with the Speaker's position, with the League's position, Urban Mayors' position, that the elimination of RCAs calls for a substitute source of funds for needed urban housing. While it is noble for us to broadly base -- to ask for broadly based justice throughout New Jersey, we cannot forget those who are currently mired in poverty and substandard housing in our cities.

But we can do both things, Mr. Chairman. New Jersey is a leadership state, a creative state. We hope that our experience is replicated around this state. And we hope that New Jersey becomes a model for the nation.

Thank you. (applause)

ASSEMBLYMAN GREEN: Before I ask the next speaker to speak, I would just like to recognize the Mayor from Kearny, Mayor Santos. I apologize for not announcing your name early on.

Who is next?

**MAYOR RICK TAYLOR:** Thank you, Mr. Chairman, and distinguished members, for giving me the opportunity to testify before you today.

I want you to remember me as the Mayor that's losing his head -- hair, and not losing his mind. Because we did turn down an RCA, and I will tell you why.

My remarks will focus on issues of balanced housing and regional contribution agreements as they relate to the township of Pennsauken. Accordingly, when I speak of the future of Pennsauken, I will not address the need for low- and moderate-income housing. We have more than our share. I will focus on the need for balanced housing, a different and even more compelling topic.

In 2003, Pennsauken's per capita income was barely \$18,000. The State average, by comparison, was over \$32,000. Eighty-and-a-half percent of all Pennsauken's housing stock was constructed before 1970, and more than half before 1950. Since 2002, our total taxable real property values have decreased by 1 percent. Eight percent of our population lives under the poverty line, and most of that number are citizens under the age of 65.

We are an urban-aid community, classified as urban in the State plan and as part of a Smart Growth area. We have sufficient credits for existing and constructed low- and moderate-income housing that our petition for COAH round three certification would have allowed the construction of thousands of new, market-rate units without incurring any additional growth-share obligations.

For those who might not understand the significance of these figures, I can explain very simply. Pennsauken is a first ring, near-urban community that is trying to fight against the insidious creep of urban blight, with an aging housing stock, a shrinking tax base, and a downward-trending income-producing populace.

In 2004, an outer suburban, developing an affluent township, tried to throw us a life vest in the form of an offer of an RCA of \$3 million. Imagine a community, as I have described Pennsauken, having an opportunity, with the stroke of a pen, to get that kind of money to pour into low- and moderate-income housing. We could have provided help to some of our neediest residents if only we were to agree to permanently establish their homes as available to economically disadvantaged only and agree to be complicit in an affluent community's desire to keep its borders secure from the intrusion of people like "them."

Yes, this could have represented a life vest for some of Pennsauken's residents, but life vests eventually become saturated and of no further use. We are convinced that for our town to have sustainable economic health, we need to learn how to swim on our own.

We need time, now, to have observed a very real and unfortunate fact of life. As soon as hard-working residents of our community realize economic success, and have the opportunity to pull themselves up, they look for step-up housing. The chance to move up is a universal social desire. Getting that bigger or better house is part of the American dream. What hurts is that our town has almost nothing to offer those who have begun to make it. Pennsauken has so little by way of step-up housing that those who succeed here do not care about some wealthy

town's desire to buy out of its obligation for low- and moderate-income housing. They are far from interested in taking what they earned and buying in just such a place. They move up, and unfortunately that means they move out.

A number of years ago, a group of Pennsauken residents got together to form something called the Stable Integration Governing Board. The SIGM is comprised of a diverse group that understands that for Pennsauken to thrive, it must embrace true, balanced diversity. They quickly realized that economic balance would require housing balance, and that housing balance for Pennsauken means that somehow we have to find a way to level the field by dramatically increasing the number of upscale opportunities. This philosophy has long been part of the mission of the township's governing body.

The discouraging demographics and the housing problems I have described will sound very familiar to those who work hard to change the economic culture in places like the urban areas along the so-called *Gold Coast*. So too will the fact that Pennsauken used to be home to many large industries and once needed access to major waterways, in our case, the Delaware River. Most of those industries have gone way, leaving gated, locked-up, and abandoned plants and severely polluted grounds and water.

Pennsauken, just as some of the towns in the New York metropolitan area, realized that the riverfront -- has its proximity to a large commercial center -- could become a real asset. With sweeping views of the Philadelphia skyline, easy access to its bridges, and all the other amenities of riverfront living, we envisioned the chance to build a new high-end residential neighborhood. We thought that we had a place where the tools



of municipal redevelopment law, the heralded principals of Smart Growth, and the championed cause of environmental remediation could all come together to create a sustainable, upscale housing opportunity. And we set to work to get the job done. We embraced the challenge of turning brownfields into productive, beneficial reuse. We spent countless hours in an effort to grow smart. We took the Senate's -- the State's master plan and worked to implement it and its priority goals to build a transit village, to open the waterway to public access, to create a sense of place, utilizing and improving existing infrastructure.

Fully committed to that task, the RCA was unmasked as an incentive to accept that which -- we could not reach higher and, more importantly, to accept that living in Pennsauken is not for those who can move up; but it's just another part of urban New Jersey, where being underprivileged is made occasionally more palatable. Because wealthier communities can afford to make sure that here is where the underprivileged will stay.

That is the heartless, perpetually negative view of Pennsauken that my colleagues and I will never, ever accept.

Mr. Chairman, I wish to report to you that this story of an urban area that stood up for higher ideals and has tried so hard to recreate and revitalize itself has had a happy ending, but I cannot. I wish I could tell you that by doing the right thing, refusing the quick fix and standing up for balanced housing has brought us tangible rewards, but I cannot. We have had a marvelous redevelopment plan on paper that is fully consistent with every urban land-use policy publicly embraced by the State -- and it would not displace one current resident. Unfortunately, on paper is where our

plan remains. As our courts pull back and limit redevelopment authority, responsible redevelopers become more scarce or afraid our State will not support their efforts. And the industries responsible for polluting our land in the first place continue to bully representatives of working people into accepting half measures or outright surrender.

The absolute jewel of Pennsauken's redevelopment plan -- one of the elements that dominates our riverfront, the resource that is so special and could be a premier destination, driving the economic engine of rebirth -- is Petty's Island. It is impossible to be anywhere on our waterfront without having our vision brought to this very body of land in the middle of the Delaware River.

Today, Petty's Island remains the exclusive property of a Venezuelan national oil company. Today, 53 percent of the land above the mean high water mark is covered with macadam, oil tanks, piping, roads, and other impermeable surfaces. Today, CITGO seems destined to successfully negotiate the limits of its own clean-up standard in a way that will ensure that people will never have access to the island.

Frankly, the town took for granted State government support for our redevelopment plan. As a result, the first plan for the island was not sensitive enough to make the chance -- to make the most of the economical and ecological possibilities, as we thought to develop an even larger footprint. However, we have listened to reasonable arguments for conservation and developed a plan that would require that 72 percent of the island be preserved in perpetuity as a conservation area: reforested, restored, and completely cleaned. Yet, we still hold on to the hope that balance will

become a model of Smart Growth, justifying all the rhetoric about the enhancement of urban living.

On the other hand, if Petty's Island becomes a State-owned preserve, our town will lose \$1 million a year or more in tax revenue, and lose our best chance to implement the State plan's number one priority: to revitalize our cities and towns. We will have failed in our effort to create a new Pennsauken and might as well accept the next RCA offering that comes around.

Mr. Chairman, members of the Committee, Pennsauken is further from realizing the vision for responsible redevelopment than it was on that night in 2004, when we stood shoulder-to-shoulder with balanced housing advocates across the state and embraced the enlightened views of the Speaker of the General Assembly, and turned aside \$3 million.

I am here today to tell you that making other areas of our state do their fair share to provide balanced housing does no good unless you help us with the resources to find our balance. Allowing room for the economically challenged in suburbia does our cities and towns no good if we have no room for the affluent. The courage to change old ways will be no comfort to the elected representatives of the people of Pennsauken if places like Medford have balanced housing, and we still do not. If New Jersey becomes a place that recognizes the moral imperative to open the door of opportunity at the threshold of every town, it must not perpetuate the current reality that opportunities are stifled in towns like mine.

We support legislation to abolish RCAs. We support balanced housing. We support -- to be a part of a dynamic initiative to rebuild our cities and improve the quality of life for every New Jerseyan. We will be

devastated if we are left helpless when we have had the courage to effect meaningful change.

I have sent a member of the Legislature a copy of our "Case for Responsible Redevelopment." And I offer it to be -- consideration for this opportunity.

Thank you very much. (applause)

ASSEMBLYMAN GREEN: Mayor Taylor, thanks for those comments.

I would like to ask everyone else -- it's getting rather late -- if you could kind of like take your statement and put it into maybe five minutes. I'd appreciate it.

I'm talking about everyone. I don't want anyone to feel that I'm showing any partiality, because I'm happy to have you here supporting us. But I want to try to give everyone an opportunity today who has signed up to testify -- a chance to speak.

Now you have the floor.

**MAYOR ED REMSEN:** Why, thank you.

My name is Ed Remsen. I am the Mayor of Montclair, from Essex County. I am pleased to be here and thank you for your willingness to--

I'm sorry. (referring to PA microphone)

I'm Ed Remsen. I'm the Mayor of Montclair. I'm proud to be here today with my fellow Mayors. I'm not going to begin to try to be as eloquent as my predecessors.

And while I greatly appreciate Mr. Rusk's comments, I'm neither a scholar nor a consultant, so I'm just going to give you a couple observations from our little corner or the state.

We can't get seven people in our town to agree the sun is shining on a glorious day. We certainly have a hard time getting seven members of the council to agree. And yet we unanimously agree to this.

And I can look into it a little more simply, because the dollars aren't the same for us and it doesn't have the same implications as it may for some of the larger urban Mayors. But for me it is very simple. If it looks like a duck, and walks like a duck, and sounds like a duck, it's a duck. RCAs are morally wrong. They were wrong when they were allowed to be part of the Mount Laurel agreement, they are wrong today, and they will be wrong tomorrow. And I do not think that we need to hold them, because it works, until we come up with something better.

We need and will have a comprehensive housing strategy, I believe, because a lot of good people are working on it. And I applaud much of what the League has done to suggest strategies. Most of us sitting in this room will neither be in these same chairs, voluntarily or involuntarily, when we see that comprehensive plan. But I think we will see it faster if we take away the disincentive to seek comprehensive housing reform by making RCAs not an option, because there is not an option for many towns. It is truly *if it's not broke, don't fix it* for too many towns.

We all make tough choices at the local level. We made a tough choice in terms of an integrated school district. And everybody pats us on the head and says, "Wow, you're a great model of integration." We pay 60 percent of our taxes for the public schools. And we can sit and talk all day

and all night about the school funding formula. We believe in integrated education, we believe in integrated housing, we believe in balance by every way you can list it. We will do without, rather than take another dollar of RCA housing. It is scandalous. It lets towns buy out of an obligation that was not the intention of Mount Laurel. We will not do it.

We will do other things. We passed an inclusionary zoning ordinance that makes developers build affordable units anywhere in town when they build units. We make them give to our development fee fund. We are going to set up a housing trust fund to raise private dollars and set up a bank that will allow us to recycle. And we will, in not taking any more RCAs, be saying no to some families who either wish to come to Montclair or wish to stay in Montclair, because those units we're not going to create are not going to be here anymore. And everybody who comes to Montclair to build knows that: "Don't come and talk to me unless you're talking about at least 10 percent affordable housing in your development." And by the way, the difference between market rate and the affordable is coming out of their pocket, not the State or somewhere else.

But we will not take an RCA anymore. It is morally bankrupt. I think we need to take that off the table. And I bet you we'll move very quickly then, when we take that incentive -- or disincentive off the table, to come up with other creative ways.

Overbuilt towns, such as the Assemblywoman talked about in Bergen, are challenged. They have limited options. But you know what? When you take away the option that the RCAs give people to buy out of an obligation, I bet you we come up with some other creative ways of finding and preserving housing. That's how we feel. (applause)

ASSEMBLYMAN GREEN: Well done. (laughter)

Mayor.

**MAYOR ALBERTO G. SANTOS:** Chairman Green, since 2000, I've been the Mayor of the town of Kearny, which is located in Hudson County. I think today I found my sister municipality in Pennsauken.

Kearny's bordering municipalities include the state's two largest cities, the city of Newark and Jersey City. I would like to comment on Kearny's record on providing affordable housing and to support your efforts on creating affordable housing opportunities in a way that creates balanced housing in every New Jersey community.

Kearny is an economically diverse community.

And I will be brief. I will stay within your time limitations, Mr. Chairman.

Kearny is an economically diverse community of about 40,000. There are approximately as many two-families homes that sell for more than half-a-million as there are two-family homes that for less than \$300,000. There are privately owned apartment units that rent for more than \$1,400 a month, and there are privately held apartment units that rent for less than half that amount. The median contract rent in the town of Kearny is \$676. The housing stock of the town -- approximately 13,872 housing units consists of approximately 76 percent built prior to 1960. Half of those units are rentals. And as of the last census, our community -- the median household income -- not per capita income, household income -- was \$47,757, with 35 percent of the households in the town of Kearny making less than \$35,000.

Under the third round rules, Kearny had a rehab obligation of 236 units, a prior round obligation of 139 units, and a projected growth share obligation of 107 units, for a total of 485. The town has addressed its obligation through housing rehabs, alternative-living arrangement group homes, Class A boarding homes, age-restricted housing. The net result of these credits is an obligation of 224 rehab units and 40 growth-share units.

In the town of Kearny, the Council and I are unanimous on our policy with respect to affordable housing. We have unanimously agreed to address our obligation by continuing to participate in our county's housing rehabilitation program, and enacting inclusionary zoning by amending the town's redevelopment plans to include a growth-share provision for all market-rate residential development.

I firmly believe, like these other mayors here, that each municipality should be only permitted to satisfy its affordable housing obligation by creating affordable units four square within its own boundaries. There are clear patterns of economic segregation in housing throughout New Jersey. By allowing a municipality to transfer its fair share housing obligation to another municipality through the mechanism of a payment to the receiving municipality, these patterns are only reinforced.

Even if Kearny were not committed to inclusionary zoning, we could not afford to be a sending municipality. I outlined to you what our income levels are. Kearny has -- and notwithstanding those income levels -- Kearny has the second highest average property tax in Hudson County, with the average homeowner paying nearly \$8,000 a year -- in a predominantly blue-collar community, in which public education -- like my



neighboring municipalities here -- is funded primarily through property taxes.

I also don't see why Kearny should ever consider being a receiving municipality of an RCA. Our town already has a significant stock of multi-family rental housing that serves the housing needs of working families, many of whom are immigrants or first-generation Americans. In addition, our town has also committed itself and engaged in meaningful steps to meet its housing obligations.

We're meeting our responsibilities because it's the right thing to do. Affordable housing is one part of our broader goal of increasing the economic diversity of my town. However, Kearny's median household income of \$47,757 is \$7,389 below the State's median household income. Assuming another municipality's affordable housing obligation would increase this negative gap, it would increase this negative gap between Kearny's median household income and the State's median. This outcome neither achieves Kearny's goal of increasing economic diversity nor the State's goal of achieving fair housing -- fair-share housing throughout the State of New Jersey.

I'd like to emphasize that this issue is not confined to Kearny's borders. Like I said at the beginning, because of our geographic location, the economic segregation effect -- I see it more as an economic segregation effect rather than a racial segregation effect. Those two categories overlap, but not always. The economic segregation effect produced by RCAs in a neighboring municipality -- such as the city of Newark -- affects the stability and economic diversity of the town of Kearny. The problems faced by impoverished communities do not end at a municipal boundary line but,

rather, spill over. To the extent RCAs contribute to economic segregation patterns and augment the concentration of low-income residents in impoverished urban centers, the challenge of neighboring municipalities to maintain their economic diversity becomes even more difficult. Indeed, those families that can afford to move out of Kearny will do so if its neighboring municipalities are not stable and safe communities in which to live.

For these reasons, I strongly encourage you not to allow the use of regional contribution agreements.

Thank you for the opportunity to share my views. (applause)

ASSEMBLYMAN GREEN: Thank you very much, Mayors. I really appreciate your involvement.

Doreen Braz.

Do you have a statement, or are you going to be able to put it into one paragraph?

**D O R E E N B R A Z:** I'll make it under five minutes.

ASSEMBLYMAN GREEN: Okay. That will work.

MS. BRAZ: Thank you.

First, giving honor to my Lord and Savior, Jesus Christ.

Mr. Chairman, Mr. Speaker, and all that are present, my name is Doreen Braz, and I'm a resident of one of the very first homes of the Ethel R. Lawrence fair share housing development in Mount Laurel. Before coming here, the neighborhood in which we could afford to live--

ASSEMBLYMAN GREEN: Excuse me, please.

Will someone close the back door if you don't mind? Thank you.

I'm sorry, go ahead.

MS. BRAZ: It's okay.

Before coming here, the neighborhood in which we could afford to live became infested with drug activity and became unsafe. One night we were awakened by two men in my bedroom window talking about how they were going to sexually assault me and kill my husband.

Talk about the Lord moving in mysterious ways, we were finally able to move to a safe, affordable home on Thanksgiving Day in the year 2000, and what a Thanksgiving it was. We have been able to enjoy our children having great educations, a safe neighborhood to live and play, a place where single moms and dad are able to focus not simply on surviving or keeping their families safe, but on raising our children well and having a life that will be better tomorrow.

Thanks to this program and these homes, my youngest daughter's report card reflects nothing but As and Bs, which is showing me that she is thriving. My eldest daughter is a single mom, and she is furthering her education at the Burlington County Community College and hopes to have a career in criminal justice.

We have all had a time in our life when we've needed a helping hand, whether it was a loan, a scholarship, a job, or just a hug to get us through. When tested by adversity, I found my faith, my true faith, here in the State of New Jersey. I was supported by my church, my neighbors, and this wonderful opportunity.

I sometimes think about what might have been if I had not had the opportunity to move to Mount Laurel; what might have been if Mount Laurel, instead of building its affordable housing, had used an RCA to send

its housing away. I might still be living in my old neighborhood today. I wonder if I would have been safe. I wonder if my youngest daughter would have been getting those As and Bs. I wonder if my eldest daughter would have made it to college.

I am thankful and grateful to God that Mount Laurel did not send me away but, rather, welcomed me. It is time for all of the other towns in New Jersey to do the same thing, to open their doors to hardworking people who just want a decent place to live. We know it can be done, because Mount Laurel and many other towns have done it. This is not a hard decision, but a decision of the heart.

I ask you as legislators to help more people like me realize the American Dream, to open the doors to many people like me who just want a better place to live for their families, instead of shutting the door in our faces and our kids' faces with RCAs.

And I want you to know that we are going to keep fighting. We are going to keep standing together for our communities and for our future. Because God teaches us that we must stand up for ourselves and for the people around us. And that is why we are standing here today. Because these RCAs are keeping people like myself from the opportunities that everyone should have.

Thank you for the time to speak. God bless you all. And to God be the glory. (applause)

ASSEMBLYMAN GREEN: Thank you very much.

MS. BRAZ: You're welcome.

Could I just say one fast thing? I wanted to address the speaker -- Charlotte. I wanted her to know that her statement highly offended me.

