

Mayors Roundtable Event on Affordable Housing



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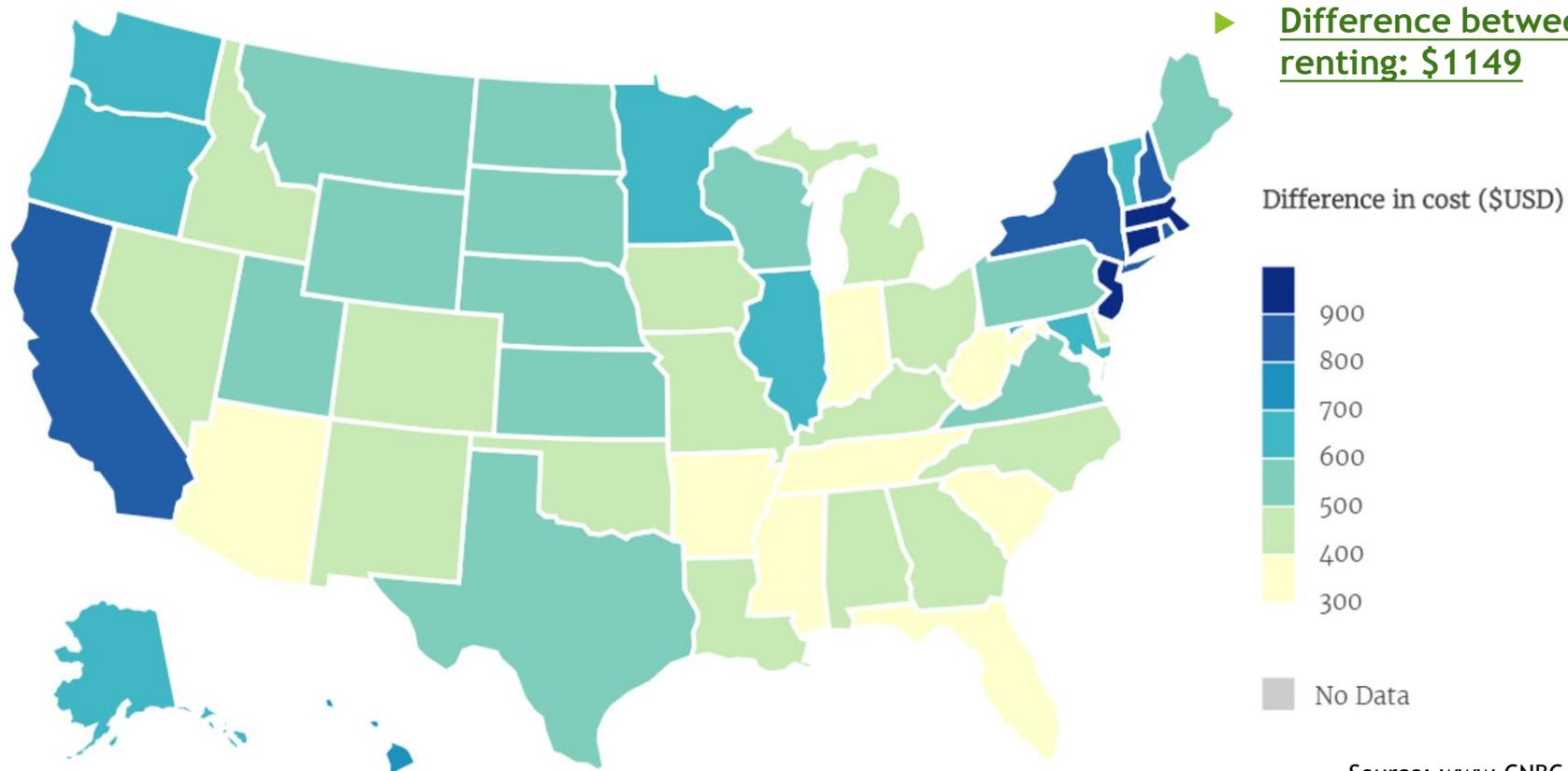


Renting market in the US. & NJ

- ▶ The difference between the median monthly cost for renters and those with a mortgage in every U.S. state

