

U.L. v. Carteret

7 July 1985

Plainsboro

Letter from Lerman to Judge re:
proposed consent order

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PT # 5107

CA000516E

J. Payne

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CA000516E

July 7, 1985

Hon. Eugene D. Serpentelli, A.J.S.C.
Superior Court of New Jersey
Ocean County Court House
CN 2191
Toms River, N.J. 08754

Dear Judge Serpentelli,

The proposed consent order for Plainsboro, in Urban League of Greater New Brunswick v. Carteret et al, included provisions for rental units for low and moderate income households. The suggested division between low and moderate is 39 percent low income and 61 percent moderate income. Although this is not the 50 percent low and 50 percent moderate division suggested by the Court, it represents a distribution between rental and sales units that is particularly advantageous to lower income households - of the 575 lower income housing units to be provided, 93 percent will be rental units.

Although the Court in Mount Laurel II did not specifically address the issue of rental versus sales as a means of meeting the Fair Share, two realities have become clear since that decision. One is that the overwhelming majority of developers do not wish to build rental housing, particularly not for low and moderate income households. The second reality is that even with subsidized sales prices for low income purchasers, it is extremely difficult for those purchasers to accumulate savings for the down payment, meet all closing costs, and still convince a lender that they will not default and that they will maintain the house, even though they have minimal disposable income. The obvious solution, and indeed the pattern that has existed throughout the past, is to provide affordable rental housing for low income households, perhaps providing the opportunity for some savings to make purchase possible at a later date, if purchase is desired.

If more low and moderate income rental housing can be stimulated through the incentive of a slight imbalance from low to moderate, which requires less internal subsidy by the developers, it seems that it would be well worth it, and might provide a model to be copied by other developers in the state.

In evaluating Plainsboro's compliance program, the provision of 93 percent of their low and moderate income housing as rental units weighed heavily, and, I believe, fully justifies the imbalance of 39 percent low income and 61 percent moderate income housing units.

I hope this clarifies my position on this issue. Please let me know if I can be of any further help in this matter.

Sincerely,



Carla L. Lerman