She made me feel as though I was not worthy of moving into Mount Laurel. I'm a human being, just as she is. I have the right, and I should be given each opportunity to make something of myself and my children's lives. And no one should push anyone out of that opportunity. I'm a hard-working mom, a single mom raising three children and a grandchild. I go to work every day, I have a very reliable vehicle. That is something that she should have never said -- that people shouldn't have an opportunity to live in a vital environment.

We should all have that opportunity, Chairperson. (applause)

Thank you.

ASSEMBLYMAN GREEN: She's not here to defend herself.

MS. BRAZ: I understand.

ASSEMBLYMAN GREEN: But I found her to be a very open-minded person. But at the same time, this is something, as a State, we have to begin to educate each other--

MS. BRAZ: Yes.

ASSEMBLYMAN GREEN: Looking at you-- You spoke very well.

MS. BRAZ: Thank you.

ASSEMBLYMAN GREEN: You're not a person of color, so it's obvious we can't use the race card in the future, which has happened.

MS. BRAZ: That's right. God bless you.

ASSEMBLYMAN GREEN: So I recommend that you continuously to feel the way you feel. Because it's people like you who will come before this Committee that will shed a new light on what New Jersey should look like and how we should feel toward each other. (applause)

Thank you.

MS. BRAZ: God bless you.

ASSEMBLYMAN GREEN: Bishop Galante and Reverend Jackson.

Normally, Reverend-- I apologize. I don't like to keep you waiting all afternoon, but I'm pretty sure you're going to bring us some good news. (laughter)

**B I S H O P   J O S E P H   A.   G A L A N T E:** I'm Bishop Joseph Galante, of the Roman Catholic Diocese of Camden, and I'm also representing the New Jersey Catholic Conference.

I'm here today to speak about what I think is a very pressing moral issue here in the state. I have been a property owner in New Jersey since 1976, but I have not lived in the state until 2004. And I was appalled when I came here and found out about RCAs. The only RCA I ever knew about -- with New Jersey -- was the Radio Corporation of America. (laughter) I really was astounded that a State could have a law like the Mount Laurel law -- which is wonderful -- and yet have a way to get around that.

During the Civil War, wealthy people -- wealthy men -- were able to buy their obligation to serve in the Union Army by paying poor men to go and serve for them. The RCAs remind me very much of that. I really believe that RCAs are immoral, because they create a new segregation. And this is a segregation based on economics, not primarily on race, although accidentally, often times, it promotes racial segregation for Latinos and for African-Americans.

I really believe that this is a pressing problem. And no matter how much we dress it up, I think it does not contribute to providing affordable housing around the state. But it does contribute to keep enclaves wherein poorer people, economically disadvantaged people, aren't welcome.

Another thing that happens -- and you'll find this in the statement, which I have also passed out, from the Catholic Conference of New Jersey -- that the focus on affordable housing isn't an isolated issue. Providing job opportunities with living wages is tied closely to housing. And when we have RCAs, we keep people from living close to where they can work, and therefore we create either unemployment or, in fact, disappearing jobs in some of those areas.

I absolutely believe that we need to do away with RCAs as a way of moving toward providing equitable, and fair, and affordable housing. I think to get rid of what is an embarrassment for our State would be a first step to bringing about a greater equality and greater opportunity for all the members of our state.

Thank you, Mr. Chairman, for allowing me to talk. (applause)

ASSEMBLYMAN GREEN: Thank you very much.

I apologize, your name is not on the list, Reverend. Could you just acknowledge what church you belong to?

**REVEREND ROBERT PIERCE:** Reverend Robert Pierce, from the New Beginnings Agape Christian Center, in Freehold, New Jersey.

ASSEMBLYMAN GREEN: Okay. I apologize, because that wasn't on my list. I didn't want you to feel that I was not recognizing you.

Who is going to go?

Do you want to go?

Reverend, do you want to go?

**REVEREND REGINALD T. JACKSON:** Thank you, Mr. Chairman.

I will be very brief. I have a meeting at 5:30, and I would hate to be stopped on the Turnpike. (laughter)

I will be very brief.

The Black Ministers' Council, for many years, has been a vocal and consistent critic of this appalling system that allows and encourages the state's wealthiest towns to buy their way out of their obligation to provide affordable housing.

The disappointing and painful reality of this system is that it exploits the desperate need of the state's poorest cities, while aiding the wealthiest towns' efforts to exclude the poor. This system, which has had the backing and encouragement of the State, has contributed to increased segregation in this state, which has had the consequence of not only segregating people by neighborhoods and towns, but also our public school system.

It has created a chain of poverty that has hurt our state, our economy, and our children. It has turned many of our urban areas into centers of concentrated poverty. And it has had a negative and debilitating impact upon many of the residents who live there. While the notions of these towns paying urban cities to build affordable housing sounds good, it is really oppressive, and seeks to hide the intent to keep the least of these out of these towns.

Some years ago -- more than 40 years ago -- former Governor George Wallace declared segregation today, segregation tomorrow,



segregation forever. By ending regional contributions, we can begin to end segregation today in New Jersey.

Some will say, "But urban communities need the money." And our response is, "Yes, but urban communities do not need money that makes them poorer, money that deepens segregation, makes cities and people poorer, lessens opportunities, and undermines hope."

We must stop this terrible practice and move forward with comprehensive housing reform and more flexible funds for housing and development in our cities. We cannot move forward and maintain regional contribution agreements. We must ban them now. We must work together to help get more support for our urban communities. But that help should come not just in the form of money, it also needs to come in the form of badly needed structural changes like property tax reform, infrastructure investment, and an end to regional residential segregation.

The future is about ending segregation, racism, and poverty in New Jersey and America. This must be our objective and our focus as we decide public policy, including housing policy.

The Black Ministers' Council urges you not to wait another day to get rid of regional contribution agreements. We commend the Speaker, the Majority Leader, the Chairman, and the leadership who have come too far down this path to turn back now. You must complete what you have started. This will encourage others in the General Assembly to follow your lead. You are on the right side of this issue. And, more importantly, it is just.

Thank you so much, Mr. Chairman. (applause)

ASSEMBLYMAN GREEN: Thank you very much, Reverend, for those kind remarks.

Reverend.

REVEREND PIERCE: Good afternoon.

ASSEMBLYMAN GREEN: Good afternoon.

REVEREND PIERCE: Thank you for allowing me to appear before you.

I will be reading a testimony from Reverend C.T. Vivian, who was not able to be here today. Reverend Vivian is a great civil rights leader, who walked with Dr. Martin Luther King and is very, very astute on civil rights issues.

The testimony of the Reverend C.T. Vivian to the Assembly Housing and Local Government Committee, on December 10, 2007: “Mr. Chairman and distinguished members of the New Jersey Assembly, it is a privilege and honor to speak to you today about our continuing struggle for civil rights and to join with you in stomping out unjust laws and policies that continue to promote and perpetuate racial and economic segregation in America.

“Having spent the better part of a lifetime fighting against the evils of segregation, I was sickened to hear of the loophole in your fair housing law that allows your wealthiest towns to pay poor towns to take their low-income housing obligations.

“This is not just a loophole in the law. It is a hole in the soul of New Jersey. And it is a hole that keeps America from healing from one of the greatest wounds ever inflicted in human history: deliberate, state-sponsored segregation of people on the basis of race and class.

“When I heard of this law called *regional contribution agreements*, I was reminded of a cartoon I once saw in the *New Yorker* magazine. That cartoon had a motorist driving through a tunnel. At the end of the tunnel, there was a slim light. But as the driver got closer to the light, he could see a sign that read ‘to New Jersey.’ When he saw that sign, he turned around and drove away from the light and back into the darkness. Now, I think I know why he drove into the darkness. He must have known about your housing policies and your dark loophole called RCAs. (laughter)

“When I think about this rule that allows rich towns to pay poor towns to take their poor, I don’t think of a law or a policy. I think of the suffering that goes on. I think of all the children whose lives are trapped in ghettos of despair and poverty. I think of the children who will not receive a decent education and who will grow up without hope. I think of the children whose lives are slowly destroyed so that others can maintain an exclusive existence with good schools and endless opportunity.

“I am often asked how I endured the violence as a minister and leader on the front lines of the civil rights struggle in the South. I tolerated those blows because, at that time, I did not fear death. I did not mind if I was killed, because we black people were already dying. We were dying in a segregated society where a black life was worthless and wasted, and a poor black life was despised and discarded.

“In a segregated society, if you were born black, you might never know what you might have become, what you might have done, had you not been held back, cut off from all opportunities, and denied access to the larger world. Your RCA system is doing the same thing in New Jersey today. It is perpetuating a system of economic segregation in housing that

is de facto racial segregation by town and school district. It is a system that is cutting people off from society and from opportunity, just as Jim Crow cut children off from opportunity in Alabama and Mississippi 50 years ago.

“Those who are a part of the system have to understand that they are condoning murder. Even if it’s only psychological murder, it is murder. And those who support such a system are playing a part in this terrible crime.

“These people who enjoy so much better an existence are paying others so that they do not have to see the ugliness they have created. They can look out the windows of their MacMansions in their wealthy, white subdivisions and not have to see the ghettos of poverty and the faces of hopelessness, despair, anger, and violence that emerge when human beings are deliberately cut off from opportunity, segregated, and forgotten. They are paying others so that they don’t have to face the policies of segregation that they are protecting and defending, a policy that is destructive to so many thousands of people.

“I remember when I was a kid. I knew something was wrong, but I couldn’t see it. Injustice is something we feel first. And then, as we become more sophisticated and exposed to the world, we can begin to understand its inner workings and see how it functions. It was the same with Jim Crow. Many people did not see at first how it worked and how insidious, deliberate, deep, and determined it was to stay alive. It was determined and deep because so many people were benefiting from the advantages and privileges that it gave them. And many of those people who defended and protected the status quo system of segregation we called Jim Crow did it while espousing high morals, decency, and Christianity.

“Many of the people who sounded the most compassionate and sympathetic were protecting and defending a system of Jim Crow, while claiming to be looking out for what was best for black people and for the poor. Many of the same arguments that are used today to justify RCAs were used then to keep Jim Crow. Arguments like: black people are segregating themselves, black people feel more comfortable with their own kind, these poor folks will feel out of place among us whites and middle-class people, they learn differently, and so on.

“Some of these folks believed in the doctrine of separate but equal. Keep them separate, but give them a helping hand so they can better themselves. RCAs are based on this same philosophy: ‘Keep them in the ghetto and out of our nice, white suburbs. But we will give them some money so they can better their community and redevelop their cities.’

“What Thurgood Marshall said over 50 years ago is no less true today than it was then: Even if some of us would like to believe it is not, that ‘separate is never equal.’ And New Jersey cannot escape from the reality of its vastly separate school districts, and vastly separate towns and cities. They are vastly separated by race, and vastly separated by wealth and income. They are separate, and they are unequal. And that is segregation. And it is segregation that is supported by state policies, and that is Jim Crow.

“I hope that this Committee, by moving to outlaw this practice, will begin to close this terrible loophole in the law and close the hole that wears away at the soul of New Jersey. The legacy of segregation and Jim Crow still lives and lingers in many corners of America. And occasionally, it rears its ugly head and rallies itself for another stand when we least expect

it. Sometimes, like here in New Jersey, it comes disguised as a gift, a trade-off, or a bribe, or an RCA.

“Since the great victories of the last century that outlawed segregation, I have spent much of my time looking out for its revival and resurgence, and all the insidious ways it has tried to creep back into our society. I have spent most of my life helping leaders like you to stomp it back down to the evil place that it came from.

“I am so pleased to see all the communities and leaders, including young people, in this fight for civil rights in the 21st century. I commend you for taking on this historic challenge here in New Jersey. I want to praise the leadership of Speaker Roberts, the courage of Majority Leader Watson Coleman, and the tenacity and dogged determination of the New Jersey Regional Coalition leadership and its members for bringing this issue to the forefront. And I want to support you in your efforts to end this system of State-supported bribery and segregation.

“Segregation is not always easy to spot, and it’s never easy to kill. It will take moral clarity, determined leadership, and a raw political power. But systems of segregation and Jim Crow hate light more than anything else. It hates exposure to the light of day, because it cannot survive very long when it is exposed, over time, by the outside world. I will promise you today that you will have my commitment to do all I can to see that the eyes of the country and of the world are now on this noble fight against injustice in New Jersey.

“I regret not being able to be with you in person today. But I am with you in spirit and in prayer. I look forward to visiting your state

very soon. And when I do, I hope to be riding toward a light and not away from one. Because the light at the end of the tunnel is the light of justice.

“Thank you, and God bless you, Reverend C.T. Vivian.”

To God be the glory. (applause)

ASSEMBLYMAN GREEN: You know, I was taught earlier in life, you don’t judge a book by its cover. I watched your body language. You sit there very patiently, very quiet, very mannerly. And your comments were very strong.

But I must say that what I see, sitting here 16 years, is that it’s no longer a race issue. It’s an economic issue. When you have people of all colors -- can’t even afford to live in their community, it tells you what has happened in the last 50 years. So when you speak of what has happened to people of color now, whether it’s drugs or housing -- everyone is feeling the pain.

So I just feel good about the fact that everyone in New Jersey recognizes this is a crisis. Not only the black community is suffering, but also our young white community who can’t even afford to live here in the State of New Jersey.

So, for the record, I would just like to feel that you are in the right direction. But we are no longer talking about race now. We’re talking about economics -- where you can afford to live and how you’re going to live. And now that’s hurting everybody. So when we all get on the same boat, moving in the same direction, we’re going to have a better State of New Jersey.

But your comments were well taken. Thank you.

REVEREND PIERCE: Thank you. (applause)

ASSEMBLYMAN GREEN: Douglas Massey, Mr. Orfield, Camille Charles, and David Rusk.

Everyone who is in the audience this afternoon, I just want to single out Mr. Orfield. All this equipment you see around the room-- This is being televised back to Minnesota. So I'm hoping that you would be somewhat pleased with how we do business here in the State of New Jersey. And I'm hoping that we have shed a light, in terms of how New Jersey feels about everyone here in the State of New Jersey.

So I'm going to ask Mr. Orfield to make your comments.

I understand you want about two minutes to disconnect your equipment. Am I correct?

**M Y R O N   W.   O R F I E L D   J R.,   E S Q.:** (via video conference)  
Thank you, Mr. Chairman.

I think we're in good shape. Can you hear me?

ASSEMBLYMAN GREEN: Okay. I didn't know. I thought you were sitting here. (laughter)

MR. ORFIELD: Wonderful.

ASSEMBLYMAN GREEN: Did I say everything correct?

MR. ORFIELD: Yes, you did.

ASSEMBLYMAN GREEN: Okay. You have the floor for five minutes, if you don't mind.

MR. ORFIELD: Thank you, Mr. Chairman.

I appreciate very much the opportunity to address this Legislature today about the regional contribution agreements in New Jersey.

Mr. Chairman, Mount Laurel and it's progeny are one of the most important civil rights decisions in the history of the United States.



It's one of the most important land-use decisions. It's taught in every case book in America about land-use law, about housing law. It's one of the prominent leading cases, with a significance, at the state level, probably more than any other state-level civil rights case in the United States.

One of the problems with the Mount Laurel (indiscernible) (video malfunction) was the regional contribution agreements, which allow the affluent, high fiscal-capacity suburbs to buy out of part of their obligation -- to pay the cities and the older suburbs to build affordable housing.

This frustrates, in a large way, the broad, overarching principles of the Mount Laurel decision. It prevents its meaning from going forward. And as this Committee sits and discusses this issue today, it will resonate throughout all the law schools in the country and throughout all the legislatures in the country -- whether this will be a leading decision and something that America will watch and move forward, or whether civil rights and thinking about affordable housing and land use are possible in America.

I brought some maps today, Mr. Chairman, that look at the places that have affordable housing and the places that don't. I think you got them. I think they've been transmitted to the Committee. I hope--

Do you have them in front of you?

ASSEMBLYMAN GREEN: Yes, we do.

MR. ORFIELD: The first map is a (indiscernible) (video malfunction) northern New Jersey, and it's a map that I worked on with many others in the New Jersey Regional Coalition and many organizations throughout the state, a few years ago, to look at the demographics of the

cities and the older suburbs. And it shows the percentage of affordable housing by municipality. And you can see that the older cities and suburbs have a great percentage of affordable housing. Many of the newly developing suburbs where jobs, and high tax bases, and large resources have -- don't have too much affordable housing. The red areas have little affordable housing; the blue areas have a lot of affordable housing on this particular map. And this is housing affordable to 50 percent of the median income.

If you look at the second map, it shows where the RCAs are coming from and where they're going to. It has arrows. And you can see, in that map, all the wealthy suburbs -- all the affluent, developing suburbs -- are paying the (indiscernible) (video malfunction) suburbs and central cities to satisfy their obligation to build affordable housing.

This places -- in places that have very poor schools, have lower tax bases, and older suburbs that have less resources -- a larger share of the affordable housing. It sends the wrong signal. I think the places that are developing jobs, and opportunity, and have strong tax bases are paying their way out of the obligation to provide affordable housing. And the older, struggling communities are taking these regional contribution agreements, because it is one of the few resources that they have. And you can see the arrows that show how powerfully these obligations are being redirected from the most affluent places to the poorest places. That's northern New Jersey.

You see the same maps for mid-New Jersey in the second series of maps. You see the places that have affordable housing along the shore, places that don't have too much in the interior. And you can, again, see the arrows showing how powerfully those arrows -- the obligations are being

redirected from the blue places, with lots of resources, in toward some of the poorest and most segregated cities in America, places that have small tax bases, older suburbs that are struggling.

You can see the obligation that doesn't-- You don't see the obligation going outward from the older suburbs to the new, affluent suburbs. You see it coming out from the affluent, new suburbs, going back to provide more affordable housing to places that have a fairly large share. And you can see southern New Jersey is the third set of slides, and the same arrows. It's the same pattern throughout the state.

These, Mr. Chairman, I think create a very tough dilemma for the older places. One of the only chances to get resources is by reconcentrating poverty, deepening segregation not only in the cities, but in the older suburbs. The newer suburbs that have the resources, have the capacity, can buy their way out, just like affluent people could buy their way out of their obligations to go into the draft, or buy their way out of obligations to participate in the society. It's a dilemma for the older suburbs. Because as they lose tax base, as they lose resources-- It's one of-- It's a chance to get a few resources, but it deepens the problem, Mr. Chairman. And it frustrates the bold and important incentives of the Mount Laurel decisions -- one of the most important decisions in American history, in terms of trying to redress these wrongs. It makes it, in some ways, a mockery of what it should have accomplished and what it could accomplish.

Mr. Chairman, I think that this is a part of a larger regional problem. The cities and the older suburbs are gaining in poverty, are

reducing their -- are losing capacity. The suburbs aren't a monolith. And many of the older places are experiencing the same struggles as the city.

If you look at some of the second maps that we have, we have the revenue capacity of the school districts. In many of the cities and the older suburbs, you can see the low fiscal capacity of many of the older suburbs and their inability to provide for school aid. These are tomorrow's recipients of the RCAs. Many of these are places that are bargaining for their future, in terms of RCAs.

