

HOUSING

TECHNICAL ADVISORY COMMITTEE

**REPORT ON THE
DRAFT PRELIMINARY STATE DEVELOPMENT AND REDEVELOPMENT PLAN**

SUBMITTED TO THE OFFICE OF STATE PLANNING

JULY 1988

Committee Members

Joanne Harkins
NJ Builders Association

Marty Johnson
Isles, Inc.

Karl Kehde

Gregory Law
EquiNational Construction Corp.

Alan Mallach
Low-Income Housing Developer

Douglas Opalski
Council on Affordable Housing

Peter Reinhart
Hovnanian Enterprises

Staff Facilitator

Hilda Blanco
James Hsu

The Housing Policy Technical Advisory Committee met three times on May 9, May 23, and June 8, 1988. The following report presents a summary of the committee's discussions.

Overall, the Committee supports the Draft Preliminary State Plan's endorsement of the Council on Affordable Housing's (COAH) work, but finds that the State Plan must develop a broader-based housing strategy for the State* The Committee thus focused its attention on providing guidelines to develop such a housing strategy* In addition to providing guidance for the development of a State housing strategy, the Committee had a number of other concerns. These concerns are outlined in the report. The report is organized into 5 parts which correspond to the major concerns identified by the Committee. These are:

*The need to go beyond COAH to meet the housing mandate;

*The need to develop a full-scale housing element for the State;

*The need to address the effects of the Plan's growth management strategy on housing;

*The need to develop effective strategies to lower the costs of housing;

*The need to link housing to a broader community development strategy.

A. GOING BEYOND COAH

The Committee feels strongly that in order for the State Plan to meet the mandate set by the State Planning Act to provide housing at a reasonable cost. It must go beyond endorsing COAH's work.

By endorsing COAH's work, the Draft Preliminary addresses the needs of only one segment of the population, low and moderate income people. Even this segment of the population is not fully addressed by COAH, since COAH's definition of need covers only one segment of the low and moderate income population. Moreover, -the growing affordability problem is increasingly affecting segments of the middle class. More and more New Jersey households are being priced out of the state's rental and homeownership markets, as noted by the Governor in his testimony before the Congressional Subcommittee on Housing and Community Development recently. A household now seeking an average new house in the state would have to earn at least \$73,000, or nearly

three times that of its national counterpart. In order to rent an affordable two-bedroom rental unit, a state household would need to earn at least \$46,000 annually, or almost twice that of its U.S. counterpart. The mandate of the State Plan with respect to housing is stated in one of its goals: to provide housing at a reasonable cost. As housing costs become out of reach for more New Jersey households, the State Plan, in order to achieve its goal, must address the housing needs of a broader segment of the population than COAH focuses on.

Furthermore, COAH is not a planning agency but an implementation one. It is the responsibility of the State Plan to identify the broad housing needs in the State, and the strategies to deal with these, and thus provide a framework for COAH's work. Even accepting COAH's precoded need estimates for low and moderate income housing through 1993, as the Draft Preliminary does, is not enough. The State Plan should provide guidance as to how these needs are to be established after 1993.

B. THE NEED FOR A HOUSING ELEMENT IN THE STATE PLAN

The State Plan needs to incorporate a full-scale housing element to respond to its mandate to ensure housing at a reasonable cost* This housing element is to be supported by a housing study that establishes: (a) housing needs by types of households, both current and projected to the Plan's horizon year; (b) housing supply, and projected increases and losses in the housing stock; (c) employment demand, current and projected; (d) affordability gaps by types of households; (e) a policy analysis of these trends as they apply to the growth management strategy outlined in the Draft Preliminary; (f) housing goals and objectives for the State; (g) a housing strategy that includes programs and regulations for achieving the goals and objectives in housing. Such a study would provide the objective basis for a housing element to be included in the State Plan. The parts that develop the data could be included in the Technical Guidelines, while the objectives and programs and regulations would be incorporated in the appropriate sections of the Plan.

The Committee understands that the undertaking of such a full-scale study can not be completed in time to be included in the Preliminary Plan. It urges the Office and the Commission to begin this study immediately so that it can be completed during cross-acceptance. The Preliminary Plan, however, should not be approved for cross-acceptance without an interim housing element. The Committee thus urges the Commission to undertake a short-term, abbreviated study whose findings and conclusions can be incorporated in the Preliminary Plan. This study should make full use of available information and research. The committee recommends that Professor Robert Burchell, Acting Director of the Center for Urban Policy Research at Rutgers University would be the ideal person to lead such a study, since he has done much

work in this area, and is most knowledgeable on affordable housing issues in the State.