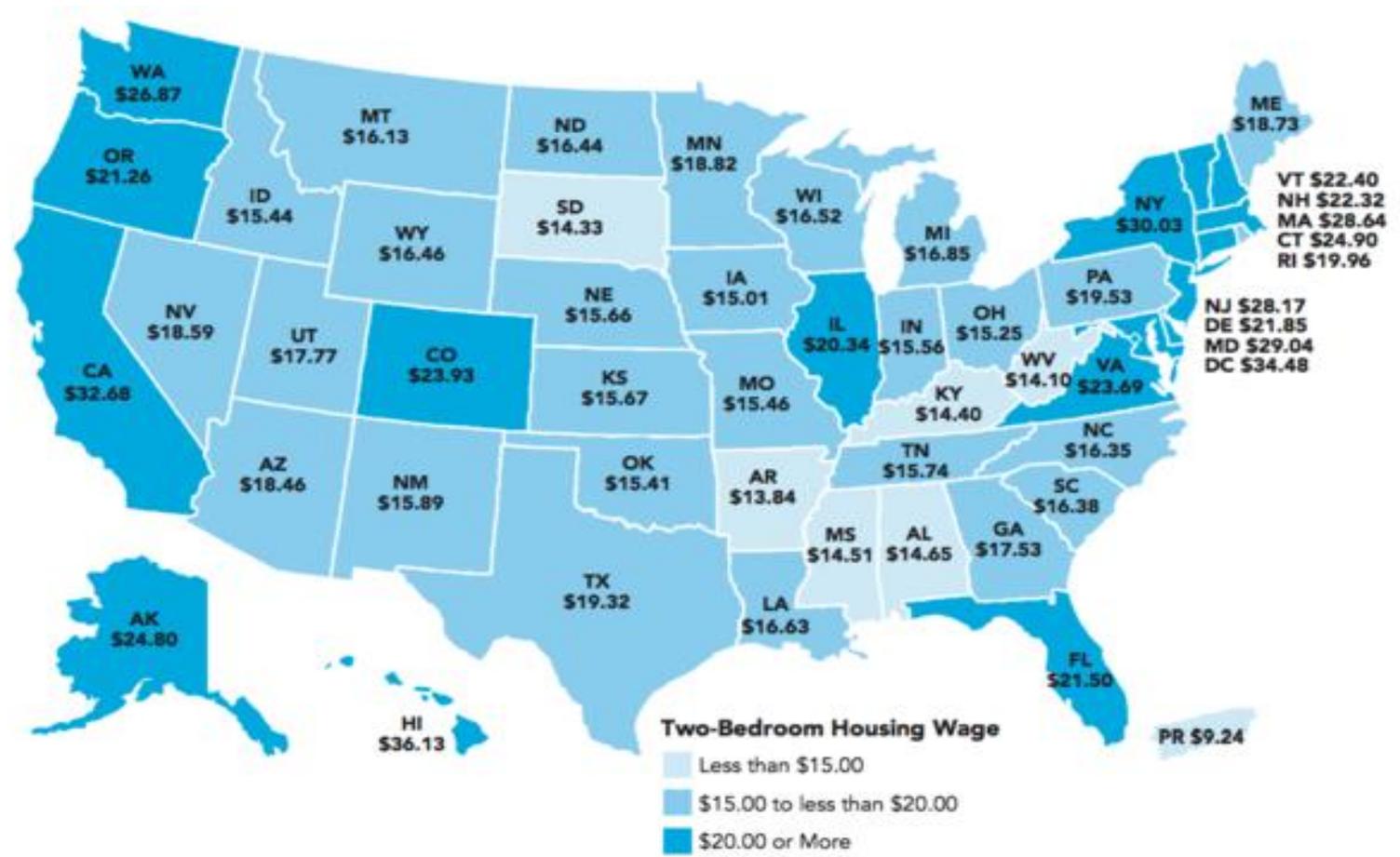
New Jersey:

- ▶ Median monthly cost for homeowners with a mortgage: \$2,398
- ▶ Median rent cost: \$1,249
- ▶ Difference between owning and renting: \$1149



Renting market in the US. & NJ

- ▶ How much you need to earn (per hour) to rent a 2-bedroom apartment
- ▶ **New Jersey: \$28.17**



Local Housing Affordability Tools

▶ Inclusionary Housing

- ▶ “programs at the state and municipal level that require or incentivize the development of affordable housing alongside market-rate units.”

▶ Rent Control

- ▶ limits (including amount, frequency, and timing) set by city government to deal with rapidly increasing rent burdens
- ▶ In New Jersey, over 100 municipalities have rent control ordinances in varying degrees

▶ Vouchers

- ▶ Based on federal government’s Fair Housing Act
- ▶ Federal assistance program: The housing Choice Voucher

▶ City Housing Trust Funds

- ▶ public funding sources for low-income housing development
- ▶ In NJ, housing trust fund is collected from those fined for unsafe driving

Federal Housing Policies

Public Housing	Low Income Public Housing, U.S. Housing Act of 1937
Vouchers	Section 8 vouchers
Tax credits	Low Income Housing Tax Credits; U.S. Tax Reform Act of 1986
Other HUD	Section 8, 202 & 811, Section 221 & 236
Farm Home	U.S. Department of Agriculture, Rural Development; Housing & Community Facilities

NJ State Housing Initiatives

HMFA	N.J. Housing & Mortgage Finance Agency	
MtL-BH	"Mount Laurel" housing & Balanced Housing	

MtL I 1975

Obligation of affordable housing for every developing municipality

MtL II 1983

Greater obligation of affordable housing for those in-growth areas

MtL III 1986

Affirms "Fair Housing Act"

MtL IV 2015

COAH dysfunctional

Mayors Roundtable Event on Cannabis Legislation



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What is Marijuana?

