

The Math of Mt. Laurel
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**A Description of Low and Moderate Income
Housing Created Under New Jersey's Mt. Laurel
Doctrine and the Fair Housing Act of 1985**



State of New Jersey
Jim Florio, *Governor*

Department of Community Affairs
Stephanie R. Bush, *Commissioner*

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**A Description of Low and Moderate Income
Housing Created Under New Jersey's *Mt. Laurel*
Doctrine and the Fair Housing Act of 1985**

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March 1993

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Richard Binetsky, Peggy Huchet, Michael Ticktin and Jane Wheatley from the Department of Community Affairs generously provided their expertise to reviewing the primary draft. Henry Coleman of Rutgers University also gave of his valuable time to review the primary draft. Doug Opalski and Sidna Mitchell from the staff of the Council on Affordable Housing assisted me with historical and technical information and useful suggestions from the earliest points of the project.

The considerable improvements brought to the report by each of these housing policy experts is greatly appreciated. None of them, however, bear any responsibility for the remaining faults of this study, and none of them should be presumed to share my opinions.



Bob Fitzpatrick

March 1993

INTRODUCTION

January 1993 marked the tenth anniversary of the New Jersey Supreme Court's controversial "*Mt. Laurel II*" decision. Nearly seven years have passed since the enactment of New Jersey's Fair Housing Act, and it's been five years since the Council on Affordable Housing (COAH) quantified municipal "fair share" obligations for low and moderate income households.

Since the initial "fair share" numbers were based on a six-year cycle, running from 1987 to 1993, this year represents a milestone for another reason: New Jersey has entered the last year of the first six-year cycle, and there are already discussions at COAH on methods to quantify "fair share" numbers for the next six years.

With these milestones in mind, the Department of Community Affairs, with the cooperation of New Jersey's municipalities, spent the last several months establishing a detailed inventory of housing built or rehabilitated in response to the Court's *Mt. Laurel* decisions and the Legislature's Fair Housing Act.

The information collected by the Department presents an opportunity to have the outcome of the first six-year cycle inform and

shape future efforts. For all the debate about *Mt. Laurel*, so rich in ideologically charged questions and value judgments, there has been little opportunity to assess the tangible consequences of the New Jersey Supreme Court's doctrine and the Legislature's response to that doctrine, the Fair Housing Act of 1985. It also offers an opportunity for New Jersey's elected officials and other housing policy makers to reassess the role of *Mt. Laurel* policy in relation to a broader, more inclusive outlook on housing affordability.

" For all the debate about *Mt. Laurel*, so rich in ideologically charged questions and value judgments, there has been little opportunity to assess the tangible consequences..."

THE SURVEY

The principal data collection instrument was a survey sent to each of New Jersey's 567 municipalities. This was the third survey conducted by the Department in the last four years. Previously, the information from the survey was used primarily to prepare a consumer directory of limited income housing. Since this year signals the imminent conclusion of the first six year "fair share" cycle, the survey was expanded. The results will be used for both a new consumer directory and policy analysis.

The survey yielded a relatively high response rate. Eighty-five percent of COAH certified towns responded, as did 90 percent of towns supervised by the courts. More than 96 percent of municipalities that reported *Mt. Laurel* housing in the two previous surveys updated or confirmed their information. Overall, almost 350, or nearly two thirds of the state's 567 municipalities, responded. Even among municipalities without full COAH certification or court supervision, response rates ran at about one in two.

In this study, "*Mt. Laurel*" housing is defined as those units built, rehabilitated or under construction deemed by the responding municipality to meet all or part of its "fair share" obligation. These units should be price- and income-controlled so that they are available to those earning no more than 80 percent of county median income. Not all of New Jersey's 567 municipalities are involved with COAH or the courts on *Mt. Laurel* issues. Therefore, some housing developments may not have been put under the microscope of either process. Appearance of a development in this study does not imply approval of that development by any element of State government. A detailed comparison of the Department's survey results with the records of COAH and the courts may someday be made.

THE COUNT

Respondents reported 13,592 total dwelling units built, rehabilitated or under construction. These units are located in 280 developments in 125 municipalities throughout New Jersey's 21 counties.

Developments range in size from the 620 unit Hills development in Bedminster, Somerset County, to several small efforts reporting a single unit built or rehabilitated.

The survey counted housing units completed or under construction. The goal was to count bricks and sticks -- real housing for real people. Projects zoned, projects planned or projects that had not broken ground for any reason were deemed inappropriate to such a study and were therefore excluded.