If you look at the school revenue map, you can see the low revenue capacity of many of the older suburbs. You can see that the -- some of the tax reforms that the Governor has put in place -- or that have been proposed in the Legislature -- that have been suggested, would benefit these older suburbs, just like a comprehensive, strong land-use program would. And you can see that the aid that -- if there were a school reform -- how that would benefit the older suburbs. You can see this in mid-New Jersey, and you can see this in southern New Jersey.

This is a broader-- The movement to repeal the RCAs, I think, is a broader effort to think about a regional identity; to think about the strength of the older suburbs; to think about the principles of one of the most important civil rights decisions in the country; and to think about how this Legislature, at this time, can move the country forward to think about a fairer way of regional development: to think about getting affordable housing in places that don't have much to reduce the patterns of racial and social segregation, rather than make them worse.

And strengthening the school reform system, directing the RCAs to where they ought to go -- these are things that will help lift up the

central cities and older suburbs, and make the regions of New Jersey work better.

Mr. Chairman, thank you for the opportunity to testify today. I'd be happy to stand for questions whenever that would be appropriate.

ASSEMBLYMAN GREEN: Thank you very much for your comments. They're well taken. I look forward to working with you in the future on this particular issue. And I'm just happy that you're able to work with us, because this issue-- I'm hoping that the State of New Jersey could be a role model for the rest of the country.

This is an issue that not only exists here in this state, but around the country.

MR. ORFIELD: Yes.

ASSEMBLYMAN GREEN: And I think we're prepared to deal with this issue head on. We're hoping that as we move down the road with this particular issue, you will do whatever you can to work with us.

Again, I appreciate you being with us this afternoon on this particular issue.

Thank you.

MR. ORFIELD: Mr. Chairman, I'm very grateful to be here. And I'm happy to help in any way that I can.

ASSEMBLYMAN GREEN: Okay. Thank you.

Can we get back to live? (laughter)

MR. RUSK: Mr. Chairman, we appreciate the opportunity to appear. And since I have had a chance to speak with the members of the Committee already, I would certainly turn to my colleagues to present their testimony.

ASSEMBLYMAN GREEN: You have the floor.

DOUGLAS S. MASSEY: Mr. Chairman, and members of the Committee, my name is Doug Massey. I'm a Professor at Princeton University. I'm a member of the National Academy of Sciences, past-president of the American Sociological Association.

I've been studying segregation for a long time. And, unfortunately, 40 years after the passage of the Fair Housing Act, I can still report that the United States is still a very segregated place. In metropolitan areas containing large African-American populations, levels of black-white segregation have changed relatively little in four decades. Among African-Americans living in the nation's largest metropolitan areas, about half experience a level of racial isolation so severe that it can only be called *hypersegregation*. This condition of hypersegregation presently characterizes all of the major metropolitan regions of New Jersey. It involves levels of racial isolation so extreme that they are equaled only by one other historical example, and that is the Union of South Africa under apartheid.

Although Latinos historically have experienced more moderate levels of segregation in American society, over the past two decades rates of discrimination against them have risen. And processes of exclusion against Hispanics have intensified, pushing the level of Latino segregation to new heights.

In addition to these long-standing patterns of racial and ethnic segregation, since 1970 U.S. urban areas have experienced rising segregation on the basis of income. And, once again, New Jersey is no exception. In

this state, segregation between affluent and poor households increased by about 35 percent between 1970 and the year 2000.

When rising levels of class segregation are superimposed on persistent patterns of racial and ethnic segregation, the inevitable result is what Jonathan Kozol calls *savage inequalities* -- huge gaps in access to the benefits and resources of American society. As a result of rising class isolation in the context of ongoing racial segregation, poverty and disadvantage inevitably become geographically concentrated, particularly within minority neighborhoods. As poverty is concentrated spatially, so are all traits and characteristics associated with it. So racial and class segregation together lead directly to spatial concentrations of joblessness, crime, and disorder, thereby creating a dysfunctional social environment that decisively lowers the life chances of poor minority group members while driving up the social and economic costs to society at large.

If social science has shown anything in the past two decades, it is that the balkanization of society into zones of concentrated poverty and affluence benefits no one, not the poor who must endure one of the harshest and most disadvantaged environments ever documented, or not the rest of society who must absorb the inevitable social and financial costs of this manufactured political economy.

I use the term *manufactured* here, because the savage inequalities that now characterize New Jersey are by no means inevitable. Indeed, the current landscape of class and racial segregation was created and is maintained by a variety of institutionalized public and private practices. The manufactured nature of racial and class segregation was explicitly recognized by the New Jersey Supreme Court in its landmark Mount Laurel

decision, which held that prevailing zoning practices indeed operated unfairly to exclude low- and moderate-income families from desirable residential locations.

After a decade of foot-dragging, in 1985 the New Jersey Legislature stepped in to reaffirm that suburban municipalities did, in fact, have a constitutional obligation to include low- and moderate-income families within their borders. And it created the Council on Affordable Housing to establish the regulations whereby communities could meet this constitutional obligation.

Although the 1985 legislation offered the promise of movement toward lowering of class and racial segregation in New Jersey, its potential for effecting change was significantly undermined by its authorization of regional contribution agreements, under which municipalities were allowed to sell up to half of their affordable housing obligations to other municipalities elsewhere in the state. Although in theory RCAs may have worked to promote secondary markets that could expand the stock of affordable housing, in practice they were used exclusively by affluent municipalities to offload their affordable housing obligations and ship them to already distressed, poor, urban communities. I've looked at dozens of maps that draw arrows between geographic origins and destinations of RCA households in the State of New Jersey, and they all show the same thing: an array of arrows pointing inward to a distressed urban center from a ring of affluent outer suburbs, thereby illustrating, quite graphically, the effect of the program in concentrating poverty spatially.

In essence, wealthy suburban communities, such as Princeton, enter into an RCA with poor urban communities, such as Trenton, and pay



them to assume their low- and middle-income housing obligations, thereby perpetuating racial and class divisions, and reinforcing rather than mitigating existing concentrations of poverty and affluence. Although cash-strapped inner cities may reap small, short-term financial gains from this relocation, over time the gains are quickly erased by the reconcentration of poverty, which lowers real estate values and taxable ratings, while simultaneously increasing the demand for public services. Rather than furthering the ideals of Mount Laurel, RCAs operate against them and offer yet another institutional mechanism to facilitate racial and class exclusion, and promote the perpetuation of the savage inequalities I described earlier at great cost to us all.

The proposed affordable housing reform plan now before the Assembly seeks to eliminate regional contribution agreements, a move I strongly support, both as a social scientist who spent a career studying the stratifying effects of racial and class segregation and their detrimental effects on society, as well as a citizen and a voter in New Jersey who is concerned about the welfare of the state and its inhabitants.

I also support the reform plan's offer of substitute funding for poor municipalities to offset any revenue losses they might experience as a result of the elimination of RCAs. And I strongly endorse the plan's other inclusionary provisions that have already been adumbrated today.

I believe that, if enacted, these reforms will have a significant effect in lowering levels of racial and class segregation in New Jersey and in reducing the savage inequalities that now impose so many costs, not only on our least-advantaged citizens, but on taxpayers generally.

Thank you. (applause)

ASSEMBLYMAN GREEN: Thank you very much.

You have the floor.

C A M I L L E   Z U B R I N S K Y   C H A R L E S ,   P h . D . : Thank you.

ASSEMBLYMAN GREEN: Could you speak a little louder, please?

MS. MURRAY (Committee Aide): Red means on. (referring to PA microphone)

DR. CHARLES: Red means on?

Okay. So it's on.

Is this better?

ASSEMBLYMAN GREEN: That's better, yes.

DR. CHARLES: My name is Camille Charles. I'm an Associate Professor of Sociology at the University of Pennsylvania.

And my main area of emphasis is racial inequality. But I'm particularly interested in racial attitudes. And so I've been asked to talk about how racial attitudes play into not only segregation, as it exists, but also any efforts that might be undertaken to alleviate segregation.

Over the last two-and-a-half decades or so, there's been a huge increase in whites' level of tolerance for racial integration in their neighborhoods. So in the mid-'70s, 25 percent of whites said that one black neighbor would be disconcerting for them. By the mid-1990s, you see a huge increase. So nearly all whites are comfortable with minimal amounts of racial integration.

Still, by the mid-'90s, you have roughly 20 percent of whites who would prefer a neighborhood that excluded blacks entirely. One of the

things that we find is that living in segregated circumstances helps to perpetuate negative attitudes about blacks that then lead to preferences for excluding those blacks from their neighborhoods. So, in effect, in situations where wealthy counties are shipping their low-income housing, the overlap of race and class and the concentration of poverty basically perpetuates these negative attitudes. Because what they tend to see are concentrated poverty neighborhoods overpopulated by African-Americans, who then exhibit behaviors and neighborhood characteristics that reinforce anti-black sentiments. So concerns about crime and safety, attitudes about blacks' intellectual capabilities, and those kinds of things are reinforced through segregation.

On the other hand, blacks have traditionally shown a preference for mixed neighborhoods. So, on average, blacks prefer a neighborhood that is, in fact, 50-50. And they prefer those neighborhoods not only for purposes of economic mobility -- since they tend to associate whiter neighborhoods with more affluent neighborhoods -- but also for reasons of racial harmony. The only way we're going to learn to get along with each other is to live around each other.

Still, there seems to be some confusion about what really drives our preferences to live around different kinds of people. And my research has been an effort to kind of clarify those issues. So, traditionally, there are three explanations. One is that blacks and whites live separately because blacks, on average, tend to be poor and therefore can't afford to live in the same kinds of neighborhoods that whites live in. And while, in fact, that is true, it cannot explain the high levels of segregation that we see, not only in the country, but in the State of New Jersey in particular.

A second common explanation is, simply, the birds of a feather flock together explanation: which is that everybody is sort of comfortable where we are. We like to live around people who are like us. And this explanation preferences racial similarity over class similarity, in this case, arguing that blacks prefer to live around blacks, and whites prefer to live around whites. And so, in fact, segregation makes everybody happy.

The third explanation is one that emphasizes racial prejudice. And my research really focuses on which of these three explanations tells us the most about why people prefer the kinds of neighborhoods that they prefer. I have more detailed testimony, so I'm going to keep my remarks short here and just summarize, because it's actually a pretty straightforward series of results.

And that is that attitudes about class, and attitudes about ethnocentrism -- or this idea that birds of a feather flock together -- play no meaningful role in understanding whites' preferences for integration or segregation. On the other hand, their negative racial attitudes are consistent significant predictors of their preferences. And these attitudes are, in fact, more important than their educational attainment, their occupational status, their level of income, their family structure, or any of the other kinds of individual characteristics that one might expect to influence preferences for integration or segregation.

And so, very simply, whites' attitudes about integration are best understood in terms of racial prejudice, not class issues or ethnocentrism. And, again, those attitudes are reinforced by the perpetuation of segregated communities, where we are not able to experience one another on a regular basis as equals.

For blacks, the same set of results is actually true. So, in fact, the more ethnocentric blacks are -- so the more strongly they associate with the black identity -- the more interested they are in assimilation or integration with whites; that they really see this as an issue of racial harmony and full inclusion in society more generally. On the other hand, if they hold negative attitudes about various groups, they are less likely to want to live around those groups, as well.

The additional factor to consider with African-Americans though, is that they are also concerned about white hostility. And the more that they are concerned about white hostility, the more -- or the less likely they will suggest preferences for being, for example, the first black person in a neighborhood. But, nonetheless, you have a sizable majority of blacks who express comfort in an integrated neighborhood, one that is roughly half white, almost irrespective of those racial attitudes and concerns.

So the short answer to the question is, that for both whites and blacks, their preferences for integration are primarily a function of racial prejudice. But for blacks, there's the added concern about prejudice that would be directed toward them.

Assertions that preferences are driven primarily by social class concerns and interest in avoiding poor people, or ethnocentrism -- this notion that birds of a feather flock together -- are simply not supported by the empirical evidence. And that is not only my own research, but everyone else who has done any sort of detailed work in this area, as well.

And in sort of concluding here, I would like to point out both that the greatest improvements in whites' racial attitudes came after the passage of civil rights legislation in '64 and '65, and the passage of the Fair

Housing Act in 1968. And that landmark legislation was passed in spite of persistence of segregationists' attitudes among average whites. Over time, the attitudes of rank and file whites followed suit. So, in effect, if whites in New Jersey have negative attitudes about eliminating RCAs, for example, and any of those attitudes are around potential for integration, history tells us that, over time, whites tend to buy into what is deemed to be the higher moral route.

The second thing, in terms of suggesting that this *birds of a feather flock together* is the primary explanation for segregation -- which would suggest that if blacks were given the opportunity to move to lower-poverty, predominantly white neighborhoods, that they would actually prefer to stay where they are -- I simply say that, to suggest that poor blacks choose to remain in deteriorating, ghetto communities not only runs counter to a large and growing body of empirical evidence, but it runs counter to human nature. The drive to provide food, clothing, and shelter, and safety for one's self and one's children-- Suggesting that poor families in low-income housing want any different is simply not supported by the evidence.

And, again, I have the more detailed analysis in my comments.  
(applause)

ASSEMBLYMAN GREEN: Your comments kind of, like, put another spin on this whole particular issue. Now, not only are we talking about the physical aspect of living in the community, now we're talking about the mindset of living in another community.

Moving ahead in my approach to this whole issue-- When I mentioned all municipalities should have some policy in place to deal with people -- maybe all low-income -- all on the level of needing just hope: If a

community that's very wealthy set aside a certain amount of housing for people who basically need a starting point in their life, do you think this would be something the community could basically do without making these individuals feel even worse than what they feel? Because the condition that they might be in, in a situation with people in that community -- whether they're black or white -- might make them feel inferior. Can you kind of help with me this, if you don't mind?

DR. CHARLES: Yes. I think there have been a couple of instances -- the Gautreaux Program in Chicago, and Moving to Opportunity program in Baltimore -- where there are efforts to sort of replace Section 8 vouchers; where people have free choice with programs, where they receive counseling and are required to move to low-poverty -- extremely low-poverty communities, which are almost always majority-white -- and I should say, actually overwhelmingly white.

And by and large, the people who are given those opportunities take them. Because while I think that for African-Americans in particular -- but poor people in general -- there may be sort of concerns about, "Will I fit in because I look different?" or, "Will I fit in because everybody else has more money than I do?" I think that if you ask them to rank their preferences, so that you're considering not only the racial composition or the class composition of the community, but you're also thinking about food, shelter, clothing, safety, high-quality schools, and other amenities, access to jobs that pay living wages with benefits, high-quality child care -- those are the things that are going to come to mind first.

And so, in many instances, I think it's easy to get wrapped up around these issues of comfort. But I think for the vast majority of people

you're talking about, the first concern is with satisfying those basic human needs. And will they be anxious about it? Sure. Will it be helpful if there are services available to them to help them make those kinds of transitions? Certainly. But I think most of us would prefer to live in the communities where we work and to live in communities where there is labor -- where there are labor market opportunities that provide a living wage, and in communities that are safe. And so I think that when you're talking about low-income people, those are going to be their primary concerns. And the racial composition, or the class composition, and any discomfort that might come along with that would be secondary concerns. So I do think you can make those things work.

I also think that quite often, if you look at places like Yonkers, New York, where there is a lot of protest over mixed-income neighborhoods and the potential for integration there-- And I know, I'm from California; and there's always a lot of commotion around those things. But then usually what happens is, they put in the low-income housing, it integrates, and it's actually having the contact that allows us to understand that those people are just like me. They want the same things that I want for my children. And, in fact, they can have that here and not really take away from my quality of life.

So if you do it right -- so that you're not concentrating poverty and you really are creating mixed-income communities -- I think that it can work for everybody. Because most whites now say that they would be comfortable with a neighborhood that's about one-third black.

ASSEMBLYMAN GREEN: I appreciate those comments, because I realize that the hour is rather late.



But as I look around the room, I know a lot of you in this room are very concerned about this issue. And that is why I asked the other mayors, early on, who were opposed to what we're trying to accomplish-- "You're not looking at the big picture." For example, all the things that we have to add on to the service that we give these people because of a lot of different issues -- that it's a burden to the community; where if it was in a suburban community, and they offered a service as well as decent housing, these people could become a plus to the State of New Jersey.

So that's why I asked you to give me more information on that. Because it's all about education.

DR. CHARLES: Sure. And the other thing that I think concerned me was when the Mayor of Trenton was saying, if you made it so that they couldn't move into areas -- or you couldn't give RCAs to areas that were more than -- that had a poverty rate of more than 50 percent-- I think, in terms of what happens to communities as the poverty rate increases, you really wouldn't want it to get over 20. (laughter) Anything over 20, you're going to see gun violence increase, you're going to see homicides increase, you're going to see public health deteriorate. And I think that that's doable just in terms of people's attitudes, generally, as well.

ASSEMBLYMAN GREEN: Well, it's obvious everyone in this room got the message: just because we might be the same color, that doesn't mean we always have to agree. (laughter) And I think that you're taking the same direction I'm taking. We've got to look at the bigger picture.

I really appreciate the comments the three of you have given us this afternoon.

Thank you. (applause)

Bob McDevitt and Ray Stever.

Did I say it correctly? Was I close?

**C . R O B E R T M c D E V I T T:** Close enough, Mr. Chairman.

**ASSEMBLYMAN GREEN:** Okay. I'm going to try to move rather fast, gentlemen, if you don't mind, because I want to give everybody an opportunity to at least give some type of input this afternoon. Okay?

**MR. McDEVITT:** Mr. Chairman, I'd like to applaud you for your patience today. You're a gentleman. I truly mean that. And I think the people that -- from this Assembly that walked away and aren't here should be ashamed of themselves. Because this is an issue that is destroying cities and destroying families. And it's fundamental to the future of New Jersey. I might as well come from Steel Pier and put stuffed animals in these chairs, because it's clear they don't take this seriously. But thank you for your time.

**ASSEMBLYMAN GREEN:** I appreciate those remarks.

**MR. McDEVITT:** I'm sure they don't, but they're not here, so it doesn't matter.

My name is Robert McDevitt. I'm the President of the casino workers' union, UNITE HERE Local 54, with over 15,000 members. And I am a Board Member of the New Jersey Regional Coalition.

I'm here because I strongly believe that the Legislature should abolish regional contribution agreements. I believe it is immoral on its face. However, the subversive effect of RCAs is having a particularly catastrophic impact on the Atlantic City casino industry and our workforce. Casino workers are paid a decent wage, but they can't afford to live in places around Atlantic City, and even now in Atlantic City itself. Some of our

politicians in the State would like to export middle-class workers an hour away from casino jobs to Bridgeton -- which is 60 miles away from Atlantic City -- using RCAs.

I also want to briefly describe the current need for more affordable housing in the Atlantic City region and the pending affordable housing crisis, as the casino industry prepares for massive expansion over the next 10 years.

The Atlantic City area, according to the National Association of Realtors, saw the largest increase in home prices in 2006 -- 25 percent in a single year -- bringing the median home price for existing single-family homes to over \$339,000, a level out of reach for middle-class families. Now, I know some folks in the room might think that that's pretty cheap for living close to the ocean. But I assure you, that's one of the problems. Because folks from outside of the city and outside of the region are buying those houses, thus leaving less affordable housing for workforce people -- for people that work in the industry.