The Committee feels so strongly on the need for a housing element in the Preliminary Plan that it conducted a special meeting to provide staff with recommendations for an outline of the study. See Appendix A for the outline of a housing study that the Office of State Planning drafted based on the recommendations of the committee. The Committee also provided the staff with a number of background papers and materials that will be useful in preparing a state housing plan. See Appendix B for a list of these papers.

C. THE EFFECTS OF THE PLAN'S GROWTH MANAGEMENT STRATEGY ON HOUSING

The Committee has several concerns regarding the growth management strategy outlined in the Draft Preliminary as it affects housing.

1. Environmental Orientation. A central point made by the Committee in Its discussion is that there is an imbalance in the Plan between the environmental protection and the development elements in the Plan. The strategies, policies, and standards in the environmental sections are detailed and specific in contrast with the development strategies. This gives an impression of the Plan as being overwhelmingly oriented towards environmental protection. The Committee believes that the development elements in the Plan, and particularly the housing element, need comparable attention and articulation as the environmental policies.

2. The Financing of Infrastructure* The Committee believes that the State Plan should contain a more thoughtful and explicit policy on the financing of infrastructure than is conveyed in the Draft Preliminary. The committee is concerned with the developer's share of infrastructure costs. An issue raised is the unpredictability of existing exactions given the questionable legality of impact fees, and the lack of statewide guidelines on private sector shares of infrastructure costs. The Committee urges the Commission to develop and adopt a more predictable and uniform financing mechanism that would enable developers to take into account, up front, the costs of infrastructure in their costs of land and unit pricing. This would also serve to accelerate the local permitting process.

The Committee also discussed the need for and use of state infrastructure funding to act as an incentive to encourage municipalities in the growth areas to accept higher density strategies.

3. Sufficient Land to Accommodate Growth. The Committee's concern is whether there is sufficient land in the Growth Areas to meet the housing needs of the State. Land costs in New Jersey, as a proportion of total housing costs, represent a greater percentage of housing costs than they are nationally, and they continue to rise. Restricting the availability of land, as the Draft Preliminary does through its limited growth strategy, is most likely to increase housing prices in the State. The concern thus becomes whether there is sufficient land allotted to the growth tiers to accommodate sufficient housing at a reasonable cost for New Jersey's current and projected population.

Analyses conducted by COAH indicate that a number of counties do not have sufficient land allocated in the growth tiers to accommodate housing requirements for low and moderate income units. COAH thus recommends in their official comments to the State Planning Commission (April 18, 1988) that tier 5 be designated as a growth tier. The Committee recommends that the Commission explore this option. However, if tier 5 is to remain as a limited growth tier, then the Committee feels strongly that the Plan should contain an explicit policy that tier boundaries are to be responsive to growth demands. That is, the amount of housing that the tiers can absorb should be determined by the Commission, and if it is determined that there is not enough land, then the growth areas should be expanded.

More generally, the Committee noted that the delineation of growth tiers in the Plan should be explicitly determined by the factor of land availability.

4. Need for Higher Densities in the Growth Areas. If the Plan intends to achieve the twin objectives of restricting land and yet increasing the housing supply, it must contain an explicit policy for higher densities in the growth areas. The policies for the growth areas, however, in the Draft Preliminary State Plan contain no guidance on density. Municipalities and developers are at a loss as to how to interpret the growth management strategy of the Plan.

While guidelines on density are essential, they should be flexible. In particular, they should take into account market conditions, e.g., the higher the land prices, the greater the density. The Commission should also explore the possibility of providing guidance on the intensification of development by providing design guidelines, instead of density standards, to define the characteristic development mixes that would be appropriate for the different tiers. If, for example, a height limitation, say 3 stories were to be set for a tier, this would provide great flexibility in terms of density, and yet, through illustrative examples, such a standard could establish a desirable character for an area.

5. Preserving the Environment on a Local or Statewide Basis. Members of the Committee expressed concern over the strategy of the Plan to meet its mandate to protect natural resources by designating great swaths of the State as environmentally sensitive areas, Tier 7 areas, or more generally, as limited growth areas. Some members expressed the view that the State might be better served if the strategy to protect the environment were more localized, so that the objective was to preserve open space and resources in all areas of the State and not just in the limited growth areas. Such a strategy would ensure that land for housing would be amply available throughout the State and not just in the Growth Tiers.

