

September 28, 2015

Re: URGENT ALERT - League releases two reports on affordable housing

Municipal Clerk: Please provide copies to mayor, all governing body members, municipal and land use attorneys and planners.

Dear Mayor:

In June, the League Executive Board retained two expert consulting firms to provide an analysis of the State's affordable housing policies and an April report issued by the Fair Share Housing Center. (For more on the Fair Share projections, please click <https://nj-njslom.civicplus.com/Archive.aspx?ADID=321> to see the League's letter of May 7, 2015.) **The League is pleased to share these two consulting firm reports for use as your municipality wishes.**

By way of background, the League has strongly advocated and called for the State Legislature and Administration to craft a reasonable and rational state housing policy. However, while we continue to call for such action, municipal governments are forced to navigate the costly and time-consuming judicial process of declaratory judgment actions crafted by to the State Supreme Court's March 10th decision. (For more on this ruling, [please click](#) here to read the League's letter of March 27.) Thus, the League retained these two experts to assist in its ongoing legal efforts to protect municipalities and property taxpayers and to also provide an additional resource for municipalities that have filed declaratory judgment actions.

Demographic and Economic Constraints on the Inclusionary Zoning Strategy Utilized for the Production of Low and Moderate Income Housing in New Jersey.

The first report is authored by Dr. Robert S. Powell, Ph.D and Gerald Doherty, M.A. of Nassau Capital Advisors, LLC. To summarize, this report intends, "***to analyze the factors that determine how effective the inclusionary zoning strategy is likely to be in delivering privately-financed affordable housing units in New Jersey over the next ten years.***" (See Section 5, page 18.)

The analysis comes to the conclusion that the State economy is, "***...likely to continue to struggle over the next ten years to achieve a level of growth needed to fuel a robust housing market.***" (See Section 5, page 18.) The report also notes the economic effect of recent shift in "locational preferences" as residents shift increasingly away from suburban and rural areas back to the State's urban centers. (See Section 5, page 18.)

The report's authors, "***...find no credible evidence to support the conclusion that New Jersey's economy will be able to increase its historic level of housing production to a level that will allow the inclusionary zoning strategy to come close to achieving the aspirational***

goals of affordable housing advocates. (See Section 5, point 4, page 19.) In conclusion, the report predicts that, “*the inclusionary zoning strategy is capable of delivering a total of between 17,000 to 24,000 new units of low and moderate income housing during the next ten years.*” (See Section 5, page 21.)

To download this report, please click [here](#).

Review of New Jersey Affordable Housing Obligation Methodology

The second report is authored by the team of researchers and analysts at Econsult Solutions, Inc., which includes, Doctor Richard P. Voith, Ph.D and Dr. Peter A. Angelides, Ph.D. To summarize, the League engaged Econsult, “...to analyze Dr. David Kinsey’s 2015 calculations of statewide affordable housing obligations for the Fair Share Housing Center (FSHC.)” (See Executive Summary, page 3.)

Econsult concludes that, “The report prepared by Dr. Kinsey appears to contain a series of such decisions that result in a systematic increase in the final calculation of affordable housing obligations.... [f]urther, the consequences of these choices create logical and analytical problems that further upwardly bias the final calculation.” (See Executive Summary, page 3.) It is important to note that the report is not intended to determine or allocate municipal housing obligations. Rather, Section 2 of the report by Econsult identifies and analyzes the methodological issues identified in Dr. Kinsey’s report. (See Section 2, page 10)

Ultimately, the report’s authors conclude that, “...these choices create a number of logical and analytical problems within the [Kinsey] methodology that undermine its appropriateness as a basis for municipal housing obligations. “ (See Executive Summary, page 23.)

To download this report, please click [here](#).

On behalf of the League Executive Board, we believe that these reports are a valuable resource that municipalities can use as they proceed with their declaratory judgment actions. Please download and use these reports as you see fit. Through Edward J. Buzak, Esq, its assistant counsel in this matter, the League has put forth a considerable effort to present these reports to the fifteen Mount Laurel Judges in any global proceedings that are scheduled to address the methodological issue of determining the affordable housing needs in the state and regions. In some vicinages, the League will be permitted to participate and offer the reports in such proceedings. However, not all of the vicinages are addressing this issue in such a consolidated manner and instead are making the determinations on a case-by-case basis. The League cannot intervene in each of the more than 300 declaratory Judgment actions that have been filed in the state. Therefore, each individual municipality has the option of retaining either or both of these expert organizations and individuals.

Questions on these reports and on this issue generally can be directed to Mike Cerra, Assistant Executive Director at mcerra@njslom.com or 609-695-3481 x120

Very truly yours,

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