I have members that are living in -- doubled up in houses in Atlantic City and in Pleasantville. RCAs are an obstacle to the construction of badly needed affordable housing where it's needed most. For example, Galloway Township, just outside Atlantic City, is currently trying to send part of its affordable housing obligation to Bridgeton. I find this to be an outrage. Galloway Township was traditionally a blue-collar town for many, many years. The Reverend spoke about MacMansions. That's what they want to have in Galloway Township now -- those and 55-and-older communities, because they don't have kids for the school district. Galloway falls along the spine of the transit system in Atlantic County -- what there is

in Atlantic County. And they're using the RCAs to send these homes to Bridgeton, 60 miles away.

Bridgeton is 50 miles further way from the jobs in Atlantic City than Galloway. A cook in a casino can't afford the gas and costs of such a long commute. A hundred miles a day in a car -- you just can't make it happen. And the only bus line takes an hour and 45 minutes from downtown Bridgeton to Atlantic City. Whereas, they can afford the commute from Galloway to Atlantic City. This is true around the state. Affluent towns want to send away their affordable housing -- they're the towns that have -- to the towns that have no jobs. Smart Growth would be to abolish RCAs and put affordable housing where the jobs actually are.

Bridgeton, like other RCA-receiving municipalities, has some of the highest unemployment rates in the country. It makes no sense to put affordable housing where all the jobs have left. How will the new workers find housing in Atlantic County -- for the casino industry -- and how will we recruit people from out of the area to work in Atlantic City if there is no place for them to live?

A large part of my membership make less than \$25,000 a year. And as I stated, the commute cost is too much from Bridgeton for them to be able to afford either the gas or a car that can get them dependably to and from work.

Just this year coming up, three new hotel towers will open in Atlantic City. We're going to need between a thousand and 1,500 new workers in Atlantic City, most of them low-wage workers working as housekeepers in those new hotel towers. There is no place for them to live right now. That's this year. In the next 10 years -- and really in the next

five -- Revel, Pinnacle, MGM, and the Bader Field Development will bring approximately 40,000 new jobs to Atlantic City, with nowhere for anyone to live. We can't have pup tents somewhere in Atlantic County for these people to live. If there isn't a place for them to come from other areas to work and live, then they will not come, and this industry will fail, and along with it all the good middle-class jobs that have been created.

Majority Leader Watson Coleman was right about rentals. That's the one thing no one wants to build in Atlantic City or in the area. There are no plans to build any rental housing -- to the point where my union, UNITE HERE, is talking to the CRDA about building worker housing in Atlantic City. But we're the only ones that are talking about it. We don't have enough money to fill all the needs of the workers.

I want to close with two messages. Message one: There is growing support of labor in New Jersey for abolition of RCAs. Assemblyman Giblin is a leader in this, and I am proud that a union official is a primary sponsor of A-3857; I am personally committed; that you all will see more and more labor support to break down this terrible system. There is also an historic connection between labor and the civil rights movement. This inspiring collaboration to abolish RCAs is a reconnection of labor and the civil rights movement.

Message two: Supporting RCA abolition is smart politics. And I hope that the folks that left hear this. The District 2 Senate race was a great example of this. Assemblyman Whelan courageously supported the abolition of RCAs and was attacked by politicians such as Mayor and Senator Sonny McCullough from Egg Harbor Township. We all know what happened in that important race. Assemblyman Whelan won by a large

margin. In Galloway Township, we were able to flip one of the three seats that were up. Next year there are more seats up on that township council, and we're going to flip those seats. Because we can't let this stand the way it is in Galloway. In Somers Point, as well -- along the spine -- the Route 9 spine of the New Jersey Transit bus route -- they are also trying to send RCA units to Bridgeton to build a large, upscale housing development. It's a disgrace.

There have been successful applications to the current RCA rules. Mayor Palmer, from Trenton, talked about some of the success that he has. But my question is, how effective would those RCA applications be if they were similar to the Atlantic City-Bridgeton problem? If Newark were sending its RCA obligations to Trenton with the expectation that the people in Trenton were going to get to Newark to go to work-- That's what we're facing in South Jersey, and it's just going to get worse.

And I thank you for your time. (applause)

ASSEMBLYMAN GREEN: Thank you very much for those comments.

**RAY STEVER:** Hello, Mr. Chairman.

ASSEMBLYMAN GREEN: Go right ahead.

MR. STEVER: I appreciate you allowing Bob, and I, and the rest of the people here to get our voices heard. This issue is extremely important.

My name is Ray Stever. I am the President of the New Jersey State Industrial Union Council. We are the other statewide labor organization in New Jersey, and we represent over 300,000 -- union and community groups -- throughout New Jersey. I am here today to support

the Assembly Bill 3857, a bill that would eliminate regional contribution agreements.

The IUC is a coalition of unions representing a cross section of working people throughout the state. The IUC has always stood for fairness and equality for all people, regardless of race, color, or creed. And it is primarily on that basis that we believe regional contribution agreements must be abolished. But there are other reasons, as well.

Workforce housing is an incredible need throughout this state. I have talked with teachers, firemen, police officers, and municipal workers, to name a few, who cannot afford to live in the towns they work in. I ask you: Why is it acceptable for a worker to risk his or her life to put out fires or to fight crime in the streets, and yet they can't live in the very town that they risk their lives to protect?

Municipal workers do the same-- No, municipal workers do some of the hardest and dirtiest jobs imaginable: picking up trash, repairing roads and sewers, and providing all of the other services that make life in our towns possible. And yet, every night they travel home to different communities than the ones they work in. We entrust our teachers with the education of our children and nursing home workers with the care of our elderly, but we deny them the right to live in the communities they serve simply because there is no way that they can afford it.

The fact is, what the RCAs allow is to bring back racism and discrimination. Not like the '60s, when we discriminated against a race of people in the South, but a new kind of discrimination, one that will allow this State to discriminate and segregate against a class of people, be they white, black, Hispanic, or other. People who earn less, and therefore have

economic and financial issues -- this includes the poor, the working poor, or those who can make a decent living but do not make enough to live in certain towns that have an elitist mind-set.

RCAs are not only morally wrong, but they are -- rationally, they don't make any sense. Why don't we put housing for workers in the communities where there are jobs? I know of nursing home workers that take three, and sometimes four, buses from their homes in East Orange or in Irvington to nursing homes in Parsippany-Troy Hills, where they work. The Parsippany-Troy Hills area had one of the highest rates of job growth in the North Jersey region, according to the Department of Community Affairs. It also had the lowest number of affordable housing units being built, because they sold their affordable housing obligations to places like East Orange and Irvington. It is a vicious cycle that disproportionately impacts poor communities, minorities, and working people.

If we want to promote fairness and equality in our state, we must have housing policies that work together with job growth to open up opportunities, regardless of race or economic status.

I'm proud that Tom Giblin -- who is the sponsor of this bill, and a friend of mine that I've worked on many issues with throughout the labor movement -- has recognized that this issue is at the forefront of a civil rights movement that seems to be growing again as a class warfare. We cannot let that happen. Segregation is a major problem. If we allow municipalities -- which has just come to my attention. There seems to be a training that is going on at some of our municipalities, where our public workers lie -- are being taught how to be union busters. That's a concern of this labor movement, of every single union person here.



The union movement raised the standards of workers in this state, in this country, contrary to the corporate propaganda that we've heard and told. We're the ones that have been able to allow workers to make more money so they, themselves, can live in better places. And now there are municipalities that are doing something to counter this.

Is it a coincidence? I'm not sure. But it sure smells funny. Because if these workers -- if this is true, and these workers lose their jobs, do they lose their jobs to privatization -- which we know is a bad thing -- or do they lose their union, and then their wages get cut? Either way, it's a lose-lose situation for the workers.

We cannot let this happen. We must stop the union busting, we must allow the workers to live in the communities--

ASSEMBLYMAN GREEN: Excuse me, one minute, please.

MR. SEVER: --where they are.

And in closing, let me just say this: We cannot allow New Jersey to turn out to be another Alabama. Civil rights, workers' rights, human rights -- they're all the same thing.

Thank you. (applause)

ASSEMBLYMAN GREEN: You know, I had to let you get that commercial in. But you were treading on thin ice. (laughter)

Paige, from Network, please.

**P A I G E C A R L S O N - H E I M:** Good evening.

ASSEMBLYMAN GREEN: Go right ahead.

MS. CARLSON-HEIM: Okay. Thank you.

Good evening, Chairman Green and members of the Committee. Thank you for the opportunity to speak on the housing reform plan before you today.

My name is Paige Carlson-Heim. I am the Managing Director of the Housing and Community Development Network of New Jersey. As you know, the Network is the statewide association of 150 community development corporations, or CDCs, and 100 allied organizations that build and/or support the creation of affordable housing and community development.

Is it not working? (referring to PA microphone)

MS. MURRAY: Is the red light on? It has to be on.

ASSEMBLYMAN GREEN: Now, I'm going to try to get everybody in, so if you can keep it to a few minutes, please.

MS. CARLSON-HEIM: Absolutely.

ASSEMBLYMAN GREEN: Thank you.

MS. CARLSON-HEIM: Absolutely.

Our members are impressed with the scope of the proposals and very much appreciate the leadership's commitment to the growing housing crisis in New Jersey. We applaud Speaker Roberts, Assembly Majority Leader Watson Coleman, and Chairman Green for your comprehensive and thoughtful approach to the issues at hand.

The package of bills before you includes many elements that have been Network priorities for years. We are encouraged that you are taking an honest and careful look at this complicated situation.

In the interest of time, I will limit my remarks to just a few elements of the package that we think are most critical to address the

housing crisis. Many before me have spoken very movingly about the issue of regional contribution agreements, and I don't pretend to be able to top their remarks. I will say that the Network supports the proposal to eliminate regional contribution agreements. But we hope that the Committee will consider new and dedicated funding for urban rehabilitation.

We are hopeful that the bill you will consider in the next session, currently before you as A-3857 and S-2451, will be amended to include a permanent, ongoing funding source. It is critical that this funding not come from existing balanced housing funds. Rather, it needs to come from additional revenue sources to ensure that existing funding levels for housing are held harmless.

Some possibilities include using a small portion of the Millionaires' Tax, or a portion of the Realty Transfer Fee that is not already going toward affordable housing to support an urban rehabilitation fund. We need to obtain new resources for this fund in order to eliminate RCAs without harming financially strapped communities.

Further, the Network supports requiring one-for-one replacement of housing lost through redevelopment. The Network has been advocating for the inclusion of one-for-one replacement in the redevelopment and eminent domain bills, which have been heard in both Houses. We welcome its inclusion in this package. When introduced, the legislation should clarify that this means both deed-restricted housing and market housing that is affordable. The replacement housing should, to the extent possible, approximate the lost housing in terms of number of bedrooms.

In the same spirit of ensuring that redevelopment results in mixed-income housing, we suggest you also mandate any redevelopment area which was not previously residential have 20 percent of its residential units be affordable to persons of low and moderate incomes.

The Network supports requiring towns to spend municipal trust funds on affordable housing within their own borders. When introduced next session, this legislation should specify that any dollars turned over to the State Balanced Housing program will still be used to support the affordable housing within that town, if possible. And if it's not possible, then at least within the county. If this is not prescribed, a town that does not want to build affordable housing could let its funds be taken. And as is currently the case with RCAs, the resources will not be used to address local housing needs in or near the municipality.

The Network also strongly supports the leadership's proposals to require all State redevelopment projects include 20 percent affordable units, the very-low-income housing bill, the creation of a comprehensive housing plan, and regular publication of affordable housing statistics.

We urge you to add a provision to modernize funding levels for relocation assistance to the package.

This Committee has already passed A-252, which increases State relocation assistance payment levels, now frozen at 1972 levels, to current dollars, based on increases in the CPI since 1972. The bill would raise the payment levels over two years, with annual changes indexed to CPI going forward.

Although you unanimously passed this legislation on January 30, 2006, it was ultimately combined with the eminent domain legislation,

which has not yet moved past the Assembly. We believe that it should be reintroduced as a separate bill so that the resources critically needed by families and individuals currently being displaced are not delayed any longer.

This is an ambitious set of proposals before you, and they will only succeed with appropriate and stable funding. Many of you have undoubtedly heard that Balanced Housing dollars, which are tied to the real estate market, have been dwindling, which is why we have asked for additional clarification about the proposal to create an affordable housing trust fund. We hope the intent of that fund is to supplement the resources currently deployed through the Balanced Housing program. Whatever the fund is ultimately called, we are looking forward to having a thorough and open dialogue about the need for resources to achieve our common objectives.

Thank you very much for your time today. Our members appreciate your thoughtful consideration of the issues we have raised. And we applaud the leadership's willingness to tackle these difficult issues in this difficult fiscal time. We look forward to working together to make the package a success.

I would be happy to answer any questions at any time.

Thank you. (applause)

ASSEMBLYMAN GREEN: Thank you for your comments.

Reverend Thornton and Rohn Hein.

**REVEREND DAVID B. THORNTON:** Good afternoon, Mr. Chairman and Committee.

ASSEMBLYMAN GREEN: Good afternoon.

REVEREND THORNTON: My name is Reverend David Thornton. I'm Pastor of the United Presbyterian Church, in Paterson, and a member of the Board of Directors for the New Jersey Regional Coalition.

R O H N H E I N: My name is Rohn Hein. I'm Chair of the Unitarian Universalist Church of Cherry Hill's Social Justice Committee, a resident of Pennsauken, and also a member of the Board of Directors at the New Jersey Regional Coalition.

We're speaking here today representing the New Jersey Regional Coalition, a faith-based organization representing over 125 church, religious, union, and civic groups from throughout the state, from Wyckoff to Atlantic City.

Over the last three years, the Regional Coalition has held dozens of community meetings, where thousands of citizens have voiced their deep concern about the housing policies in New Jersey. In every one of these meetings we held throughout the state, we've heard our people call for the abolition of regional contribution agreements. It's no wonder to us that this response has been so strong. People want justice and fairness when it comes to housing, and RCAs fly in the face of this plea.

REVEREND THORNTON: Centuries ago, the prophet Amos proclaimed God's complaint about those who sell the needy for the price of a pair of sandals. In New Jersey, the price has risen to \$35,000, the amount a wealthy town pays to keep a poor family out using an RCA.

But we are not here to negotiate a better price. We are here to demand and declare an end to this immoral practice once and for all. Today, many of those speaking are from a broad cross section of groups that are partners with the New Jersey Regional Coalition in the elimination

of regional contribution agreements. We have asked the Speaker, the Majority Leader, and the Chair to invite our friends to testify on this historic opportunity to turn a new page in our housing policy.

It has become apparent that this change is inevitable. The moral arch of history is against segregation. And the evidence against RCAs as a blight on this state has never been more clear.

MR. HEIN: You've heard compelling testimony already from clergy, housing specialists, civil rights leaders, national authorities on housing policy, and concerned citizens. You also have already heard from the League of Municipalities, who wishes to cling to the past and offers excuses why the old system should be kept. But the League refuses to recognize the two-sided sword that Mayor Palmer had mentioned. When all is said and done, the facts will show that change must happen now.

This impressive array of moral and intellectual leadership is here because we share a common purpose. We've looked at RCAs and seen that their time has passed. As people of faith, we know that evil hates light. As the light shines upon the moral evils of RCAs, people see what this policy has wrought upon our State. The light exposes the corruption that has accompanied the RCA deals. The light exposes the environmental damage of sprawl. The light exposes the economic damage of restricted opportunity. The light exposes the personal damage when people are cut off from opportunity. The light exposes the community damage of concentrated poverty. And the light exposes the damage to our Constitution by anything which supports segregation.

REVEREND THORNTON: We are at a crucial point in history. Today, in this State House, great moral issues are being debated.

We pray and claim, in faith, that these issues will be acted upon with moral courage and clarity.

Speaker Roberts and the Assembly leadership are standing in an historic tradition. Like the civil rights leaders of past decades, they have chosen to take a stand against injustice, by shining the light upon it and saying, "No more."

Just last week, I was in Iowa, at the Gamaliel International Leadership Assembly, meeting with hundreds of community organizers from across the United States, Europe, and Africa. They know that this thing called *regional contribution agreement* is no more than a fancy name for what an earlier time called *Jim Crow*. The nation is watching, the world is watching. The light of justice is shining upon RCAs, and they will not stand. We rejoice in the light.

MR. HEIN: And the world is watching. A recent report, which I have here, from the United Nations on segregated housing in the United States, points out that even though New Jersey has required that every community provide affordable housing, segregation persists -- perhaps because New Jersey's wealthy suburbs are allowed to evade the low-income housing requirement by paying poorer urban areas to build or rehabilitate that housing through regional contribution agreements. We respectfully submit this report for inclusion in the Committee's record.

And I'd like to add one other thing here. Let's be practical. With the ongoing litigation with COAH right now -- and notwithstanding Commissioner Doria's comments -- more RCAs will probably not even be approved until at least 2009, maybe even 2010. Because the RCAs can only be approved after towns resubmit entirely revised plans based on



COAH's new rules. Instead of waiting around for COAH to approve RCAs again -- even if that happens -- we need to find more reliable ways of getting affordable housing built now.

REVEREND THORNTON: We do not believe that any legislator wants to be held up to a charge of segregation, yet the use of RCAs does just that. Our state can thrive and grow with diversity in all of our communities. In fact, the case is clear: Our state does better when opportunities for housing, education, and jobs are located in every community.

This is the one State policy which so clearly flies in the face of what we know about building healthy communities. Eliminating RCAs is the first step, and a necessary step, to building the kind of New Jersey our people so desperately need. It is the gateway to a sane and productive housing policy. And we call for their immediate elimination. The Garden State must not be a gated community.

Thank you very much. (applause)

ASSEMBLYMAN GREEN: I don't know about you, but -- the hour is getting late, but I'm enjoying myself. (laughter)

Thank you very much. I really appreciate your comments.

New Jersey Builders Association and New Jersey NAIOP, commercial real estate industry.

Did I say that correctly?

UNIDENTIFIED SPEAKER FROM AUDIENCE: You sure did.

ASSEMBLYMAN GREEN: How are you?

Is Ms. Short with you?

Oh, you're not coming up?

UNIDENTIFIED SPEAKER FROM AUDIENCE: They're fine. They're (indiscernible)-- In the interest of time, I'm deferring to our President.

ASSEMBLYMAN GREEN: Are you sure now, because--

**B A R R Y S. S O L O N D Z:** I don't think he needs to introduce me. I'll introduce myself. We'll save some time. (laughter)

ASSEMBLYMAN GREEN: No, you know--

I must take this personal, because she brought me to the wedding. And I don't want her to forget me now. (laughter)

UNIDENTIFIED SPEAKER FROM AUDIENCE: Mr. Chairman.

ASSEMBLYMAN GREEN: Yes.

UNIDENTIFIED SPEAKER FROM AUDIENCE: The last organization that you called out-- Was that the NAACP?

ASSEMBLYMAN GREEN: No, you're next.

