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Housing fee moratorium questioned

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For many South Jersey towns, a proposed measure that would eliminate a fee commercial developers have to pay to help fund the creation of more affordable housing units is a double-edged sword.

The measure would make it easier for towns to attract ratables by making it less expensive for developers to build commercial properties in New Jersey. But it will make it more difficult for towns to build more affordable units because it requires municipalities to give back the \$14 million in fees already collected.

"The sponsor of that bill is nuts," Florence administrator Richard Brook said. "I don't know what the state is thinking trying to get municipalities to return the money."

A bill sponsored by state Sen. Raymond Lesniak, D-Union, would place an 18-month moratorium on the collection of the 2.5 percent commercial developer fee. The bill also would suspend the obligation municipalities are under to build affordable housing as long as the state does not provide funding to replace revenue the fee would have raised.

Florence is among the dozens of New Jersey municipalities that would have to return -- to developers -- the fee revenues collected since July, when the state allowed the fee to take effect. In Florence, that amounts to \$557,547.

"We believe in providing affordable housing, but it's not easy when the rules keep changing," Brook said.

Brook said a moratorium on the fee, which municipalities must use to provide more affordable housing units, makes sense under the current economic crisis.

"The fees are extravagant," said Brook, adding that the cost is driving commercial developers away. "We're struggling to bring commercial ratables to the township. I understand the state trying to minimize the fee or freeze it."

But returning the fees already collected would hinder the township's ability to provide more affordable housing, a state requirement, Brook said.

"There's no doubt in my mind that townships will not be able to meet their obligation," Brook said. "That only leaves one alternative -- to raise by taxation. How else are we going to come up with the money?"

Brook said Florence wants to build more affordable units and has considered turning an old school into a senior housing complex and rehabilitating abandoned or foreclosed homes.

"We, as a township, are willing to comply and provide affordable housing," Brook said. "It's something we should be doing as a municipality."

Neighboring Burlington Township collected \$84,643 in development fees.

"It's not substantial because there hasn't been a lot of development simply because of the state of the economy," said Anthony Carnivale, the township's affordable housing officer.

Carnivale said some commercial developers opt to build in Delaware or Pennsylvania to avoid the development fee.

"It's been a deterrent to building," Carnivale said.

Forcing municipalities to repay the fees already collected pushes the state further away from its goal of providing more affordable housing, he added.

"If they're going to take the money back, are they going to change the requirements? I don't think so," Carnivale said.

In Gloucester Township, the fee has generated \$230,000 since July. The revenue would help the township achieve its state-ordered objective of 968 affordable-housing units by 2018, said Ken Lechner, the township director of community development.

The township hasn't allocated the money, but Mayor Cindy Rau-Hatton said a couple of developers have approached the municipality about housing prospects.

Cherry Hill has collected about \$14,000 from the fee since July.

That money hasn't been allocated yet, either, said township spokesman Dan Keashen.

Still, a moratorium on fee collections -- and returning the money already collected -- could be an administrative hardship for the municipality, he said.

"We would hope that the Legislature would take a look at the costs incurred by the municipalities and have some way to compensate them for the amount of time and effort" required, Keashen said.

Having said that, though, Keashen added that the township has joined the state League of Municipalities in challenging the approach to the commercial developer fee and the associated housing requirements.

He said the township doesn't oppose affordable-housing efforts -- just the scope of expectations the state imposed.

Mike Cerra, a senior legislative analyst at the league, said the \$14 million generated by the fee since July is a fraction of earlier projections. He said advocates of the fee had claimed it would yield \$160 million a year.

Even in good times, Cerra said, the fee would finance only a portion of housing programs required by the state.

"It's brought in less than 10 percent of what it's projected to," Cerra said. ". . . The full effect of the (troubled) economy has not been felt yet."

He said the league believes that eliminating the fee would, as Gov. Jon S. Corzine has suggested, help stimulate more development.

The Senate Budget Committee voted Thursday to move the legislation to a full Senate vote. That has

not been scheduled.

But already, the state Housing and Community Development Network has been lining up opposition to the measure.

Even in an economic downturn, network leaders have emphasized, the state has seen more than \$500 million in new commercial development.

Some of the \$14 million in fee revenue from that development has already been allocated for affordable-housing assistance programs in some communities, such as low- and moderate-income residences, the network reported.

Plus, everyone else contributes to the housing programs through property-transfer fees and taxes, network policy coordinator Arnold Cohen argued.

In a prepared statement, he said the commercial-development industry "should shoulder their share," too.

Agencies that help provide that housing are among those advocating for the developer fee. They include the state Black Ministers Council, the state Conference of the NAACP, the Corporation for Supportive Housing and the Supporting Housing Alliance.

The fee, approved by the state, supplanted earlier, similar fees that varied dramatically among municipalities. Some were in place as many as three decades, said Staci Berger, director of advocacy for the housing network.

"For the state to turn around and say, 'You can't do what you've been doing; the state knows better' seems incongruous," Berger said.

She said more than 40 organizations have signed on to oppose the Lesniak legislation.

"There's no rationale that we can see for going forward," Berger said. ". . . We can't see the rationale behind not capturing resources when they are available."

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