

REPORT TO THE GOVERNOR

TOWARD A COMPREHENSIVE HOUSING POLICY

*Recommendations from the
Housing Policy Task Force*

September 17, 2008

Table of Contents

1.0 Preamble

2.0 Principles

3.0 The Realities of Housing in New Jersey

4.0 Goals

5.0 Introduction to Recommendations

6.0 Recommendations

Reports by Subcommittees:

Affordable Housing

Community Revitalization

Homeless and Special Needs

Interdepartmental Coordination

Land Use and Planning

Workforce Housing

Strategic Planning For Affordable Housing

Preservation in New Jersey

Committee Members

Report of the Housing Policy Task Force

1.0 Preamble

Long the most urbanized and densely populated of all states, New Jersey expands its development footprint by approximately 50 acres every day. The future prosperity of New Jersey depends, in large part, on the ability of its communities to draw and retain a diverse population that will stimulate economic growth and supply the workforce. The challenge facing the state is the necessity to create an environment that supports economic development, is affordable to all residents, makes wise use of its remaining land, and takes care to protect the State's natural resources. New Jersey's workforce of low, moderate and middle income earners all struggle with affordable housing. The State's current and future housing needs can only be met through a process that reforms long-standing land use practices, tackles the current maze of regulatory restrictions within the context of sound environmental and economic principles, and overcomes the negativity and local resistance that housing development often has engendered.

2.0 Principles

The Housing Policy Task Force affirms that in order for the State of New Jersey and its residents to prosper, its government must strive to achieve:

2.1 Closer coordination of housing and economic development strategies that will advance racial and economic integration

2.2 Rational and sustainable land use development that includes a variety of housing types and housing choices at various price points in all areas of the State

2.3 Transit accessible, pedestrian friendly and environmentally responsible communities within easy reach of employment opportunities

2.4 Consistency of planning in State government, efficient and cost effective governmental programs

2.5 Better communication between state agencies as it relates to encouraging the development of housing opportunities in the State

2.6 A process to resolve policy, procedural and regulatory conflicts as well as duplicative procedures and requirements among agencies at all levels of government

2.7 A better understanding of the changing makeup and increasing numbers of homeless people in New Jersey

2.8 Housing opportunities for people with special needs linked with appropriate and adequately funded support services

2.9 A more thorough understanding of the inextricable link between the provision of comprehensive housing options to the residents of New Jersey and the continuing vitality of all sectors of the state's economy

3.0 The Realities of Housing in New Jersey

3.1 New Jersey is an expensive place to live. The cost of living is 32% above the national average. The cost of housing is 73% above the national average (rent.com).

Almost half of all jobs in New Jersey pay under \$33,000 a year. The Fair Market Rent (FMR) for a two-bedroom apartment is \$1,157. To afford that two bedroom apartment without spending more than 30% of income on housing, a household must earn \$46,287 annually (National Low Income Housing Coalition, 2007-2008 Out of Reach report).

A two- bedroom rental in New Jersey is the fourth least affordable of any state after Hawaii, California and Massachusetts (CNN Money.com, December 14, 2005).

Many single income households in New Jersey can not afford the average rent in any county in New Jersey. Using mortgage industry standards, households living at or below \$33,000 could not afford to buy a home that cost more than \$100,000. The median value of a home in New Jersey is \$363,000 (National Association of Realtors).

3.2 A study by the Brookings Institution indicated that housing costs were the single greatest challenge to the future economic viability of New Jersey.

New Jersey ranks at the bottom nationally in wage growth, is losing high wage jobs, gaining low wage jobs and lost more high tech jobs than any other state since 1995 ("Prosperity at Risk: Toward a Competitive New Jersey," a Brookings Institution May 2006).

A Rutgers University survey of the business community showed that 88.8% of those surveyed said that the cost of housing in New Jersey is a disadvantage to doing business in this State (C-Suite Executive Survey, Bloustein School of Planning and Public Policy, December 2007).

Companies also reported to a survey conducted by the Urban Land Institute in 2007 that their lower and moderate income workers needed more housing to be built closer to jobs.

3.3 New Jersey is a state of stark extremes in terms of income and economic segregation.

Hunterdon County, where the population of 129,348 sprawls over 432 square miles, is the wealthiest county in the nation. Forty two (42) miles away is Camden County, whose 222 square miles is home to a population of 517,001 including 79,318 Camden city residents who live in the nation's poorest city.

Hunterdon's median household income of \$100,327 is considerably higher than the State's as a whole which, at \$67,035, is the second highest in the country.

Yet in Camden City, the 2006 median household income was \$25,961. The average home value was \$38,271. The city is 66% residential. Average SAT scores for Camden students were 386(M) 383(V). By contrast, median income in the neighboring municipality of Haddonfield is \$ 131,835. The average home value was \$431,311. The town is 88.6% residential. Average SAT scores for Haddonfield students were 577(M) 566(V).

In Newark the median household income in 2006 was \$43,033. The average home value was \$237,449. The city is 43.5% residential. Average SAT scores for Newark students was 390(M) 374(V). By contrast, median income in neighboring Millburn was \$220,308. The average home value was \$1,067,297. The town is 80.7% residential. Average SAT scores for Millburn students were 640(M) 603(V) (2006 Star Ledger data profiles for Camden and Essex counties and the 2006 American Community Survey's Population and Housing Narrative Profile).

More than half of the housing affordable to moderate or low- income households are concentrated in only 12 of New Jersey's 566 municipalities.

3.4 Many communities continue to resist the development of housing for people with low and moderate incomes, including those with special needs.

New Jersey's Council on Affordable Housing has determined that at least 115,000 new units will be needed by 2018 in order to provide housing for households earning below 80% of median income. An additional 58,000 units will be needed to house those earning between 80% and 120% of median income.

The number of renters living in overcrowded conditions in New Jersey increased by 44% between 1990 and 2000, yet two-thirds of the state's communities added no multi-family apartment units to their housing stock during that period. At the same time, more than half of those communities grew by at least 20%. New construction alone may not produce a sufficient supply of rental housing for low and moderate income people in New Jersey's workforce.

Since 1988, 120 mostly affluent towns used Regional Contribution Agreements to pay a combined \$210 million to 53 poorer communities to assume their affordable housing obligations.

3.5 Subsidies and other forms of housing assistance from the federal government have been shrinking for years.

New Jersey faces a challenge in the years ahead in terms of preserving affordable units. There are 48,694 HUD Low Income Housing Tax Credits and HMFA financed housing units with affordability restrictions set to expire by 2016, and another 29,659 Project Based Section 8 rental units whose contracts will expire by the end of 2012. It is difficult to determine if it will be possible to maintain those units as affordable when the restrictions and contracts expire.

Government sponsored mortgage entities such as Fannie Mae and Freddie Mac have been forced to scale back their programs for low and moderate home buyers.

The August 2008 issue of the Federal Reserve Bank of New York's Facts and Trends reported that New Jersey had 10,500 mortgages in the foreclosure process as of June 1, 2008. New Jersey had the fifth highest ratio in the country of subprime mortgages in some stage of foreclosure as of June - three out of every 1,000 housing units.

3.7 New Jersey does not provide an adequate safety net for its most vulnerable populations.

New Jersey's homeless population is growing. In a survey taken on January 29, 2007, seventeen thousand thirty six (17, 036) people were "counted" as homeless on that day. Government sources estimate that the actual number of homeless people in New Jersey is likely two to four times greater than that count. In spite of the extent of the problem, New Jersey remains one of only two states in the country that does not have a State promulgated ten year plan to end homelessness.

There are a large number of people with special needs whose quality of life depends upon the availability of housing with a variety of support services and accessibility options. New Jersey's Division of Developmental Disabilities maintains a wait list of people who are eligible for such housing. Approximately 8,000 people are currently on the list, with more than half of them now in an "urgent" category. Currently, many such individuals are under the care of aging parents or other family members. Over time, these caregivers will lose the ability to provide care at home.

3.8 The strength New Jersey's housing programs are contingent on the vitality of the real estate industry.

The residential real estate industry in NJ accounted for 21.5% of the State's gross state product in 2006 (National Association of Realtors, April 2008 report).

The ripple effect of the currently weak housing market is being felt by State agencies. The funding sources that are tied to the production of affordable housing are market sensitive. New Jersey's largest affordable housing subsidy source, the Neighborhood Preservation Non-lapsing Revolving Fund, now the New Jersey Affordable Housing Trust Fund is funded out of revenues from the state's realty transfer fee. \$105 million in subsidies from the Housing Fund led to the production of over 3,200 units in 2006 and 2007. However, the slump in the housing market has had an adverse impact on project financing as the fund's income has decreased from a high of \$110 million to approximately \$80 million last year.

In its diminished capacity, the Affordable Housing Trust Fund is largely limited to supporting the State Rental Assistance Program (SRAP) and 9% Low Income Housing Tax Credit (LIHTC) projects. Unfortunately, the value of a tax credit has also declined in the past year from over 90 cents on the dollar to about 80 cents on the dollar. The result is a loss of approximately \$15 million for New Jersey's tax credit equity.

4.0 Goals

Based upon the Principles set forth above, the Housing Policy Task Force recommends the development of a comprehensive Housing Plan for New Jersey that attempts to achieve the following goals:

- 4.1 Adopt policies and implement programs that will promote the production of housing for people of all ages, incomes and household types commensurate with the need and in accordance with sound economic and environmental principles
- 4.2 Develop standard criteria that all relevant state and local agencies use to establish where and at what density and scale housing, especially affordable housing, should be facilitated.
- 4.3 Promote, create and sustain mixed income communities in New Jersey's urban, suburban and rural towns through new policies and programs that will connect housing development to regional jobs centers, quality schools, health care facilities and transportation
- 4.4 Preserve and maintain, to the greatest extent possible, all safe and decent housing stock to assure a mix of housing options in all neighborhoods
- 4.5 Invest State funds and use regulatory authority to economically, environmentally and socially revitalize our older communities and address our State's housing needs
- 4.6 Implement state agency plans, policies and requirements in a coordinated fashion to achieve maximum compliance with the constitutional obligation that every municipality provide its fair share of affordable housing
- 4.7 Develop and implement policies that recognize the economic responsibility for the cost of providing affordable housing is an unalterably broad-based societal obligation, where state assistance should be available. Affordable housing should be located in accordance with state and relevant regional land use plans and be developed where the availability of transportation, labor and infrastructure will support growth.

5.0 Introduction to Recommendations

This paper is the culmination of the efforts of over 60 individuals, who generously volunteered their time and brought experience and expertise to the Task Force. They represent for-profit and non-profit developers, planners, consumers, advocates, local officials, and academia.

There are seven separate reports contained in this document. Each report focuses on a different aspect of the State's administration of housing programs and policies and offers suggestions to refine the State's function in the housing arena.

A series of discussions over a period of eight months were designed to produce consensus around a smaller number of broader recommendations that could be implemented with the endorsement of a broad coalition of stakeholders. These recommendations are intentionally general to leave deliberations on the actual strategies and mechanics for realizing change to the State Housing Commission and the relevant administrative agencies. The Task Force hopes, however, that the Housing Commission, policy leaders and lawmakers look first to the committee reports for guidance as each brings depth and context to the issues and provides a variety of well researched ideas to rectify many of the inadequacies in current State policy and practices.

The Task Force looks forward to turning over its report to the new State Housing Commission and hopes its examination of the issues will inform the Commission's agenda and facilitate its preparation of a strategic housing plan.

5.1 Task Force Process

Housing Policy Task Force members were assigned to a "working" committee based on their interests. The chairmen of each working committee formed the membership of the Steering Committee. The Steering Committee was led by Commissioner Joseph Doria, Jr. and Christiana Foglio. A task force member was welcome to attend a meeting of any committee. Some committees met jointly. Most committees held public hearings.

Listed below are the areas around which committees were grouped to prepare recommendations for the steering committee to consider.

The Committees and Their Mission Statements

Affordable Housing

Producing and preserving housing opportunities that are affordable to a broad range of incomes

Homelessness and Special Needs

Addressing homelessness systemically

Providing community integrated housing opportunities with support services for people with special needs

Community Revitalization

Utilizing housing investments as a catalyst to economically, environmentally and socially revive neighborhoods

Land Use and Planning

Supporting the development of housing that serves the economy, the community and the environment well

Workforce Housing

Producing and preserving housing opportunities that are located near jobs, supported by employers and affordable to a full range of household incomes including middle income

Interdepartmental Coordination

Aligning departmental policies and procedures to provide more housing opportunities
Improving the impact and efficiency of government housing programs and services

Each committee presented an individual report to the steering committee.

The Steering Committee of the Task Force reviewed the reports from the six working committees to agree on those proposals that would represent the most urgently needed and beneficial changes in state housing policy. The Steering Committee also decided to include a seventh report presented by the NJHMFA regarding the importance of preserving existing affordable housing stock. The recommendations from all the reports that garnered broad agreement became the "consensus recommendations" found in Section 6.

Each of the committee reports contains a bounty of information and additional recommendations. Some recommendations may not be ripe at this moment but they should be considered in the development of any long range housing plan.

Common themes emerged from the committees that illustrate the perceptions that the public has of State agencies. A constant refrain in committee meetings reinforced that there is an overriding need to improve communication between agencies, improve coordination of policy development to avoid conflicting regulations and policies, and have all State agencies with authority over land uses agree to areas where growth would be supported.

5.3 The Impact of A500 on the Task Force Recommendations:

The Housing Policy Task Force Steering Committee and its working committees began the process of identifying major housing challenges in the fall of 2007. Soon after, the New Jersey Legislature, at the initiation of Assembly Speaker Roberts, took significant action to reform state housing practices. In June 2008, A500/S1783 was adopted and on July 17, 2008, signed into law as P. L. 2008 c 46 by Governor Corzine.

The Task Force applauds the diligent efforts of the Legislative members who sought the advice of many in putting together a package of policies and initiatives that are broadly supported. Much of what was debated and proposed by the Task Force committees over the past months has been included in the new legislation. The Steering Committee members kept abreast of the discussions and the bill development and are gratified to have participated in a process that had such a constructive outcome.

There are several items around which significant consensus was reached long before the current package of legislation was completed. The Task Force wishes to affirm these positive directions included in the new law, since they are crucial to addressing housing needs in New Jersey. Among these are the following:

- The elimination of Regional Contribution Agreements and the creation of a dedicated urban housing fund. This action will encourage mixed income housing in all of New

Jersey's communities and will also serve to support the development of a more diverse housing stock and broader housing options in urban centers where great need continues.

- The requirement for a strategic housing plan that will include an annual housing performance report. The new law calls for the formation of an interdepartmental working group for the purpose of supporting the activities of a Housing Commission that will prepare the strategic plan. This will be an important step in aligning policies and regulations among the different agencies that govern land use, and should promote much needed consistency in state policy and regulation. There is strong consensus in the Steering Committee that this is an essential step in promoting and preserving housing opportunity and development.
- The requirement of a housing impact statement for new regulations proposed by state agencies. In proposing a rule for adoption, the agency involved will now describe the types and provide an estimate of the number of housing units to which the proposed rule will apply along with a description of the estimated increase or decrease in the average cost of housing that will be affected by the regulation.

6.0 Recommendations

The recommendations that follow are intended as crucial steps toward addressing the housing needs of the people of New Jersey so that vitality and diversity continue to be encouraged in every community and social and economic opportunity continue to be extended to all who seek to live here.

It is the consensus of the Steering Committee that the following recommendations be viewed as the highest policy priorities for the State right now, with respect to housing issues. The changes suggested are not easy ones to make but, if implemented, would have an enormous positive impact on the state's ability to deal with its housing needs.

6.1 Align policies and regulations among the different agencies that govern land use to gain consistency

The Task Force's Interdepartmental Coordination committee reported that many conflicts exist between state agency programs and regulations frustrating the regulated community and the state agencies as well. Agency policy decisions are driven by mission or funding source among other determinants but they are generally not reconciled with other departments' policies to present a consistent set of state priorities.

6.2 Remove regulatory obstacles to housing construction where housing is desirable; provide regulatory exemptions for redevelopment

Housing production should be permitted to occur consistent with current and projected housing demand. This can only happen in a regulatory environment that allows predictable

and timely access to developable land. Current procedures often result in excessive time delays, the cost of which is ultimately passed on to the consumer.

6.3 Invest State funds in mixed use, mixed income developments, near employment and transportation centers

Over the past decade, professionals in the affordable housing industry have turned to mixed income housing as an alternative to traditional assisted housing initiatives. In addition to creating housing for lower income households it contributes to the diversity and stability of communities. Mixed use development, so much a part of the fabric of our older cities, is also being "rediscovered" as a way to integrate housing with jobs and services. It increases the quality of life in neighborhoods and optimizes the use of scarce land. New Jersey's regulatory and funding environment has not kept pace with these trends and some attention is needed to remove barriers and facilitate these types of development.

6.4 Increase the supply of housing units affordable to households with incomes between 80% and 120 % of AMI by designing incentives that are attractive to communities

Significant sales price differences between subsidized affordable housing and market rate housing prevent middle income households from moving up, resulting in fewer housing opportunities for them but also for moderate and low income households. In 2006, households with incomes of up to 120 % of median could afford to purchase homes in only 5 of the State's 21 counties. Increases in the cost of construction coupled with the high cost of operating rental housing, has virtually shut down the development of unsubsidized rental units with the exception of luxury complexes. There are very few housing assistance programs targeted to this population. The lack of middle income housing has become an impediment to businesses that might locate in NJ or expand current operations.

6.5 Authorize municipalities to establish a set aside up to 25% of its COAH units for "indigenous" households defined as those already either living or working in a community for three years

Teachers, nurses, firefighters and other highly valued service personnel increasingly can not afford to live in the towns where they work. A court decision effectively bars towns from giving those valued employees a leg up in the search for affordable homes because it violates the requirement to "affirmatively market" the units. Companies perceive the shortage of housing for entry- and mid-level workers as problematic and made worse by the burden of long commutes. Low and moderate income individuals who have to travel distances to work in order to afford housing, end up spending on transportation costs as much or more than they are saving on housing.

6.6 Establish a Land Use Court

Greater efficiency in the disposition of law suits over land use could be achieved through the creation of a specialized court within the Superior Court. Judges who are familiar with the intricacies of the law could deliver decisions faster and of higher quality and consistency than is presently the norm. A land use court has been a topic of interest for a number of years among developers and attorneys as well as state policy makers. Legislation was introduced in 2005 but was not adopted.

6.7 Place a high priority on the long term preservation of existing, viable affordable housing stock

Safeguarding housing affordability and a mix of housing options in gentrifying neighborhoods help sustain balance and diversity. Rehabilitating and improving existing affordable units produces less construction waste, uses fewer new materials and requires less energy than demolition and new construction. Strategies to preserve and sustain New Jersey's affordable units can help meet the need. Also, according to the National Housing Trust, it costs approximately 60% more to build a new unit than it does to preserve one.

6.8 Create community centered schools using the Schools Development Authority's construction program to leverage and link to the revitalization of the neighborhoods in which they are placed

The construction of a new school is often the single- largest investment some communities will ever experience. A new school, designed as a multi -use facility can spur revitalization around it if it also functions as an active community center. The development of mixed-income housing surrounding the school can have a direct impact on the educational attainment levels within a neighborhood.

Numerous urban school sites now sit vacant creating a serious hazard to the surrounding community. Schools and parks should be the center of mixed use neighborhoods and the beneficiaries of significant state investments. The Schools Development Authority, for example, could coordinate with other state agencies to integrate planning of new urban school facilities with neighborhood revitalization strategies.