UNIDENTIFIED SPEAKER FROM AUDIENCE: Okay, very good.

ASSEMBLYMAN GREEN: I apologize. I'm trying to get through everybody now. So please have patience with me. Okay?

Gentlemen, if you guys could keep this kind of like -- because this is not the only bite at the apple. We're going to do more of this.

You have the floor. Go right ahead.

**MR. SOLONDZ:** Good afternoon, Mr. Chairman and members of the Assembly Housing and Local Government Committee.

My name is Barry Solondz, and I'm the President of the New Jersey Builders Association. I represent the state's home building professionals, some of whom are in the audience today.

I appreciate the opportunity to appear before this Committee today to testify on the Speaker's recently unveiled 12-point affordable housing reform plan, which is intended to provide greater affordable housing opportunities throughout New Jersey. It is encouraging to hear that the Speaker plans to make housing a priority in the next legislative session, and that you and your colleagues are committed to the goal of housing New Jersey's residents.

I applaud you for your commitment to addressing the affordable housing crisis in this state. It will not be resolved easily or quickly. But we believe that acknowledgement of the crisis is the first step toward changing policy in Trenton.

The introduction of this comprehensive affordable housing reform plan, Governor Corzine's pledge to produce 100,000 units of affordable housing, and the commitment of the Commissioner of the Department of Community Affairs -- Joseph Doria -- to develop a statewide housing policy represents a welcome policy shift that would begin to address the housing needs of all of New Jersey's working families.

We share your vision that all New Jersey residents should have an affordable, safe, and decent place to call home. However, the real estate community is confronted with an ever-increasing use of environmental regulation to control land-use planning, effectively preventing new housing, as well as other types of economic development.

The current regulatory environment hinders our ability to produce the much-needed housing in this state. Proposed regulation increasingly threatens our ability to produce even a fraction of the affordable housing need. Overregulation has already caused the residential housing market to lose the beginning rungs of the ladder, the entry level of affordable housing. What has been lacking is balance: a plan that tells developers and builders where new homes will be built to meet the growing needs of workforce and population.

A housing policy must provide for a diverse array of housing opportunities across the economic spectrum. It must define opportunities, direct where people will live and work, and provide the incentives to facilitate growth that will accommodate the housing needs of middle- and modest-income households, while balancing many factors, including environmental sensitivities.

The first proposal in this plan calls for the elimination of regional contribution agreements, or RCAs. We do not disagree with the Speaker's concerns regarding the potential impacts that RCAs may have on housing. However, in order to meet the intent and spirit of this proposal, an alternative funding source that supports the development of urban housing opportunities needs to be identified. If we are to achieve our mutual goal -- and if doing so requires that we must close the door to opportunity in certain areas -- then it is necessary that we open it wider by lessening the restrictions and providing incentives elsewhere.

The New Jersey Builders Association looks forward to seeing the details of this plan and how it will provide the needed incentives for the

creation of housing for New Jersey's middle- and modest-income households.

Thank you very much for this opportunity to appear before you today, Mr. Chairman.

ASSEMBLYMAN GREEN: Thank you very much.

During the course of your comments, although I was talking, I was listening.

I was just happy to hear the Commissioner make it very clear that the DEP has to be at the table with us. And I'm hoping that he would find it in his travels to sit down with the Commissioner, because of the fact that-- I'm hoping -- based upon the testimony today and based upon what Commissioner Doria has said about that Department -- that they slow down fast-tracking any new policies and new regulations until we all have a chance to talk about what's good for the State of New Jersey.

So I'm hoping that you listened very carefully to what the Commissioner had to say in terms of -- there are some concerns there with some of the policies. It might affect any type of new housing that we want to put together in the State of New Jersey. We can't have it both ways. And I'm just hoping that everyone in the front office will cooperate with us.

So during the course of your testimony-- I just want to make it very clear that the Speaker, as well as the Commissioner, realize that Department has to sit down and work with us if we want to be successful in this particular issue.

Thanks for your comments.

MR. SOLONDZ: Thank you.

ASSEMBLYMAN GREEN: Thank you.

**M I C H A E L   G.   M c G U I N N E S S:** Good afternoon, Mr. Chairman, members of the Committee.

My name is Michael McGuinness. I'm Executive Director of the New Jersey Chapter of NAIOP. It's the National Association of Industrial and Office Properties. We're a professional trade association for commercial real estate developers, owners, and investors. We commend you, today, for leading the charge in creating more affordable housing opportunities in New Jersey.

We believe the January 25 Appellate Court decision remanding COAH's third round rules -- to revise them--

**ASSEMBLYMAN GREEN:** Excuse me, is your mike on?  
(referring to PA microphone)

**MR. McGUINNESS:** Yes.

Excuse me?

**ASSEMBLYMAN GREEN:** Is your mike on?

**MR. McGUINNESS:** Oh, you know what? It is not.

**UNIDENTIFIED MEMBER OF COMMITTEE:** Are the other ones off?

**ASSEMBLYMAN GREEN:** I apologize. I don't want you to be talking and it doesn't make -- it's not being recorded.

**MR. McGUINNESS:** Sorry about that.

Well, in any event, we believe that the Court decision in January provides a unique opportunity to create a more equitable, broad-based, and effective means to meet New Jersey's housing obligations.

We recognize that new construction generates a portion of the demand for affordable housing, and we expect to pay our fair share.

However, it is not fair, or even possible, for new development alone to fund affordable housing when the need is so great. Some housing advocates have said as much as 650,000 units is what the need is.

The suggested third round rules assume a need of 120,000 units. And at an average cost of \$160,000 each, that's a \$19.2 billion tax on the development community. That equates to a surcharge of about \$20 a square foot on office development, which makes New Jersey even less competitive.

It is for that reason that NAIOP supports Speaker Roberts' concept of creating an affordable housing trust fund with an expanded pool of revenue sources, including the reallocation of funds from the Realty Transfer Fee.

Given the importance of housing, which is at least as important as open space, transportation, and water, it is critical that funding be dedicated, broad-based, and predictable. The current funding mechanism used by COAH is perilously linked to the vacillations of the new development market, and that must change. Also, any affordable housing trust fund must have a clearly stated financial limit on what commercial real estate developers would contribute, since the current funding mechanism is haywire, as evident by the payment-in-lieu fees, which in many towns exceed a-half-a-million dollars per affordable housing unit.

In summary, affordable housing is the responsibility of all of society, not just the commercial real estate industry.

We look forward to working with the Speaker, members of this Committee, in developing a practical remedy that gets the job done.

Thank you very much. (applause)

ASSEMBLYMAN GREEN: Thank you very much for your comments.

Mr. Ramsey and Kelly Francis.

I appreciate your patience. We're getting down to the final people who wanted to come before the Committee. And they always say you save the best for last, right? (laughter)

Is your mike on? (referring to PA microphone)

MS. MURRAY: Red means on.

That one should be working.

It's on.

**JULIUS D. RAMSEY:** How about now? Can you hear me?

MS. MURRAY: Is the red light on?

MR. RAMSEY: No, the red light is not on. Neither is the green light.

MS. MURRAY: Could you try the red light now?

MR. RAMSEY: The red light is on. (laughter)

ASSEMBLYMAN GREEN: Okay.

MR. RAMSEY: I don't think this is orchestrated for the NAACP.

ASSEMBLYMAN GREEN: No, if anything, I'm going to get you another light.

MR. RAMSEY: It should be a green light for the NAACP. (laughter)

Good afternoon -- good evening, Mr. Chairman and distinguished members of the Committee. I will try to be succinct.



ASSEMBLYMAN GREEN: Before you get started, is a Ms. Jackson supposed to join you?

Ms. Jackson, were you part of this group that was supposed to come up?

AUDREY JACKSON: I don't know.

MR. RAMSEY: Are you Ms. Jackson?

MS. JACKSON: Yes, I am.

MR. RAMSEY: Okay.

You want your red light on.

MS. JACKSON: It doesn't work.

ASSEMBLYMAN GREEN: All right. What happens is that when you get through, you can give her the mike.

Is that okay now? Because I don't want-- I want to make sure that-- That one person might be the person that has to vote me in and out of office. So I want to make sure I get a hold of everybody tonight.

You have the floor. I apologize for being -- interrupting you.

MR. RAMSEY: Good evening, Mr. Chairman, distinguished members of the Committee.

My name is Julius Ramsey, and I'm Co-Chair of the New Jersey State Conference of the NAACP Branch's Housing Committee.

On or about March 24, 2007, the New Jersey State Conference of the NAACP Branch's Executive Committee's resolution was presented to the New Jersey NAACP committee, asking for the abolishment or the abolition of the regional contribution agreements concept. A dominant, strong, irrefutable consensus in the nation's civil rights community involving all groups indicate regional contribution agreements are Trojan

horses ordered into battle to sustain an inextricable pattern of racism and de facto segregation in housing inventories and stocks, along with the provision of educational services. This was found to be true by Harvard University's study dated in 1996. And it was co-authored by Gary Orfield and Susan E. Eaton.

I respectfully request to read a statement issued and authorized by Mr. James Harris, President of the New Jersey State Conference of the NAACP Branch, dated December 10, 2007.

It reads: "Speaker Roberts, Majority Leader Watson Coleman, and Assemblyman Green should be commended for their efforts to reform our affordable housing laws and for holding this Committee meeting today.

"The New Jersey State Conference of the NAACP specifically recognizes their efforts to abolish regional contribution agreements as a necessary and important step toward creating the type of state that we all aspire to, in which people of all races live together in integrated communities and in which the rich and poor are not isolated from each other, but share parks, schools, and town halls. We should focus our affordable housing efforts where jobs are growing, not in a place where jobs are being lost.

"The NAACP was involved in the original litigation that led to the recognition of the Mount Laurel doctrine. We joined with families who have been discriminated against by the wealthy township of Mount Laurel. And we, together, sued, claiming that all towns have the obligation to provide their fair share of the region's need for affordable housing. We won that litigation, and advocates since then -- including the NAACP branches --

have continued to fight to end discriminatory and exclusionary housing policies throughout the state.

“The Fair Housing Act of 1985 was a big step forward in New Jersey’s efforts to provide affordable housing in every town. The biggest loophole in that law was RCAs. The NAACP has recognized that RCAs should be abolished. We are happy to see that a consensus has formed around the state recognizing that RCAs are unjust and, above all, an unwise policy that is harming New Jersey by concentrating poverty in the cities and relieving the wealthiest towns of their obligation to provide affordable housing.

“We thus join with other groups today in calling for all of New Jersey’s towns to provide their fair share of housing -- of affordable housing, instead of paying other municipalities to do so. We know that there are some local officials who will speak of the need to rehabilitate our urban communities and, thus, the need to continue RCAs. This is a false choice. We can rebuild our communities and have a just, affordable housing policy. No other state in the nation uses funds from suburban towns to rehabilitate urban communities. We can and should find the resources to rehabilitate our urban communities without letting suburban communities off the hook.

“We recognize today as an important step forward in proving New Jersey is a place where opportunities are fairly provided. We thank the Committee for its work and deliberations.

“Sincerely, James E. Harris, President of the New Jersey State Conference of the NAACP.”

ASSEMBLYMAN GREEN: Thank you very much. (applause)

**C O L A N D U S   F R A N C I S:** Good evening, Mr. Chairman, members of the Committee -- honorable members.

My name is Colandus Francis, also known as Kelly Francis. I serve currently -- for the past 10 years -- as President of the Camden County Branch of the NAACP, which is headquartered in the city of Camden. We've been there since 1941. I've been a member of the Branch since about 1951, since high school. I've lived in Camden. We came to Camden in the late 1940s. So it's approximately 60 years that I've been a resident of the city of Camden. I'm retired. I retired 18 years ago from government employment, and I still reside in Camden, by choice.

But I want to give you a perspective of what's happened in the city of Camden as a result of a proliferation of low-income housing. And there's only been one regional contribution agreement negotiated with the city of Camden, and that was in 1998, between the township of Washington -- Washington Township and the city of Camden. I believe Mayor Jerry Luongo was the Mayor of Washington Township. And, of course, our Mayor was Milton Milan.

But in any event, that agreement was to transfer 152 units of Washington Township's obligated low- and moderate-income housing to the city of Camden. And they were to pay Camden \$3 million. At the time, it was \$20,000 per unit. That was the regulation -- the COAH regulation.

Now, it was a disaster. Now, what happened was that the developer came in, and he built 40 units of housing -- new housing. And that was it. And he left with his profits, or whatever money he made. And he left us with 40 units of housing and an empty lot where 37 more units

were supposed to have been built but have never been built. So for the 152-- Actually, they only agreed to build, in Camden, 77, but that never materialized. So, in effect, 102 families were denied affordable housing as a result of that regional contribution agreement, because 102 units were never created out of the 152 units of Washington Township's affordable housing obligation. So that shows you that it does not always materialize the way that the law intended it to.

And, also, we've been under State takeover for the past five years -- the Municipal Revitalization Economic Recovery Act -- which we call the *takeover bill*. And that's been in effect for five years. Now, during that five-year period, Camden has become the poorest city in the United States of America. Camden never in its history had ever been the poorest city. But under State takeover, and with the proliferation of all of the low-income housing that has been built in the city of Camden, we, in -- I think it was 2005 -- we were the poorest. I think last year we were number three, behind Brownsville, Texas and College Station, Texas. It doesn't mean that Camden got any wealthier, it probably means that those other two cities became poorer. But that is what is happening as we speak.

And I'm going to give you some other facts that may shock you. They've never been publicized. In the year of the takeover, Fiscal 2003, Camden had a \$9.7 million deficit, shortfall. That's what we needed from the State in order to continue municipal operations -- \$9.7 million in Fiscal 2003. This year, Fiscal 2008, our municipal deficit is \$62 million. That's what's happened in the five years of State takeover. Also during that period of time -- five years -- for two years in a row -- you probably read the headlines -- we were the most dangerous city in the country for two years in

a row, under State takeover. We had never been the most dangerous city in the United States. But for two years in a row, in the past five, we were most dangerous. And why? Because of the concentration of poverty. There is a direct relationship between poverty and crime. If people don't have jobs-- Camden lost its industrial and commercial ratable base many years ago. It transferred to the suburbs. Companies like RCA went to the suburbs -- Cherry Hill -- Esterbrook Pen Company went to Cherry Hill. Campbell's Soup closed down its manufacturing operation, which was a blue-collar -- which were thousands of blue-collar jobs. And New York Shipyard closed down, which at one time employed 30,000 people in one industry. So we were left with just a residential tax base. And you cannot support a municipality on just residential ratables.

But this is what has happened in the city of Camden in the past 10, 12, 15 years. And it's because of-- We only have low-income housing -- what you would call *affordable housing* -- low- and moderate-income housing. And you cannot operate a city on just low- and moderate-income housing. You've got to have a commercial and industrial tax base to supplement the loss that you incur with residential ratables. This is why your suburban communities are buying up open space -- so that they can control and curtail the residential development. Because that is the most costly ratable to provide services to. Each residential ratable is a losing proposition in any city. I don't care how wealthy it is. And in order to supplement that, you've got to have a commercial and industrial tax base.

And the mayors who feel as though regional contribution money from a wealthy community is a God-send -- they are sadly mistaken, because this is just a short-term, quick fix. And they are left with long-term

municipal obligations to provide services to those new units that were added to their community. And this is what they have to understand: that it is not--

And as we speak, the communities that have been accepting, over the years, regional contribution agreements -- for example, Newark. Newark is currently faced with a \$180 million deficit. It's laying off people, it's trying to eliminate its workforce in order to close that gap. Mayor Palmer, who was here-- He has a \$21 million deficit this year. Camden has a \$62 million deficit, which has grown from \$9.7 million because of-- When you add more people, that requires more services.

Camden hired 35 new firefighters last year. It has the largest police force, per capita, than any city in this state -- Camden has the largest police force, per capita, than any city in this state. Its police budget is about \$41 million, which is larger than the budgets -- the entire operating budgets of 35 of the 36 other municipalities in Camden County. Just our police budget is higher than the municipal budget of 35 of 36 municipalities in Camden County.

And that's what happens when you continue to bring in more and more low- and moderate-income people, more residential units without the accompanying commercial and industrial ratables to supplement or to counteract what you lose when you bring in just residential ratables.

But this is a clear example.

And also during that period of time-- In the past 10 years, Camden has lost over \$100 million in ratables. Ten years ago, we had a \$900 million ratable base. This Fiscal Year, 2007, it's down to \$794 million. So we have not increased our ratable base, because most of the

low- and moderate-income housing that's been built in Camden has a 30-year tax abatement. All of the developers who come into Camden -- they get a 30-year tax abatement, which means that they do not pay anything to the school district for that 30 years, and they do not pay anything to the county for 30 years, regardless of how many school children come into the city of Camden. And you know that low-income family housing, traditionally, has more children than you would have in the suburban community.

So this is the impact, and this is why our deficit has increased and why our tax base has decreased. So these are the outcomes of what happens when you continue to shunt all of the low- and moderate-income housing into the urban centers. They just become poorer and more distressed, and their deficits become more -- larger.

And, also, when I came to Camden in the late '40s-- Camden had probably the most integrated communities in the country. In the 1950 census, there was 15 percent minority -- predominantly black, because there were very few Hispanics in the early '50s or late '40s. Today, Camden is about 98 percent minority. In my childhood of -- when I was a young man in Camden, we were only 15 percent. The rest of the community was comprised of other ethnic minorities like Jewish, Italian, German, Polish. It was a truly integrated community. Today it is 98 percent minority. So this is what happens with RCAs, or voluntary acceptance or voluntary building of low- and moderate-income housing.

And I encourage you (indiscernible) to this legislation. We are in favor of the legislation. And we applaud you for taking the initiative to try to eliminate the whole concept of RCAs.



Oh, and by the way, our Branch was one of the original plaintiffs in the Mount Laurel litigation in 1971, when it began, 36 years ago. And I, at that time, was also a member -- an active member of the Branch when the litigation began.

ASSEMBLYMAN GREEN: Thank you very much for your comments.

MR. FRANCIS: Thank you. (applause)

ASSEMBLYMAN GREEN: Did you have any comments, or are you just--

Is she okay?

MS. JACKSON: I'm fine.

All right. Can you hear me?

ASSEMBLYMAN GREEN: Yes, I can.

MS. JACKSON: All right. To the Chairperson, also the Committee, my name is Audrey Jackson, and I'm a Paterson ACORN member. I'm speaking for ACORN members and also my community -- the housing crisis that we have in New Jersey.

I'm also a very concerned parent in my children's school. I'm a single mother with three children. One of them is (indiscernible). All three of their report cards are very outstanding, making their mother proud. They also are ACORN members.

I dedicate my time in the children's school working with the parent liaison to motivate other parents. I attend the SLC meetings all the time and keep positive my children's heads, looking for a better education and future.

And my crisis is with housing. I'm currently in a two-bedroom apartment, which is not enough room for me and my three children. My search for a new apartment has been very difficult, because two- and three-bedroom apartments in the newspaper -- that I see -- range from \$1,200 to \$1,300 a month. Some two-bedrooms in the hood range from \$850 to \$900 a month -- not worth living in.

