



Rollback of the non-residential Developer Fee (A.4048) Fact Sheet *HOUSING CHOICES & JOBS FOR NEW JERSEY THREATENED*

Every New Jersey resident deserves to live in a safe, decent home they can afford. With last year's adoption of A.500, the comprehensive housing reform package that has been called one of the most important housing efforts in the country, our state is now on the verge of providing the increased housing choices needed to make this happen. Creating the homes that New Jersey desperately needs will also spur the economy and create jobs.

But a new bill, A-4048, threatens to halt this progress and roll back tools that existed prior to A.500 to increase housing choices for our residents under the guise of "stimulating the economy". Governor Corzine, members of the Legislature and local elected officials should work together to stop A-4048 and keep implementation of A.500 on track.

A4048, among many other things, does the following:

- Proposes a moratorium on the 2.5% non-residential Developer Fee until July 1, 2010;
- Changes the point at which the fee is incurred, which will extend the actual effect of the moratorium to 2 years or more;
- Requires towns to reimburse the nearly \$20 million in Developer Fees already collected;
- Suspends further housing obligation attributable to non-residential development unless there are state funds to pay for it;
- Appropriates an insufficient amount (\$15 million) to cover the amount already collected (\$19 million).

Supporters of A4048 claim this fee is hindering growth. To the contrary, nearly all of the \$19 million raised by the Fee since last July is from projects long in the works. This total reflects more than \$750 million in commercial development that has occurred since A500 went into effect last year. This \$19 million is now available to help revive the residential housing market, and should be used in this way, not returned to developers.

A4048 goes far beyond the simple economic relief to commercial developers that supporters of the bill purport to be pursuing. Instead, if approved as is A4048 will undo many of last year's historic reforms before they have been fully implemented. Further, it will force towns to refund the Developer Fees collected since last year and committed for projects. This reduces housing opportunities and jobs by eliminating construction dollars. Most towns that would have to refund fees under A4048 have had Developer Fees for years, and commercial developers have budgeted for them as part of the cost of doing business.



Instead of undoing years of progress, the state should:

- Allow municipalities that already had non-residential Developer Fees in place at the time A.500 was passed to continue collecting those fees and NOT force them to refund any fees. This is an important means of producing housing choices and creating jobs in our communities.
- Allow those towns that did not have non-residential Developer Fees in place previously to suspend collecting them for 12 months and return what they have collected.
- Maintain the fair-share housing obligations generated by non-residential development during any moratorium.