6.9 Prevent and mitigate the impact of foreclosures on neighborhoods

The cost of foreclosure is not solely borne by individual homeowners. Properties left vacant for long periods have many negative impacts on a community. The surrounding neighbors are likely to see the value of their homes decline. The presence of abandoned houses in a neighborhood is a deterrent to buyers. Once a cluster of homes become vacant, the entire neighborhood is at risk. Foreclosures put an extra burden on the municipality to ensure the security of the houses when tax revenue to cover that cost is decreasing.

6.10 Create a statewide fund to acquire a pool of properties and sell them at a discount to affordable housing developers

While it is preferable to have policies in place that would assist owners at risk of losing their homes whenever possible, there are situations where foreclosure is inevitable. In those circumstances, there is an opportunity to add to the state's stock of affordable housing and offer stability to neighborhoods and towns that might otherwise begin to decline as the effects of empty houses begin to take hold.

6.11 Establish an Interagency Homeless Council charged with creating a statewide ten year plan to end homelessness

New Jersey is one of only two states in the nation that does not have a ten year plan to end homelessness. Currently, New Jersey's homelessness response and service delivery system is fragmented and varies from community to community. Several NJ counties have adopted ten year plans. These plans have helped foster public-private cooperation, raised public awareness and led to effective strategies for homelessness prevention and aid for homeless individuals and families. An Interagency Homeless Council would promote systemic reform among and between state agencies, model effective strategies for ending homelessness and demonstrate the cost benefits of doing so.

6.12 Create a dedicated funding source for the NJ Special Needs Housing Trust Fund and expand the Trust Fund legislation to permit funds to be used for supportive services as well as capital expenditures

Since August 2005, \$65 million of the original \$200 million dedicated to the SNHTF has been committed. The commitments leveraged another \$81 million from other sources. Approximately \$33 million in additional requests are being reviewed for funding.

6.13 Develop an educational effort to dispel the myths, build support for and neutralize opposition to new housing development

An education campaign is necessary to address negative public perceptions that often create political barriers to efforts to expand housing, particularly affordable housing in many New Jersey communities. Attention must be given to inaccurate stereotypes of affordable housing that promote the idea that it will become a public eyesore, lower property values and attract crime.

A public awareness program would focus on actual developments that have produced, for instance, successful examples of higher density housing outside of urban areas, inclusionary housing combining a mix of income ranges and appropriate settings for special needs and homeless housing.

This campaign should also include a component to help local political leaders learn effective strategies that can be used to build political will and lessen resistance to affordable housing in their towns and regions.

6.14 Extend the 50% discounts granted to non- profit developers for sewer and water connection fees associated with projects that contain affordable housing to for-profit developers of affordable housing

Utility fees levied on affordable housing projects serve to increase the overall cost of development. Most non- profits avoid such fees but private developers who construct affordable housing along with market rate housing do not. Any affordable unit that is constructed no matter the sponsor should be able to petition for the discount.

6.15 Enact a State historic preservation tax credit

The state has not encouraged the rehabilitation of historic properties to create new housing opportunities. Historic restorations in redevelopment areas where the State is already investing should be encouraged and supported. Tax credits are needed for developers of rental residential and commercial buildings in historic districts that supplement the Federal Historic Preservation Tax Credit. Tax credits should also be available to homebuyers or owners wishing to restore individual homes in historic districts.

Housing Policy Task Force Affordable Housing Subcommittee

I. Goal Statement

In order to realize the promise of NJ's historic Mt. Laurel decisions, the State of New Jersey needs policies and programs which, if implemented, will increase the **production and preservation** of housing for people of all income levels, age groups and household types throughout New Jersey.

II. Preamble

The set of recommendations proposed by the Affordable Housing Subcommittee are intended to address the needs of people from very-low to moderate income (or from 0 to 80% of AMI), where according to COAH there is a need for 115,666 new affordable units...and this number does not include cost burdened households, which were estimated by DCA to number nearly 945,000 in a report issued in May 2007.

III. Findings of Fact

In 2000, more than 100,000 lower-income households were living in overcrowded conditions, while over half a million were spending more than 30% of their gross income for shelter. According to the New Jersey Department of Community Affairs, there were more than 75,000 homeless people and people with special needs facing unmet housing needs, including 54,000 single individuals and nearly 22,000 people in families with children. These problems are steadily getting worse: *between 1990 and 2000 the number of renters living in overcrowded conditions increased by 44%. Over half of all very low-income renter households—nearly 140,000 households—spend 50% or more of their income for shelter. Nearly 1 out of 4 of New Jersey's three million households has a serious housing problem, including over 60% of the state's lower-income households.*¹ As the subprime lending crisis unfolds in New Jersey, more households than ever will find themselves in trouble, especially among middle income residents. Current estimates are that between 16,000 and 20,000 foreclosures per year take place in New Jersey.

Since 1960, the number of new housing units authorized in New Jersey has steadily dropped. From an average of 50,000 homes per year in the 1960s, the figure declined to 24,000 per year in the 1990s. While new construction has picked up somewhat during the early part of this century, it is still well below the pace of the 1960s and 1970s. Perhaps even more seriously, the number of multifamily units has dropped dramatically. Hardly any new rental apartments are being built in New Jersey today, other than a small amount of low-income housing and a handful of luxury buildings in high-demand locations such as the Hudson River waterfront.

These trends are the product of many different factors. Not as much developable land is available, but what development is taking place is more often at lower densities than what would have happened only a few years ago. Exclusionary zoning, prompted by anti-growth sentiment, racial prejudice and concern over the cost of adding children to local schools, is widespread. Regulations at both state and local levels concentrate more on discouraging development where it may be inappropriate than encouraging it where it would be appropriate. While thousands of acres are set aside each year for farmland and open space, no meaningful steps have been taken to replace the lost housing opportunities through higher densities elsewhere. When supply declines, but demand stays high, economics dictate that

¹ Within Reach: The Homes for New Jersey Housing Action Plan, Mallach et al, November 2005

prices will go up. That is exactly what is happening. Since 2000, home prices in New Jersey have skyrocketed.

From 2000 to 2004, prices in most of suburban New Jersey increased by 60% or more, or nearly 15% per year. By the end of 2004, the average price of new homes statewide was \$415,000—in Bergen County, it was \$707,000—double the price in 1998. Until recently, though, low prices in urban areas, though often reflecting poor housing and neighborhood quality, were a kind of "safety valve" that offered a pool of relatively affordable housing. While urban housing, other than subsidized housing, was too expensive for the very poor, it was affordable to most working families. That is no longer true. Today, in cities like New Brunswick and Perth Amboy, average house prices are over \$300,000.²

Additionally, there is another phenomenon occurring in our urban centers. Especially in Newark, there are hundreds of unsold new two- and three-family homes and some neighborhoods have double-digit foreclosure rates. In Jersey City, thousands of market-rate units have been built and several more have been approved all without any affordable component.

- **State has said that 17,000 units were produced in 2006-2007 (see attached breakdown by program, type and population served).**
- **COAH Rules now say needs are: 115,666 new affordable units, 1999 — 2018, or 5,783 per year—just to meet estimated needs of those between 0 and 80% of AMI, not counting cost-burdened households**
- State Subsidy Sources significantly decreased—currently Balanced Housing funds are unavailable except for SRAP and 9% LIHTC projects (rental housing serving up to 60% of AMI). The Balanced Housing fund spent over \$105 million to produce over 3,200 units in 2006 and 2007.
- The decline in the Balanced Housing fund is as a result of a decline in the realty transfer fee. The decline in the tax credit equity market is as a result of several factors. Because of the growing number of defaults in subprime mortgages, investors have been reluctant to commit to tax credit purchases. Because of this drop in demand, the price of the tax credit has dropped and developers have been accepting lower prices. Another significant factor in the price decline is that government-sponsored entities such as Fannie Mae and Freddie Mac are slowing down their investment in housing. Equity prices have declined in the past year from the mid-90s to about 80 cents on the dollar. For just the 9% tax credits, this results in a loss of approximately \$15 million in tax credit equity per year.
- Construction Costs and rental housing operating costs are increasing
- High land costs due to increasing scarcity and market conditions
- Increasing difficulty in getting tax credit equity

Clearly the needs are enormous, especially if we consider the additional housing needs (beyond what is laid out here) of individuals and families making between 80% and 140% of AMI. Just as clear is the fact that the state's financial resources to address this need are insufficient (and becoming more so) and not always strategically targeted according to need. The Affordable Housing Subcommittee believes that the state's affordable housing plan should reflect the true housing needs in the state and while we acknowledge that the state, with its limited resources, will never be able to fully address the need, we do believe that those resources must be allocated on an annual basis in accordance with the areas and populations of greatest need and for those types of housing projects for which there are few other resources available and/or which cannot be mitigated through policy changes.

IV Recommendations

New or re-directed resources:

- 1. The legislature needs to appropriate at least \$100 million per year over and above existing permanent sources available for the production and preservation of affordable**

² Excerpted from Within Reach: The Homes for New Jersey Housing Action Plan; Mallach, et al

housing as part of its annual budget. In consideration of current budgetary constraints, this amount could be phased in over a period of time.

The Affordable Housing Committee applauds the idea currently under consideration to assess a three percent development fee on the value of all non-residential construction within the State. This proposal will require new legislation and is estimated by the state to potentially generate \$60 to \$80 million per year. In analyzing the data on nonresidential building permits on the DCA Codes & Standards web site, which suggests that the take might be considerably higher than the DCA estimate.

The following are total estimated covered construction costs for non-residential development for 2004-2006, subtracting educational, institutional and 'signs, fences, misc.' from the total of non-residential construction, and what would be 3% of that amount:

YEAR	TOTAL	3%
2004	\$3.7578 billion	\$112.7 million
2005	\$4.4436 billion	\$133.3 million
2006	\$5.2223 billion	\$156.7 million

If these analyses are proved accurate, this measure could go a long way towards increasing the state's resources to the degree we believe is necessary and feasible. We further believe these funds should be dedicated, as should all state funds for housing, to meet the *full range* of affordable housing needs of New Jersey's residents making between 0 and 80% of AMI.

- 2. Legislate/Regulate Municipal Trust Funds to require municipalities to commit and expend their funds within certain time limits or risk losing control of funds to state or other entity that will ensure their use for affordable housing development within the same municipality.**

The committee strongly supports the current legislative proposal to require municipalities to encumber and/or expend funds within four years of collection or lose them to the Balanced Housing fund, so long as there remains the possibility of a waiver for the municipality if circumstances beyond their control prevent them from encumbering or expending the funds within the given timeframe.

- 3. Increase funding for the State Rental Assistance Program (SRAP) and identify a new permanent revenue source for this purpose.**

New or amended legislation: The committee's recommendations 1-2 also require new legislation as mentioned above. The committee strongly opposes the current legislative proposals to amend the Fair Housing Act to allow partial COAH credit for units build that are affordable to individuals and families earning above 80% of AMI. Further the committee believes that the definition of moderate income should remain from 50% to 80% of AMI; and that of middle income should be from 80% to 140%--these definitions are also consistent with HUD definitions—to change them could also cause problems when using state and federal funding sources.

Additional legislative changes the committee proposes include:

- 4. Amend the municipal land use law to requiring mandatory, on-site inclusionary development of at least 10% in all housing projects in the state, and in projects of 100 or more units, require that of the 10% affordable component, a 25% set aside for incomes below 30% AMI.**
5. Amend the redevelopment law to require that every redevelopment plan provide for inclusionary housing and that at least 10% be affordable.

New or modified regulations: The committee proposes the following regulatory changes:

6. **Require that every municipality with a growth share obligation come into compliance with COAH, and give COAH an affirmative duty and the resources/tools to seek out towns not in compliance and enforce compliance.**
7. **Eliminate Regional Contribution Agreements and replace them with a new ongoing alternative source of funds for urban revitalization.**

The committee supports the current legislative proposal which would eliminate RCAs and create a Housing Rehabilitation & Assistance Fund funded by an additional \$20 million per year from the RTF (which currently is deposited into the State's general fund per our understanding), in addition to what already goes to the BH fund.

New partnerships and coordination:

8. **The committee recommends the establishment of a State Housing Commission that is directed to develop a strategic housing plan for the production and preservation of affordable and middle income/work force housing for New Jersey, as well as prepare an annual housing performance report to the Governor and the Joint Committee on Housing Affordability. The commission will be comprised of 13 public members, of which 11 will be appointed by the Governor, and two by the Legislature. In addition, the commission will include four State department heads as non-voting members. The bill creates an interdepartmental working group of select department heads to guide the commission in its duties. The commission is to review sources of funding and programs in the State to produce affordable housing, and develop a strategic plan which will coordinate State efforts, and consolidate and leverage all available resources for these activities. The bill creates a new position in the Department of Community Affairs, known as the Senior Deputy Commissioner for Housing, who will chair the commission and the interdepartmental working group.**

While supportive of this pending legislative proposal, the committee is nonetheless concerned that it may not go far enough. The committee fears that the State Housing Commission could face some of the same constraints currently faced by the State Planning Commission and COAH as these bodies seek to carry out their mandates. Further, we are concerned that the creation of a 'less-than-cabinet-level' position could jeopardize the individual's ability to leverage the influence of the office of the governor to solve affordable housing issues. The role and responsibilities of this individual should include ongoing monitoring of housing conditions in the state, strategic planning and targeting of resources, and monitoring and evaluation of the effectiveness of state housing programs. Further, we would support the idea to, within each agency or department, create a "housing desk" that is staffed by an individual at the Deputy Commissioner level or just below in order to ensure sufficient authority as well as operational capability. The role of the individuals staffing the housing desks is, in coordination with the cabinet member/senior housing staff members and as part of the 'coordinating body', to facilitate or "expedite" approvals or other actions needed to move housing projects forward.

Housing Policy Task Force

Community Revitalization Subcommittee

I. Goal Statement

The Goal of this Committee is to better utilize New Jersey's community investments and regulatory powers as a catalyst to economically, environmentally and socially revive our neighborhoods to specifically address a critical component of our state's housing needs.

II. Preamble

The Community Revitalization Subcommittee of the New Jersey Department of Community Affairs' Housing Policy Task Force examined key issues relating to the creation and preservation of vital, diverse and sustainable communities in our state. Issues include:

- streamlining development approvals and permitting processes ;
- leveraging resources invested by other State agencies or authorities for maximum impact;
- planning comprehensively and wisely to achieve healthy, compact communities; and
- Striking a good balance between redevelopment and community interests.

III. Finding of Facts and Priorities

New Jersey is the most densely populated state in the country and each year it expands its development footprint by approximately 16,600 acres. As available land becomes more precious, the remaining developable real estate becomes ever more valuable. Our housing and community development market has become one of the most expensive in the country, making it extremely difficult for many residents to find housing solutions which they can afford. Both short and long term solutions are needed to address both the availability and affordability of housing, and the conditions in which New Jerseyans live in our towns, neighborhoods and city centers. This Committee recommends new ways to prioritize and invest our state's precious resources, as well as to leverage other resources to meet New Jersey's housing and community development needs.

Any housing plan that begins to address New Jersey's current and future needs must also seek to change the way that affordable housing is perceived and implemented, and overcome barriers to the creation of affordable housing in ways that maximize the full potential and value of state housing funds. The Committee has prioritized the areas in which immediate attention should be given.

1. URGENCY

- This Committee urges that a comprehensive Housing Policy Plan (in all markets, at all income levels) be completed and enacted as quickly and efficiently as possible. In order to adequately address the housing affordability crisis, it is urgent to create an achievable strategic plan and execute it in a timely manner. The creation and preservation of approximately 115,000 units of affordable housing (as defined in the COAH regulations) as well as the improvement in housing affordability throughout the state will require the provision of significant investment and financial/technical resources, changes to some underlying land use and regulatory restrictions, and proper management and oversight of all parties involved in the process.

2. APPROPRIATE and FAIR DEVELOPMENT PRACTICES

▪ **Redevelopment Process and Eminent Domain**

Reforming our Local Redevelopment and Housing Law is necessary to make the redevelopment and eminent domain process fairer and more transparent, while continuing its use as a tool to assemble properties for critical and appropriate redevelopment initiatives.

New Legislation

- Amend New Jersey's Local Redevelopment and Housing Law:
 - Tighten the definition of the conditions under which eminent domain can be used and improve the notice provisions associated therewith;
 - Create more transparent processes for designating redevelopment areas and adopting redevelopment plans, including acknowledgement of the possibility of eminent domain at the commencement of the development process;
 - Provide proper valuation of properties so as not to reward speculators; and
 - Require a more open and competitive process for redeveloper selection.
- Amend Section 4 of P.L. 1971, C.362 (C.20:4-4), as proposed in A273 of the 2008-2009 Legislative Session, to increase relocation assistance and dislocation allowance levels over two years from 1972 to present day values with annual adjustments thereafter.

▪ **COAH Regional Contribution Agreements (RCA's)**

With the passage of Bill A500, we must continue to address the concerns of both housing advocates and urban community leaders and guarantee that a dedicated funding source remain available to preserve, rehabilitate and enhance affordable urban housing, while ensuring that suburban communities comply with their constitutional obligation to provide their Fair Share of New Jersey's affordable housing needs.

Until recently, urban municipalities have come to rely upon RCA contributions from suburban "sending communities" to preserve and construct affordable housing, while suburban communities have relied upon this "least-cost" provision of the Fair Housing Act of 1985 to earn "credit" toward their obligations. Housing advocates were troubled by both the use of the RCA mechanism, which results in less affordable housing development in the suburbs – and the loss of revenue to urban communities that will result if this practice is eliminated.

New Financial Resources

- Create a continuing and dedicated source of housing rehabilitation funding to replace the funds previously made available via RCAs to the cities

3. REVITALIZE NEIGHBORHOODS via community-centered schools, creating sustainable neighborhoods, promoting mixed-income mixed-use housing, revising regulations regarding density, and raising the bar on design, all of which would sustain the added benefits that mixed-income and racially-balanced communities have as a direct impact on improving the educational attainment levels of residents of the neighborhood

- **Community-Centered Schools:** Schools and parks should be the center of neighborhoods, and significant state investments such as the Abbott school facility construction program should be used to leverage community wide revitalization. It is important to get the Abbott school construction program back on track, and to restructure it to be more cost-effective, strategic, and more closely linked to the revitalization of the neighborhoods in which they are placed.

Additionally, interim property management must be provided for school sites awaiting construction to commence. Numerous school sites in urban neighborhoods were acquired

before the Abbott construction funds ran out; they now sit vacant, or worse, are boarded-up properties, creating serious hazards in their neighborhood. The Schools Development Authority must take responsibility for this situation, and provide for proper pre-construction management and maintenance so there is no further damage to the neighborhood while additional construction funds are being sought.

New Financial Resources

- An emergency source of funds must be identified to address the numerous school sites in urban neighborhoods that were acquired before the Abbott construction funds ran out, and now sit vacant, or contain boarded-up properties.

New Legislation

- Continue to provide on-going funding for school construction.
- Remove legislative barriers to alternative construction mechanisms for schools (especially Abbotts) i.e.: turnkey and lease-back arrangements in mixed-use developments.
- Remove legislative barriers to combining school funding with other funding streams to facilitate inclusion of schools as part of mixed-use developments, and inclusion of community facilities to create true “community-centered schools.”