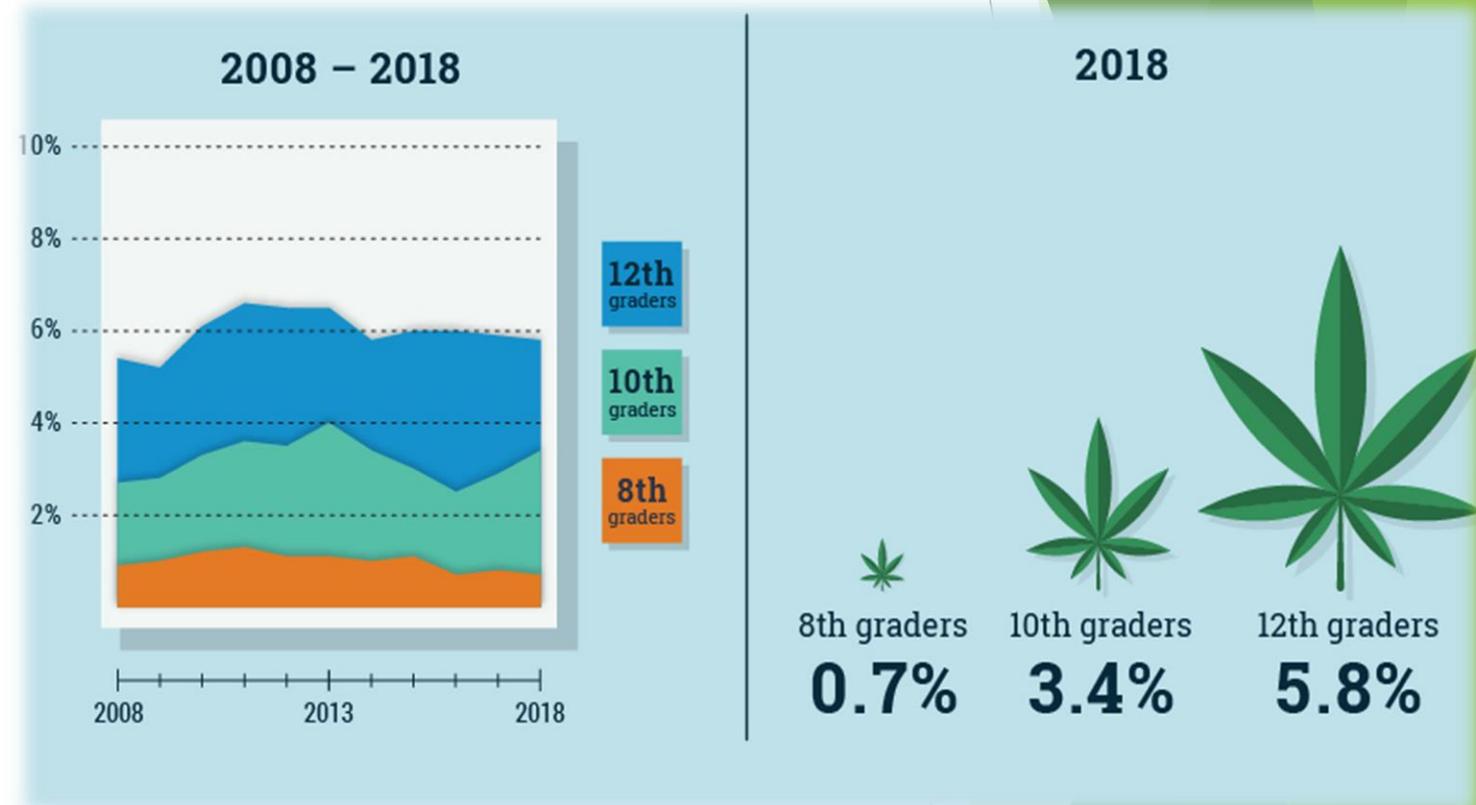
- ▶ **Marijuana:** “a greenish-gray mixture of the dried flowers of *Cannabis sativa*”(NIDA).
- ▶ **Other names:** weed, herb, pot, grass, bud, ganja, Mary Jane...etc.
- ▶ **Chemical:** delta-9-tetrahydrocannabinol (THC) for most of the intoxicating effects

- ▶ Source: National Institute of Drug Abuse (NIDA)



What is the scope of use in the US?