Because units under construction were included in the total count, respondents were asked a separate question about number of affordable units already completed. This showed that one in four units reported (3,268 of 13,592) were not yet complete. The survey did not collect information related to the likelihood of project completion.



In addition to completion, there are other questions which further suggest that the number of housing units created in response to the *Mt. Laurel* Doctrine and the Fair Housing Act is lower than 13,600 dwelling units. When variables such as construction type (i.e., new construction vs. rehabilitation), and municipal status before the Council on Affordable Housing (e.g., COAH certification or court supervision) are included in the examination, the output of housing appears to be more limited.

The following passages describe the inventory reported by municipalities. It includes breakdowns by variables such as tenure, income, size and use. Because some respondents did not provide complete information on these variables, the sum of units by one of these variables does not necessarily equal the total number of dwelling units reported in the survey. All percentages are stated based on exclusion of missing values.

GEOGRAPHIC DISTRIBUTION

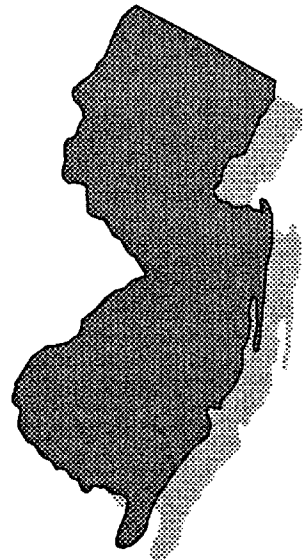
Geographically, the units reported are heavily concentrated in the central New Jersey counties of Middlesex, Morris and Somerset, each of which reported about 2,000 units. This may be a reflection of statewide growth trends in which the Route I-287 and U.S. 1 growth corridors played important roles.

Further study is warranted to establish a better understanding of the relationship between residential construction and the creation of *Mt. Laurel* affordable housing at the municipal level in this time period.

No county topped the 48 developments and 2,233 units reported by municipalities in Middlesex County. While there is no average county in a geographically, economically and demographically diverse state like New Jersey, seven counties clustered around the averages of 13 projects and 647 units. Bergen, Camden, Essex, Gloucester, Hudson, Hunterdon and Mercer each had between 12 and 18 projects and between 503 and 801 units. Salem County municipalities reported the least housing, with 11 units reported in one development.

TENURE

Respondents reported that units were evenly split between sale and rental units, with 49 and 51 percent respectively.



INCOME

About 55 percent of the units described by income level were reserved for low-income occupants (those earning no more than 50 percent of local median family income). Units for moderate-income occupants, those earning between 50 and 80 percent of median, represented the remaining 45 percent of units.

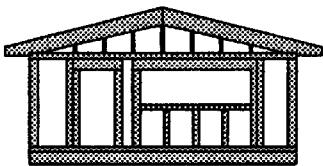
SIZE

Builders or municipalities seem to have some preference for providing affordable housing for small families, given the prevalence of one and two bedroom units (about 75 percent of units described). Very few efficiency units have been created, possibly due to the high cost per person ratio and limited flexibility of use to be expected from such small units. In total, municipalities reported 727 efficiencies (7%), 3,773 one bedroom units (35%), 4,424 two bedroom units (40%) and 2,010 units (18%) with three or more bedrooms.

This is starkly different from the state's total housing inventory. The 1990 U.S. Census shows that 55 percent of New Jersey's homes have three or more bedrooms. This suggests that one way to build low cost housing is to build small housing. It also suggests that for good or for bad, the Court's attack on fiscal zoning has been only a partial success. Units of limited size generally serve smaller families; smaller families place fewer additional demands on local education and other services.

UNIT TYPE

About one in four units described was set aside for the elderly or disabled. Municipalities described 9,552 (75%) units as available for family or general use, 2,352 (19%) reserved for the elderly and 741 (6%) reserved for the disabled. While these numbers give some sense of relative magnitude of the three unit types, they are somewhat difficult to deal with because there can be overlap between units reserved for the elderly and those reserved for the disabled.



CONSTRUCTION TYPE

While about three quarters of the units reported (10,542) were new construction, about one in six (2,356) were rehabilitations of existing housing. The remaining units (694) were rehabilitation that created new housing, such as conversions from non-residential uses and renovation

of previously uninhabitable housing. Approximately 55 percent of the original need number, or about 65,000 units, were deemed necessary because of rehabilitation need. This makes the process appear more successful at creating new housing than at improving existing stock.