New Regulations

- Create an expedited process to ensure that urban schools get built in a reasonable timeframe (much like their suburban equivalents).
- Provide higher priority for housing and open space funding for towns that have mixed-use school development strategies.
- Revise Department of Education regulations that are obsolete such as parking and school site selection requirements; develop a new set of guidelines and regulations that differentiate urban and suburban schools requirements, and explicitly provide for integrating schools into mixed-use developments.
- Create rules regarding interim maintenance of school sites that are unoccupied.

New Programs

- Require use of a joint Municipal Government/Board of Education school process for determining new school sites (can be legislative or administrative).
- Require meaningful outreach to encourage community participation in site selection, site selection, planning and design.

- **Sustainable Neighborhoods:** Promoting neighborhood revitalization to provide better housing for all income levels is only part of the picture; schools, open space, shopping and public transportation are all critical parts of the process, and should be elements in a comprehensive neighborhood revitalization strategy. Each neighborhood’s strategy should be based on plans that are developed with the participation and engagement of community stakeholders.

New Regulations

- Integrate planning of new and expanded urban school facilities with neighborhood revitalization strategies.

New Programs

- Create an interdepartmental process to link state housing, school, transportation and open space funding, integrated where appropriate with the DCA’s Neighborhood Revitalization Tax Credit (NRTC) program to maximize its impact.
- Prioritize state housing funding to those in approved NRTC neighborhood revitalization plans, to provide greater flexibility to use housing funds as neighborhood strategy elements, rather than exclusively for single-site housing projects.

- **Mixed-Income and Mixed-Use Development:** Over the past decade, professionals in the affordable housing industry have turned increasingly to mixed-income housing as an alternative to traditional assisted-housing initiatives. In addition to creating housing units for lower-income households, it also contributes to the diversity and stability of communities. Mixed use development, so much a part of the initial development of our older cities, is also being “re-discovered” as a way to integrate housing with jobs and services, increase the quality of life in neighborhoods and optimize the use of scarce land. New Jersey’s regulatory and funding environment, however, has not kept pace with these trends, and needs some concerted attention to facilitate and remove barriers to these types of development.

New Regulation

- Provide incentives for local adoption of inclusionary housing requirements in markets with the greatest land appreciation and strongest market demand; and mandate requirement for state supported projects (or higher percentage off-site.)

New Programs

- Conduct a comprehensive inventory of all under-utilized and un-used state, public authority, quasi-public surplus land that would be appropriate for redevelopment, and pass legislation that permits the state to convey surplus land for mixed-use/mixed-income redevelopment at below-market prices.
 - Improve existing subsidy sources to accommodate mixed-income and mixed-use projects, reviewing programs across the spectrum (housing, commercial, school, etc.) to systematically remove barriers: (NJHMFA’s CHOICE program is a good model for mixed income projects.).
- **Increased Density Areas:** New Jersey has many regulations that limit or prevent growth in areas that are environmentally sensitive or otherwise inappropriate for development, but does not have regulations setting minimum density standards where growth is appropriate. As a result we are under-utilizing valuable properties that are zoned for much less intensive uses or setting these areas aside for projects that may never happen.

The inefficient use of land at low densities is a huge driver of the high cost of housing, especially housing that could be affordable to middle income households. When towns do allow for high-density projects, they are typically for seniors, as towns are apprehensive to attract additional school children to their schools. Meanwhile, towns are not creating housing for another important and large population: the young urban professional without children. We need rules that clearly identify where growth should occur, set minimum density standards, and, as an added benefit, direct infrastructure resources to these areas.

New Legislation

- Strengthen role of Office of Smart Growth and the State Plan to establish and require minimum density standards for growth areas, including transit villages and existing town center projects

New Regulations

- Once areas are designated, change the rules for sewer service areas to provide that any designated area can have an automatic right to approval for whatever is needed to make the site work (i.e.: extension of sewer service area, onsite plant, etc.).
- Review all local fees charged to residential developers and make appropriate modifications to lower the cost of creating affordable housing, including requiring municipal utility authorities to discount sewers for all developers of affordable housing, not just non-profits.

- Revise current usage fees, developing a standard usage fee schedule that is proportional to each unit type (i.e.: 1 BR units, townhouse, and single family homes, etc.).
 - Allow higher density development within designated transit villages or transit-oriented developments to be exempted from UHAC's requirement for bedroom distribution for 3-BR units in certain instances and still be eligible for COAH credit.
 - Create a provision similar to Massachusetts' 40S Program, where state funds are provided to offset the increased enrollment of school children as an incentive for towns to zone for developments with increased density.
- **Raise the Bar on Design:** Unplanned or poorly planned developments have significant negative impacts on the natural, social and cultural resources of neighborhoods. Communities must be encouraged to grow and redefine themselves without losing what makes them special: interesting architecture, existing city patterns, religious, cultural, historic and ethnic features, historic downtown and industrial areas, centers of civic involvement, and places of unique character. This Committee proposes taking steps to avert low community design standards that do little more than create blighted areas for tomorrow.

New Regulations

- Authorize the imposition of substantial fines on continually neglected abandoned or vacant properties and on un-maintained land and encourage the incorporation of vacant and abandoned buildings and properties into comprehensive redevelopment plans.
- Treat urban parking as infrastructure and not as part of a residential development requirement to encourage shared parking for day/night and residential/business parking, increase the amount of parking available in cities, and allow for denser development near public transportation routes.
- Revise zoning rules regarding the number of parking spaces required with construction of new multifamily buildings. Promote the exceptions to the RSIS regulations that allow for no parking minimums. Precedence has already been established in Seattle, Portland and Newark, as well as those initiatives described in the Lincoln Institute Report titled "Visualizing Density".

New Programs

- Commission a "Best Practices for Sustainable Design" guidebook to promote measures that enhance community appearance, protect natural/historic/cultural resources, and highlight compact and sustainable development practices that improve upon the less efficient or unhealthy development patterns of recent decades. The guidebook should address issues such as: water quality and storm water management, open space and recreational areas protection, visual corridors, pedestrian accessibility, historic preservation, context-sensitive solutions, appropriate scale and materials, "green" and sustainable design elements and goals, signage, lighting, parking lot design, building appearance, franchises, residential and commercial aesthetics, cell towers, etc.
- Increase the minimum requirements for open space, and encourage the creation of attractive avenues, parks and recreation facilities, and bike and pedestrian lanes by redistributing funds from items that perpetuate unhealthy quality of life issues and/or deleterious projects such as highways (especially those that bifurcate urban neighborhoods).

4. **PRESERVE** at-risk housing, both rental and homeownership, and encourage the rehabilitation of historic sites to create new housing opportunities.

- **Rental Housing Preservation:** NJ Housing and Mortgage Finance Agency (NJHFMA) has had a preservation initiative in place since 2004 and through their Preservation Division, several programs have been developed to target properties at risk of losing their affordability controls or level of affordability; NJHMFA has successfully preserved over 5,000 units to date. The next

phase of their initiative includes identifying the successes, failures and missing components in promoting preservation. NJHMFA will work with The National Housing Trust survey and meet with various stakeholders to draft recommendations for the subcommittee. Preservation programs and laws from around the country like California and Chicago will serve as models for creating a New Jersey Preservation Strategic Plan. *Reference HMFA's Report of NJ Rental Housing Preservation Strategic Plan.*

- **Homeowner Foreclosures:** The recent rise of foreclosures is due to the increased use of subprime lending and interest rate schemes used during the housing boom in the early part of this decade. Thousands of residents have lost their homes and thousands more are at risk. Proactive actions are needed by state and local governments to help prevent families from losing their homes, mitigate the impact of foreclosures on neighborhoods, and prevent future problems by increasing oversight of the mortgage industry.

New Legislation

- Require lenders to offer "at risk" borrowers a period of forbearance before proceeding with foreclosure in order to negotiate alternatives.
- Assist in creation of statewide fund to acquire properties from servicers and negotiate agreements to sell properties to non-profit entities at discounted costs. The state should play an active role in getting municipalities to use the Abandoned Properties Rehabilitation Act P.L.2003, c.210 signed in 2004.
- Foreclosure complaints submitted to the Superior Court of NJ should be digitized and made public record via the internet. New information should be collected such as: loan type, originating lender name, HMDA ID, loan purpose, loan terms, APR, interest lock in date, borrower demographics. Also, the outcome of the foreclosure process should be tracked.
- Increase accessibility of foreclosure prevention counseling and support counseling activities and emergency foreclosure prevention loans. Lenders must also be required to provide borrowers with information about financial counseling.
- Ban abusive foreclosure 'rescue' schemes and other abusive lending practices and products, such as negative amortization mortgages, excessive prepayment penalties, and yield spread premiums. Require brokers to underwrite mortgages on the basis of ability to pay and escrow taxes and insurance payments.

New Programs

- Create an emergency homeowner assistance program similar to Pennsylvania HEMAP (Homeowner Emergency Mortgage Assistance Program).
 - Creditors must share responsibility to resolve code violations and nuisances commencing when they initiate foreclosure procedures. (This may require legislative action). Provide state financial and technical assistance to strengthen code enforcement and nuisance abatement activities in cities hardest-hit by foreclosures.
 - Have Governor's Office utilize their resources to negotiate loan modification agreements with servicers (similar to CA and MI).
- **Historic Rehabilitation Tax Credits:** State historic tax credit programs can also generate millions of dollars of economic activity independent of the federal tax credit program. Capital improvements can result in dramatic increases in local property taxes, as well as a general enhancement in commercial activity and job creation. Rehabilitated buildings provide desperately needed housing (in many cases, low- and moderate-income housing), and office, retail, and other commercial space. Communities will also benefit from property improvement, blight removal, and increased occupancy of buildings in traditional core neighborhoods.

New Legislation

- Support the passing of A791 "Historic Property Reinvestment Act" which provides credits against certain taxes for certain costs of rehabilitating historic residential properties. Twenty-nine (29) other states already have such a vehicle in place.

5. PLAN "FAMILY-INCLUSIVE" NEIGHBORHOODS by combating unfair attitudes toward affordable housing, promoting balanced development, and establishing a "community consensus" process to negotiate new developments.

- **Affordable Housing Education:** There are many myths regarding affordable housing that are used to oppose the development of new affordable housing in municipalities. Unfortunately, much is plain misinformation.
- **New Programs**
 - Develop an educational effort to dispel the myths to help build support and neutralize opposition. Such efforts will also motivate and enable review of factual information regarding design, density, crime, traffic and parking, and acknowledge the controversial elements and present the fact on contested issues. The effort must involve all stakeholders, including federal, state and local governments to participate along side the non-profit and private institutions that are producing housing and community development projects.

Educational elements that should be addressed:

- Successful examples / case studies of affordable housing;
 - Demonstration that development is a local community asset that eliminates blight, provides local jobs, brings federal and state subsidies, helps balance jobs and housing (workforce), generates tax revenues, reduces traffic and pollution, provides community amenities, and is a cost-efficient solution to many community issues and problems.
- **"Community Consensus" Process:** Opposition has become a major consideration that developers and community leaders must consider in planning affordable housing. Its creation often attracts the attention of a wide range of parties with competing interests, posing a major challenge in securing approvals for affordable housing. Recommendations for financial or regulatory relief are not enough; attention should also focus on the processes by which groups address divergent interests and come to agreement.

New Regulations

- Develop standards for a joint problem solving Community Consensus Forum process, aimed at motivating all parties to address interests and issues, evaluate a range of options in terms of their benefits and costs, and deal with the interaction between the parties. Use a third party as a facilitator to help guide the dialogue between the parties and get beyond impasses.
- Train housing and community professionals in the skills of joint problem solving to develop a pool of trained third parties to facilitate training workshops and community institutes.
- Require continuing education of zoning and planning officials and board members for COAH and Affordable Housing rules and regulations.

6. INCREASE GOVERNMENT EFFICIENCY and EFFECTIVENESS by streamlining the development application process, supporting local government and restructuring the Division of Local Government Services.

- **The Development Application/Approval Process:** The approval process for a housing development project can take years, and there are many different agencies that one must get approval from before construction can even begin. Creating a more efficient and cost effective overall approval process is necessary. This paradigm change to long-term bureaucratic culture

will require a top-down policy shift. We support the recommendations by the Land Use and Interdepartmental Coordination Subcommittees, which provide specific solutions on this issue.

New Legislation/Mandate

- Turn Governor McGreevey's Executive Order #4 into legislation.

New Regulations

- Develop a prioritization process for urban redevelopment projects.
- Create a new remediation approval process for clear, less complex projects.
- Allow outside consultants and engineers to certify projects that can be more easily accomplished (and develop thresholds which can trigger such reviews).

New Program

- Continue current dialogue amongst state agencies and create an on-going mechanism to discuss and vet issues regarding various agencies' impact of regulations regarding developable land and the creation of affordable housing

- **Support Local Government: Restructure the Division of Local Government Services:** Many cities struggle to provide quality services to their residents and undertake transformative redevelopment projects through local property taxes and the other revenue sources currently available to them. At the same time, there are many economies of scale and technological innovations that could reduce costs to local governments if the state had the wherewithal to assess cities' needs, seek out good practices and cutting edge technology, disseminate critical information and provide targeted training.

New Legislation

- Give local governments more authority to expand their tax base to find other sources for funding redevelopment.
- Modify the Revenue Allocation District (RADs) statute or regulations to make this program more attractive as a way of generating dedicated funds for urban redevelopment. Consider shifting oversight of RADs to EDA rather than the Local Government Finance Board due to EDA's expertise in this area.

New Regulations

- Every municipality needs to establish user-friendly and efficient project reviews, permitting and other development approval processes.
- Require and provide technical assistance to municipalities and counties to prepare comprehensive site inventories, identify surplus public lands for strategic revitalization, and create municipal land management programs to manage and allocate land resources efficiently and appropriately.

New Programs

- Provide assistance to support large-scale property acquisition and land assembly for local governments and nonprofit developers undertaking community and economic development activities. Funding must include terms that reflect the lead time between site acquisition and redevelopment, along with technical support to facilitate acquisition strategies such as tax lien purchases and bargain sales.
 - Create a support system for local governments with access to sophisticated information systems software, data storage and analysis, with technical support and incentives.
- Provide model performance standards for local government operations
- Develop a system of "sustainable city" indicators to use to measure local government progress and foster positive competition between cities, created in partnership with local government and the NJ Sustainable State Institute.

7. ENHANCE OUR STATE'S HOUSING FINANCE DELIVERY SYSTEM by modifying programs to create greater efficiency in staff and funds allocated

- Developers and municipalities should not have to hire third party consultants to help them find state programs that could provide financial assistance to their projects. The State should evaluate its housing programs and streamline requirements to achieve create greater efficiency.

New Programs

- Create a more efficient application process for New Market Tax Credits and more extensive marketing by the Economic Development Authority to encourage their expanded use.
- Create a focus group to discuss and test the effects of new requirements on housing affordability every time a new regulation or rule is proposed. This is compounded by public mandates such as ADA (Americans with Disabilities Act), which have substantially increased housing unit footprints over the last 10 years (i.e.: residential bathrooms have increased in area by 50%, and has resulted in increased construction costs which are passed down to residents through increased rents).
- DCA should help move urban redevelopment and housing projects forward, discover why projects are stalled and address those issues with a tool similar to Brownfield Redevelopment Inter-agency Team's (BriT) process.
- The state should create a Quality Control Assessment Team to randomly evaluate projects post production to critically assess what is working, what problems may have arisen, and what should have been done differently. This will create a feedback loop between developers and policy makers so program glitches can be corrected.

8. USE EXISTING HOUSING STOCK MORE EFFICIENTLY

We need more creative thinking and incentives regarding use of New Jersey's existing housing stock, including our 80,000 public housing units as well as housing on the private market. In public housing, a tenant is "over housed" when a household has fewer members living in a unit than the number set out in the occupancy standards, and households seldom relocate and downsize when appropriate to free up larger units. In private housing, many households are struggling to make ends meet in homes that are larger than they need, while many lower income individuals would benefit from a small, inexpensive accessory apartment or "granny flats" carved out of a larger home in a way that meets applicable codes.

New Regulations

- Public Housing Authorities need to maximize use of their affordable housing inventory by reassigning households as they become smaller and assisting with relocation.

Legislation

- Pass legislation permitting the creation of legal, code-compliant accessory apartments and other secondary units as of right, subject to appropriate location and design standards, to help address the shortage of inexpensive rental housing.

9. INCREASE FEDERAL INVOLVEMENT including supporting the creation of a National Housing Trust Fund and working with other states to other federal legislation and budgets that support our housing initiatives.

New Jersey needs to encourage and be prepared to take advantage of any new federal programs. Although federal funds for housing have been shrinking, the federal government may revisit and refund programs that have been dismantled and de-funded in the future. New Jersey's representatives have proven that they are aligned to create change, but need our support in order to position New Jersey to take advantage of opportunities and to shape the future of affordable housing.

New Legislation

- Support the H.R. 2895/S. 2523 for the creation of a National Housing Trust Fund.

New Programs

- Enhance the relationship with the New Jersey lobbyist in Washington, D.C. and form a coalition with other states to help propose and pass federal legislation and budgets that would benefit affordable housing and community development in New Jersey.
- Designate a team of government employees to be responsible for responding to emerging and changing federal policies, programs, and funding for housing.

Housing Policy Task Force

Homeless and Special Needs Subcommittee

I. Goal Statement

To have in place a comprehensive, statewide strategy that addresses the varying needs of those who are homeless, at risk of becoming homeless, or who live with a variety of special needs requiring affordable and frequently, permanent supportive housing. This will include the creation of a proactive homelessness prevention strategy, the development of an effective safety net/triage system and the creation and identification of a variety of housing options for homeless and special needs populations. An ongoing source of dedicated funding will be enacted to support this goal.

II. Preamble

- A. There are inordinate costs associated with the failure to address the affordable housing needs of the homeless and those with special needs, including costs expended in health care systems, correctional systems, institutions, and the welfare system. There are significant financial and human costs to society and individuals related to the failure to respond to the lack of affordable housing for vulnerable populations. All studies indicate the hidden and dramatic costs associated with the lack of housing and concurrent services (see attached New York/New York Cost Study and Million Dollar Murray article.)
- B. There are a variety of causes of Homelessness.
 - Housing costs in New Jersey are among the most expensive in the nation.
 - Individuals/families living on disability incomes, public assistance, Social Security as well as those working low-wage jobs find it difficult to afford the high cost of rent, utilities, mortgage payments and/or property taxes - leaving thousands of families and individuals at risk of homelessness, often one paycheck away from losing their housing.
 - Unexpected events such as natural disaster, fires, domestic violence, illness, medical expenses and loss of employment can send individuals and families into homelessness with little or no warning.
 - Homelessness can also be associated with mental illness, alcohol and drug abuse, aging out from the foster care system or release from a correctional facility without adequate discharge planning.
- C. For many families homelessness or risk of homelessness could be addressed simply by providing affordable housing. When safe and decent housing is available to all individuals at a cost that fits within their income and budget, the incidence of homelessness is reduced.
- D. There is a need for a strategy that is multi-faceted, flexible, and able to address the varied causes of homelessness.
- E. In addition to making physical shelter more available, expansion of appropriate assessment of the needs of those who become homeless and greater provision of accompanying social services is urgently needed.
- F. New Jersey lacks an adequate supply of affordable housing that is accessible (both physically and quantitatively) and provides a level of support adequate to meet the varied needs (medical, substance abuse treatment, mental health, employment training, social) of special needs populations with developmental disabilities, mental illness, and the homeless and chronic homeless populations.
- G. New Jersey has a rapidly growing "waiting list" of people with special needs who will require decent affordable housing. Currently, many such individuals are under the care of aging parents or other family members. Over time, these primary caregivers will begin to lose their ability to provide support at home. Strategies that provide expeditious, reasonable and varied options of locale, setting and services are most desirable.