6. Concern over Corridor Centers * The Committee has a number of concerns regarding Corridor Centers that should be explicitly addressed in the Preliminary State Plan. These are:

(a) Whether the Corridor Center proposal is a desirable and viable policy given the difficulties involved in developing them, and the few success stories that can be cited. Also the potential for Corridor Centers to act as magnets for development in the State and deflect potential development from Tier 1 municipalities was noted;

(b) The lack of design guidelines which would encourage municipalities to accept Corridor Center-type of growth;

(c) The likelihood that the most appropriate center locations may be found in municipalities that will reject their development. This calls for a strategy in the Plan to deal with municipal reluctance. In this regard, the Committee is concerned with the lack of State funds to provide incentives for the formation of these centers. Members of the Committee pointed out that funding transportation improvements, an ideal incentive, is regional in scope and not localizable. State aid to education, however, was suggested as a potentially good local incentive;

(d) The existing traffic congestion in the major transportation corridors that will serve these centers;

(e) The need to develop a strategy for these centers that will assure a housing mix, including affordable housing.

7. Tier 1 Revitalization and Displacement. The Committee is concerned that the revitalization strategy for Tier 1 municipalities will result in the displacement of vulnerable populations, e.g., the poor, minorities, the elderly. In order to avoid this outcome, the State Plan must establish a deliberate policy to provide low-income housing in its revitalization strategy.

D. STRATEGIES TO LOWER HOUSING COSTS

In addition to increasing densities in the growth areas and rationalizing infrastructure funding, the Committee discussed a number of other strategies to lower housing costs in the State. The Committee recommends that the Commission and its staff explore and expand these strategies, and incorporate them in the Preliminary Plan.

1. Streamlining the Local Permitting Process, the Committee recommends that the municipal permitting process could be streamlined by following the guidelines set out in the New Jersey Department of Community Affairs (1987) Model Site Plan and Subdivision Ordinance. It has been estimated that streamlining the permitting process as outlined in this handbook could significantly lower the costs of housing.

2. Land Banking in Tier 1. A concerted public effort to revitalize the cities will result in increasing the value of urban land. This could become a disincentive for developers of housing that may be able to obtain cheaper land for housing in the suburbs. A promising strategy to ensure housing development in Tier 1 would be for the State or Tier 1 municipalities to land bank, and thus ensure lower or stable land costs.

3. Streamlining the State Regulatory and Permitting Process. The Committee believes that streamlining the State permitting process by reducing delays in the development process could be a most important incentive for the development community. Such streamlining could reduce development costs and result in lower housing prices.

4. Revising Design Standards for Higher Densities. To encourage the acceptability of higher density projects, design standards promoting usable, open lands, pedestrian connections with adjoining properties, clustering, etc., need to be presented. Parking standards and the width of streets to accommodate fire trucks were pointed out, during the committee's discussions, as examples of standards that could be revised to have a significant effect on development costs and housing costs.

X. HOUSING TO BE LINKED TO A BROADER COMMUNITY DEVELOPMENT STRATEGY

While recognizing the fundamental mandate of the Plan to provide housing, the Committee recommends to the Commission that housing needs and issues should be established within a broader community development strategy. The concern is not mere shelter, but the provision of shelter in desirable and stable communities. This broader community development strategy needs to weave together housing concerns with community services and facilities

needs, with economic development and employment issues, as well as with environmental and more regional infrastructure issues. Creating, enhancing, and maintaining desirable communities also involves an essential design element that focuses on establishing a public environment and on integrating the different uses or functions in a community. Zoning, traditionally aimed at segregating uses and functions, is often at cross-purposes with the creation of desirable communities. The committee urges the Planning Commission to develop design guidelines and processes to enable municipalities to create and enhance communities that will house the population of the State.

D. STRATEGIES TO LOWER HOUSING COSTS

In addition to increasing densities in the growth areas and rationalizing infrastructure funding, the Committee discussed a number of other strategies to lower housing costs in the State. The Committee recommends that the Commission and its staff explore and expand these strategies, and incorporate them in the Preliminary Plan.