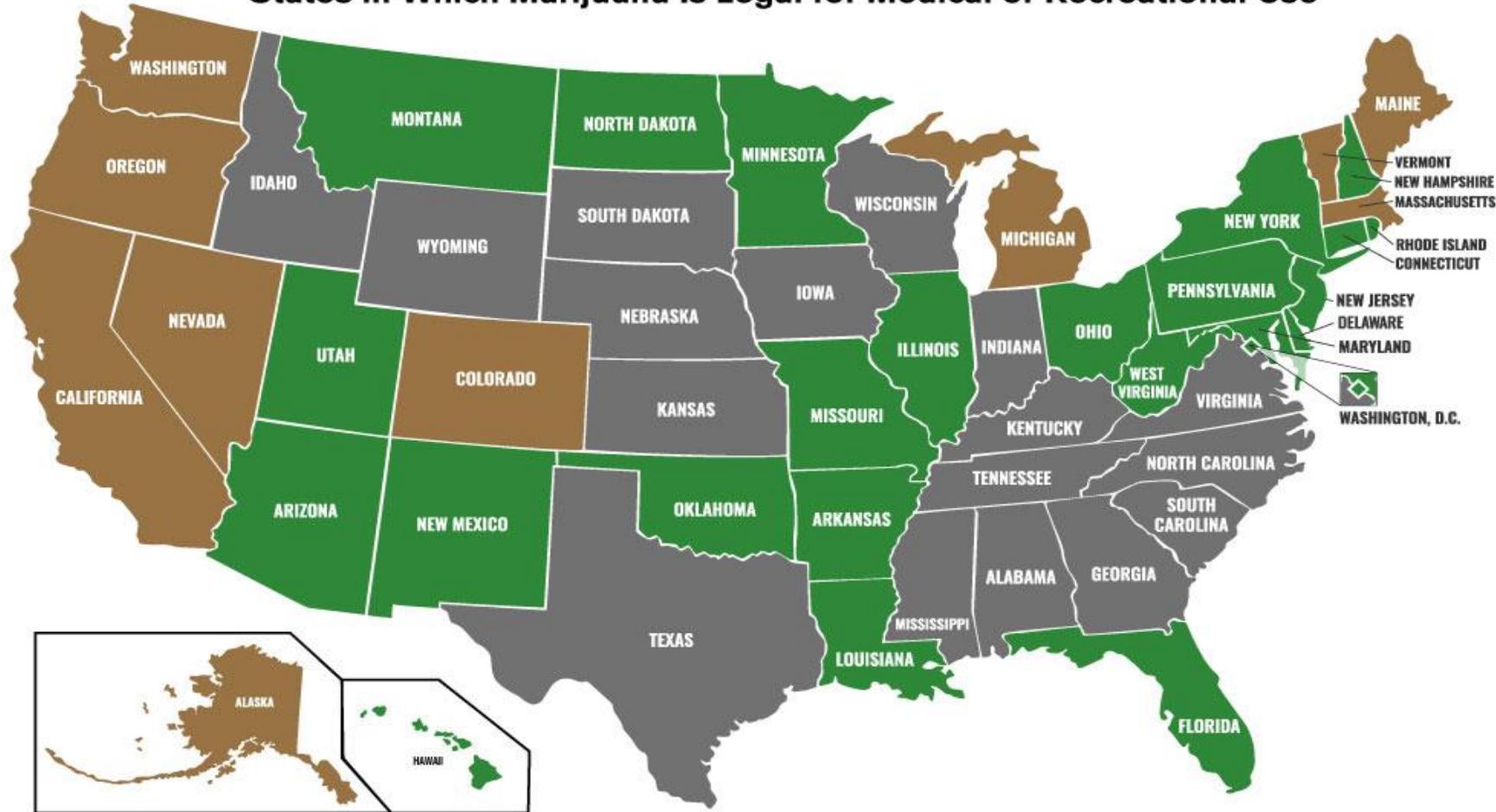
- ▶ **Fact 1: 22.2 million people** have used it in the past month
- ▶ **Fact 2: men** are more likely to use than women
- ▶ **Fact 3:** the trend of daily use remains steady in the past 5 years



Source: National Institute of Drug Abuse (NIDA)

What is the status of legalization?

States in Which Marijuana Is Legal for Medical or Recreational Use



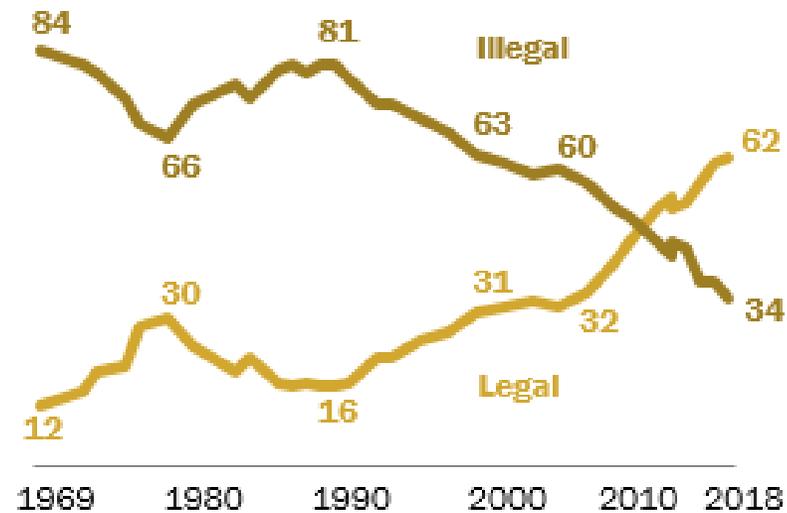
Marijuana Legalization Status

Green Medical marijuana broadly legalized **Brown** Marijuana legalized for recreational use **Grey** No broad laws legalizing marijuana

What is the public opinion toward legalization?