- H. Preventive strategies and effective pre-planning are crucial in the development of a comprehensive response to those with special needs and those who are at risk of homelessness. These measures may require larger up-front investment, but prove to be the most cost-effective in the long term.
- I. The State must address federal court ordered mandates, such as the Supreme Court Olmstead vs. L.C. decision and its impact, as well as the State's Child Welfare Reform Plan, requiring action to provide community based affordable housing.

The Working Committee is extremely grateful to the individuals and agencies that provided written and oral comment at the two all-day public forums we sponsored in January. Much of the information, findings, and recommendations in this report come as a result of information provided by people with special needs, individuals experiencing homelessness and community organizations and agencies that are responding in remarkable ways to the current crisis.

III. Findings and Facts

- A. The January 29, 2007 "point in time" count of the homeless indicated that 17,036 individuals, families and children were homeless in New Jersey on that day.
 - Even the most conservative Government sources indicate that since homeless people are often hard to identify and quantify in these counts, the actual numbers of homeless are likely to be two to four times higher than the counts indicate. (A point in time count was held on January 29, 2008, but the results of the count are not yet available.)
- B. Most recent data on homeless veterans in NJ indicates that there may be anywhere from 6,500 to 8,100 homeless veterans living in New Jersey on any given night. Causes of this include the break up of families due to stress while one member is serving overseas, the lack of jobs upon return, military training that fails to match up with skills needed in the current workplace, increasing numbers of veterans who have sustained significant injuries including post traumatic stress disorder (PTSD) and traumatic brain injury (TBI), and the increasing number of women returning to NJ with a unique set of unmet needs.
- C. National studies indicate that while the Chronically Homeless represent only a small portion of the population (10-20%), they account for the utilization of more than 50% of the resources that are spent on homelessness.
 - Studies indicate that it is more cost effective to permanently house this population than to have them cycle through emergency and institutional public systems (jails and prisons, state, county, and local in-patient hospitals, and repeated enrollment in transitional housing programs.).
 - All cost savings and/or cost shifting directly attributable to addressing these issues should be redirected to the homeless and special needs service systems.
- D. There is a lack of funding for supportive services at all levels of government. The Federal Department of Housing and Urban Development (HUD) has prioritized the funding of costs associated with the physical development of housing as well as rental assistance and has moved away from the funding of services.
- E. State supportive services funding is unduly inflexible and often restricted only for specific populations and priorities.
- F. Public Forum comments described a fragmented homeless delivery system that is inconsistent from community to community and that needs **systemic reform**.
 - Particularly noted was the ineffective and inefficient emergency shelter system for the homeless and the inconsistent and confusing policies around housing development for the developmentally disabled.
 - Special needs housing and homeless services are spread out across several state department and agencies therefore inter-departmental cooperation is essential to address the "cross-cutting" issues that affect individuals and families. In reality, conflicting departmental and inter-departmental regulations pose barriers to homeless people, special needs populations, developers and service providers. "Siloing" and extensive regulations

within and between Government Agencies and Departments makes comprehensive solutions difficult.

- Currently, there is no single person or entity within state government that oversees homeless or special needs programs, and there is no coordinated way at the State level to address the various cooperative strategies needed. New Jersey suffers from the lack of a coordinated planning entity that might begin to break through these barriers.
 - The lack of individualized services/plans and coordinated case management for individuals who become homeless makes it easy for people to “fall through the cracks”
 - There is a lack of coordination between community agencies that prevent homelessness and aid people once they become homeless. It is very likely that a significant amount of duplication of services exists throughout each county/geographic area.
 - Existing emergency shelter rules often limit those who are eligible for beds and leaves vacant, unused shelter beds, while people are left to sleep on the street. These rules and regulations often include requiring individuals to have some form of income (GA/EA), a current form of identification and requiring potential clients to be drug and alcohol free.
- G. New Jersey does not have a State Interagency Council and is one of only two states that does not have a State 10 Year Plan to End Homelessness. Such efforts in other states have leveraged extensive federal and private funding, decreased numbers of homeless individuals and families, and strengthened coordination of systems.
- H. Re-housing an individual once they become homeless is extremely costly- It is much less expensive to prevent an individual or family from becoming homeless than it is to re-house them once they are homeless. Needless to say, homelessness prevention is a strategy that also addresses the personal and human costs experienced by individuals and families that might become homelessness.
- I. A HUD/VA/HHS Study shows that having a permanent address expedites obtaining eligible benefits which reduces the use of very costly urgent care facilities and services. (see attachment)
- J. The State Division of Developmental Disabilities maintains a waitlist for people with special needs and who need placement in appropriate supportive housing in the State.
- There are approximately 8,000 people on the list currently, 4,000 of which are identified as having a priority need.
 - Last year only 28 people from the list were placed in housing.
- K. Funding for services and housing operations are “bundled” for the developmentally disabled population.
- This prevents non-profit housing developers from constructing new homes for this population until an individual selects an agency to provide services. This greatly delays potential move-in dates, and can add unnecessary cost burdens to these developers who must delay projects and incur inflationary costs while awaiting approvals.
- L. The practice of sub-metering and billing for utilities through private outsourced companies has resulted in households losing their rental units and entering the homeless system due to escalating utility costs which oftentimes amount to a required payment that is higher than the households rental payment.

IV. Recommendations

New or Redirected Resources

Recommendation 1: Increase funding for the State Rental Assistance Program (SRAP). The program should at the very least have a cost of living increase each year to maintain the current number of vouchers.

Recommendation 2: Project Based SRAP should be committed for 15 years to all Supportive Housing set-aside Low Income Housing Tax Credit projects.

Recommendation 3: Create incentives, such as tax credits, to the private sector, including New Jersey businesses, to provide housing, job training and employment opportunities for homeless and special needs populations.

Recommendation 4: Create a State Plan that would encourage private employers to hire homeless individuals through incentives such as tax breaks and/or salary matches.

Recommendation 5: Create a time limited task force to look at existing dedicated sources of funding that could be reallocated to provide permanent affordable housing and services.

Recommendation 6: As the Department of Human Services fulfills its Olmstead obligation there should be a plan in place to downsize institutions and shift the savings and assets to housing and services development in the community. The disposition of institutional property should be dedicated to the creation of permanent affordable housing for homeless and special needs populations.

Recommendation 7: All federal Medicaid back billing for special needs populations should be redirected into community housing and services.

Recommendation 8: Require a portion of the money allocated to Councils charged with Public Education and awareness, (i.e., Governor's Council on Mental Health Stigma, Governor's Council on Alcoholism and Substance Abuse, Governor's Council on AIDs), to fund a public relations campaigns to address NIMBY issues across the state. This campaign would stress the cost benefits of ending homelessness and providing appropriate settings for special needs housing. Efforts should be made to address the myths that housing for homeless and special needs populations will attract crime, lower property values, or be a public eyesore. Local elected officials at all levels should be specifically engaged to learn about the importance of this type of housing.

Recommendation 9: The Governor should convene a conference of charitable foundations and privately endowed institutions to galvanize philanthropic leadership to end homelessness in New Jersey. The goal of this effort should be to generate the philanthropic commitment necessary to transform political will and policies, by leveraging millions of dollars in funding from national and locally-based foundations, financial institutions and businesses. Out of this conference a task force should be created to implement this recommendation.

Recommendation 10: Create on going dedicated funding for the New Jersey Special Needs Housing Trust Fund (SNHTF), for example dedicating a percentage of the existing source from the Motor Vehicle Surcharge tax to insure ongoing funding. Since August 2005 \$65.4 million of the initial dedicated \$200 million set aside for the SNHTF has been committed. These funds have leveraged an additional \$81 million from other sources. There is approximately \$33 million in additional funds requested for projects under review in the SNHTF pipeline.

New or Amended Legislation

Recommendation 11: Through an Executive Order or State legislation, the State must establish an Interagency Homeless Council (ICH) charged with creating a 10 Year State Plan to End Homelessness. The Council should be established under the Governor's Office.

- The ICH should be co-chaired by the Commissioners of the Department of Community Affairs and the Department of Human Services and will include representatives from private and nonprofit sectors, clients and consumers of services and other interested individuals. The first task of this Council will be to develop New Jersey's Ten Year Plan to End Homelessness.
- A Statewide Homeless and Special Needs Ombudsman should be appointed who would report directly to the Governor. A person in this role would oversee the Inter-Agency Council on Homelessness, the implementation of the statewide plan to end homelessness,

monitor county plans and identify best practices from county and plans from other States. This Advocate would also be charged with making systemic changes in order to expedite funding and program approvals.

Recommendation 12: Each county should be required to develop a Ten Year Plan to End Homelessness in order to access State funding for homeless programs that would be aligned with the State Plan. This requirement could be linked with existing funding to encourage development.

Recommendation 13: Pass enabling legislation that will allow for the establishment of county based Homeless Trust Funds (HTF) that will help fund the development, operation and supportive services needed for affordable and permanent housing for the homeless. HTF money must be linked with each individual county's Plan to End Homelessness.

- Expand the NJ Special Needs Housing Trust Fund Legislation to allow funds to be used for supportive services for Trust Fund projects.

Recommendation 14: Change zoning rules to allow for "accessory" housing under single-family zoning.

- An Accessory Apartment is a self-contained second living unit either built into, or attached to, an existing single-family home. Accessory apartments are normally smaller than the primary dwelling and have their own kitchens and bathrooms.
- The AARP reports that these apartments have "the potential to assist older homeowners in maintaining their independence by providing additional income to offset property taxes and maintenance and repair costs".
- Accessory apartments offer a cost-effective means of increasing the supply of affordable rental housing without changing the character of a neighborhood or requiring construction of new infrastructure. This would provide new housing opportunities for low income (60% AMI and below) and special needs individuals and families.
- This model has been a successful centerpiece of the San Diego affordable housing program.

Recommendation 15: As an incentive and encouragement for the development of more special needs units, the Coalition on Affordable Housing should provide 2 units of credit for each unit provided for the special needs and homeless population. Current proposed rules allow only 1.25 credits per unit.

Recommendation 16: Establish a Governor's Task Force on Developmental Disabilities to examine and restructure DDD housing and services policies and procedures to assure that access to housing and services is equitable for families on the DDD Waiting List, individuals prioritized by the Olmstead Plan and disabled family members living in the community with families in need of housing and services.

- At the Committee Public Forums, advocates, family members and provider agencies provided the largest portion of public comments and expressed the strongest concerns regarding the barriers and lack of access to affordable housing and services for persons with developmental disabilities.
- The Department of Developmental Disabilities should develop a pilot program that maximizes but also limits choices offered to DD consumers. DDD can designate (through RFP) organizations that will have a fixed number of clients to serve in specific areas. This is a change in current DDD policy, which gives consumers complete control and choice to clients needing supportive housing.
- The Department of Developmental Disabilities should designate a community-based organization to be the service coordinator responsible for referrals, filing vacancies, and service coordination.
- The Department of Developmental Disabilities must develop incentives and clear processes that will expedite the process of filling vacancies in group homes and supported housing.

New or Modified Regulations

Recommendation 17: Every County should have a Shelter Plan that does not utilize hotels and motels for emergency placement.

Recommendation 18: There should be uniform standards for Shelters that address licensing requirements, performance measures for funding and outcomes, and scope of services.

- Each Shelter should have a designated source of operating funding that is tied to the bed and utilization, not the eligibility of the individual. These issues must be addressed by either the recommended Interagency Council or a Governor's appointed Task Force.
- Reform Department of Human Service's regulations for Emergency Assistance and Services for the Homeless and create or identify a Single Point of Entry System to assess, refer and re-house homeless individuals and families as soon as they become homeless. One central intake should be identified in each county/city or geographic region. Furthermore, one agency/organization/entity should be responsible for homeless individuals throughout their incidence of homelessness. In order to insure efficient, effective provision of service, each case should be thoroughly and uniformly assessed. A standardized intake and assessment tool must be developed and put in place for use throughout the state. This assessment needs to be "user friendly", should determine the specific cause of this instance of homelessness, and any factors that impact ability to sustain independent living. Service and sheltering should be based on assessment and not on a "next available bed" rotation.

Recommendation 19: Create a uniform basic measurement of outcomes for programs serving the homeless.

- Outcomes should be based on the type of shelter or housing provided. They should measure length of stay in programs, where people go after exiting programs, the use of mainstream resources, as well as increases in employment, education and appropriate life activities.
- Funding should be connected to performance outcome measures.

Recommendation 20: Cease the practice of maxing-out Emergency Assistance and/or Temporary Rental Assistance Vouchers (TRA's) in transitional housing by rapidly housing people in permanent housing so they don't expend their limited resources in transitional housing.

Recommendation 21: Adopt new rules and procedures that help homeless people who have lost their identification to quickly access birth certificates or other forms of identification without incurring fees.

Recommendation 22: Maximize low income tax credits to get more special needs/supportive housing units. Recommend amending QAP to allow for extra points to be awarded under the family cycle for supportive housing set-aside units.

New Partnerships or Coordination

Recommendation 23: Explore the regulations that have permitted for sub-metering and disallow the continuance of this practice.

Recommendation 24: Facilitate new partnerships between for profit developers and not-for-profit service agencies in order to promote the development of affordable housing for special needs and the homeless populations. Creative partnerships would expand the provision of housing with the necessary services that help people be successful in new housing opportunities. DHS and HMFA should continue and expand outreach and educational forums to for-profit developers in order to educate them about opportunities and incentives to serve special needs and homeless populations.

Housing Policy Task Force

Interdepartmental Coordination Subcommittee

I. Goal Statement

An appropriate and predictable regulatory and governmental structure needs to exist to promote housing production, and in particular affordable housing, so that state laws and agency actions do not unduly or unfairly impede the ability of municipalities and the development community to satisfy the housing needs of New Jersey residents; nor should towns be free to ignore their Constitutional obligation to address Mount Laurel (affordable housing) requirements. State agency plans, policies and requirements should be implemented to achieve compliance with the Mount Laurel Doctrine consistent with other state programs which guide growth, resource management and infrastructure decisions.

II. Preamble

- State government actions are more efficient and timely with respect to the review and processing of plans and applications (for permits) needed to build housing.
- State agency policies and regulations are aligned in such a way to not unnecessarily frustrate or prevent the production of housing, and in particular affordable housing, at levels needed to sustain a healthy economy.
- Growth and housing objectives of the State Development & Redevelopment Plan (SDRP) are met.
- Local zoning is designed to accommodate the level and type of development (particularly housing) projected by the SDRP and as established in accordance with the Mount Laurel Doctrine as implemented by the NJ Council on Affordable Housing (COAH)
- An improved system of state programs and financial assistance for municipalities and developers involved in the production of affordable housing.

III. Findings of Fact (Barriers)

1. **AGENCY CONFLICTS:** There exist many fundamental conflicts between program requirements of the NJ Department of Environmental Protection (DEP) and the regulations of other state agencies (i.e., NJDOT, NJDCA, OSG & COAH). In addition, numerous NJDEP program restrictions are at odds with, and frustrate, the growth and redevelopment priorities set forth in the SDRP. These circumstances produce an unpredictable and overly-constrained development landscape, even in areas of the state identified as priority locations for growth.
2. **LACK OF COORDINATED STATE PRIORITIZATION OF AFFORDABLE HOUSING:** The successful development of affordable housing is not just a question of financial resources or local planning. DEP requirements are often at odds with the regulations of other state agencies, serving to thwart efforts to develop affordable housing in New Jersey. As such, the regulated community cannot help but feel that DEP regulators become entrenched in the administration of their programs, and have little interest in assisting in the satisfaction of affordable housing public policy. To a lesser degree, some DOT and DCA programs can frustrate the orderly and predictable treatment of permit applications for housing.

All too often development efforts -- including commercial and industrial uses, market-rate housing, affordable housing, municipal improvements, schools, bridges, roads, etc. -- are derailed or denied, even when located in places where the state otherwise encourages growth. The production of affordable and workforce housing is difficult enough, without state agency

programs further limiting a considerable number of these opportunities, and increasing development costs, on a routine basis.

- 3. EFFECTIVE SCHOOL FUNDING (EQUAL FOOTING):** To date, New Jersey has had an unpredictable, ad-hoc system of distributing state aid to its municipalities. For the past decade in particular, school funding resources have been focused largely in the 31 Abbott districts, limiting dollars flowing to non-Abbott municipalities. In addition, the majority of state resources for affordable housing have been concentrated in the Abbott districts, despite efforts to increase suburban development opportunities. The cumulative impact of these policies, outside of Abbott districts, has been two-fold: (1) essentially no increase in school aid for the past ten years or more; and (2) increased resistance to family housing, especially affordable housing, since it generates more school-age children, thus increasing property taxes. In fact, most non-Abbott District towns have seen essentially no increases in school aid for the past ten years, or more. A new formula could distribute state aid to New Jersey's school districts based on actual need (students at risk, special education, etc.) and require an "adequacy budget" to be updated every year or two.

As a result of this new funding formula, towns may have an opportunity to again place residential development, and 'family' affordable housing, on an equal footing with other types of development. Too many municipalities attempt to satisfy affordable housing obligations without providing housing for families because of the cost of educating children (e.g., by constructing age-restricted housing or participating in Regional Contribution Agreements (RCA)). Increasing the funding available to schools with low and moderate income students may change the thinking on this issue.

The link between a new school funding formula and the affordable housing obligation has not been fully explored in New Jersey. Towns have expressed major concerns about new COAH rules and the cost associated with developing affordable housing in their communities. While high income communities may not see the increases needed to offset their housing obligations, a good number of municipalities may be more receptive to affordable housing if additional school aid is flowing into their communities.

- 4. 'GROWTH AND CONSERVATION' DECISION-MAKING:** Where should New Jersey's future growth occur? This long-debated question remains unclear, however, statewide guidance is present in the SDRP – despite its often controversial construct and uncertain outcomes. Uncoordinated, inconsistent and untimely state agency decision-making, particularly among DEP, DOT, DCA and their affiliates (COAH, Pinelands Commission, Highlands, HMDC, etc.) on where growth vs. conservation shall occur, has created a very unpredictable 'playing field' for developers and towns. This treatment thwarts and stymies appropriate residential and non-residential development, in light of Constitutional housing obligations, in what we identify as growth areas (PA-1, PA-2, Designated Centers, brownfields, greyfields and other strategic areas for development). It often places the regulated community at odds with state agency efforts to advance conservation goals (open space acquisition, farmland preservation, natural resource protection). Furthermore, there have been instances when DEP Green Acres and NJ Environmental Infrastructure Trust (NJEIT) funds have been authorized for use by municipalities, and then used to de-rail affordable housing efforts. Some Green Acres funds have been used directly to acquire approved affordable housing sites – even in areas suitable (according to the SDRP) for such development.
- 5. CENTRALIZED DATA REQUIREMENT (CLEARINGHOUSE):** Inadequate public data on affordable housing activity (construction and funding) cripples reasoned public policy-making on, and the public's understanding of, housing issues. For example, DCA does not make readily available to the public the activities of the State's Housing Trust Fund for low and moderate income housing (i.e., the Neighborhood Preservation Balanced Housing Fund, etc.). The last released COAH annual report covered 2002-2003.