1* Streamlining the Local Permitting Process, the Committee recommends that the municipal permitting process could be streamlined by following the guidelines set out in the New Jersey Department of Community Affairs (1987) Model Site Plan and Subdivision Ordinance. It has been estimated that streamlining the permitting process as outlined in this handbook could significantly lower the costs of housing.

2. Land Banking in Tier 1. A concerted public effort to revitalize the cities will result in increasing the value of urban land. This could become a disincentive for developers of housing that may be able to obtain cheaper land for housing in the suburbs. A promising strategy to ensure housing development in Tier 1 would be for the State or Tier 1 municipalities to land bank, and thus ensure lower or stable land costs.

3. Streamlining the State Regulatory and Permitting Process. The Committee believes that streamlining the State permitting process by reducing delays in the development process could be a most important incentive for the development community. Such streamlining could reduce development costs and result in lower housing prices.

4. Revising Design Standards for Higher Densities. To encourage the acceptability of higher density projects, design standards promoting usable, open lands, pedestrian connections with adjoining properties, clustering, etc., need to be presented. Parking standards and the width of streets to accommodate fire trucks were pointed out, during the committee's discussions, as examples of standards that could be revised to have a significant effect on development costs and housing costs.

B. HOUSING TO BE LINKED TO A BROADER COMMUNITY DEVELOPMENT STRATEGY

While recognizing the fundamental mandate of the Plan to provide housing, the Committee recommends to the Commission that housing needs and issues should be established within a broader community development strategy. The concern is not mere shelter, but the provision of shelter in desirable and stable communities. This broader community development strategy needs to weave together housing concerns with community services and facilities

needs, with economic development and employment issues, as well as with environmental and more regional infrastructure issues. Creating, enhancing, and maintaining desirable communities also involves an essential design element that focuses on establishing a public environment and on integrating the different uses or functions in a community* Zoning, traditionally aimed at segregating uses and functions, is often at cross-purposes with the creation of desirable communities. The committee urges the Planning Commission to develop design guidelines and processes to enable municipalities to create and enhance communities that will house the population of the State.

JfffHCHX A
BDC5ZNG OTTO
CUHJNE

A. Baseline and Trer**

1. Population Profile and Trends
 - a. age
 - b. sex**
 - c. education
 - d. income (disposable, etc.)
 - e. household size
 - f. household type (family composition)
 - g. Inhnr force participation

This part of the analysis would yield a household need: Timber of households projected by age, income, housing types needed.

2. Economic Profile and Trends
 - a. employment by sector
 - b. occupational mix by sector
 - c. educational requirements by occupation
 - d. wage scales by occupation
 - e. Vocational concentrations

*T** part of the analysis would establish employment opportunities.

3. Housing Stock and Trends
 - a. number of units by year built, (this will give you a rate of deterioration)
 - b. types, e.g., 1/4 acre single family detached, townhouses
 - c. ccEEunity type, e.g., urban, suburban, town,
 - d. housing conditions
 - e. unit creation, unit loss (through demolition, fire, conversion) rehabilitation of substandard, conversion of non-residential units, and filtration.
 - f * costs by type**
 - g. housing of households by type of housing

This part of the analysis would establish the housing supply and trends.

The data analysis in this part of the study should be prepared by CCAH housing regions, and also by county.

B. Affordability

1. Mismatch between housing needs and housing supply, and housing supply and employment opportunities, today and projected to 2010, in 5 year cycles to coincide with CQAH cycles.

2. Gaps in the provision of housing: how many have no housing, how many are paying over 30% of their incomes on housing (1 wage-earner households) how many are paying 40-50% of their incomes on housing, how many live in standard housing needing rehabilitation and/or replacement.

3. Characteristics of households with housing problems, and their location.

C. Policy

1. Policy duplications of the Affordability Analysis

2. Match or mismatch with the Draft Preliminary growth management objectives.

3. Existing match between employment/housing locations.

4. Recommendations

D. Housing Goals and Objectives for New Jersey

1. To assist households in **need**.

2. To stimulate supply.

3. To ensure match between job location and housing supply.

4. To ensure the development, stability, and enhancement of

-

1. Programs to assist low-income in need.

2. Programs to stimulate supply, and decrease the costs of housing.

3. Standards to ensure housing mix, proximity of housing to jobs, etc.

4. Design guidelines to ensure the long-term viability of higher density to municipalities and residents of all ages.