I also have been looking for an apartment in Clifton for a while. And the rent is too expensive for me with the income of \$1,100 each month. I've been looking for an apartment in Clifton for a better environment for me and my children to grow up in.

I have a question for you all. What would you do if your child looked out the window and saw a drug activity? (witness becomes emotional)

ASSEMBLYMAN GREEN: Are you asking me that question?  
Just take your time.

UNIDENTIFIED SPEAKERS FROM AUDIENCE: Take your time Audrey. You can do it.

ASSEMBLYMAN GREEN: Are you okay? (witness leaves table) (applause)

You know, what you just said is very, very touching. And sometimes when people see what you've accomplished, they have a tendency of feeling that you have not gone through what you're trying to express. But I want to share your hurt with you.

I happen to have been a teenage father. By the time I was 19 years old I had two children. I worked seven days a week. At that time, the only place I could afford an apartment was in Newark. And when a burglar

came into my apartment and terrorized my family, I knew it was time for me to do something with my life.

I've been very fortunate. By the time I was 21, I was able to buy a house. I've been very successful.

Today I sit here because when I hear someone like you say something of that nature, it reminds me of what I've gone through. And my commitment is to make sure that your child, and every child in the State of New Jersey, is given the opportunity that I gave my kids.

So you were not able to say it, but I'm saying it for you. It's time that we stand for what's right. Either we pay now, or we pay later.

So don't think you are in this world by yourself. You've got three children. And my advice to you is to continue to be the role model that you are. And I'm hoping that New Jersey will wake up and make those tough choices by -- making sure your kids get an opportunity the way my kids got an opportunity.

So I share your hurt. Unfortunately, I can't help you now, but I'm hoping I can help a lot of people by sitting here, like I said a few minutes ago, with all the patience in the world. Because I've been there, and I've felt that pain. And, trust me, when I look at my kids, I say to myself, "Thank God none of us got killed." But I never want to put my family in that position. And I hope, someday, some of the things we do here today will make you feel somebody cares about you and your kids.  
(applause)

You got me all shook up, so give me a second to get back on pace.

Dianne Brake and Chris Sturm, are you still here?

**DIANNE R. BRAKE:** Thank you.

Thanks for the opportunity -- previous speaker.

**ASSEMBLYMAN GREEN:** Are your lights on? (referring to PA microphone)

**MS. BRAKE:** No.

There it goes.

**ASSEMBLYMAN GREEN:** Okay.

**MS. BRAKE:** I can speak up. Thank you.

I was shaken by the previous speaker also.

I'm Dianne Brake. I'm President of PlanSmart New Jersey, the new name for the Regional Planning Partnership. And I'm here today to represent planning and environment communities, organizations who are proud to testify today about the package of bills before you and, in particular, to ask for the abolition of the regional contribution agreements.

My own credentials are I'm a planner by training. And I had a seat on COAH for five years and a seat on the State Planning Commission for six years. And I'm here today to address a specific issue that hasn't been raised yet, which is about how there is a myth that affordable housing somehow might be responsible for sprawl; and there's a myth that directing new construction of affordable housing to cities is somehow Smart Growth.

So I'm here to ask you not to let opponents of this bill raise the specter of sprawl or the promise of Smart Growth in relation to regional contribution agreements.

And I'm speaking also for New Jersey Future, who had to leave. I think the grandmothers are here. Everybody else seemed to have to go home for children. I do have testimony for PlanSmart New Jersey and for

New Jersey Future. And in the interest of time, I will speak briefly about those two myths.

The first one is about how, somehow, affordable housing might cause sprawl. And I want to tell you that sprawl existed before any affordable housing programs existed in New Jersey. And I'm sorry to say that 30 years after having some Smart Growth programs, we still have sprawl. In fact, if Dave Pringle, who was supposed to be here today representing the environmental group Clean Water Action and also the New Jersey Environmental Federation-- He told me to say that affordable housing doesn't cause sprawl. We don't have affordable housing, but we do have sprawl. So that should be enough for you.

But in case you are having to deal with even more opponents saying that affordable housing may have to do with sprawl-- Since the first Mount Laurel II decision -- which had to do with planning and affordable housing -- there has been an enormous number of housing units built, and only 5.7 percent can be attributed to affordable housing. Of all those houses, only 5.7 percent have been a part of affordable housing programs, at least from the data that we have.

There has also been, in terms of sprawl, at least 270-million square feet of nonresidential development, most of which has been in the suburbs. And none of that can be attributed to nonprofit -- affordable housing programs. So there is just plenty of empirical evidence that sprawl is not caused by affordable housing.

And now to the topic of Smart Growth: The State Planning act was signed in 1986, in part because of Mount Laurel and because of the Fair Housing Act in 1985. And it was set up to rationalize the existing

pattern of development that has evolved. And it's not simply-- Smart Growth is not simply about the location of growth, it is also about the performance. The thing that makes Smart Growth smart is that it is to improve the conditions on the ground. If growth is to be considered smart, it must promote economic prosperity, it must redress inequities, it must restore and protect environmental quality, and it must rationalize the existing patterns of land use, from urban areas to suburban areas, in order to promote a better quality of life. It is that smarter version of Smart Growth that I would ask you to consider if someone should ask you to keep regional contribution agreements in the name of Smart Growth.

I would give the rest of the Committee an opportunity to review my comments. We know that changing the regional contribution agreements will only be one small step in the reforms that are needed to create Smart Growth, and real affordable housing, and a comprehensive housing program. But it will be -- if you choose to change the regional contribution agreements and to make New Jersey, once again, a leader in the national planning and housing movements -- it will be a giant step toward regional equity.

I want to also say that besides representing my organization, PlanSmart New Jersey, and New Jersey Future, and the Clean Water Action, the Sierra Club also agreed to be here today to let you know that environmental groups do not think that affordable housing causes sprawl.

And I also am a member of the New Jersey Regional Coalition. You've heard many members here today -- but also the Coalition for Affordable Housing and the Environment, who asks you to set the standard for set-asides at 20 percent of development across the board. And I'm sure

they'll be submitting written comments as well. So you've gotten five organizations for the price of one. (laughter)

But I defer to my colleague, Carla Lerman.

**C A R L A L. L E R M A N:** Hello, I'm Carla Lerman, and I am speaking for the New Jersey Chapter of the American Planning Association.

I'm not going to go through everything, because you really heard a great deal. And you're marvelous. I'm really impressed with the fact that you have been able -- even as few people are left -- that you've been able to sit and take this in.

And you particularly, Mr. Chairman, to be able to say such gracious and thoughtful things with each person is really a gift. It's wonderful. Thank you.

We went through all of the numbered proposals in the proposed bill. I'm not going to repeat them all, because you've heard on a lot of them. Certainly, you have heard a lot about RCAs. We are also in agreement with the elimination of the RCA. But there is a very strong caveat there, and that is that the amount of money that would have been given to the lower-income communities for the -- as the receiving community must be made up in some way, so that stopping an RCA doesn't suddenly cut off a source of funding that many of those older cities have been counting on. Every time I say money, I know how difficult that is. That's not said thoughtlessly, but it's really very, very urgent.

We are very much in favor of the suggestion for 20 percent requirement of all State-supported housing projects, regardless of who is supporting them, or where they are, or what type of residence. We think

that could have a significant impact on the availability of affordable housing.

We are also very much in favor of preserving the neighborhood Balanced Housing program trust, which is a trust fund for New Jersey. New Jersey does have a trust fund right now. It's been in existence since all of the regulations for COAH were developed. And the Legislature voted for that Realty Transfer Tax. It's been through many difficult times, maturing into what is a very successful trust fund now. It could certainly be expanded. And the notion of an expanded trust fund in the neighborhood -- in DCA is a very good idea. But we shouldn't just throw out that baby with the bath, because they've learned a lot, and they've brought in many people, developers, and other people from the outside to help them develop their rules and regulations. And it's been very, very successful.

We'd like to-- I'm going to skip-- I don't want to take more of your time.

We agree that some assistance should be available to people who are 80 percent to 110 percent of median. That is a group that is certainly having a difficult time finding housing also. But it should not result in money being taken away from the lower-income groups -- the 50 percent of median and the 80 -- the 50 to 80 percent of median.

I also, though-- You know, we throw these numbers around. And those planners tend to get very quick with the numbers. But I thought you might just like to have a sense. Eighty percent of median in this state would range from about \$40,000 to \$60,000--

MS. BRAKE: Income.

MS. LERMAN: Income.



Fifty percent of median income would range from about \$25,000 to \$40,000. And the 30,000 -- 30 percent, that we're thinking is the very low income, would range from about \$15,000 to \$24,000 a year. The young woman, who was so eloquently trying to express what she was concerned about, mentioned that she gets a check of \$1,100 a month. As I figure it, that's less than \$13,000 a year. She doesn't even manage to fall into one of these categories. So we have a big, big problem and a big range of people to think about.

So that was another one -- the Balanced Housing.

And I want to comment that the one-for-one replacement of affordable housing is extremely important. The city of Newark, alone, has taken down -- the Newark Housing Authority has taken down -- with all the government approvals -- thousands of housing units, many of them two-, and three-, and four-bedroom units for large families. I will tell you, as somebody who has spent the last 14 years working in Newark for a -- running a nonprofit -- I observed this. There has not been one-to-one replacement. HUD and everybody else sort of just says, "Well, we understand you can't do it. There's not enough money. There's not the space," what have you. But that means there are thousands of families who have been given a rental certificate -- a voucher, but they can't find a three- or four-bedroom apartment either. So that's a really critical, critical thing. And the State could make an enormous impact on that. The State is very, very powerful. And really, this is a place I'd love to see the State use its power.

And the last thing I'd just like to mention is the Comprehensive Housing Plan. We didn't mention all those other things, because there are

other groups working on them. New Jersey Future, and HMFA, and the Affordable Housing and Community Development Network -- they've all been talking to you, and they've all made very good suggestions.

The DCA and the housing task force that Commissioner Doria has suggested is an excellent idea and should bring in as many different interests as possible. That's a very, very good thing.

The last item that we want to talk about is the number -- number eight it was -- create a comprehensive housing plan. Now, that's really, to us, the overarching necessity in order to make all the points in the plan be coordinated and effective for years to come. The departments of State government, which have decision-making powers and approval powers -- such as the Department of Environmental Protection, the Department of Transportation, the Department of Health, and the Department of Human Services -- should be included in the process of developing that plan.

Granted, we are planners, so we may be somewhat partial to the concept of a plan. But it does seem self-evident that if actions taken as separate power points are not coordinated, and are not evaluated and modified as they impact on the problems that they were defining, we will very possibly find ourselves, at the end of a decade, pointing to the same problems and desperately seeking solutions again.

We're very much in favor, overall, of the whole proposal -- all 12 or so points -- and would like to lend the support of the New Jersey Chapter of the American Planning Association in any way that we can help you.

MS. BRAKE: Mr. Chairman, if you would, there is one voice that hasn't been heard today. Having been in my job for so long at

PlanSmart New Jersey, I get asked to talk to young people every now and then. And I was up at Rutgers speaking to a group of high school students. And they spoke more eloquently than I can about why regional contribution agreements are a disservice to children in schools.

He was a young man who had been in school in New Brunswick, and he had an opportunity to move to East Brunswick, the suburban town next door. And he said that when he was first trying to make friends in the class -- and as soon as they got out of school he said, "Oh, let's go and go to the mall," or whatever he was going to suggest. And they all said, "No, we have to go home and do our homework." And he realized he was in a different place.

So I just want to convey that story so that you can keep that in mind when you're thinking about it.

ASSEMBLYMAN GREEN: I appreciate that very much.

MS. BRAKE: Thank you.

MS. LERMAN: Okay. Thank you.

ASSEMBLYMAN GREEN: NJ HAND Inc., Rabbi Lefkowitz.

Is the Rabbi here? (no response)

Coalition for Affordable Housing and the Environment.

MS. BRAKE: I spoke for her. They were here. But they will send you some written comments. And they were primarily wanting to promote the idea that 20 percent was the right number for the set-asides.

ASSEMBLYMAN GREEN: Matt Shapiro.

I don't want you to think I made you, on the list, last, now. I'm just going with the names that were given in order. Okay?

Good evening. Just a couple of hours ago I was able to say good afternoon.

**MATT SHAPIRO:** I'm surprised you're still here.

**ASSEMBLYMAN GREEN:** When you're doing something you like -- you love it -- time goes by fast.

**MR. SHAPIRO:** That's true.

Thank you for the opportunity to address you, Mr. Chairman, members of the Committee -- or should I say member of the Committee -- substitute member of the Committee?

**MS. MURRAY:** Is the red light on, Matt? (referring to PA microphone)

**ASSEMBLYMAN GREEN:** Matt, is your red light on?

**MR. SHAPIRO:** It's going in and out.

**MS. MURRAY:** Okay.

**MR. SHAPIRO:** I haven't touched it. I'm not looking for green. I know red means go.

My name is Matt Shapiro. I'm President of the New Jersey Tenants Organization. We represent the one-third of New Jersey that rents its homes. That's about more than a million families. And we strongly support this plan.

It's amazing to us that we finally have this kind of focus on the affordable housing crisis in New Jersey. And we're just very happy to see it.

Regional contribution agreements -- it's about time that we ended them. I'm not going to repeat everything that the eloquent speakers said before me, because they were better than I could possibly be. I'll just

say that their purpose is economic segregation. They absolutely result in de facto racial and ethnic segregation. And it's time for them to go, period.

We support the 20 percent set-aside.

I'm just going to go through the list of those that I need to comment on.

The idea of an affordable housing trust fund is a very good idea -- expanding the sources. But we don't like one of the sources. Tenant security deposits belong to the tenants, and so does the interest, and it ought not be touched. We've had enough legislation on that in New Jersey to know that we have to protect that.

On the RCAs, I did forget to say that we also are very concerned with the urban communities not losing the money that they would have gotten. And we're also similarly concerned with the Balanced Housing funds not being raided. All things that the Majority Leader -- excuse me, the Speaker -- former Majority Leader -- basically said that he was equally concerned about.

There is a section here that calls for private developers to be able to compete for Federal Low-Income Housing Tax Credits. The concept is not a foreign one, especially with additional requirements being placed on them. However, I'd have to say that if a nonprofit developer is there first, and wants it, a nonprofit developer should get it first. Because nonprofit developers spend less and build more. If you don't have to pay an 8 to 10 percent profit margin, then you're going to get more housing out of a nonprofit developer than you would out of a for-profit developer. My understanding is that these Low-Income Housing Credits are being used, essentially, by nonprofit developers. And until that situation changes, until

there aren't enough nonprofit developers to do that, I don't see how it makes sense to broaden this and end up with less housing by doing that.

We support A-1343, the dedication of 25 percent to very-low-income -- 25 percent of the affordable housing to very-low-income. And the concept of 4385 is an attractive one. But I don't know how it's, practically, managed. I don't know how that last sentence there -- "While we can no longer continue to overlook the needs of middle-income families --" which we strongly agree with -- "we must not do it at the expense of lower-income families." I don't know how this State can possibly spend money -- State money -- on subsidizing middle-income families without taking it away from low- and moderate-income families. I don't see that that's actually possible. So the goal is nice, but it doesn't sound practical to me. Not that I don't think that State policy should not be established which promotes the affordability of housing for middle-income families. I think it ought to be, and we have some ideas about that. I'll mention them in a moment. But I just don't see spending direct State subsidy money on middle-income families when there isn't enough for low- and moderate-income families. It's just not there.

One of the most important parts of this plan is the one-for-one replacement of affordable housing units lost through redevelopment. We support that very strongly. It should be similarly sized units. And the only thing I can add to that is that when tenants are relocated because of redevelopment, they need to be given enough relocation money so that they can live in housing that is equivalent to what they had before, at the same cost. And that really should not be time-limited, because you're taking their homes away. If somebody is going to be forced out of their home in

order for a redeveloper to, well, make a lot of money, that person should be able to live in the same circumstances where they are relocated. Hopefully, the relocation will be close to where they were before. But that family should be able to have enough assistance so that they would spend no more than they would have spent in the original home.

Now, that proposition is a much greater proposition than exists in any current bill -- the eminent domain bill, or the inflation index bill that was incorporated into it. But it's the moral thing to do. If you're going to evict someone from their home for the greater good of whatever the purpose of the redevelopment is, that family should not suffer economic harm. And that principle just isn't in there for the tenants. The principle is in there -- in the eminent domain bill -- for homeowners, because they'll get full replacement cost for their home and more; and they'll get twice the relocation benefits, in addition, than tenants do. But the tenants are getting the short end of the stick. Even though their situation would be improved by the proposed legislation -- improved significantly -- they're still getting the short end of the stick. So we would hope that you would take a careful look at that.

I think those are the most important parts. But I said before that there was one suggestion that we have with regard to middle-income housing, or lower-middle-income, moderate-income housing. I think that the State has to look at the entire picture of affordability, not just affordable housing per se -- which means affordable housing that is affordable to low- and moderate-income families -- but rather the affordability of all of the housing that we have in the state.

Rental housing, specifically, in this state is the fourth most expensive housing in the country -- rental housing. And communities that allow their rental housing to simply become less and less affordable are not really penalized in any way. And yet the purpose of COAH is to make sure that we have more affordable housing and not less. And it's just not looked at.

And so one proviso here is that -- go back and look at the existing affordable housing in a community. And I would go further than that and say, "What has happened to all of the housing in that community?" -- certainly all of the rental housing -- "Has it become less affordable? Why has it become less affordable?" If a community simply allowed that to happen without trying to control the situation -- and that control, obviously, means rent control -- that community hasn't really done enough to control the cost of its housing -- of the only part of its housing that is ever really affordable, and that's rental housing.

And so I think that COAH ought to be revamped so that communities that control the cost of their rental housing, with rent control that is at or below the cost of wage inflation -- the price of wage inflation -- so that rental housing doesn't go up any faster than wages do -- such communities ought to be rewarded. And communities that don't do that -- either by not having control at all, or by allowing vacancy decontrol, or very high rent increases that are -- that make the rent control meaningless -- those communities ought to have higher requirements placed on them by government policy.



And COAH policy, in general, needs to have teeth. Right now, the bill does remedy just-- Sometimes it works, and a lot of times it doesn't work. You all should be thinking about putting teeth into COAH.

Thank you. That's it.

ASSEMBLYMAN GREEN: Thank you very much.

Connie Pascale.

MS. LERMAN: Excuse me, I just wanted to add an irony that I thought all of you who know a lot about New Jersey history would like to hear.

ASSEMBLYMAN GREEN: First of all, do you want to -- your name.

MS. LERMAN: Carla Lerman.

Twenty-four years ago, right now, I was very pleased and honored to be asked to be -- by Judge Serpentelli -- to be the Court's expert witness and the special master in one of the early Mount Laurel cases. The NAACP of New Brunswick versus 13 towns in Middlesex County. And if anybody had told me then, "Twenty-four years from now, you're going to be back testifying in front of the State," I would never have believed it possible.

So good luck to you. History goes on and on. And we can keep improving it, hopefully.

**C O N N I E M. P A S C A L E, E S Q.:** Good evening.

I was surprised to say good evening, but I guess that's what it is.