Furthermore, a void exists in providing one place (or agency) that can furnish information on all housing services, grants and special financing and mortgage programs. Municipalities in particular could benefit from a central "clearinghouse", of sorts, which could fulfill this informational need. DCA's exemplary on-line NJ Construction Reporter demonstrates that DCA can maintain up-to-date information through a website format. Certainly this could be expanded to provide a full complement of the above data needs. Transparency in government operations requires accessible information.

6. **AGENCY TIMELINESS:** Slow decision-making, particularly DEP programs with lengthy (or no) time-frames for reviews, has created an atmosphere of unmanageable risk and uncertainty for private and public sector applicants. Time-frames for DOT, DEP and DCA approvals required for affordable housing projects must reflect the concurrent public purpose being served by these types of projects. Delays include protracted scheduling for critical pre-application conferences (routinely four weeks, or more) by State agencies which stymie coordinated and timely decision-making. More often than not, it's the private sector applicant that ends up, by default, being subject to State agency actions taken in sequential order rather than through concurrent decision-making. DEP's Land Use Management group, and particularly the Bureau of Watershed Management, has become a crucial bottleneck with its veto power over sewer service area changes. The Division's permit authority is subject to no statutory deadlines, as under the 90-Day Approval Law, mandating timelier decision-making.
7. **INCENTIVES FOR REDEVELOPMENT AND INFILL:** While more and more developers are shifting their business plans to 'brownfields' redevelopment and infill projects (instead of 'greenfield' development), the risks and costs associated with this type of work has become prohibitive in a majority of cases. Higher costs can be attributed to: purchasing and assembling land; market risks; building at higher densities (excessive per s.f. costs of mid to high-rise construction); union labor (prevailing wage requirements); environmental remediation; upgrading obsolete infrastructure; stormwater management; flood hazard net fill limits and other environmental restrictions to mention a few. The consistent message from state agencies is support for prioritizing brownfield redevelopment, and redevelopment in general. However, more incentives need to be in place to recognize and address the inequities and challenges encountered in redevelopment work, and make affordable housing an economically viable component of this type of development.
8. **AFFORDABLE HOUSING TRUST FUND:** Municipal (Affordable Housing) Trust Fund dollars are rarely utilized, and can only be used within the town that collects the funds. As a consequence, there is a surplus of unused funds producing no affordable housing opportunities.
9. **PROCESSING OF APPLICATIONS FOR FUNDING ASSISTANCE:** Many municipalities as well as affordable developers who seek state funding (grants, loans and/or mortgage assistance), find the review and approval of these programs less than optimal. The lack of both centralized, coordinated access to state funding programs and of timely approvals can lead to delayed projects, compromised bank financing and, worse yet, another affordable housing initiative that fails to come to market.
10. **ELIMINATE FEES:** Excessive fees (particularly water and sewer connection fees) are levied against affordable housing projects, which serve to increase the overall cost of development. Most non-profits avoid such fees, but private developers, who construct affordable housing (and subsidize these units) along with 'market-rate' housing, do not.
11. **CONSISTENT AND TIMELY PLANNING:** Nearly all residential (affordable housing) development requires densities that dictate public utility systems, namely sanitary sewer and potable water. Many utility purveyors have encountered limitations on the capacity of their wastewater or water treatment systems, and have entered into discussions with the DEP to

upgrade the capacity of their systems requiring an updated Wastewater Management Plan (WMP) and plan amendments. DEP approval of expanded wastewater needs for an impacted sewer service area (or an expanded water allocation), for example, can often take years to secure. To complicate matters, the DEP is about to publish rules that will likely impose strict requirements on MUA's and municipalities to update WMP's, or face moratoriums. Many times, disagreements over where, and how much, development should be allowed drives an inefficient process of evaluating the merits of the expanded capacity request. As a result, WMP's (necessary utility capacity) are stalled and housing production suffers. This dysfunctional process must be rectified.

IV. Recommendations

- 1. REQUIRE A DEP AUDIT OF PROGRAMS CONSTRAINING HOUSING DEVELOPMENT AND INSTITUTE A MORATORIUM ON NEW OR AMENDED DEP RULES PENDING THE AUDIT OUTCOME:** Require a program-wide audit (constraints analysis), by Executive Order if necessary, of NJDEP's current programs to identify these inconsistencies and mandate that DEP cease from adopting new or revised (more stringent) rules until the audit is complete. A one year time-frame is suggested. Once the findings are produced, a task force comprised of a balanced and expert membership, should require certain changes in conflicting regulatory programs to alleviate or minimize these inconsistencies and conflicts.³ (*Also see Recommendation No. 6 below.*) From that point forward, NJDEP must publish an accurate (mapped) analysis, as part of each new or modified rule's economic and environmental assessment, to demonstrate and justify new or more stringent regulatory requirements.

Category: New partnerships and coordination

- 2. DESIGNATE AN ENTITY WITH RESPONSIBILITY FOR RESOLVING INTERAGENCY CONFLICTS IN POLICIES IMPACTING THE DEVELOPMENT OF AFFORDABLE HOUSING:** Housing policy is and should remain the responsibility of the DCA Commissioner, who oversees the Division of Housing, as well as the DCA affiliates of COAH and HMFA. However, there is a need for a centralized entity with the authority to resolve interagency conflicts that impact the development of affordable housing, and to prioritize affordable housing projects. It is crucial that this entity be given the authority to implement housing goals, in the context of COAH regulations and the SDRP, despite other state regulatory impediments to the contrary. Such a group could work closely with DCA, OSG, DEP, DOT and other key agencies to minimize regulatory impediments (as identified above).

In the alternative – or maybe in addition to the above, another option would be to take advantage of OSG's land use coordination role to accomplish the same type of "oversight" to insure housing priorities and policy goals are met. If pursued instead of the first suggestion, then the OSG functional office needs to be sanctioned by the Governor's Office or possibly shifted to the Treasury Department, where it would be given at least equal authority over conflicting Departmental programs and/or equal status with other Commissioner-level decision making. As part of this alternative, OSG staff would require greater housing policy expertise and assistance to fulfill this role.

Category: New partnerships and coordination

³ The Interdepartmental Coordination Committee has, thus far, refrained from identifying specific program requirements, especially those in a redevelopment or infill context, which could or should be modified to achieve a level of relief for affordable housing projects. These decisions should be addressed by the Land Use Committee, in consultation with the Steering Committee and the impacted agencies. Some suggestions include, where appropriate: (1) reduced Stream Encroachment buffers; (2) relaxed net fill limitations; (3) reduced wetlands buffers; (4) reduced riparian corridor and/or C-1 buffers; (5) relaxed highway access permit restrictions; etc. Input from the Land Use Committee is welcomed on this issue.

3. **PROMOTE POSITIVE FISCAL BENEFITS OF SCHOOL FUNDING FORMULA ON NEW AFFORDABLE HOUSING DEVELOPMENT:** A revised school funding formula based on need has the potential to defuse municipal opposition to new family housing development, including affordable housing, for fiscal reasons. This objective should become part of a public outreach effort regarding both the formula and affordable housing policies. COAH and the Departments of Education and Treasury should assess the extent of the fiscal impact so that real numbers can be shared with the public. Building on a new funding formula, the three state agencies should look to propose additional financial incentives for those municipalities that can be motivated to build affordable family housing, but may not be recipients of increases in aid through this new formula.

Consideration should be given to linking school funding to COAH certification and (possibly) SDRP consistency. The SDRP link should only be considered after its new growth projections are reconciled with COAH's new rules to avoid frustrating growth objectives and 3rd round affordable housing goals. SDRP consistency cannot be linked to a lengthy and expensive "plan endorsement" process that discourages towns to "come into alignment" with state planning goals and objectives.

Categories: New or amended legislation (although signed into law, not yet implemented); New partnerships and coordination

4. **ADOPT THE REVISED STATE DEVELOPMENT AND REDEVELOPMENT PLAN, AND INCORPORATE AFFORDABLE HOUSING PLANNING INTO CONSERVATION DECISION-MAKING:** Complete the third iteration of the SDRP promptly, in a manner faithful to the statutory mandate to "represent a balance of development and conservation objectives best suited to meet the needs of the state."⁴ This first necessitates identifying the "needs of the state", as required by the State Planning Act, which directs the Commission to "Compile quantitative current estimates and statewide forecasts for population, employment, housing and land needs for development and redevelopment..."⁵. Only after this assemblage of information can the proper balances be struck. The end goal is to integrate the various interests and perspectives (local, county and private sector) with those of state agencies charged with promoting rationale land utilization and development while meeting their respective regulatory mandates.

Additionally, DEP Green Acres funding and NJEIT awards should be given "priority status" when they are sought by municipalities that have achieved "substantive certification" of their Fair Share Housing Plan in accordance with state regulations, in conjunction with or to promote the development of affordable housing. For Green Acres funding, applicants should be required to indicate whether a site for which state acquisition funds are sought is an affordable housing site in a proposed or certified Housing Element and Fair Share Plan. This will ensure that decision makers know the impact that an acquisition will have on a municipal plan to provide affordable housing, and potentially make these sites eligible for acquisition.

Categories: New or modified regulations; New partnerships and coordination

5. **PUBLISH ANNUAL AFFORDABLE HOUSING PRODUCTION DATA:** DCA, and all its affiliates (especially HMFA, COAH, and Meadowlands Commission), should publish housing production data regularly, and at least annually on its and their websites, in accordance with the Fair Housing Act's mandated Register of Housing Projects (N.J.S.A. 52:27D-307.1 et seq.). This should include data on affordable housing activity, both construction and rehabilitation activity, by municipality in addressing fair share housing obligations, as well as State funding, financing decisions and pending funding applications, including annual revenues to the

⁴ N.J.S.A. 52:18A-200.

⁵ N.J.S.A. 52:18A-201.b.(5).

Balanced Housing Fund and expenditures from the Balanced Housing Fund by project and municipality.

Category: New partnerships and coordination

- 6. REQUIRE TIMELY REVIEW OF PERMIT APPLICATIONS AND EMPOWER OFFICE OF SMART GROWTH TO ASSIST WITH INTERAGENCY PERMITTING NEEDS AND TIMING:** Change the culture and provide sufficient, trained public agency staff to achieve timely decision-making, beginning with the pre-application stage. Consider changes to the 90-Day Approval Law that would require a mid-point (45 day) milestone for initial DEP review/reporting so applicants are not forced to agree to extensions on the 89th day to avoid a “denial”. Expand the list of DEP regulatory programs that could be included under the 90-Day Approval Law. (Having no time-frame for agency action is unacceptable.) The role of OSG’s “interagency teams” in coordinating concurrent permit reviews across agencies should be expanded to insure greater involvement and assistance in promoting the production of housing, in particular affordable and workforce housing.

Categories: New or modified regulations; New partnerships and coordination

- 7. PROVIDE REGULATORY INCENTIVES FOR REDEVELOPMENT AND INFILL AND PUBLISH MENU OF RESOURCES:** There is an urgent need for subsidies and/or incentives to make urban and suburban infill, brownfields, greyfields and redevelopment opportunities more attractive and available. This is especially acute since so much of our future housing (and affordable housing) opportunities will be dependent on these types of areas. It is recommended that the following be considered: (1) 100% environmental remediation funding, through the NJEIT, for cleanups required in conjunction with any project that results in the construction of affordable housing; (2) state funding reimbursement (NJEIT or other) for off-site sewer or water improvements installed by the developer; (3) priority regulatory status for any permits associated with an infill or redevelopment affordable housing project, resulting in expedited permit treatment; (4) immunity from regulatory conflicts where, for example, the DEP refuses to issue a sewer (treatment works) approval because a small portion of the project falls within a “landscape project” area for potential T&E habitat; and (5) consideration of other DEP and DOT programs “exceptions” for affordable housing projects where, for instance, the DEP might reduce by 25% the “buffer” adjacent to a freshwater wetlands.

In addition to the above recommendations, an on-going effort should be undertaken to finalize and publish a comprehensive “interdepartmental menu” of redevelopment and infill incentives. The initiative should be conducted by OSG in cooperation with DCA, DEP and the regulated community. It would also need to be updated and refined as conditions and regulatory requirements change.

Categories: New or re-directed resources; New partnerships and coordination

- 8. ALLOW REGIONAL REVENUE SHARING OF MUNICIPAL HOUSING TRUST FUNDS:** Regional revenue-sharing or sharing of municipal housing trust fund dollars among communities (within a region) must be allowed.

Category: New or amended legislation; New or re-directed resources

- 9. CENTRALIZE APPLICATION PROCESS FOR AFFORDABLE HOUSING FUNDING:** State agencies offering grants, loans and mortgage assistance for affordable housing initiatives shall investigate ways to improve and streamline the application and review process to avoid costly delays. For example, build upon the Home Express program created by HMFA and DCA to jointly underwrite affordable housing projects needing Balanced Housing resources in addition

to multifamily financing and/or Low Income Housing Tax Credits. HMFA could assist developers even further with layering other available state housing resources.

Category: New partnerships and coordination

- 10. ELIMINATE FEES ON AFFORDABLE HOUSING PROJECTS FOR ALL AFFORDABLE HOUSING DEVELOPMENT, NOT JUST THOSE BY NON-PROFIT DEVELOPERS:** Change the state laws that govern municipal and/or private utility companies (including any applicable BPU regulations) to eliminate sewer, water and other utility fee requirements for housing units within a development project that provides affordable housing in accordance with a valid municipal ordinance. This should occur irrespective of whether that project was built by a non-profit, not-for-profit or private development company. Reductions in all state agency application fees for projects that include an affordable housing component should be explored to avoid making more costly the production of affordable housing.

Categories: New or amended legislation; New or modified regulations

- 11. RESOLVE INTERAGENCY DISPUTES OVER DEFINITION OF GROWTH AREAS AND EFFECTIVELY INTEGRATE GROWTH AREAS WITH WATER QUALITY MANAGEMENT PLANNING REGULATIONS:** An urgent focus must be placed on the following: (1) rectifying the disagreements over where development should occur, and at what densities, so that proper water and wastewater planning can take place in accordance with the SDRP and Mount Laurel Doctrine; (2) providing adequate DEP staff and resources to insure a cooperative process in working with municipalities and MUAs to facilitate the orderly and efficient review and approval of WMPs and plan amendments; and (3) integrating appropriate housing targets (in the form of specified densities, mixed-use alternatives and affordable housing obligations) as a condition of WMP approval. In addition, when 208 Plan amendments are needed to accommodate an approved affordable housing site, this agency action needs to be coordinated with any commensurate SDRP planning area change (at the same time) to avoid unnecessary delays and duplication of effort.

Categories: New or modified regulations; New partnerships and coordination

Housing Policy Task Force

Land Use and Policy Subcommittee

I. Goal Statement

To create and implement land use policies and practices that will increase housing production in appropriate places and at appropriate densities and forms while supporting the economic, social and environmental goals embodied in the State Planning Act at N.J.S.A. 52:18A- 196 et seq. and the Fair Housing Act at N.J.S.A. 52:27 D-301 et seq. By identifying the barriers to housing production and density and the potential policy initiatives that overcome those barriers the Land Use and Policy Subcommittee makes specific recommendations for action that support the development of housing that serves the economy, the community and the environment.

II. Preamble

a. RECOMMENDATION HIGHLIGHTS

- Clearly identify **community zones** – areas where the state supports and directs growth – through an accepted methodology that identifies areas that are appropriate for accommodating residential development state-wide;
- Change existing rules and regulations to make it easier to develop in community zones;
- Create cabinet level leadership focused on state planning;
- Promote center-based development including in rural areas;
- Address immediate Department of Environmental Protection (“DEP”) rule proposals that affect housing production, such as wastewater rules.

b. PRINCIPLES

- Housing production should occur in a way that is consistent with current and projected housing demand. In order for this to occur, regulatory barriers must be eliminated and there must be predictability regarding where housing can be developed, what type of housing can be developed, the regulatory process for obtaining housing development approvals, and how the supporting infrastructure and capital facilities will be funded. State regulatory programs should be consistent with state and regional planning. The current ever-changing regulatory climate with approvals never really being final must be fixed.
- The integration of land use and transportation infrastructure is essential to well-planned development and the ability of existing roadways to accommodate that development. The state highway access code should be evaluated and revised to acknowledge and accept congestion and some reduction in desired Level of Service (“LOS”) standards in Community Zones. Land use must be appropriately supported by transportation facilities, which may be accomplished through the integration of transportation and land use planning.
- Environmental regulations should support both preservation and growth through consistent performance based rules that allow flexibility and innovation and that are clear on environmental carrying capacity. The goals of protecting the environment and accommodating appropriate growth are not mutually exclusive.
- Unnecessary and costly redundancies in the regulatory review process, cause housing costs to be unduly excessive.
- A lack of state-wide policy and responsibility including targets and performance measures regarding prioritization of housing creation, and a lack of state commitment to a land use policy that facilitates growth in smart growth areas and prioritizes redevelopment all increase the cost of housing production and development in New Jersey.
- The State Planning Commission (“SPC”) and its staff, the Office of Smart Growth (“OSG”), should be relocated and restructured so it can effectively coordinate the competing and often conflicting actions of state agencies and authorities.

- Affordable housing should be required in all state funded housing initiatives.
- Some municipalities create land use and planning barriers to the production of housing by not accepting the responsibility to meet the constitutional affordable housing obligation, zoning inappropriately, not addressing local opposition to housing including (real or perceived) negative impacts on finances, traffic, open space, and quality of life, and advancing the perception that all growth is bad . Municipalities should zone for a broad range of housing opportunities. The state can reduce municipal opposition to housing by creating requirements and incentives that addresses local concerns.
- Municipalities rely on property taxes to fund schools, motivating towns to avoid planning for added housing, especially if it will house families with school children.

III. Findings of Fact

In order to move towards a more productive development review process the Land Use and Planning Subcommittee identified several serious issues in the existing development review process should be addressed. The subcommittee notes that these findings are applicable to development applications in general, e.g. for any use or combination of uses, although they may have a special incidence with respect to non-age restricted (family) housing, and to affordable housing in particular.

a. INCONSISTENT LAND USE AND PLANNING DECISIONS

The State Planning Act (“Act”) provides a basis for the creation of a state-wide vision for land use and conservation of natural resources. It was intended to provide for the coordination of state policies, local land use decisions and the programs, policies and investments of the various state departments and agencies. The concepts contained in the Act were both necessary and progressive policy objectives designed to meet many of the challenges faced by the State. However, there has not been a state-wide commitment to the goals of the Act. This has led to a continuation of the uncoordinated and disjointed land use and planning policy decisions and a lack of coordination of the investment of the state’s limited financial resources to support appropriate growth and preservation efforts.

b. LOCAL ZONING IS OFTEN FLAWED AND UNREALISTIC

Municipalities should evaluate what the impact of their zoning will be once implemented, rather than rely on development applications to troubleshoot local zoning through impact studies and the public process. The result of this in the current plan review process is that if a conforming project raises impact concerns, the local review board places the onus on the applicant to find solutions for problem(s) the municipality has actually created. A new development that places unwanted strains on a community’s circulation, stormwater or educational infrastructure according to adopted zoning represents a failure of municipal planning, not a flaw in the conforming development application. The burden for remedying this legitimately belongs to the public sector, not the development applicant, and the municipality should be obligated to bear the burden of proving out its zoning at the time it adopts zoning.

c. MUNICIPALITIES SHOULD BE HELD RESPONSIBLE FOR THEIR ZONING ACTIONS

Municipalities have enormous latitude to change the rules of the game at any time, even after a fully conforming development application has been filed. This fosters a culture of irresponsibility among local governments, since it permits a municipality to change the rules at the last minute, after a development applicant has, in good faith, submitted a development application that fully conforms to the current legal requirements. Municipalities rely on development applications to troubleshoot local zoning at the expense of the development applicant.

d. THE DEVELOPMENT REVIEW PROCESS IS COSTLY, INEFFICIENT AND TOP HEAVY

New Jersey's local development review process requires the submission of fully engineered site plans as part of any development application other than a single-family house, with only two exceptions, conceptual reviews and the General Development Plan ("GDP") option, which are not relevant to most projects and would require revision in order to be useful.