U.S. public opinion on legalizing marijuana, 1969-2018

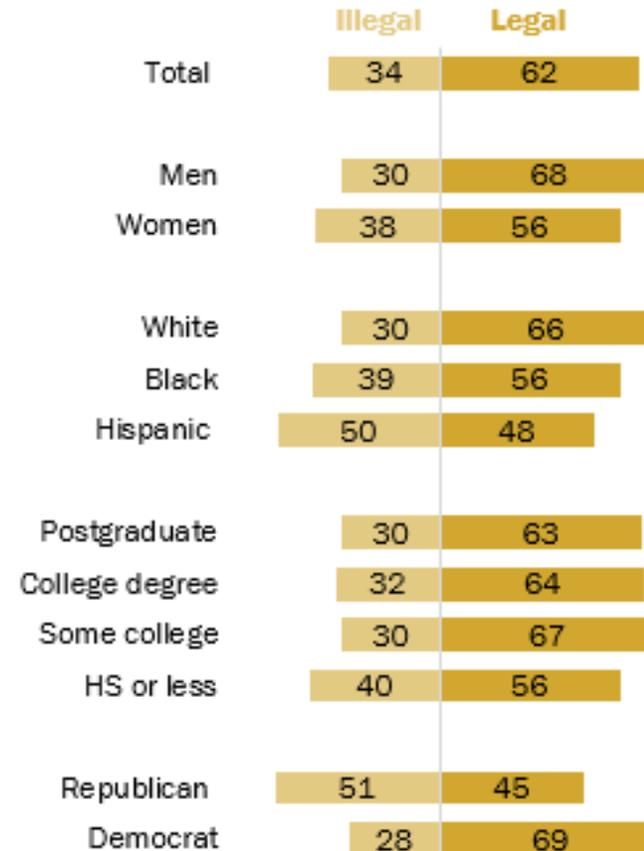
Do you think the use of marijuana should be made legal, or not? (%)



Source: PEW Research Center; Oct. 2018

Wide partisan gap in opinions about legalizing marijuana use

% who say the use of marijuana should be ...



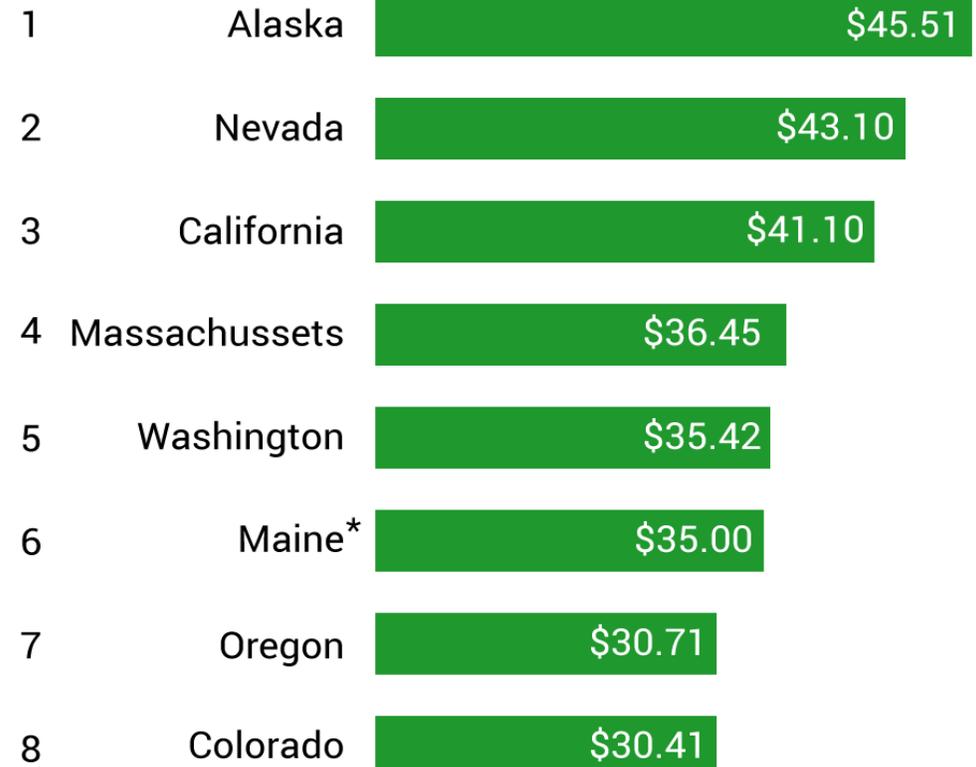
State's Tax & Average Price

Additional Taxes on Marijuana Beyond Sales Tax Consumer facing and other taxes January 2019

