



February 27, 2009

Suspension of development fee advances in Senate

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A plan to exempt nonresidential construction projects approved before mid-2010 from a 2.5 percent tax intended to help provide affordable housing cleared another hurdle Thursday in the state Senate.

Citing the recession, Gov. Jon S. Corzine called for a 12-month moratorium on the fee, established last July. Lawmakers extended that to 18 months and added provisions that could refund developers most of the \$14.2 million paid under the tax since July.

Sen. Raymond Lesniak, D-Union, said the tax was well-intentioned when it was created as part of larger affordable-housing reforms but must be suspended due to a recession that has left the state's economy "at a tipping point."

"This is not a choice between jobs and economic growth and affordable housing. Without this legislation, we will have neither," Lesniak said.

"Ordinarily, the creation of affordable housing is or should be on everyone's wish list. But this is no ordinary time. Now is not the time for wish lists, no matter how worthy a goal," said Jerold Zero, chief of the state Office of Economic Growth.

Projects approved before July 1, 2010 would avoid the 2.5 percent fee. And the resulting jobs from such projects wouldn't increase a municipality's obligation to provide affordable housing under the current "growth share" approach.

Affordable-housing advocates opposed to the bill such as William Poku, president emeritus of the Red Bank NAACP chapter, said the state shouldn't avoid doing what it knows is right to avoid inconvenience or uncertainty.

"This is almost like saying continued collection of tolls will cause people not to drive to work, or cost of food is high, so we have to start eating fast food only until prices drop," Poku said. "Nobody really knows what will happen, but we cannot put on hold this need that has been very clearly defined, that affordable housing is needed."

The 274 towns that have long charged local development fees, whose ordinances were invalidated when the statewide tax took effect, would have to refund \$13.3 million they've collected since July, said Arnold Cohen, policy coordinator for the Housing and Community Development Network of New Jersey. He said that will halt housing projects.

"This legislation promises economic growth but would deliver the exact opposite," said Cohen.

Municipalities that have expended or signed contracts to spend fees that would be refunded would be reimbursed by the state, under an amendment to the bill sponsored by Sen. Steven Oroho, R-Sussex.

The plan was approved the Senate budget committee and now goes to the full Senate. It awaits an Assembly committee hearing.