Fully engineered plans for preliminary approval are expensive and they are only necessary when a (re-) development project is applying for final approval. Most development projects can easily go through the "troubleshooting" stages of local review on the basis of a conceptual site plan. By requiring fully engineered site plans for virtually all development applications, municipalities un-necessarily add a significant cost factor to submitting a development application, at the expense of the applicant and with no measurable benefit to the local reviewing agency.

It is widely recognized that the technical requirements associated with the current development review process benefit primarily the professionals involved and not the communities or the development applicants. The "soft costs" charged by professional engineers, planners, attorneys and other professionals hired by either the development applicant or the reviewing agency can be quite considerable – often with little to show in terms of benefits from a public policy perspective. It is shocking, but not unusual, for development applicants to pay more – through escrow – to the engineers working for the review agency to review their plans than to their own professionals to develop these same plans.

e. CURRENT DEVELOPMENT CONTROLS LACK PREDICTABILITY WITH RESPECT TO THE BUILT OUTCOME

In spite of the increasingly cumbersome and complex regulations embodied in local zoning and land development codes, there is often a sense among local boards of a lack of control over the final built outcome, once a project is approved. This is due, in part, to the lack of codified design controls (as opposed to abstract zoning controls) found in local ordinances and to the inability of local boards to think about physical design issues until a development application has been formally submitted. This is a source of constant tension between applicants and review boards. In the absence of a tangible vision of what the built outcome the local board is trying to achieve, applicants and their professionals must play a guessing game involving multiple iterations. The inability on the part of the municipality to clearly express a vision of the design qualities it is seeking from the built product unnecessarily adds to the expense, delays and frustrations felt by all involved in the development review process.

f. CURRENT PROCEDURES OFTEN RESULT IN EXCESSIVE TIME DELAYS

Municipal reviewing agencies have little incentive to expedite proceedings, the costs of which are largely underwritten by development applicants. Third party objectors may also receive standing in the hearings and further delay the process. While the Municipal Land Use Law ("MLUL"), at N.J.S.A. 40:55D-1 et seq., establishes a precise timetable for review, development applicants are under considerable pressure to consent to numerous "extensions", or run the risk of having their application rejected "without prejudice". Development applications should be subject to a thorough and comprehensive evaluation on the basis of their substantive merits, local reviewing agencies should have access to the relevant information prior to making their determinations, and the public should be offered a meaningful opportunity to comment. However, current procedures allow for frequent abuses and that a more equitable and timely system should prevail.

g. OFFICE AND INDUSTRIAL PARK INFILL AND REUSE

Many office and industrial parks around the state have either not been developed to their full zoning potential due to lack of demand for additional office/industrial space at those locations, or have been developed at very low intensities as a result of artificially low development parameters, e.g. Floor Area

Ratios, which are established arbitrarily by local zoning codes. Typically, local zoning does not permit housing in these zones.

h. HIGHWAY ACCESS MANAGEMENT CODE

The Department of Transportation (DOT) adopted the State Highway Access Management Code, at N.J.A.C. 16:47 et seq., in 1991, and it has been regularly readopted thereafter. Some of the code standards differ in areas classified as urban as compared to rural. While the goal is to set standards that encourage development community zones and discourage it in rural areas, the actual effect of some of the standards is the reverse. In some cases it is impossible to meet the urban standards, but the rural standards can be met. This has caused primarily commercial development to locate in the more rural areas, causing a mismatch between locations of jobs and housing, including jobs for middle income households. Standards in the access code need to be revised to better reflect the traffic congestion levels that are typical of the urbanized areas throughout the country. As stated above for other regulatory programs, the standards need to support the state and regional land use plans that seek to direct residential, commercial, civic, and public sector activity to the community zones.

i. BROWNFIELD SITE REMEDIATION STANDARDS

DEP has also proposed revised Site Remediation Standards, at N.J.A.C. 7:26D et seq., for the clean up of contaminated sites, commonly known as brownfields. Most of these sites are no longer viable as industrial sites, but are in locations now considered appropriate for housing and mixed use development. The proposed standards significantly increase the degree of site clean up that is needed to levels that are frequently beyond federal clean up levels. The proposal also creates uncertainty in establishing a process where liability is limited when work is completed in accordance with the regulatory standards. Taken together, the proposal will lessen the likelihood that contaminated sites will be cleaned up. It does not promote clean up and reuse in accordance with state policy and redevelopment plans.

j. WATER QUALITY MANAGEMENT PLANNING RULES AND REGULATIONS

DEP has proposed major revisions to its Water Quality Management Planning rules and regulations at N.J.A.C. 7:15 et seq. In its proposal, DEP is turning the Water Quality Management Plans (WQMP) and Wastewater Management Plans (WMP) into land use plans, which they are not and should not become. The purpose of the WQMP and WMP should be to plan sewer treatment for publicly planned and identified community zones. They should be the tools to implement publicly approved land use plans.

k. SURFACE WATER QUALITY STANDARDS

Stream classification and regulatory requirements must be context sensitive and take surrounding land use into account. For example, the DEP has proposed Surface Water Quality Standards at N. J. A. C. 7:9B et seq., generally referred to as C-1 regulations for Category One waters which identify specific stream classifications as having certain regulatory requirements, including extensive buffering on each side of the stream. These stream classifications do not take the surrounding land uses into account, as many of the streams run through areas that have been heavily developed for decades and some for more than 100 years. Many of these areas are in Planning Areas 1 or 2, designated centers and further designated as areas in need of redevelopment. Additionally, storm water regulations often apply requirements better suited to the suburban landscape to urban areas, resulting in, for example, the requirement that a retention basin be built in a densely populated urban area.

IV. Recommendations

I. NEW OR REDIRECTED RESOURCES

- **Create the “Housing for Economic Prosperity (HEP)” program**

Create a program to offer financial incentives to local governments that adopt overlay zoning that will accommodate a broad range of housing opportunities in an appropriate manner. The state incentives should include planning grants to allow municipalities to explore creating one or more zones, technical

assistance, including tools to evaluate the fiscal impact of new development and a “municipal road show” to explain state assistance.

Other financial incentives might include up-front incentives of \$1,000 per unit allowed by zoning, and \$3,000 for each building permit granted. Due to the perceived and actual impacts to local school costs created by residential development, a program of school cost insurance to compensate towns for the fiscal impacts of family housing should be offered. This can be accomplished in the short term by amending the school funding formula so that the state pays the net new operating cost of educating children in approved “smart housing” zones.

Municipalities that provide opportunities for affordable and work-force housing should be provided with priority and/or enhanced capital funding for open space, transportation improvements, water/wastewater infrastructure, and other major investments. Finally a coordinated, priority permit review at the DEP through the Readiness Checklist process should be implemented. (See below.) Criteria for eligibility for the incentives offered by this program should include the following:

- 1) Is located in a community zone, and is also either near transit, in an area of concentrated development, or designated for high-density housing in an adopted local plan.
- 2) Requires higher densities and an efficient use of land
- 3) Allows good design including a mix of uses and pedestrian access, meets EnergyStar ratings, etc.
- 4) Meets or exceeds COAH growth share requirements for low/moderate income households
- 5) Includes “workforce” housing affordable to middle-income families earning between 80 – 120% of median. (Note: we are working to better define this requirement.)
- 6) Governed by a predictable local development review process, whereby municipalities must:
 - ❖ Offer expedited local approval for projects that meet zoning requirements provided adverse impacts can be minimized
 - ❖ Define the appeals process so that party opposing a consistent project bears liability for appeals without merit.

- **Create a Hamlet Development Pilot project to create affordable housing in rural areas**

A hamlet is defined in the State Plan as a small-scale, compact residential settlement with one or more community-related functions. The pilot program would be a tool for rural communities to provide affordable housing in a center-based pattern and preserve open spaces. State agency support would be provided, to, for example, the State Agriculture Development Committee to secure farmland preservation funds, and to the DEP to plan and permit package plants and constructed wetlands.

- **Focus state investment on Redevelopment in community zones**

- 1) Establish a State Infrastructure Bank using reallocated funds from other sources for infrastructure costs associated with redevelopment consistent with the State Plan. Such funding would allow older municipalities to upgrade existing infrastructure as a means of attracting developers. Alternatively: the existing New Jersey Environmental Infrastructure Trust could be re-tooled to support projects that encourage redevelopment, and discontinue funding for projects that promote sprawl. Capitalizing the trust would enable it to make grants for community zones, in addition to its traditional low-interest financing.
- 2) Create a State Plan Infrastructure Needs Assessment that assesses the infrastructure needs in each of the state’s community zones. Evaluate existing systems in each city for needed repairs as well as upgrades necessary for accommodating anticipated growth.
- 3) Develop a multi-year water quality infrastructure plan, linked to cities’ economic development strategies and redevelopment plans, which prioritizes available state resources for targeted, coordinated infrastructure investment (including the New Jersey Environmental Infrastructure Trust) to upgrade urban sewer, water and drainage infrastructure.
- 4) Improve urban transportation and circulation by using transportation investments strategically as a tool for urban revitalization. Greater emphasis is needed on linking

transportation investments with urban revitalization, and giving priority to transportation investments that enhance the competitive position of urban areas and foster smart growth.

- **Enact a two-tier state historic preservation tax credit program.**

The historic preservation tax credit program would offer the following:

- 1) Tax credits for developers of rental residential or commercial buildings in historic districts that supplement the Federal Historic Preservation Tax Credit; and
- 2) Tax credits for homebuyers or owners restoring individual homes in historic districts.

- **Expand the state's role in assisting towns with redevelopment activities that include affordable housing.**

Develop capacity within Department of Community Affairs ("DCA"), the Housing Mortgage and Finance Agency ("HMFA") and the New Jersey Redevelopment Authority ("NJRA") to proactively assist in areas targeted for redevelopment where there is a commitment to include affordable housing. Areas of assistance would include feasibility analysis, predevelopment funding, land acquisition and assemblage, abandoned property acquisition, land banking, site remediation and developer selection.

- **Create a large-scale property acquisition fund for local government and nonprofit entities.**

Provide state funds to leverage a large-scale property acquisition fund for local governments and nonprofit entities undertaking housing development activities, providing patient money on flexible terms that reflects the lead time between site acquisition and redevelopment, and prioritizing funds to municipalities that establish effective land banking and reutilization programs and community developers implementing strategic neighborhood plans.

m. NEW OR AMENDED LEGISLATION

- **Amend the State Planning Act to restructure the State Planning Commission and the Office of Smart Growth**

- 1) Sign an Executive Order providing the existing State Planning Commission ("SPC" or "Commission")) and OSG with the powers outlined below and direct state agencies to amend plans, spending and regulations to implement the State Plan.
- 2) Create and pass legislation formalizing the new Commission's authority and purpose.
- 3) Amend the Act and the MLUL to direct local governments to adopt master plans and ordinances that are consistent with the State Plan.
- 4)

Locate the commission in but not of the Department of the Treasury

It is essential that the Commission and its staff are appropriately located to perform the necessary tasks of resolving inter-departmental conflicts and have the ability and authority to make recommendations on legislation, regulations, programs and funding to all departments.

Change the State Planning Commission's membership

The membership should be changed to consist of the Chair; the department heads of the following state agencies: The Department of Transportation ("DOT"), DEP, DCA, Department of Community Affairs, Department of the Treasury ("Treasury") the Department of Agriculture ("Agriculture") and the Department of Health and Senior Services ("DHS"). Additionally there should be five public members representing the environment, housing, economic development, urban redevelopment and transportation; three municipal officials (rural, suburban, urban); one county official and two planning professionals. The Governor should be given veto power over the minutes of the commission.

Appropriately empower the Commission

A full-time, paid Chief Administrator shall be appointed by the Governor, will serve in the Governor's Cabinet, will oversee the work of the Commission and will also serve as the

Chairperson of the Commission's Board. The Chief Administrator or designee shall serve on state bodies that influence land use decisions such as the Economic Development Authority ("EDA"), HMFA, the NJ Commission on Capital Budgeting and Planning, the Transportation Trust Fund Authority, the Statehouse Commission, the Environmental Infrastructure Trust, and the Garden State Preservation Trust, the Council on Affordable Housing ("COAH"), the Meadowlands, the Pinelands, and the Highlands. Additionally, the Commission will have an appropriately sized, professional staff to conduct the work of the Commission.

In order to provide adequate staffing to the Commission, the specific staff needs of the newly empowered Commission must be reassessed. The staff of the current Office of Smart Growth should be moved to the SPC, and the Commission must be funded adequately so it can recruit staff of the highest professional caliber.

Define the purpose of the State Planning Commission

The role of the State Planning Commission must be clearly defined. The Commission must have a clearly defined mission to achieve these targets that should emphasize the following:

- 1) Create a State Master Plan which shall include a Development and Redevelopment component which shall serve as a comprehensive blueprint for the growth, development and conservation of the State and its regions.
- 2) Adopt a single set of municipal population and employment projections and targets (with local input) to be used by all state agencies and municipalities
- 3) Submit an Infrastructure Needs Assessment report which shall detail the present and prospective conditions, needs and costs with regard to state, county and municipal capital facilities.
- 4) Review proposed bills, joint resolutions or concurrent resolutions in either House of the Legislature which establish and or modify any land use statute or regulation in this State and to suggest alternatives.
- 5) Review proposed regulations and programs from any state department which establishes and or modifies any land use regulation or program in the State for consistency with the State Plan, and where an inconsistency exists, to recommend changes or prevent the regulation or program from taking effect.
- 6) Coordinate departmental strategic plans and programs to ensure consistency with the State Plan, with specific emphasis on the plans and programs of the Departments of Transportation, Environmental Protection, Agriculture and Community Affairs.
- 7) Review and oversee capital spending and infrastructure financing of all departments and agencies for consistency with the State Plan, especially the Departments of Transportation and Community Affairs, the Environmental Infrastructure Trust, the Economic Development Authority and the Housing and Mortgage Finance Agency, and where an inconsistency exists, disapprove the spending.
- 8) Mediate between conflicting state department policies, procedures and rules as well as conflicts between state, county and municipal policies to ensure a clear, consistent and efficient process for implementing the State Plan.
- 9) Provide technical assistance to local governments in order to encourage the use of the most effective and efficient planning and development review data, tools and procedures;
- 10) Develop and promote procedures to facilitate cooperation and coordination between state agencies and local governments with regard to the development of plans, programs and policies which affect land use, environmental, capital and economic development issues.

11) Empower the State Planning Commission to review state infrastructure funding to ensure redevelopment is prioritized. State agencies and authorities must be required to demonstrate how their annual spending plans serve the priority for redevelopment established in the State Plan. The state must undertake a regular performance evaluation of state expenditures – operating and capital expenditures as well as discretionary and formula-based expenditures – to uncover areas of inconsistency.

- **Amend the MLUL to reinforce that housing is a critical purpose of planning:**

1) Address the provision of an adequate housing supply

Unlike many enabling statutes in the nation, New Jersey has no separately articulated goals or purposes that specifically set forth that the provision of housing as a central focus of planning and a prerequisite for the exercise of the zoning power delegated to local governments. Recently A-3860 addressed this gap as follows: “To provide a supply of housing adequate to meet the demographic, social, and economic needs of the State's diverse and dynamic population.” Enabling statutes of other states describe that a “variety and choice” of housing styles including various configurations of multifamily housing and housing designed to meet specific needs (age supportive housing forms, community residences, etc.) must be included in reasonable proportion within the planning and zoning policies of local government. The MLUL should be amended to address the provision of an adequate housing supply, including variety and choice of housing styles and types, as an explicit purpose.

2) Strengthen and clarify the role of the Housing Element

The Fair Housing Act of 1985 expanded the role and content of the Housing Element in municipal planning; however, it was poorly integrated into the MLUL. N.J.A.C. 40:55D-62, Power to Zone, requires that a municipality have a Housing Element as a prerequisite to adopting a zoning ordinance. However, under N.J.A.C. 40:55D-28, the Housing Element is not listed as a mandatory element of the Master Plan, nor are the specific requirements for the content of a master plan integrated into the MLUL directly and are merely included by reference to the Fair Housing Act. This wording has led many practitioners to view the Housing Element as a document chiefly if not exclusively focused on achieving compliance with the Fair Housing Act and COAH regulations and has not led to much municipal consideration of supply, variety and choice of housing in general. N.J.A.C. 40:55D-28 should be amended to address these issues.

3) Form-Based Zoning

A lack of control over the end product of development contributes to the adversarial nature of land use applications between applicants and municipalities. A solution to this quandary is provided by Form-Based Zoning (FBZ), a new approach to zoning that is gaining increasing popularity in urban, suburban and rural jurisdictions across the nation. FBZ is widely considered the most promising development in the field. While maintaining the ability of local government to control uses, FBZ shifts the emphasis to the built form, the outcome with which we all have to live with. Instead of complex and abstract mathematical formulas, FBZ codes depict in elegant and easy to comprehend two- and three-dimensional drawings the desired physical outcomes. FBZ codes typically regulate building types, instead of uses, and therefore provide a much greater level of detail and an enhanced predictability with respect to what is desired.

FBZ codes are recognized and promoted by the American Planning Association, American Institute of Architects, Congress for a New Urbanism, Urban Land Institute and many other professional organizations. FBZ codes are part of the curriculum in most accredited planning

and design schools and should be made a mandatory part of the curriculum for planning and zoning board members in New Jersey.

FBZ codes are clearly authorized in NJ under the Redevelopment statutes. However, although some municipalities are currently pursuing FBZ codes under different circumstances, such as downtowns or planned communities, g land use professionals in the state are concerned that the MLUL should be amended to specifically define and permit FBZ codes and regulate the circumstances under which they might be applicable, and eliminate any ambiguity over their lawful use.

The Subcommittee believes the MLUL should be amended to specifically define and authorize FBZ codes in any municipality that wants to use them. Because FBZ codes will require an investment on the part of the municipalities wishing to adopt them, and in order to encourage the adoption of this more sophisticated regulatory tool, it also is recommended that the State create a grant program – perhaps by dedicating a portion of the OSG Smart Future planning grants – to help underwrite these efforts.

4) Housing as a valid criteria for variances

An increasing number of local planning and zoning boards have been “finding” in resolutions that additional housing arising from the grant of bulk variances is a “detriment” in the evaluation of variances rather than treating the provision of housing and achieving the density zoned-for on a tract as inherent public benefit. In contrast, COAH has a longstanding provision that asserts that municipalities “shall” cooperate with applicants through the granting of reasonable variances to ensure that development proceeds to deliver the amount of housing that a site was zoned to accommodate. Section 70 of the MLUL should be amended to at least incorporate COAH’s standard of review as it pertains to inclusionary development and should be reviewed to ensure that the provision of affordable housing cannot be weighed as a detriment in the consideration of bulk variances.