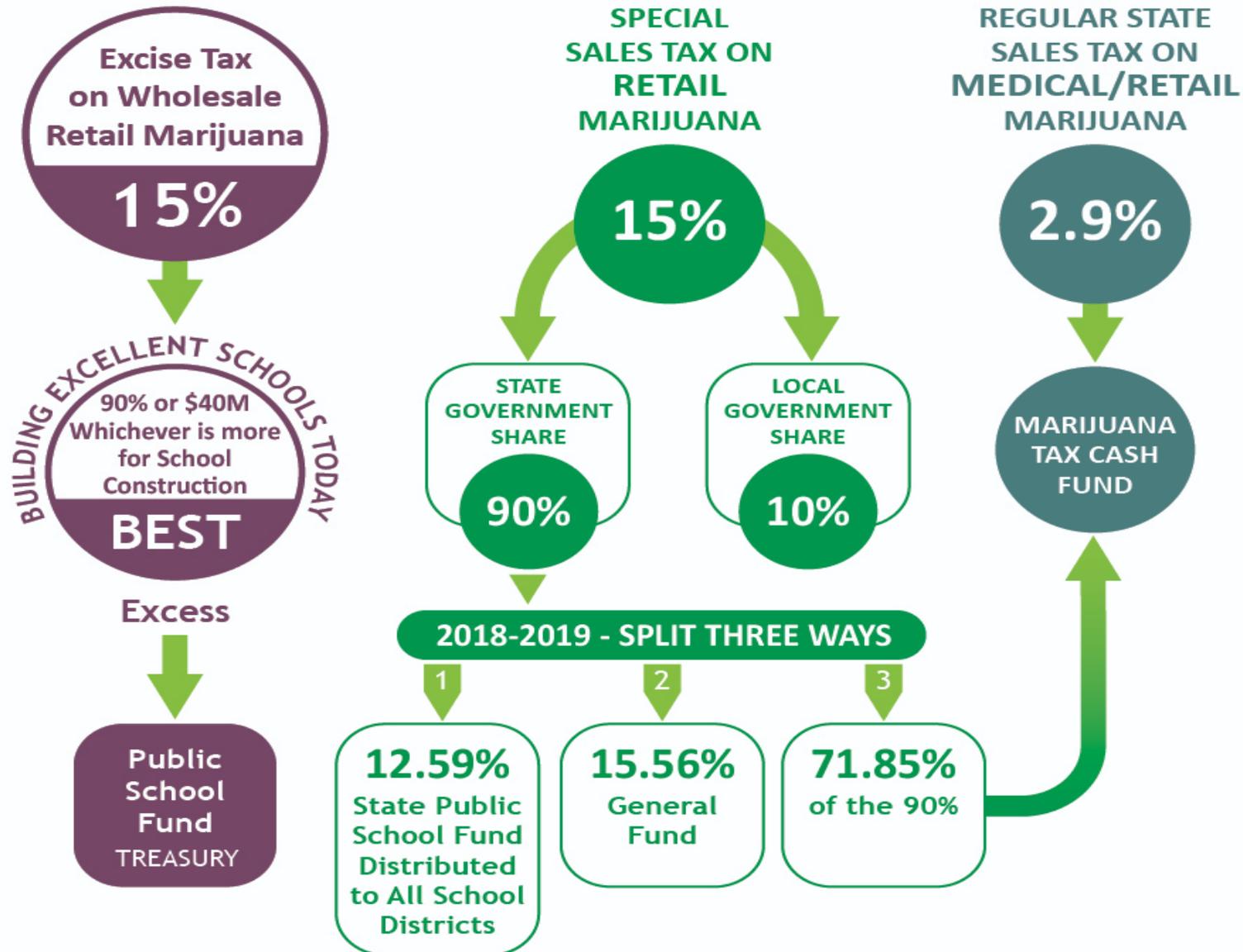
State	Sales Tax Rate	Additional Taxes
Alaska	0.0%	\$50 per ounce on growers
California	15.0%	\$2.75 to 9.75 per ounce
Colorado	15.0%	15% on growers
Maine	10.0%	\$94 to \$325 per pound
Massachussets	6.3%	10.75% excise tax
Nevada	10.0%	15% on growers
Oregon	17.0%	3% sales tax
Washington	37.0%	State & Local Sales Tax (7 - 10%)