ASSEMBLYMAN GREEN: Yes.

MR. PASCALE: I would like to thank--

My name is Connie Pascale. I'm with Legal Services of New Jersey. Our office is -- the Legal Services field programs represent thousands of families a year with housing problems. Jobs are lost, families are broken up, the health of children is adversely affected because of the problem of affordable housing.

I know it's late. I'm not going to recapitulate things that have been said already, I hope. I'd like to focus on a few things. I've given written testimony.

We want to commend the Speaker and the Committee Chair. We want to thank you for putting forth the plan.

I particularly agree with the statements that appeared in the press release. Our residents, our economy, and our future depend on this. We have a moral obligation to do this.

If that's the case, the question here is not whether we should put the money into this. The only question is where we get it from. A moral obligation is a moral obligation. Our future is our future. We have to address the problems. And the key here is to find a way to do it.

I'd just like to talk about a couple of trends which I think are critical here. First of all, no one, I don't think, has mentioned that one of the things we need to do is to address the problem that the original Mount Laurel Court talked about. The State controls all the land in our state. The State created the Fair Housing Act to deal with a problem, but it simply perpetuated the system of home rule that has allowed the problem to continue.

So what this Legislature needs to do -- as the *Asbury Park Press*, in an editorial, suggested a couple of months ago -- is to take back the

zoning power -- a large part of it -- from municipalities. In other words, you have to pass laws that require zoning for apartments. You have to pass laws that require zoning for shelters, as some states are doing now. You have to pass laws that require higher densities, smaller units. This is what this Legislature needs to do to see that the housing is built so that the people who want to build the housing can build it. You can't allow the towns to do what they continue to do.

Even if RCAs are abolished, the problem of zoning will continue unless the State takes back and controls its power. And it is the State's failure to do what it needed to do that allowed the situation to get this far.

I think that what we need to do is make sure that COAH is a mandatory process as a result of that. It can't be voluntary any more. You, as a Legislature, have to mandate that the housing not only be zoned for, but built. Just as Pashman, in the original Mount Laurel case, said, "There may come a time when we have to order the housing to be built." That's the time. The time is now. You have to order it to be built.

The problem of redevelopment is something that we need to focus on, as well. We would agree with the cities that, once RCAs are abolished, there should be funding for housing in the cities. But that housing can't be used to gentrify the cities. And several articles that appeared recently indicated that a lot of the money that cities had received in RCAs was used to build to middle-income housing. That's not what it was for. Housing was to be built for low- and moderate-income people.

But, again, there may be a need to redevelop the cities. And, in fact, the tide -- the current historic tide is in that direction. The cities are

gentrifying, cities are being rebuilt, builders are building in the cities, people are moving back to the cities. You can read it right and left. You can go to the Web sites of the real estate entities, and they're talking about building in the cities. We have to adjust where we go, we have to adjust where we're going to build.

The cities are going to be rebuilt. And what's happening is, because of the failure of the Mount Laurel process, the doors in the suburbs remain closed, not allowing people to move from the cities to the suburbs. But now the doors of the cities are opening for the purpose of pushing out the very people that were forced to live there because they could go no other place. So you see in the cities now -- it's got the most valuable land we have. More building permits are taking place in the cities than in the suburbs.

We need to make sure that when redevelopment occurs -- and it will occur, and it's the wave of the future, and it's what we need -- we need to make sure that people aren't displaced involuntarily. They should benefit -- people should benefit, that live in the communities, from the benefits of redevelopment. They should get the benefits of the jobs that come in. We should build a middle-class from within, which was one of the suggestions I saw recently. Rather than displace people in favor of middle-class people, we should make sure that the people who live in the cities get the good jobs so that they create the middle-class. The only way that can be done is if we make sure that people are not displaced, that they're allowed to remain in the cities. And you can do that. The current redevelopment legislation should include mandatory one-for-one replacement of all housing, including market-rate housing.

There are funding mechanisms -- and I'll just briefly touch on them, and then I'll conclude. The UEZ law provides a Zone Assistance Fund. There are 30 UEZs in the state. Thirty percent of that money, at least, should be mandated to be used for affordable housing for the workers in the UEZ. It's a ready pot of money. We don't need to build any more Minor League stadiums that created, in one community, 10 permanent jobs -- nine of which went for people out of the community -- and a hundred seasonal, minimum-wage jobs. We should make sure that housing -- that \$17 million -- a big chunk of it should be used for housing. You can do it. That's an existing supply of money. It should be used for affordable housing.

You can create -- link deposits. Any community that deposits its money -- tax collections in a local bank-- That bank should be required to lend a commensurate amount of that money for affordable housing, not for strip malls, not for MacMansions. They should have to lend the money that they hold for affordable housing. Again, that's not-- That's cost-effective. It doesn't cost any money. It's redirecting the money that already exists.

And the State should create innovative housing programs to see that housing is built in ways that are creative. For instance, they should create funding programs for accessory units -- accessory apartments. This is one of the things that the Regional Plan Association said is a way to produce affordable housing. The State should mandate an overlay zone so that towns have to allow accessory apartments. The State should fund those units.

The State should allow rental -- create special programs for building over parking lots and over commercial structures. This is what the Brookings Institution said is the future of our area in the northeast. We should create affordable and creative ways to build over the Monmouth Mall, for instance. If we put senior housing over there, and move the seniors out of the housing they occupy now, we could use it for families and make it easier for seniors to get to shopping. There are creative ways to produce housing.

I'll conclude by saying that the tide of--

Oh, two other things I did want to mention: There should be a massive public relations campaign about affordable housing, such as have been mounted in other states -- Minnesota, California. We should have billboards that say, "Affordable housing is critical to our future, to our children's future." We should have PSAs, we should have a public relations campaign.

And, secondly, we need a massive campaign through the Attorney General's Office against housing discrimination. We should publicly, aggressively make it clear that discrimination is wrong, whether its governmental discrimination or private discrimination. That would certainly help people use the vouchers they have to move to areas of opportunity, but also do something about the municipalities that continue to discriminate, both overtly and covertly.

Finally, I just want to conclude with my own concern. We're at a cusp of history, I think, here. The confluence of climate change and the need to address it; the confluence of peak oil, which some of you may be familiar with, where most scientists say we're going to have a declining

supply of oil in the next four or five years. It's going to change the way we live in this society, inevitably. The decisions you make now may be the wrong decisions in 10 years. You have to think about what those decisions mean.

I'll leave you an article which appeared recently about this, in which, again, the scientific community is talking about the changes we have to make in our lifestyle in order to survive this difficult cusp in history, this change, this seminal point, which is critical to our children and grandchildren.

I think the decisions you make now should be informed decisions in that context. We don't want to displace people to areas where they can't get back to because the price of fuel is so high they can't get there. We don't want to put people in the suburbs where they may not be able to survive, unless they are clustered near transit lines. So we have to make sure all the transit villages in the state, in the suburbs, have affordable housing -- a massive supply of it.

I conclude with that comment. We thank you for taking this task on. We welcome your doing it. We wish that we can -- and hope that we can supply support to the things you do. And we look forward to working with you to produce this critical supply, this critical resource that we need -- so many people in our state need.

Thank you very much for the opportunity to testify here.  
(applause)

ASSEMBLYMAN GREEN: Thank you.

Martin Johnson.

**MARTIN JOHNSON:** Thank you, Mr. Chairman, Committee members. I appreciate your courage in putting forth this package of bills, and your perseverance in hanging in here until 7:00.

I'm Martin Johnson. I'm the President of Isles, Inc., a Trenton-based community development organization. Like Mayor Palmer, I welcome you to our fair city -- everybody here that's left.

Since '81 -- so for 26 years -- we've been developing homes here, new construction and renovation, homeownership, rental. We've -- hundreds of units have been built. We've created a Youth Build Institute. We have young people training alongside -- been working closely with Mayor Palmer on this one -- and we have used RCAs to fund these homes.

We understand better than anybody what the needs are. We understand, as well as anybody, what the flexibility is of these RCA funds. We understand how they can be used across income guidelines, generally speaking, and across types. We also are very clear that the evidence is so overwhelming that we have to stop. It's time to stop.

We've heard the statewide evidence against RCAs. I want to give you a little bit of on-the-ground evidence. Perhaps this is where the Mayor and I start to part companies, in terms of what we see happening on the ground in Trenton. I've lived here and raised three children in Trenton for 26 years. We've seen the city increasingly become concentrated with high-poverty families. We have seen the school system, quality of life, all the issues that are imbedded with that, transpire.

We also have seen an interesting change in the way we do housing development. In addition to the fact we're doing development work, we also have homeownership training. We'll have 250, 300 families



this year come to us to buy a home. Eighty-five to 90 percent of those families now want a home outside of Trenton. We've got an interesting dilemma. Do we prepare them for that housing out in Ewing Township, Lawrence Township, Hamilton Township, parts of Morrisville, Pennsylvania, where if these families then move -- especially if these are families of color-- They're moving out into these first-ring suburbs and, low and behold, what's happening there? We're seeing the flight of white families from that first ring out to the exurbs.

And so, as an organization that cares about building wealth, we've got a fundamental problem. Where do we suggest people buy a home where it's affordable and where it's going to be a long-term investment?

What also happens is, what's left behind is that we have the challenges of the families that don't have the option to leave. So we have invested \$45 million in the city of Trenton, within about seven blocks of where we're sitting now, over the last 18 years, 19 years. That money is being threatened because of the continued disinvestment that's going on here, and because of the concentrations of challenges that are undermining all the work that was done. It sort of fuels this. You see this pattern, right? It's moving out to the first-ring suburbs -- that slash and burn, folks fleeing out to the exurbs. And the implications of that are obviously flight and sprawl, and it's one of the challenges that we're hearing about.

So what's the solution? First is, it starts with the recognition of a basic new reality. Connie touched on it here. In the carbon constrained world, we're going to have to find ways to make cities work. As a species, we're not going to survive if we can't find a way to make high-density living arrangements work.

So what does that take? First, to return to middle class: The Mayor talked articulately about how he wants the middle class to return to Trenton. And that's his primary focus right now. We agree with that. We need to integrate this town. But let's take a look at the numbers. We've got 33,000 housing units in the city of Trenton. Twenty thousand of those housing units are rental housing. Seventy-five percent of the households are low and moderate income. That means that low- and moderate-income people who are renting account for about 75 percent of all the housing. But only 5,000 of these units -- so 5,000 of about 20,000 total rental units, so 25 percent -- of those total rental units are subsidized at all. That includes all the housing projects, that includes all the privately owned, publicly subsidized. So that leaves 15,000 households depending on the private market. So when this middle class returns, and as this plays out, displacement pressures are going to be tremendous.

The Mayor has a responsibility, we all have a responsibility to make sure that when that happens, we don't have a refugee problem here in Central Jersey. This is going to be an important issue for us as we move forward. And we need the region involved in this. That is why we have to have suburban affordable housing. We also have to-- In order to create that affordable housing-- We've got a fundamental problem in New Jersey. We are one of about 150 or 170 or so community development organizations in the state. By and large, we're all in cities; by and large, we're all getting money from the State, from foundations, from others to work in high-poverty areas. This is really an unfortunate skewing of talent, of capacity. And you can do something about that. The elimination of regional contribution agreements would create an opportunity for

organizations like ours to build more affordable housing out there where the opportunities are higher, where the pressure release is going to happen.

It's certainly time, we think, to find a better way. We support Mayor Palmer's efforts to assure replacement funds for RCAs. But the time has come. And we really appreciate you hearing us out, and we appreciate you moving forward with this.

Thanks a lot. (applause)

ASSEMBLYMAN GREEN: You just made a comment, and I was a little confused about it. When you mentioned refugees, what was your-- You said it quick. Was there a reason why you didn't explain what you meant?

MR. JOHNSON: I said it quick because it's so late.

In terms of the challenges, with 15,000 rental households in the city of Trenton that rely on the private market for their housing--

ASSEMBLYMAN GREEN: Yes.

MR. JOHNSON: With the reintroduction of the middle class, land values are going to-- Right now, a third to maybe 40 percent of all land values in the city of Trenton are negative -- negative land value, which means that if it costs you \$110,000 to build a home, it will be worth \$90,000. Once you bring in that influx of the middle class, you're going to see those pressures putting tremendous force against the rental market that is, right now, largely unsubsidized. Only 25 percent is subsidized. So that is-- Where folks are going to go is really the question mark right now. And so a regional response is absolutely required, knowing-- We all want that to happen. We all want the revitalization of our cities to happen. But we

have to have a broader mechanism to address it. And that's what a suburban approach is going to bring us.

ASSEMBLYMAN GREEN: All right. Thank you very much. I appreciate it.

Dave Tag.

**D A V I D R. T A G:** I'm just checking to see if the mike is on.

ASSEMBLYMAN GREEN: Is it on now?

MR. TAG: Yes.

Chairman Green and members of the Committee, I am David Tag, Community Liaison for The New Jersey Self-Advocacy Project. I'm also a person who has a disability.

I know that it's kind of late, and I don't want to-- You're being handed copies of my testimony. I just want to point out a couple things -- is that people with disabilities find it's like -- find this plan to be very -- have some very good objectives that people with disabilities, like myself, can live with -- objectives like one-for-one replacement of affordable housing units lost through redevelopment, the requirement of towns to spend municipal housing trust fund dollars on affordable housing within their borders, and creating an affordable housing trust fund, and increasing the maximum income that an individual may earn and still qualify for affordable housing, and set aside affordable housing -- affordable units for very-low-income residents.

One of the things I would recommend is for the Department of Community Affairs and the Division of Developmental Disabilities to join forces in working to decrease -- in the decreasing of the residential services waiting list. And I can speak from personal experience. I've been on the

residential waiting list for about over 10 years. And I live currently with aging parents. And there are individuals with developmental disabilities who are living with aging parents who go to bed each night worrying about where and -- when and where they're going to live in a place. And aging parents also need to be reassured that their son or daughter has a place to live of their own. And I would say that this is the reason why I feel that the Department of Community Affairs, as well as the Division of Developmental Disabilities, should consider joining forces in working and remediating the problem of the waiting list.

Again, I thank you for giving me the opportunity to testify. And I'm open to any questions you might have.

ASSEMBLYMAN GREEN: Thank you very much. We appreciate it.

NJMHA, New Jersey Manufactured Housing Association, Joan Fittz. (no response)

Daniel Hoffman.

I appreciate your patience.

**DANIEL HOFFMAN:** I appreciate the opportunity to come here.

My name is Dan Hoffman.

MS. MURRAY: You need your -- grab it. Is that on? (referring to PA microphone)

MR. HOFFMAN: Are we on?

MS. MURRAY: No, try again.

MR. HOFFMAN: Now it's red. There we go.

Hello, my name is Dan Hoffman. I'm an independent consultant, presently. But 20 years ago, I was a staff assistant to this

Committee. Actually, then it was the Housing and Urban Policy Committee. And I helped draft much of the Fair Housing Act at the time. A decade before that, I was on the Department of Community Affairs team that defined the original housing regions for the State of New Jersey. In that day, before computers, being the low man on the totem pole, I got to hand color the maps that were submitted to the Court.

ASSEMBLYMAN MANZO: So you created this mess.  
(laughter)

MR. HOFFMAN: So I created this mess. So I thought it was the least I could do to show up and talk about it a little bit here.

And in between those two things, as the Chairman may recall, I spent three years fighting for Plainfield, running community development programs there in 1982 and '85.

So this is an issue that I've been thinking about for most of my adult life.

And there are many things that, in 1985, we thought we knew, that 20 years later maybe don't look exactly the way it all turned out. One thing that we never thought would happen is that, for 20 years, this bill would remain substantially unreviewed by the Legislature. And while we had many religious figures here today, I can testify -- I know where that bill was written, and it wasn't on the top of Mount Sinai. So we can-- The idea that this is long overdue -- a hearing such as this -- and thinking where to go--

Mr. Chairman, and members of the Committee, I commend you, really, on that. That really is something which is long overdue.

I really want to talk about just a few issues. It's late, and a lot has already been said today. The first is, I want to echo something that Connie Pascale said earlier. The Fair Housing Act was how to talk about suburban housing. The notion of what to do about the cities was just not part of our consideration at the time. The cities were a basket case. Economic opportunity was flowing through the suburbs. And the conventional wisdoms -- that's the way it would go.

Well, guess what? That's the way it didn't go, exactly. Cities, in fact, have come a long way in the last decade or so. And I think as you look to think about the future of New Jersey policy -- the 21st Century housing act -- you really need to think about cities that are, in fact, not going to be basket cases. But, in fact, as a result of environmental considerations, economic considerations, are in fact going to be centers of growth. And I think the issue of displacement that Connie talked about is something you're really going to need to consider.

I also want to say a word about-- I don't want to spend a lot of time talking about regional contribution agreements, but I would like to perhaps correct the record, at least, in part. RCAs were not about how could we set up a system of having the suburbs bribe poor cities. That principally was not what people were thinking about. What people really were thinking about was: This is the first wave of the Regan budget cuts. After 40 years of Federal support for housing, housing aid was sharply -- being sharply cut in Washington, and the cities were dying. And they said, "What are we going to do?" They were not experiencing economic growth. And the question was: How do we manage our poor people and the need that we have?

We were under no delusion that we were going to be creating hundreds of thousands of units in a short period of time. And meanwhile, there was a crying need. RCAs were a piece of filling that gap, but not-- Frankly, we thought the Regan era cuts were going to be a temporary thing. They proved to be much more permanent than we thought. But nevertheless, they were not seen as a new form of legalized bribery.

So I guess I would say, in terms of an urban agenda, I don't want you to be fighting the last war. In a world of \$4 gasoline and increasingly competitive cities -- long ways to go, but increasingly competitive cities-- If you think providing services to low- and moderate-income people is tough in the cities, wait until they're scattered all over rural New Jersey; or you have a housing policy that says, "Here is a place in rural New Jersey to live, and you can now commute at \$4 a gallon back into the city where the job is." I think our portion, that I most worked on, was the Balanced Housing Act. And I think balance is really called for here.

Part of that balance really does exist now in State law, which it didn't then, and that's called the *State Plan*. That didn't exist when we passed the Fair Housing Act. The State Planning Act was just about to pass, as part of the-- Those were coordinated pieces of legislation, but there was no plan. That wouldn't occur for a couple of years.

And I think one way of thinking about the opportunity ahead of you is to think about how to integrate and make part -- the State Plan and the Fair Housing Act should be formally linked. That tells you where to grow.

And I just want to say a brief word on environmentalism on that. I don't think that affordable housing necessarily has to be everywhere.



I don't think poor people are disadvantaged by efforts to ensure that we have clean water, that we preserve necessary open space. So I think that we can do some balancing there. And I think the State Plan provides you with an opportunity to know what -- in integrating those, as well as integrating how you make available funding for infrastructure, and open space, and whatnot.

One of the little secrets is-- Everybody says, "Let's do more in Newark." Newark doesn't have a water-sewer system that can accommodate doing lots more, that can accommodate lots of new density. So we really need to make the State investment there if we want the density to be there.