5) Time of decision

Amend the MLUL to explicitly require that development applications be judged by the code provisions in place on the date they are submitted to, rather than deemed complete by" the local administrative officer for a determination of completeness against the required checklist. This provision will introduce a much needed element of finality and certainty into the land development review process.

6) Amendments to General Development Plan Provisions

The mutual advantages of the “conceptual review” discussed above can be achieved and extended to a majority of development applications in “community zones” (aka smart growth areas) by way of minor amendments to the General Development Plan (GDP) provisions of the MLUL.

The MLUL should be amended to allow the GDP option to be available “as-of-right” in any municipality that has Planned Development provisions. The GDP option should not require a separate legislative action by the local government.

The 100-acre minimum currently required for GDPs makes no sense given New Jersey state government’s emphasis on growth management and redevelopment. A much reduced – perhaps even eliminated -- minimum area threshold for GDP enactment would make this mechanism much more relevant and effective in the context of present conditions in the state. The flexibility inherent to this existing provision of the MLUL can then be extended to a majority of development applications in appropriate locations.

In addition, GDP applications involving parcels of five (5) acres or less should not be required by local ordinance to submit an environmental inventory, community facility plan, phasing plan or fiscal impact analysis.

Finally, the Local Housing and Redevelopment Law at N.J.S.A. 40A:12A-1 et seq. ("LHRL") should be amended to make the revised GDP provisions applicable to all projects under the jurisdiction of the redevelopment statutes, regardless of their location or size.

7) Amendments to Planned Development Provisions

The Planned Development provisions of the MLUL specify a 10-acre minimum for Planned Unit Developments and a 5-acre minimum for Planned Unit Residential Developments, Planned Commercial Developments and Planned Industrial Developments have no minimum area defined by statute; the minimum is determined by local ordinance. The concept of Planned Development – while still the most flexible in the MLUL -- is a product of the 1980s and is no longer the most appropriate to satisfy many of the requirements of municipalities, developers and current market conditions.

Instead of modifying the MLUL's existing provisions, the Subcommittee recommends that the Planned Development section of the MLUL be amended to include a new Planned Infill Development section. This would be defined as a contiguous or non-contiguous area with no prescribed minimum size, located in a "community zone" and containing a minimum of two (2) buildings to be developed jointly with any combination of uses permitted by ordinance. Planned Infill Development (PID) areas would be subject to GDP submission.

8) Hearing examiner

This report proposes that municipalities be authorized, but not required, to create hearing examiner positions as a supplement to planning and zoning boards to improve the efficiency, effectiveness and fairness of the development approval process. Legislation should provide a variety of options, including allowing the hearing officer to conduct the hearing on behalf of the planning or zoning board, to conduct the hearing alone and create the record, and make findings and recommendations, or make findings and a final decision, including conditions. Where the hearing officer's decision is final, it could be appealed to a board or governing body, but only on the record that was created in the hearing. Development application fees can pay for the costs of employing an examiner.

The position of zoning hearing examiner is a position created in municipal government to replace or supplement the traditional quasi-judicial decision making roles of a planning board or zoning board. Typically trained as an attorney or professional planner, the hearing examiner conducts hearings on original applications for development and appeals of land use decisions, oversees the creation of a record, and makes written findings and conclusions. Sometimes the hearing examiner's actions will take the form of final decisions, such as those for a variance. Alternatively, the hearing examiner may make recommendations on such topics as site plans and parcel-specific rezonings to a planning board, zoning board, or governing body.

The advantages of a hearing examiner include efficiency in reviewing development applications, especially where there is a heavy caseload. The examiner thus frees the time of planning board members to focus on long-term planning. The hearing examiner may be able to hold hearings more frequently than lay boards (since the problem of obtaining a quorum is eliminated), and thus can reduce delay applicants. The hearing examiner may also be flexible as to when hearings can be held, such as during the day. Further, a hearing examiner is, strictly speaking, more accountable, and can be hired and discharged without the political dimension associated with removal of planning and zoning board members. With a hearing examiner, a single professional decision maker is accountable for the final decision, rather

than having the decision making responsibility diffused among a number of lay officials. The hearing examiner is, ideally, an impartial professional, with training in planning and land use regulation, who can hear a case without a particular bias or interest. Some contend that the use of a hearing examiner may reduce litigation, especially in a complex planning and land use environment.

Nine states (Alaska, Arizona, Idaho, Illinois, Indiana, Maryland, Oregon, Tennessee, and Washington) expressly authorize hearing examiners. In other states, including Ohio and Florida, hearing examiners have been established without benefit of enabling statutes. Some statutes simply authorize the establishment of the hearing examiner position; others contain specifics, such as requirements for training and experience, the types of development decisions the hearing examiner may consider, specifications of standards and criteria to be applied, and provisions for written findings and conclusions.

- **Land use court**

Given the complexity and changing nature of land use regulations, relevant case law, and municipal, county and state legislation and the considerable propensity for litigation over these issues in New Jersey it is recommended that the Legislature create a specialized Land Use Court – akin to the State’s Tax Court – staffed by judges with considerable knowledge of and experience in land use issues. The Land Use Court would have jurisdiction with respect to any land use decision of a county or municipal government, agency or authority or of State agencies. The Land Use Court would follow the rules and procedures of the NJ Superior Court and its judges would have equal standing with Superior Court judges.

- **Area-wide Permits**

The Legislature should direct appropriate State agencies to modify the administrative rules of relevant programs to incorporate the concept of the area-wide permit. An area-wide permit is a single unified permit issued by a state agency regulatory program that allows certain pre-specified regulated activities to occur within the geographic boundaries of a designated area.

Area wide permits shall be available for “redevelopment” and “rehabilitation” areas designated under the *Local Housing and Redevelopment Act* and for Centers designated by the State Planning Commission and shall be valid for 6 years, subject to renewal.

The area-wide permit shall be issued to the municipality and administered locally. The municipality shall first submit a permit request that provides sufficient information about the nature and extent of the current conditions and planned activities to allow the state agency to evaluate the implications of these activities and to develop – with the active participation of the municipality, State Planning Commission, landowners and interested parties – an area-wide strategy with respect to the regulated resource. The area-wide permit will specify the type and extent of pre-approved activities within the designated area. The conditions of the permit will be enforced by the municipality through the site plan review process.

Area-wide permits shall be reviewed by the municipality as part of the Master Plan or Master Plan Re-Examination Process or whenever major changes in zoning or others would so require.

n. NEW OR MODIFIED REGULATIONS

- **Community Zones**

The committee recommends formal adoption of the concept of “**Community Zones**” as places where the state will direct growth be made. Before the state can create incentives for growth in the right areas, there must be a clear understanding of where these areas are located. The following areas are proposed as New Jersey’s Community Zones.

- 1) State Planning Areas

- ❖ Metropolitan PA 1
- ❖ Suburban PA 2
- ❖ Designated centers

2) Regional Master Plans

- ❖ Pinelands Comprehensive Management Plan (CMP) – designated growth areas
- ❖ New Jersey Meadowlands Commission Master Plan – growth area
- ❖ Highlands Regional Master Plan: Growth areas identified in municipal master plans/zones that are in conformance with the Regional Master Plan

3) DEP designated CAFRA centers

4) Designated TDR receiving zones

5) Areas in need of redevelopment or rehabilitation as designated pursuant to N.J.S.A. 40A:12A-1. et. seq.

- **Expiring Centers**

Under the provisions of State Planning Commission regulations, more than 60 designated centers expired on January 8, 2008. The designated centers must continue to be recognized as smart growth areas, where land with sewer service is to be used efficiently and so that there are not unintended inconsistencies with state agency regulations, e.g. under BPU regulations new development would, in effect, be penalized and required to pay all costs of utility line extensions if centers expire.

- 1) The Governor should issue an executive order to eliminate the center expiration provision of the SPC regulations and restore the center status of the expired centers.
- 2) Centers should not expire. The center status should continue unless subsequently changed by amendment or revision of the State Plan.

- **Stormwater Management Rules**

DEP must reevaluate the regulatory requirements under the Stormwater Management Rules, at N.J.A.C. 7:8 et seq. in community zones. DEP needs to provide for a cooperative approach with the state or regional planning authority with jurisdiction for the area to jointly propose rules and regulations that are context sensitive and appropriate to the surrounding land uses and planning designations. Stormwater Management Rules should have context appropriate applications that recognize the area within which they are being implemented. An example would be the modification or elimination of stormwater retention requirements in the State's Urban Centers.

- **Flood Hazard Rules**

DEP must reevaluate the regulatory requirements under the Flood Hazard rules, at N.J.A.C. 7:13 et seq. in community zones. DEP needs to provide for a cooperative approach with the state or regional planning authority with jurisdiction for the area to jointly propose rules and regulations appropriate to the surrounding land uses and planning designations

- **Site Remediation Rules**

The proposed Site Remediation rules should be re-evaluated to ensure that standards are set at levels that protect health and safety, promote clean up of contaminated sites, and return abandoned sites in the community zones to productive re-use in accordance with state and regional plans.

- **DEP Water Quality Management Plan Rules**

DEP Water Quality Management Plan rules, at should be re-proposed to recognize:

- 1) The WQMP and WMP are plans to provide sewer service for community zones. They are not land use plans.
- 2) Existing WQMPs and WMPs must remain in place until revised.
- 3) Submissions must be phased in over several years; priority needs to go to plans providing for expansion and upgrades of sewer service for community zones.
- 4) Due to the complexity of issues to be addressed, e.g., septic management, these issues must be phased in over several planning cycles.
- 5) Plans should allow for new stand alone sewer treatment systems to serve new centers of concentrated development patterns on developable lands in Planning Areas 4 and 5 to prevent low density sprawl over these planning areas.
- 6) The State Planning Commission should serve as the mediator between the county and DEP in resolving planning issues relating to the provision of sewer service to community zones.

- **Surface Water Quality Standards Rules**

As part of its Surface Water Quality Standards rule proposal, DEP should not impose any of the regulatory requirements for the identified stream classifications in community zones. Instead, DEP should provide for a cooperative approach with the state or regional planning authority with jurisdiction for the area to jointly propose rules and regulations appropriate to the surrounding land uses and planning designations.

Further, prior to any action on any proposed rules for Surface Water quality, DEP should obtain independent external peer review of the science underlying the proposed rules to determine whether there is empirical support for them, what the likely impact will be from the rules, and whether there are alternative ways of furthering environmental objectives.

- **CAFRA Centers**

DEP should re-designate all of the CAFRA coastal centers not under State Plan jurisdiction that were originally designated by DEP in 2000.

Originally designated by DEP at N.J.A.C. 7:7E at seq. in 2000 in the CAFRA area of the state, CAFRA Centers not under State Plan jurisdiction subsequently expired because most municipalities did not participate in the SPC plan endorsement process, as would have been necessary, to receive full center status. It is important to protect the center designations to promote efficient land use of sewer service areas. As DEP noted when it designated coastal centers in 2000, "Centers are compact forms of development that, compared to sprawl development, consume less land, deplete fewer natural resources, and are more efficient in the delivery of public services. The concept of centers and promoting development in them is a key principle of growth management initiatives in the State, including the coastal area." Without center status, the impervious cover limits are much too low in the community zones, thus promoting, instead of discouraging, inefficient low density land use patterns.

- **Center Designation**

The SPC should return to its prior procedures of designating centers without use of the plan endorsement process.

Initially, the SPC process for the designation of centers involved a petition to the SPC relating specifically to land use in the center and the establishment of its boundary. Although that process worked comparatively well, the SPC abandoned it in favor of a more comprehensive process known as plan endorsement that included an evaluation of the land use for the entire municipality—not just the center. That process has proven to be extremely slow and expensive. As a result, few additional centers have been designated, even though many areas function as centers. They should be officially recognized as such.

The SPC shall also have the authority to designate a center based on internal analysis that an area has all the attributes of a center and is an appropriate location to accommodate state growth. The SPC shall use the State Plan to develop the list of attributes. This provision is necessary to ensure that areas that are appropriate for growth are identified properly and afforded the appropriate incentives for higher density growth.

- o. **NEW PARTNERSHIPS AND COORDINATION**

- **State highway access standards**

The levels of congestion that are acknowledged to exist in the community zones should be appropriately reflected in state highway access standards. DOT needs to provide for a cooperative approach with the state or regional planning authority with jurisdiction for the area to jointly propose rules and regulations appropriate to the surrounding land uses and planning designations. The link between transportation infrastructure and land use needs to be recognized. There must be improved coordination and integration of transportation and land use, which will also require greater collaboration on the part of the State and counties with municipal land use decision-makers to allow for more efficient and coordinated investment in transportation facilities and development that can be adequately supported by those facilities.

- **Greyfield planning and reuse**

The State Planning Commission should actively promote conversion of commercial sites that are no longer viable to residential and mixed use centers.

Many properties in the state have been previously developed as commercial office parks and shopping centers that are no longer viable. While some have been reinvented as mixed use developments that incorporate housing, many of these sites are vacant or seriously underutilized, i.e. height, density and floor area ratio. There is a need to aggressively promote market viable reuse of these sites. Most of the sites have public water and sewer service. The larger sites have road networks, buildings and vacant land that could support conversion to residential use or center type mixed use. Incentives should be developed to encourage municipalities to change the permitted uses of these sites to include residential use.

- **Office and Industrial Park infill and reuse**

The State Planning Commission should actively seek to identify opportunities to promote residential infill in office/industrial parks in appropriate locations with underutilized land and wastewater treatment systems and, in particular, close to transit. It should create a program that provides municipalities with technical assistance to plan for retro-fitting these single-use areas and change the restrictive single-use zoning to mixed-use zoning that encourages housing, and in particular work-force housing.

- **Board of Public Utilities**

The Board of Public Utilities is encouraged to either grant exemptions to inclusionary affordable housing developments as projects of public use or otherwise revise its regulations to allow inclusionary affordable housing developments that are not located in identified smart growth areas to receive the same level of refunds for utility service as allowed in smart growth areas. This is necessary to eliminate a cost generating feature that increases the cost of developing affordable housing.

- **State Plan Mapping Criteria**

Areas with existing sewer service that are presently located in Planning Areas 3, 4 or 5 should be re-designated as Planning Area 2. The State Plan Planning Area 2 designation criteria should be amended to reflect that areas with existing infrastructure and capacity should be recognized as growth areas even if not adjacent to other suburban or metropolitan areas or in formally designated centers. Many of these previously developed areas have been placed in Planning Areas 3, 4 or 5 because of the State Plan designation criterion that required the areas to be adjacent to a Planning Area 1 or 2. Due to a wide range of factors, many of these suburban areas are not adjacent to other developed areas or are not in designated centers. Their developed condition needs to be accurately reflected on the State Plan.

Housing Policy Task Force

Workforce Housing Subcommittee

I. Goal Statement

The goal of the WorkForce Housing Committee was to review the WorkForce Housing Needs in New Jersey and to make specific recommendations to increase the production of housing for this population. Although the original charge to the Committee was to use 140% of Area Median Income as the basis of the recommendations, it is the recommendation of the Committee that for purposes of this report, WorkForce Housing be identified as housing for households between 81-120% AMI.

II. Preamble

WorkForce Housing (WFH) is defined as permanent housing for New Jersey households with income between 81-120% of Area Median Income. The attached chart details the WFH incomes by County based on 2007 COAH Income Limits (Exhibit 1).

Per the 2000 Census, there are a total of 740,525 WorkForce Households, 24.1% of the NJ Households. Of the total, 502,605 are homeowners and 237,920 are renters. The attached chart details the WFH by County. (Exhibit 2)

In order to better understand the needs for WorkForce Housing in New Jersey, the Committee invited presentations by the State Office of Economic Growth, the State Office of Smart Growth, the Casino Redevelopment Authority and a private consultant working in the area of WorkForce Housing. In addition, Committee members who represent a broad spectrum of the housing and planning industry presented written proposals specific to their areas of expertise.

The WorkForce Housing Committee also held a joint meeting with the Affordable Housing Committee.

III. Findings of Fact

- While there are identified sources of state and federal funding for “affordable” housing, there are no funding sources targeted to WFH. Significant sales price differences between subsidized affordable housing and market rate housing prevent WFH families from moving up, resulting in fewer housing opportunities for both WFH and lower-income families.
- As the attached Exhibit 3 indicates, based on the average sales price for new and re-sale homes in 2006, households with incomes of up to 120% of AMI (based on COAH Income Limits, 4.5 person household) can afford the purchase a home in only five of New Jersey’s 21 counties. For example, a household in Somerset County would need to earn 156% of AMI even though Somerset County has the highest Median Income in the state. A family in Bergen County would need to earn 247% of AMI to qualify.
- The approvals process for projects at all levels of government is often unpredictable in both outcome and processing time and may be impacted by conflicting or redundant regulations at

various governmental levels, all of which causes increased development and construction costs with consequential higher home sales prices.

- Municipal hesitancy in approving higher zoning densities for WorkForce Housing due to the anticipated burden on the local school system, loss of Open Space and traffic issues.
- No incentives for municipalities to encourage the development of WorkForce Housing.
- No incentives for developers to encourage the development of WorkForce Housing.
- Increased construction costs coupled with high operating costs has resulted in no new unsubsidized rental complexes being built.

IV. Recommendations

- LEGISLATION
 - Amend the Fair Housing Act to allow COAH credit for WorkForce Housing units (see attached Exhibit 4)
 - Require that all proposed State regulations include a Housing Impact Statement (see attached Exhibit 5)
- FINANCIAL RESOURCES
 - Allow a portion of any new sources of State funding for Affordable Housing to be used for WorkForce Housing including existing programs of the NJ Housing and Mortgage Finance Agency.
- NEW/MODIFIED PROGRAMS
 - Create a WorkForce Housing working group at the State level consisting of staff from Departments and Agencies with an interest in WorkForce Housing. The purpose of this group would be to coordinate efforts.
 - Create a Smart Housing Program to increase the supply of land zoned for workforce housing by offering financial incentives to municipalities who zone for well-located, compact housing with a large affordable component. (see attached Exhibit 6)
- NEW/MODIFIED REGULATIONS
 - Work with the Departments of Community Affairs, Environmental Protection, and Transportation on others to determine ways to streamline and align regulations to meet the goals of the State.
 - Work with DEP to reduce the regulatory obstacles to housing construction, with a special focus on Brownfields cleanup standards and urban waterway corridor restrictions.
 - Work with DEP to implement a user-friendly version of the Readiness Checklist for inclusionary housing developments in smart growth areas to provide prioritized permit review and regulatory flexibility while maintaining environmental outcomes
 - Support regulatory changes to lower the operating costs of existing and newly development rental projects (see attached Exhibit 7)
- NEW PARTNERSHIPS
 - Extensively market these programs to specific sectors of the business community (health care/hospitals, pharmaceuticals, casinos).
 - Work closely with the Office of Economic Growth to target programs to areas of business growth including working with employers seeking to expand or enter New Jersey. Examples of this partnership could include:
 - Targeting state and municipal resources to areas of the state where specific job growth is expected to occur.
 - Providing a menu of WorkForce Housing options that can be supported by business to any employers seeking to expand their operations or move into New Jersey.

- The State should work closely with Municipalities to encourage the development of WorkForce Housing, specifically manufactured home communities, rental housing and for-sale housing. The State should provide technical assistance including Best Practices models as examples of WorkForce Housing.