Average Price of an Eighth by State

Pricing data of an eighth February 2019



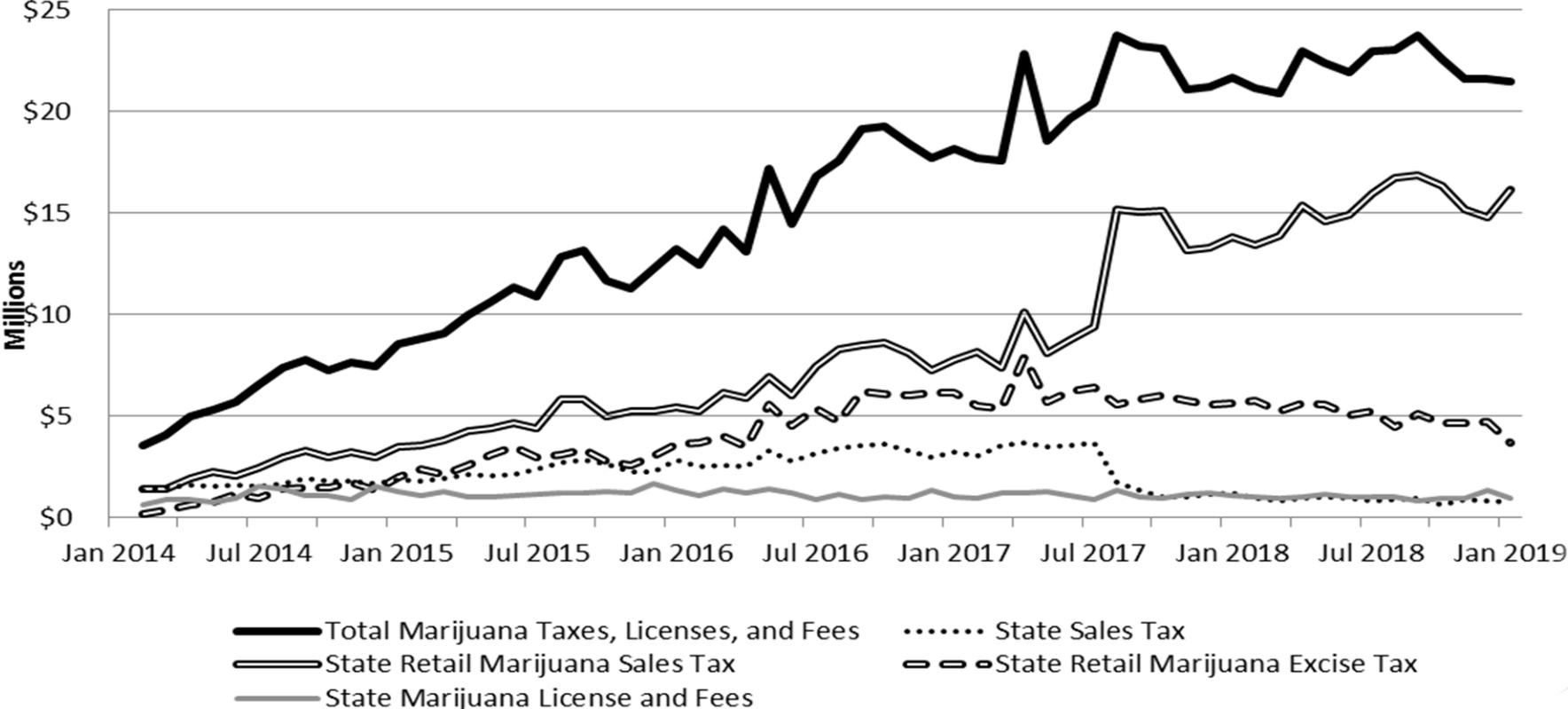
Case of Colorado



Source: Dept. of Education of Colorado
<https://www.cde.state.co.us/communications/2018marijuanarevenue>

