

U.L. v. Carter

8 Feb. 1984

Plans book.

Memo re: Implementation of Program.

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**Alan Mallach 15 Pine Drive Roosevelt New Jersey 08555**

MEMORANDUM

TO: John Payne, Esq.

DATE: February 8, 1984

FROM: Alan Mallach 

RE: Implementation of a program to create lower income housing through nonresidential development

As we discussed yesterday, the issue of creating a program under which nonresidential developers would provide lower income housing in a manner proportionate to the housing need generated through their development has arisen with regard to the proposed Plainsboro settlement. If such a program could be successfully implemented, it could serve as a potential model for other such efforts in other communities.

Leaving aside legal issues associated with such a program, I see two significant implementation questions: (1) establishing a reasonable standard to determine each developer's obligation; and (2) providing reasonable channels through which that obligation can be met.

(1) Standards: It is clear that a simple percentage of low and moderate income units, as is applied to conventional inclusionary developments, is inappropriate. The most sensible approach of which I am aware is that of establishing a formula that will convert the square feet of nonresidential space to be built into low and moderate income households affected by the employment created. Coefficients that relate square feet to jobs for different types of nonresidential facility are widely available; the other factors can be derived without serious difficulty. I present below a possible formula with hypothetical coefficients:

Jobs per square foot	1 to 250
Households per worker	.55
Lower income households	.30
Households to live in Plainsboro	.50

On this basis, the housing conversion formula would be as follows:

$$\frac{\text{Square Feet}}{250} \times (.55 \times .3 \times .5) \text{ or } \frac{\text{Square Feet}}{250} \times .0825$$

Using that formula, let us assume a building of 250,000 square feet, a substantial suburban office building:

$$250,000 \div 250 = 1,000 \times .0825 = 82.5 \text{ (rounded = 83)}$$

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Thus, the developer of the 250,000 SF office building would have an obligation to provide 83 lower income housing units in some fashion.

The formula proposed above is not meant to be definitive; some such formula, however, with soundly-grounded coefficients appears to be the best way in which to establish the lower income housing obligation of a nonresidential developer.

(2) Implementation: There must be a reasonable variety of means by which a developer can meet his housing obligation, for both legal and practical reasons. It will, in most cases, not be feasible for housing to be built on the same site, or as part of the same building, as the nonresidential development. It is therefore essential that offsite options be available. These can include (a) building lower income housing on a vacant site separate from the nonresidential development site; (b) buying or rehabilitating, or otherwise supporting, existing housing units; (c) contributing cash to a housing trust fund; (d) contributing suitable land to a nonprofit housing sponsor, etc.

In Plainsboro, for example, funds could be used to support development on one or another of the small number of potential lower income housing sites, or to write-down the rentals of a number of units in Princeton Meadows, etc. It is essential that machinery be established to facilitate a smooth flow of resources into whichever housing effort is to be supported; the success of the San Francisco program was heavily dependent on the ability of City staff to act as a 'broker' between nonresidential developers and a wide variety of potential housing efforts in which the developers became involved.

If the above approach is conceptually acceptable, the mechanics can be worked out. The 'mechanics', in addition to the machinery by which the program will be implemented, must also include a rational way of relating the dollar contribution by developers who choose to contribute to the number of units that the formula has established as their obligation. It may not be possible to do that, however, until the nature of the housing trust fund projects has been more clearly established.

In conclusion, I believe that such a program would be workable from a practical standpoint, assuming that the market for office or research facilities in the community is strong enough that developers are willing to pay the added costs associated with the lower income housing program. It would certainly be worth trying.

AM:ms

cc: Bruce Gelber/Janet LaBella