Let me just say a word about COAH and fixing that whole process. Again, I think I speak for a collective memory. Nobody envisioned the nightmare that the COAH bureaucracy became when that legislation-- No one in the Legislature anticipated that. The idea that bureaucracy, for more than a decade -- bipartisan bureaucracy -- allowed this to happen -- I think that was hostile, I think, in many ways to the Fair Housing Act. It happened. But the idea that it can go on -- it can't.

I guess, I would say, I would-- Most of this -- talk about-- I support the idea of doing a growth-share model that has been talked about by others, except I would call for the following: One, create a tiered system. Twenty percent seems to be the sort of standard set-aside that people are talking about. I would say, looking back retrospectively, for those communities that did a good -- that did not do a good job in providing opportunity, you may want to have a higher tier, 30 or 35 percent. On the other hand, those communities that have high levels of poverty, you might

want to have 10 percent, something like that -- give them an opportunity. That way you're not rewarding past bad behavior, and you're giving communities that have shouldered the burden an opportunity.

I also think -- very important is to incorporate noncommercial activity in the growth-share model; most importantly, not just on the commercial developers -- and you heard the NAIOP folks -- but rather on the occupants of commercial activity. A shopping-- Building a shopping mall, per se, doesn't create an affordable housing demand. But the stores that hire all those clerks -- that creates a demand. Place more of the burden on the operators of business, on employers, rather than on the developers. All over America employer-assisted housing is taking hold. And in New Jersey, where we coined the phrase when I was at Rutgers, the State has never really looked at this in a serious way. The rest of America is. And tomorrow morning I will be in -- tomorrow afternoon I will be in Wyoming talking to people there about the subject. If they can do it, let me tell you, you can do it. The idea of getting employers involved-- Employers have lots of bottom-line reasons to want to do so. The State has not been welcoming of that.

I advocate fixing the RCAs. I don't advocate abolishing them. I think that requiring RCAs to be approved by the State Planning Commission to ensure that they, in fact -- that the sending municipality does not have an opportunity to do economically or environmentally feasible projects, should be found; that it doesn't -- the project would not -- that they have an opportunity to -- that any project they would do would further isolate economically vulnerable people. I don't think that the

project-- If there was a receiving community -- that they were not concentrating poverty -- I think that can be understood.

Or you can just have a system that requires trades among equal-- I don't know that there is any disadvantage for East Brunswick sending to South Brunswick, and there may be a good reason to do that. And, similarly, I don't know that there is a disadvantage from East Orange sending to Newark, or vice versa. Where we hear the damage is being done is East Brunswick sending to Newark. And that probably should be stopped, unless it can meet some very high standard.

ASSEMBLYMAN GREEN: Excuse me, how many more points--

MR. HOFFMAN: I think we can also index--

ASSEMBLYMAN GREEN: Excuse me, how many more points do you have?

MR. HOFFMAN: One more.

ASSEMBLYMAN GREEN: Okay.

MR. HOFFMAN: I think you can raise developer fees. You can also allow the municipality that's sending to not just send its up-front money, but also send a permanent piece of its tax revenue that -- on the site where it didn't develop affordable housing. The idea of continuing tax-base sharing is one that, both on a project basis and on a more general basis -- as far as you're thinking about tax reform -- should be high on your agenda.

You need, also, to be -- have a process that fast-tracks State-backed projects for the elderly and disabled. We just heard a gentleman talking about a 10-year waiting list. There are ways to solve that problem. The State, right now, is going to be forced, by the feds, to cut back. And I

believe you can save \$200 million to \$300 million a year by addressing the housing problem of needlessly institutionalizing people around the state. I heard the State needs some money. Maybe that would be of interest to somebody here.

And I think this question of creating ability for employers to become involved, both through an employer-assisted housing tax credit -- which many states are already initiating-- One percent of the State Business Tax would create a \$25 million fund, would create \$300 million in new housing activity. But no employer is going to do that if they think by proposing some activity they're going to get jackpotted into some lawsuit. Builders may understand the lawsuit process as it's evolved in New Jersey, but employers won't and so they won't do it. But, again, you could do that and create some new opportunity.

I -- one final thing. A number of people said, "Oh, we need some new sources of money." And no one's been brave enough to suggest a source of money. I think I'll take my shot at that. That is: I have not looked at the data in New Jersey, but I have in Pennsylvania, where we're having similar conversations -- a small tax on property insurance, both for residential and commercial property. If you had a fund of something, which I think-- I looked at an essay-- The Department of Insurance, here, doesn't publicly release the data, so I wasn't able to look at it. But a tax of between \$15 and \$30 on home insurance, and a property -- a number of about a hundred dollars on commercial insurance -- any fee schedule is possible. It would generate a lot of money for you. And no one is not insuring their property for \$15, or \$20, or \$30 a year. And no business is not insuring their property for a hundred bucks a year. You would generate a lot of

money. It would be a broad-based tax. It wouldn't be subject to the cyclicity of the trust fund that we did 20 years ago. It wouldn't be-- It would be a new source of money. The old source is funding projects that were never anticipated -- mostly tax credit deals at the Federal level -- again, a program that didn't exist -- and also the State Rental Assistance Program that also didn't exist in those days.

You need a new-- If you're going to give those new programs out there, then you need some new sources of money. For what it's worth, that's a place that I think is-- No one likes to be taxed, remembering LBJ's dictum of, "Don't tax you, don't tax me, tax the fellow behind the tree." No one likes to be taxed. But on the other hand, I think that's a relatively painless way of doing it. So I suggest that for your consideration as well.

Again, Jerry, it's great to see you. And I appreciate the opportunity to come here.

Thank you so much.

ASSEMBLYMAN GREEN: No problem at all. Thank you.

Homes for New Jersey.

**ALISON BADGETT:** Hi.

Alison Badgett, Executive Director of Homes for New Jersey.

Homes for New Jersey is a statewide, nonpartisan campaign advocating for the production, preservation, or rehabilitation of 100,000 affordable homes in New Jersey over the next 10 years. We are a broad coalition of nearly 300 businesses, real estate developers, nonprofits, religious, and civic groups who recognize that New Jersey's lack of affordable housing is a preeminent threat to our state's future. Out of this concern, Homes for New Jersey formed in 2005 and released a detailed

action plan for housing policy reform. Then-candidate Governor Jon Corzine committed to achieving our goal of 100,000 affordable homes within the next 10 years.

Now, two years into the Governor's term, an effective reform plan has yet to be implemented. With New Jersey's median monthly housing costs 52 percent higher than those of the nation, housing remains widely out of reach for low-, moderate-, and middle-income households alike.

Homes for New Jersey would like to commend Assembly Leaders Roberts, Watson Coleman, and Green for their leadership and commitment to initiating the challenging actions necessary to solving New Jersey's housing affordability crisis. We hope this legislative package becomes an important component of implementing a plan to produce a preserve of 100,000 affordable homes in New Jersey.

Homes for New Jersey, in particular, supports legislation to mandate an annual comprehensive housing plan as the foundation of New Jersey's efforts to meet its 100,000-affordable-homes goal. A comprehensive plan, developed through collaboration between State agencies, housing advocates, and the private sector would ensure New Jersey's housing resources are being fully integrated and leveraged.

Homes for New Jersey believes a critical component of housing plan legislation is the designation of a senior-level State official with the authority and accountability to oversee and coordinate the housing plan's development and implementation. This housing czar could be a senior deputy commissioner in the Department of Community Affairs or someone of cabinet level.

An annual housing plan should identify the number of units to be developed or preserved, how they'll be funded, where they'll be located, and which units will be affordable to what population.

Finally, this legislation must include a strong emphasis on performance reporting, with at least an annual report to the State Legislature and the public on the outcomes achieved, pursuant to the plan's goals. There are successful models of comprehensive statewide housing plan legislation, such as that in Illinois, which New Jersey should draw from in crafting its own policy.

Secondly, Homes for New Jersey strongly supports the component of your plan to promote transparency and affordable housing funding and development by requiring regular publication of affordable housing statistics. The Fair Housing Act already requires DCA to maintain a public register of all applications to HMFA and DCA for financial support of affordable housing construction and preservation. The Act, as it stands, also requires the DCA Commissioner to assign and make public a priority ranking for each applicant project. Homes for New Jersey advocates for the full implementation of this section of the Fair Housing Act. And we also advocate for the extensive inclusion of transparency measures and reporting requirements in the comprehensive housing plan legislation.

Homes for New Jersey also supports eliminating RCAs, but only with a new replacement source of ongoing funding for urban revitalization. Homes for New Jersey opposes replacing RCA funding with any source of existing funding now used for affordable housing. We believe eliminating RCAs, with a new source of replacement funding, is vital to maximizing affordable and accessible housing production consistent with sound

planning for promoting economic and racial integration and diversity in New Jersey.

In regards to requiring a 20 percent affordable set-aside for all State development projects, Homes for New Jersey would support this measure, but only for projects with a density high enough to make such a set-aside economically feasible for the project as a whole. Homes for New Jersey, as a broad coalition, would be pleased to work with the Assembly leadership to identify that threshold density to make a project feasible.

Homes for New Jersey opposes changing the definition of *moderate income* in the Fair Housing Act to up to 110 percent of the annual median income. We strongly support developing housing programs for households between 80 and 120 percent of the AMI, but with new funding. The proposed legislation, as it stands, would divert already limited housing resources from moderate-income households to those who need them less.

Homes for New Jersey supports requiring towns to spend municipal housing trust fund dollars within their borders. However, the proposal, as outlined by the Majority Office, would require municipalities to turn funding over to the Balanced Housing fund if they don't expend it within three years, thereby enabling municipalities to really avoid their affordable housing obligation. Homes for New Jersey is pleased to work with the Assembly, again, to develop legislation that better serves the objectives of requiring towns to spend their trust funds on affordable housing within their borders.

In conclusion, the recent Rutgers report documenting population exodus from the state estimated a resulting \$680 million loss in potential tax revenue for New Jersey last year alone. Housing affordability



is as much an economic issue for this State, at this point, as it is a humanitarian one.

I would like to commend the Assembly leadership, again, for not only acknowledging how central affordable housing is to New Jersey's prosperity, but also for having the courage and commitment to begin proposing the bold reforms necessary to solving New Jersey's affordability crisis.

ASSEMBLYMAN GREEN: Thank you very much.

You have something you want to add to this?

**G L E N D A S E R R A N O:** Yes.

I'll be brief.

As a representative of the Latino Leadership Alliance, Homes for New Jersey -- and a member of the Homes for New Jersey committee--

MS. BADGETT: Can you not hear?

MS. MURRAY: Is the red light on? (referring to PA microphone)

ASSEMBLYMAN GREEN: Are you okay now?

MS. SERRANO: Can you hear me now?

ASSEMBLYMAN GREEN: Yes.

MS. SERRANO: As a representative of the Latino Leadership Alliance and a member of the Homes for New Jersey committee, and a professional in the private mortgage industry, we strongly support all of the efforts in meeting the annual comprehensive housing goal plan of 100,000 affordable homes in New Jersey. Immediate actions are necessary to solve our affordability crisis.

The Hispanic community will benefit from all of the recommendations proposed to the housing plan. We hope that this legislative package will develop a secure home environment to low-, moderate-, and middle-income households.

According to the 2006 U.S. Census, the population of New Jersey is 8.5 million, and it has grown only 1 percent since 2000. And the Latino population has grown a remarkable 22 percent, which represents 1.7 million. Therefore, one in five new New Jerseyans is a Latino. The growing population of Hispanic immigrants has a gap of income, education, and homeownership. By increasing the limit, allowing us -- the income limit, allowing us to qualify for affordable housing, and setting aside affordable units -- will increase wealth, will enable families to live in good neighborhoods with good schools. It will also help families finance college, will help get better paying jobs -- pursuing the cycle -- perpetuating the cycle.

By giving an opportunity to low- and middle-income families to achieve the dream of homeownership it will strengthen the community by bringing down the crime and build a stronger family.

Thank you.

ASSEMBLYMAN GREEN: Thank you very much for those comments.

New Jersey Apartment Association.

**CONOR G. FENNESSY:** Thank you, Mr. Speaker. (*sic*)

I'm not sure if I'm the anchorman tonight, but I'm certainly pretty close. I want to -- appreciate your patience today.

ASSEMBLYMAN GREEN: Well, I'm going to make sure, next time around, that I get you on first. How is that?

MR. FENNESSY: That's fine.

Also, certainly, to Assemblyman Manzo, for his patience today, and also for your staff members -- your partisan legislative staff, OLS, and also your district office staff. At least, as a speaker, I've had the opportunity to kind of wander in and out. But they and you have been here pretty much the entire five-and-a-half-plus hours.

Again, my name is Conor Fennessy. I'm the Vice President of Government Affairs with the New Jersey Apartment Association. We represent multi-family housing providers, both subsidized on the HMFA and HUD side, and also on the market-rate side.

Housing affordability, housing availability, and effective housing policy strategies to meet today's and tomorrow's housing needs certainly need to be a top priority for all levels of government. We're hoping that the Speaker's announcement, and certainly your hearing here today, is going to be the first part of a long process that will help us look at housing affordability.

And one of the biggest issues we face, certainly, as housing providers, is the cost of providing housing. What are the costs that we face in order to bring housing to the market? Is it real estate taxes? Is it fuel costs? Is it staff health insurance? Is it staff salaries? Is it property and casualty insurance on the property? Municipal fees and municipality inspections? It's actually all of that. There's an entire equation that goes into being able to bring that housing unit to the market.

And one of the discussions we need to have is: How can we try and get a hold on those costs? And how can we try and provide some type of relief to the economics that continue to push the cost of housing up? Now, for our members, primarily it is the rental housing side. And for most of our members, it is the nonsubsidized side, as well.

We made five recommendations to the Speaker. I wanted to reiterate three of them here this evening. The biggest one for us is, really, a recasting at the Department of Community Affairs, and actually creating a department of housing -- perhaps a department of housing and Smart Growth. There is so much in State government that affects housing. It's DCA, it's the Meadowlands, it's the Highlands, it's the Pinelands, it's DEP, it's DOT, it's HMFA. Yet, there isn't one place to go for housing. It's scattered throughout the government. And even with Commissioner Doria's process of the housing policy task force, and setting up the six committees -- and certainly your work here with the Committee -- there still isn't one place to go for housing. And one of the things that we think would be a tremendous help, both to the nonprofit and the for-profit side of housing, is to have one place to go, is to have one agency in charge. It's similar to the Homes' proposal of having a housing czar, or having a senior person to put housing policy together, but also having a department where it's all -- one place to go.

This is a department that would certainly have the job, the strategies, for greater housing affordability, availability, preservation, and also production. During the 1990s -- New Jersey Future loves to talk about the fact that two-thirds of New Jersey's towns didn't issue a single permit for new, multi-family construction. We had an entire decade where two-

thirds of the state turned their back on multi-family housing. This is the type of housing that is more environmentally friendly than single-family, requires a smaller physical footprint, requires fewer municipal services, generates fewer children for the schools. Yet, two-thirds of our towns said, “No, thank you.”

In addition to my testimony this evening, there is, on the back, a snapshot of building permits for New Jersey. Over the past several years, single-family permits are far and above multi-family. And the multi-family permits even include co-ops and condominiums. You don’t find out, based upon the construction process, whether that new unit is going to be a rental, a condo, or a co-op until it actually comes on line with the Treasury folks. That’s when they come in, and they decide, “Is it a Class 2 residential, or is it a Class 4C apartment?” On the construction side, the DCA side, it doesn’t matter what it’s going to be. It has to all be up to the same code.

So not only is multi-family falling behind under the new construction aspect, but we’re still having the problems of getting towns to accept multi-family housing. It goes to what Dianne Brake said, with the SmartPlan New Jersey folks. How do we look to capturing the housing need that we’re going to have in the next decade? If we’re going to have a million new residents in New Jersey, where are we going to put them? Not only where are we going to put them in the towns -- the cities, the towns, and the villages -- but, also, what type of housing? Multi-family housing certainly isn’t a silver bullet, but it needs to be part of the solution. It’s actually one of the biggest issues that Matt Shapiro and I agree on. We have a greater need for multi-family housing in our urban centers, in our

older suburbs, and yes, even in our suburbs as well. It's more environmentally friendly, it requires fewer municipal resources, and certainly the data points -- it generates much fewer school children.

Again, Mr. Chairman, thank you for your patience here today and your hospitality. The New Jersey Apartment Association is happy to offer our assistance to you, the Committee members, your staff, and also the Speaker as you move forward. And one of the biggest things we do need to take a look at, in addition to the affordable subsidized side, is the market-rate side -- and how can we try and hold the line on the economics that continue to push up the cost of housing, and make that housing more affordable?

Thank you.

ASSEMBLYMAN GREEN: Thank you very much.

Anyone else? (no response)

Anyone else -- once, twice?

Lou, do you have comments on this issue, if you don't mind?

ASSEMBLYMAN MANZO: Mr. Chairman, the reason I stayed on is that this is an issue very dear to my heart. I have to say, you've been a hallmark of housing for the disadvantaged in this state for so many years. And I salute your effort on all you've done.

And the reason I'm hanging in is because I want to give to you some words of wisdom, too, that I hope you would -- since you're going to be steering this through the next couple of years.

And number one, and foremost, is: don't forget that also within those communities that do -- have received RCAs, they have also -- within the borders of their cities -- have also concentrated poverty in certain

sections of those cities. And that has to be diverse. So even when we're building affordable housing, we must make sure it's diverse within communities and that we're not concentrating, probably, in smaller areas.

I think the 80-20 approach is the most successful thing this State can do. And it should tag that on to municipalities as well, because, in essence, when they build out, they're getting aid from the State. We should insist that municipalities that are having housing projects or housing developments will also do a split on line -- maybe not as much as the 80-20. We can initially do that.

I think getting rid of the RCAs is a good idea. But, most importantly, I don't want to see you take a step back. This has got to go hand-in-hand with property tax reform. Because if you don't do something in this state to cut property taxes, we're going to be right back revisiting just what that gentleman said a couple of speakers ago about driving up the value of the housing and flushing people out.

And honestly, Mr. Chairman, the only way I see this State being able to do that is actually funding schools through an income tax rather than the property tax, and giving everybody a tax break.

So that's my spiel.

ASSEMBLYMAN GREEN: Very good.

And I'll keep that in mind, because I've had an opportunity to travel around the country. I've been to Florida; Texas, where they developed a whole community, and that community -- you had homes that were worth a million dollars, you had homes worth half-a-million-dollars, and you had blue-collar homes worth anywhere from \$200,000 -- whatever might be the case. But you had an atmosphere where it wasn't that far

away -- it wasn't like towns away, which we have here in New Jersey. And in the city of Houston, it's really condensed, in terms of mixed use, things of that nature.

So it gave me a vision of what can happen. Because Texas went through some tough times just 10 years ago. And they learned from that lesson. I just hope we don't have tough times here in New Jersey before we learn from that lesson.

ASSEMBLYMAN MANZO: Not with you in that chair.

ASSEMBLYMAN GREEN: I'm just sorry I'm going to miss you for the next two years. But you've been a golden supporter. And any time you can help us, don't hesitate to give me a call.

ASSEMBLYMAN MANZO: I'll be giving you a call.

ASSEMBLYMAN GREEN: Routine business.

**(HEARING CONCLUDED)**