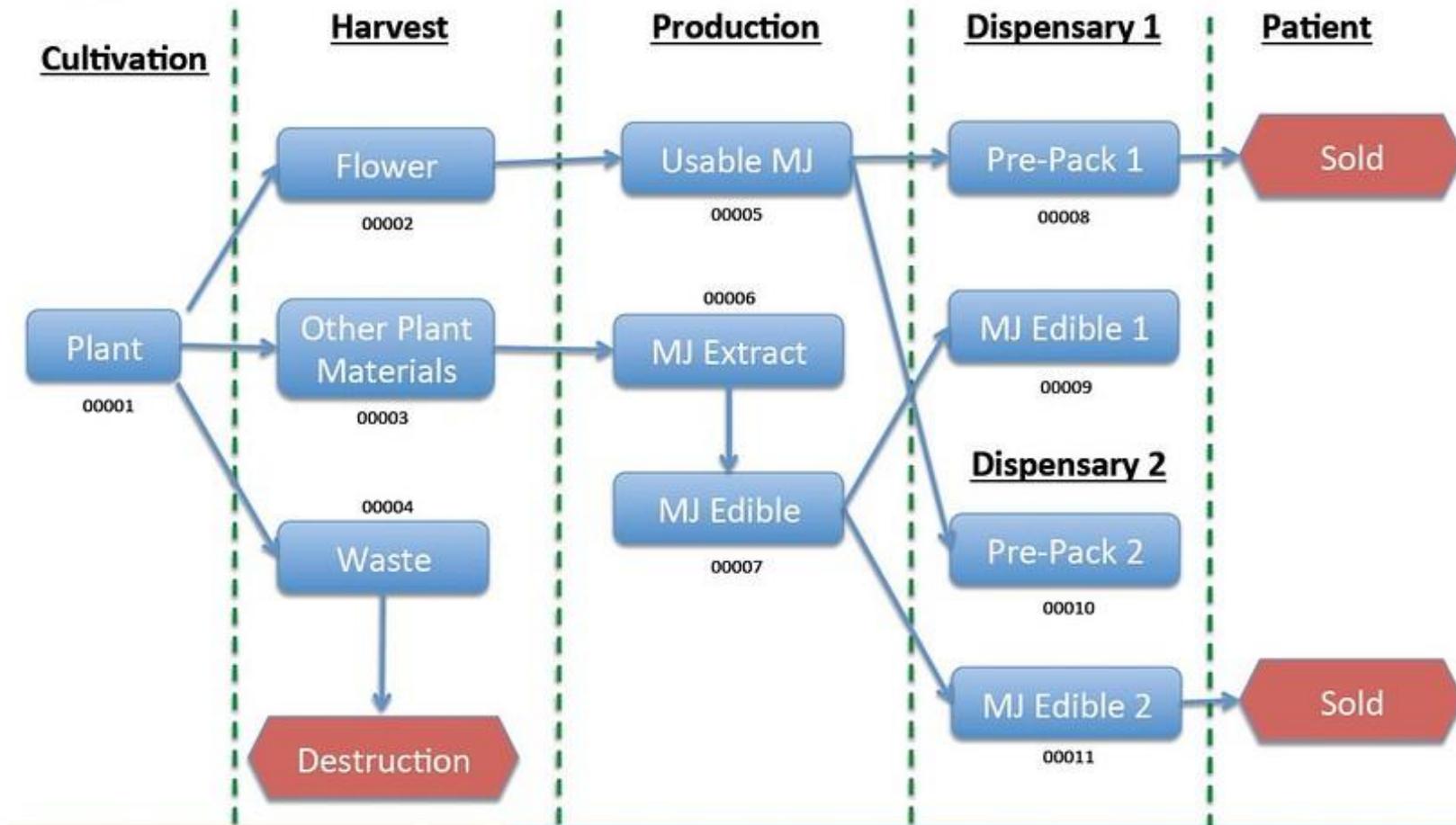
Case of Colorado

State of Colorado Marijuana Tax Revenue



Source: Revenue collected monthly as posted in the Colorado state accounting system.
 Prepared by: Colorado Department of Revenue, Office of Research and Analysis, dor_ora@state.co.us.
 Publish date: February 2019.

Seed to Sale Tracking System



Source: <https://www.marketwatch.com/story/tracking-the-marijuana-business-from-seed-to-sale-2015-05-04>



Implications for Legalizing Marijuana in New Jersey

- ▶ **Purpose:** examines the implications for legalizing marijuana in New Jersey by using data drawn from primary sources from states where recreational marijuana is legal.
- ▶ **Main finding:** drug tourism, associated tax revenues, methods of production and the response of nearby states will be important considerations

Implications for Legalizing Marijuana in NJ

Table 1: Revenue Breakdown of Retail Marijuana Sales for States 2017

<i>State</i>	<i>State Tax</i>	<i>Local Tax</i>
Alaska	\$1,749,497	No Tax Collected
California	No Tax Collected	No Tax Collected
Colorado**	\$131,914,925	
Maine	No Tax Collected	No Tax Collected
Massachusetts	No Tax Collected	No Tax Collected
Nevada**	\$15,969,816	
Oregon	\$63,385,150	\$9,798,673
Washington	\$49,158,000*	\$20,109,000*
Washington DC	No Tax Collected	No Tax Collected

*Estimates from Washington Department of Revenue

** Colorado and Nevada local tax revenue is an aggregate of medical and retail marijuana



Implications for Legalizing Marijuana in NJ

► Percent of Total Revenue of States in 2017



*Marijuana collection and Total collection are based on 2019 New Jersey Governor's Proposed Budget

Implications for Legalizing Marijuana in NJ

Table 3: Initial Projections of First Year Retail Marijuana Revenue

State	Year	Predicted Revenue	Actual Revenue
Alaska	2017	\$12 million*	\$1,421,219
California	2018	\$643 million	Not Reported
Colorado	2014	\$118 million**	\$67,594,323
Maine	No Tax Collected	\$10-18 million	No Tax Collected
Massachusetts	No Tax Collected	\$44-82 million	No Tax Collected
Nevada	2018	\$50 million***	\$30,376,795.39
Oregon	2016	\$44 million	\$60,154,432
Washington	2015	\$36.3 million	\$65,688,344
DC	No Tax Collected	\$20-130 million	No Tax Collected
New Jersey	Not Legalized	\$60 million	No Tax Collected

*Modified to \$5 million, then \$2 million.

**After initial data this number was reduced to \$69 million.

***Nevada's projection is for 12 months; their fiscal year has not ended yet.

Implications for Legalizing Marijuana in NJ

- ▶ **Theme: Social**

- ▶ Crime rate (in state and surrounding states)
- ▶ Increase in marijuana use? Is this relevant? It might increase regardless of legalization

- ▶ **Theme: Public Health**

Compare a public health framework with current marijuana regulations in states

- ▶ **Regulations:**

- ▶ Lead health agency (department of health or other)
- ▶ Advisory committee (decision making authority)
- ▶ Regulatory Complexity: single system of marijuana retailers (only Washington)
- ▶ Marketing and advertising: (note explicit prohibitions like sponsorships, billboard advertising, TV)
- ▶ Licensing rules (impose penalties on underage sales)

Implications for Legalizing Marijuana in NJ

▶ Seed to Sale Tracking

1. **Cultivators** register plants. Once entered into system, cultivator can legally allow plant to flower
2. After harvesting, **cultivator** must send a sample of buds and leads to an approved lab to test for potency and other aspects
3. **Cultivator** delivers product to distributor. Distributor packages raw buds and also makes products, including liquids and edibles. Packaging must meet state requirements, including being child proof
4. **Distributor** delivers product to retailer. **Retailers** sell product to consumers. Consumers may not touch anything before purchase but may smell product. Retail location is required by state to have video cameras.

Implications for Legalizing Marijuana in NJ

- ▶ **Other implications:**

- ▶ NJ could become an industry leader. Federal prohibition means that federal funding for cannabis research has been lacking. States have started to research recreational marijuana, but it's been slow. NJ has a history in the pharmaceutical industry and may take a leading position in cannabis research.
- ▶ Marijuana tourism: NJ sits in the middle of wealth, populated centers and highly used/developed transportation systems (NJ transit, PATH, bolt bus, Amtrak etc.)

TOURISM