- OTHER INITIATIVES
 - Continue to promote a dialogue on WorkForce Housing throughout the State including speaking at conferences (Urban Land Institute, Governor's Housing Conference) and continuing to meet as a Committee to explore new opportunities for WorkForce Housing.
 - Work closely with NJ Future on their Smart Housing for Economic Prosperity Program.
 - Undertake a campaign to make the public aware of the need for WorkForce Housing and the vital impact that this population has on the NJ economy as a whole.
 - Aggressively market the recently modified HMFA Live Where You Work Program to municipalities. Target large employers within the state to design employer-assisted housing programs under the guidelines of the Homeownership for Performing Employees Program (HOPE) administrated by the HMFA.

Strategic Planning for Affordable Housing Preservation in New Jersey

I. Goal Statement

On a national level, hundreds of thousands of existing subsidized, affordable and multifamily housing stock are nearing the end of their affordability controls. New Jersey has proactively made preservation of existing affordable units a priority and has made great strides in renewing affordability controls of existing affordable housing. The State of New Jersey must continue to invest resources into this effort, by developing and implementing new and innovative strategies to encourage preservation while removing barriers, and setting a goal of number of units to preserve over the next ten years. Recommended strategies to achieve this goal include:

- Identifying existing affordable housing stock that is most “at risk” in the near term based on the likelihood of converting to market-rate housing or of deterioration due to lack of resources for maintenance;
- Strategically preserving and renovating the affordable housing that is most at risk of being lost; and
- Creating and maintaining sustainable communities located near jobs, transportation and services.

II. Preamble

- Preserving and improving affordable housing is an essential step in addressing New Jersey’s affordable housing needs.
- Affordable rental housing provides an option for families and the elderly to live in stable, diverse communities, close to services and work opportunities. The current subprime crisis highlights that homeownership is not a viable solution for all households and demonstrates the on-going need for a stable inventory of affordable rental housing.
- The federally assisted rental housing stock is an especially important resource because it provides affordable homes to low and very low-income families and seniors. From 1965 to the mid-1980s, when the federal government partnered with the private sector by providing financial incentives in exchange for a commitment from property owners to keep the apartments affordable to low income households, tens of thousands of federally assisted apartments were developed throughout the State of New Jersey.
- Many federally assisted affordable apartments are located within close proximity to affordable public transportation options, which provides residents with greater access to employment, education, community and retail opportunities, thereby increasing their quality of life.
- Tax credit equity has been a substantial source of funding for affordable housing for the last twenty years; however, current economic conditions have put this funding source in jeopardy. Historically, preservation tax credits were often valued at a higher level than those for new construction, but in this current economic period, syndicators are shifting priorities to suburban, new construction projects.
- Preserving existing affordable housing is cost-effective. Analyzing tax credit equity deployed into new construction and rehabilitated rental properties; the National Housing Trust (NHT) has determined that it costs approximately 60% more to build a new affordable apartment than to preserve one in the same community. In more expensive communities, the cost of building new

affordable housing is almost double the cost of preserving affordable housing in the same neighborhood.

- Preserving affordable housing is faster than new construction. New construction of affordable housing typically takes at least two and often three years to complete from start to finish. Preservation and rehabilitation of affordable housing takes approximately half that time.
- New construction will not produce a sufficient supply of affordable rental housing for very low-income households. According to a national study by the Joint Center on Housing Studies, the number of low cost rentals lost to the housing supply shrunk by more than two million between 1993 and 2003. Only when existing affordable housing is preserved will building new affordable housing actually add to the affordable housing supply.⁶
- Safeguarding affordable housing maintains a mix of housing options in gentrifying neighborhoods and helps sustain older neighborhoods. Maintaining affordable housing in mixed income and aging neighborhoods allows low income households and generations of residents to remain in their communities and be able to avail themselves to better educational opportunities and jobs.
- Rehabilitating and improving existing affordable housing can be more sustainable in that renovating an existing building produces less construction waste, uses fewer new materials, and requires less energy than demolition and new construction.

III. Findings of Fact

- Today, nearly one-third of New Jersey households rent. Of this number, 38% of renters, or 392,450 people, spend 35% or more of their gross income on rent.⁷ This statistic is demonstrative of the high cost of rental housing in New Jersey and indicates that there is a significant population in New Jersey that could be eligible for affordable housing programs.
- The project-based Section 8 rental assistance program provides affordable apartments for a total of approximately 53,000 New Jersey families and seniors.⁸ The rent amounts that owners are collecting on these apartments range from being below the United States Department of Housing and Urban Development's (HUD) fair market rent (FMR) to well above (see table below).

Number of Apartments at Various Rent Levels	
Sec. 8 Rent below 80% FMR	7,589
Sect 8 Rent between 80% & 120% FMR	31,180
Sec. 8 Rent above 120% FMR	14,020
Total Project-Based Section 8 Apartments	52,789

- According to the National Housing Trust, more than 4,700 federally assisted housing units have been lost from New Jersey's affordable housing supply since 1996, for various reasons including conversion to market rate and foreclosure.
- On the national level, with projected growths in renter populations and added pressures on budgets, states are increasingly investing in affordable housing preservation. Just a few years ago, less than a handful of state governments prioritized preservation in their Low Income

⁶ Joint Center for Housing Studies. (2006). America's Rental Housing: Homes for a Diverse Nation. Cambridge: Joint Center for Housing Studies of Harvard University, pg. 2

⁷ 1,025,182 households or 32.7% of occupied housing units are renter-occupied (2006 American Community Survey).

⁸ According to NHT analysis of HUD's Multifamily Assistance and Section 8 Contracts database. Data as of 2/07.

Housing Tax Credit (LIHTC) programs. Today, 46 states prioritize preservation through points or a specific preservation set-aside in their competitive tax credit program. As a result, the number of affordable units preserved using LIHTCs have more than tripled over the last six years. The New Jersey Housing and Mortgage Finance Agency (HMFA) estimates that at least 2,500 affordable units were renovated and preserved in New Jersey with Low Income Housing Tax Credits over the last four years.

Challenges:

- According to the New Jersey Housing and Mortgage Finance Agency's Preservation Database, there are 48,694 HUD, Low Income Housing Tax Credits, and HMFA financed housing units with affordability restrictions set to expire by 2016.
- Of the total Project-Based Section 8 apartments in New Jersey, 29,659 are covered by contracts that will expire by the end of 2012.
- Insufficient funding, chronically late Section 8 payments, and short-term Section 8 contracts are eroding public confidence in the federal government's commitment to the Section 8 program. In other cases, properties have increased substantially in value, giving owners the incentive to opt out of the federal programs and convert the housing to market rate. For some owners who wish to stay in the affordable housing system, delays in payments and difficulties working with HUD feeds owner "HUD fatigue." Finally, many 20 year-old properties are suffering from physical deterioration and are in need of significant capital improvements.
- There are many state and federal regulations and programs that are charged with creating and preserving affordable housing, and at times are in conflict with one another. Regulations and programs should be streamlined to increase the capacity to build and preserve affordable housing.
- Developers often have difficulty in securing tax abatements from municipalities, due to the lack of a streamlined statewide policy regarding the appropriate allocation of abatements in a consistent manner. Municipalities have discretion regarding which projects are deserving of tax abatements.

Accomplishments:

- HMFA is proactively responding to current unfavorable market conditions for Low Income Housing Tax Credits by, among other things, increasing the basis limit, increasing maximum per project limits and being more flexible in the hardship clause mechanism.
- New Jersey has dedicated resources to preserve affordable housing and sets aside a specific portion of the competitive 9% Low Income Housing Tax Credits each year to be used for renovating and preserving existing affordable housing.
- Last year, HMFA dedicated over \$4 million in 9% tax credits to fund four projects that applied for the preservation set aside.
- Between 2004 and 2007, New Jersey preserved more than 5,000 affordable housing units using competitive 9% Low Income Housing Tax Credits, 4% Low Income Housing Tax Credits, and other HMFA financing tools.
- HMFA enacted regulatory restrictions to prevent HMFA-financed projects from prematurely opting-out of federal subsidy contracts. Projects cannot terminate affordability controls prior to the expiration of the original mortgage term even, if the HMFA mortgage is pre-paid.

IV. Recommendations

In order to address the critical barriers to preserving affordable housing, recommendations should include the following areas of policy reform:

- *Financing:* Stabilize and dedicate increased public funding to long-term preservation ownership; provide adequate resources to assist residents of at-risk properties; expand public-private financing sources for preservation transactions
- *Regulation:* Streamline policies and coordinate administrative practices to improve support for long-term preservation owners and make preservation transactions easier, faster and less costly
- *Incentives:* Increase tax and regulatory incentives for sellers and owners of existing, affordable rental housing to encourage preservation, reduce speculation and maximize long-term affordability
- *Information:* Collect, standardize, and widely share information about the characteristics of existing affordable rental properties, their residents, and key factors that create a risk of loss, as well as innovative and successful preservation strategies.

A. New or re-directed resources

- The State should place equal priority on preservation and new construction of affordable housing in New Jersey in order to ensure access to new and redirected funding resources.
- Provide more access to soft money on top of both 9% tax credits and 4% tax credit transactions.
- Provide guidance clarifying under what conditions a preservation project should qualify for a tax abatement under the Long Term Tax Abatement Law. Encourage municipalities to reduce the property tax burden of affordable housing properties by providing automatic extensions for tax abatements in return for continued affordability, or assessing the property value of affordable housing properties as affordable. The latter is used in New York and has lowered the tax liabilities for affordable housing properties and also ended the need for tax abatements.
- New funding sources dedicated to preservation should be identified. Although the current condition of the State budget may not be able to support new sources of funding, the following recommendations should be considered as potential long-term goals:
 - Donation Tax Credit: Other states now provide state corporate or individual tax credits that can be used in different ways. In Illinois and Missouri, the credit provides a strippable onetime tax credit on the value of any property donated to a nonprofit affordable housing sponsor.
 - State Low Income Housing Tax Credit: More than a dozen states currently allocate state tax credits. In some states (e.g. CA, GA), proposals that qualify for the federal Low Income Housing Tax Credit program automatically qualify for the state program, and in other cases (e.g. CT, IL, MA, NM, VA) the state credits are administered separately.
- Address local, county & municipal issues;

- The Council on Affordable Housing (COAH) and HMFA should work with municipalities in a coordinated fashion to utilize a reasonable portion of monies accumulated in affordable housing trust funds as a financing tool for preservation of at-risk housing.
- COAH should encourage municipalities to direct RCA funds to the renovation and modernization of existing multifamily rental projects as part of a strategy to keep them affordable rather than using RCA fund primarily for 1 – 4 family owner-occupied buildings. *Update: The passage of A500 eliminates the issuance of new RCA's.*
- COAH's proposed new rules should be adopted as expeditiously as possible, as COAH must approve municipal plans before money may be expended. *Update: The adopted rules were published in the NJ Register on June 2, 2008.*
- Consider establishment of New Jersey Acquisition Loan Fund with socially motivated lenders, or expanding the NJ PLAN fund at The Reinvestment Fund to facilitate large scale acquisition loans for preservation. Examples of this type of fund include:
 - New York City's \$220 million acquisition fund.
 - District of Columbia's \$40 Million Site Acquisition Funding Initiative for Affordable Housing (SAFI). SAFI funding seeks to leverage DC city funds with private funding to provide expeditious closings, accessibility and a revolving loan fund for nonprofit developers for the preservation, rehabilitation and production of affordable housing. This initiative provides site acquisition and predevelopment loans, purchase options and technical assistance to nonprofit developers. The term is no more than two years. Developers are able to secure the properties and then seek permanent long term, take out financing.

B. New or amended legislation

- Consider a statewide Right of 1st Refusal Law. Newark is currently contemplating a local first right of refusal law for all multifamily housing. The State could consider a statewide right of first refusal law modeled on the District of Columbia's Tenant Opportunity to Purchase Act (TOPA). TOPA stipulates that owners of residential rental properties must give the tenants an opportunity to purchase the building at a price and terms matching a bona fide third party offer. The tenants have no less than 120 days to negotiate a contract of sale. In addition to the minimum time provisions, the owner may also give the tenant organization reasonable extensions without incurring liability to any other third party contract.
- Review the need for redundant state and local inspections of properties and examine the value of the Certificate of Occupancy (CO) requirement for vacant units.

C. New or modified regulations

- On an annual basis, continue to modify the Qualified Allocation Plan for Low Income Housing Tax Credits to address the changes in the market and to further provide incentives for the preservation of affordable housing units.
- All housing program regulations and guidelines should be written to provide flexibility related to projects' specifics. In some cases, it may not be the best solution to preserve 100% of the units in a preservation project. HMFA should continue to work with owners on a project-by-project basis to determine the right amount of affordable units in a project based on the community.
- The developer fee for preservation projects should reflect the extent of the rehabilitation work needed for a project, so that developers receive a fair and reasonable return on their investment of time and skill. For example, the fee could be structured to allow an 8% fee for acquisition costs and a 15% fee for other development costs.
- Sufficient funding source should be identified when implementing new rules and regulations on existing affordable housing.

- Require owners, in connection with the expenditure of any of the above mentioned new or re-directed resources, to extend the affordability of the properties for a term equivalent to that of an HMFA mortgage.
- Require municipalities to enact affordable housing replacement ordinances that require developers whose actions result in loss of affordable housing (though demolition, condominium or non-residential conversions, etc.) to replace all or a percentage of the units lost. Replacement ordinances have been enacted on a limited basis in California and Vermont. Such an ordinance would require a legislative change to apply to demolition or condominium conversions. *Update: the passage of A500 sets new requirements for replacement units in redevelopment areas.*

D. New partnerships and coordination

- Create a state driven “early warning” strategy involving all stakeholders (e.g. HMFA, DCA/COAH, HUD, RHS, for-profit and nonprofit developers, syndicators and lenders).
 - Enhance the HMFA Preservation Database by including market data and building conditions to identify the stock that is truly at risk of converting to market rate housing or going into foreclosure.
 - Adapt the Preservation Database to generate reports for public use and make available on the HMFA website.
 - Develop an outreach strategy to help public agencies smartly deploy resources for preservation in time for intervention on a city-by-city basis.
- Direct HMFA to coordinate stakeholder meetings as needed to keep all parties informed, similar to coordination that is done with syndicators to discuss the tax credit market.
- Expand resources within the HMFA to enhance the capacity of non-profit and first time developers of affordable housing. The responsible division would:
 - Create a preliminary screening process for preservation transactions and establish a process that would increase developer interest.
 - Focus on developing financing and ownership capacity in particular communities where Section 8 housing is at risk.
 - Strengthen asset management of current owners, especially nonprofit owners.
 - Use information from data collected by HMFA on expiring Section 8 contracts to identify property needs and match those needs with refinancing opportunities or new ownership.
 - Provide technical assistance to for-profit and nonprofit purchasers of these assets. This technical assistance requires specific HUD expertise.
 - Provide professional staff for transactional support, specifically to bring knowledge on how to make transactions successful and how to navigate the complexities of HUD funding programs.
- Enhance coordination of the inspection requirements for projects that have both HMFA financing and tax credit allocations.
- Improve coordination between state and federal housing agencies and their respective programs and regulations.
 - Improve coordination between COAH regulations, the Uniform Housing Affordability Controls (UHAC), and federal programs to allow HUD supported projects to receive affordable housing credits where appropriate.

Clarify UHAC so that units created under HMFA financing programs, the Low-Income Tax Credit program and other federal funding sources can be assured of receiving COAH credit. Currently, there are discrepancies in these programs such as bedroom distribution, affordability average, low moderate split, and set asides for low income housing that add an unnecessary and costly burden to affordable housing projects without providing a commensurate benefit.

Chair:

Joseph V. Doria Jr., Commissioner, New Jersey Department of Community Affairs
Christiana Foglio, President, Community Investment Strategies

Affordable Housing

Co-Chairs:

Paige Carlson-Heim, Housing and Community Development Network of New Jersey
Ed Martoglio, RPM Development

Members:

Alison Badgett, Homes for New Jersey
Paul Bellan-Boyer, New Jersey Regional Coalition
Chris Garlin, The RCG Companies, LLC
Jonathan Gershen, The Gershen Group, LLC
Mark Holmes, Council on Affordable Housing Board Member
Kareem A. Hutson, Genesis Partners Real Property, LLC
Keith Kinard, Newark Housing Authority
Julie Roberts, NJ ACORN
Ed Schmierer, Mason G & P, PC
Kevin Walsh, Fair Share Housing
Brad Ingerman, The Ingerman Group
Matt Shapiro, New Jersey Tenants Organization

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Alison Recca-Ryan, Corporation for Supportive Housing

Members:

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Daniel Altilio, United Way of Hudson County
Mike Armstrong, Community Hope
Harold Colton-Max, Jewish Community Housing Corp.
Robert Davison, Mental Health Assoc of Essex County
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Carolyn Lewis-Spruill, Trenton Health and Human Services

Community Revitalization

Chair:

Richard Johnson, Matrix Development Group

Members:

Dave Barry, Applied Company
Vito Gallo, Housing and Community Development Planning
Bob Goldsmith Esq., Greenbaum, Rowe
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Helene Pierson, Heart of Camden
Bishop GC Benbow, Urban Clergy of Plainfield
Phyllis Salowe-Kaye, New Jersey Citizens Action
Diane Sterner, Housing and Community Development Network of New Jersey
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John Winterstella, Council on Affordable Housing Board Member

Members:

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Paul Chrystie, Coalition for Affordable Housing and the Environment
Arnold Cohen, Housing and Community Development Network of New Jersey
Albert Ellis, Council on Affordable Housing Board Member
Susan Gruel, Heyer, Gruel & Associates
Joanne Harkins, New Jersey Builders Association
Creigh Rahenkamp, PP/AICP
Carlos Rodrigues, PP/AICP, Regional Plan Association
Joel Schwartz, Landmark Community
Anthony Splendoria, Back to Nature
Stuart Meck, Rutgers

Workforce Housing

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Mike Fink, Leewood Real Estate
Joan Fittz, New Jersey Manufactured Housing Association
Jarrod Grasso, New Jersey Association of Realtors
Deforest Soaries, First Baptist Church of Somerset
Susan Zellman, Housing Partnership
Christ Sturm, New Jersey Future
Sean Closkey, The Reinvestment Fund

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Chair:

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Members:

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Deborah DeSantis, The Corporation for Supportive Housing/Council on Affordable Housing Board Member
Lori Grifa, Wolff & Samson for NAIOP
Diane Johnson, United States Department of Housing and Urban Development
David Kinsey, Kinsey & Hand
Peter O'Connor, Fair Share Housing Center
Tom Troy, Sharbell
Jim Valle, Homes for All, Inc.
Peter Hovnanian, Hovnanian
Mayor David Del Vecchio, Mayor of Lambertville

**Panelists for Housing Task Force Steering Committee
May 20, 2008**

Transportation

Jon Carnegie, Executive Director, Voorhees Transportation Center, Bloustein School of Planning and Public Policy, Rutgers

Pippa Woods, Senior Planner, NJ Transit

Vivian Baker, Assistant Dir. Transit Friendly Land Use and Development, NJ Transit

Brent Barnes, Director of Systems Planning and Research, NJ Dept. of Transportation

Education

Dan Gaby, Executive Director, Excellent Education for Everyone (E3)

Environment

Bob Bzik, Somerset County Director of Planning

Chris Daggett, JM Sorge, Inc.

Randall Solomon, Director of the New Jersey Sustainable State Institute, Bloustein School of Planning and Public Policy, Rutgers

Neil Yoskin, Esq., Chairman of the Environmental Practice Group at Sokol, Behot, Fiorenzo and Partner in charge of the Princeton office

Tim Dillingham, Executive Director, American Littoral Society