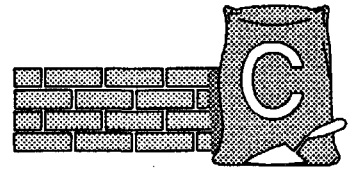
NEW CONSTRUCTION

Municipalities reported 175 developments of newly constructed affordable housing, representing a total of 10,542 units completed or under construction. Of these, 7,998 units, or 76 percent have been completed.

New construction, like all units reported, was evenly split by tenure, with 51 percent sale and 49 percent rental units reported.

Size distribution of newly constructed units was nearly identical to the distribution seen among all units. Of the 9,318 new units described, 7 percent were efficiencies, 36 percent were one bedrooms, 39 percent were two bedrooms and 17 percent were three or more bedrooms.

Unit type distribution among the 10,459 units described also was very similar to distribution among the whole, with 73 percent for family or general use, 21 percent reserved for the elderly and 6 percent reserved for the disabled.



REHAB THAT CREATED NEW HOUSING

Municipalities reported relatively few projects involving rehabilitation that created new housing -- just 694 units in 37 projects. Seventy-six percent of these, or 526, are completed.

While tenure breakdown of all units was about evenly split between owned and rented units, the tenure breakdown for units created by rehab was noticeably different, with 83 percent of these units being occupied by renters.

Units created through rehab were less likely than all units to be reserved for the elderly or disabled. About 84 percent of these units were for family or general use, compared to 73 percent among all units. Elderly and disabled units each lost five percentage points compared to their level among all units, falling from 21 percent to 15 percent and from 6 percent to less than one percent, respectively.

REHAB THAT DID NOT CREATE NEW HOUSING

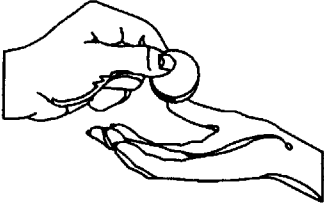
Traditional rehab work, that is, rehabilitation of existing housing, accounted for 2,356 units in 68 projects. Of these, 1,800 or 76 percent were completed.

Rehabilitated units were divided evenly between sales and rentals.

Rehab work was more likely than all units to affect larger units -- 82 percent of all rehab work was done on units of two or more bedrooms, compared to 49 percent among all units.

Rehab was also more likely to be made available for general use, with only 10 percent of rehab units reserved for the elderly or disabled.

SUBSIDY SOURCES



Nearly all housing reported was subsidized in some way. One way to interpret this phenomenon is to assume that it is difficult or undesirable to build affordable housing in New Jersey without some organized assistance, whether this assistance is government disbursement or private internal subsidy. However, another explanation reflects the nature of the question asked, rather than New Jersey's housing economics. Respondents may tend to associate the idea of affordable housing with certain other ideas, such as subsidies, income restrictions and price controls, and therefore reported almost no "naturally occurring" affordable housing.

The existence of "naturally occurring" affordable housing should be confirmed and measured, but with additional resources beyond this survey, such as census data, market reports and tax records.

Subsidy data were collected through an objective "check all that apply" question, which listed Inclusionary Development, Regional Contribution Agreement, Balanced Housing, Low Income Housing Tax Credits, HUD and Other. A blank space was provided to accommodate specification of Other. This question format was designed to reflect an expected phenomenon -- multiple subsidy sources.

In fact, the responses showed about 17,250 subsidies to the 13,600 units of housing.

INCLUSIONARY DEVELOPMENT

Inclusionary development, (also known as builder's set-aside or

internal subsidy) is a private sector effort to create lower cost housing by subsidizing some units (typically twenty percent of the development) with profits from the market-priced units in the development.

This, the most common form of *Mt. Laurel* subsidy, was involved in the creation of 6,021 housing units, or about 45 percent of all units reported. Of these, about 80 percent (almost 4,800 dwelling units) had no other subsidy source, public or private -- strongly suggesting that private-sector subsidy of affordable housing can be economically viable.

About three quarters of the units affected by inclusionary development (4,390) have been completed.

Internally subsidized units were more likely than all units reported to be owned rather than rented. Inclusionary development units favored sale units by a ratio of two to one, while all units reported were fairly evenly split by tenure.

These units varied little from all units reported in terms of size. Again, there were few three bedroom units (14%), but inclusionary developments did provide a somewhat lower proportion of one bedroom units and a higher proportion of two bedroom units compared to all units.

When compared to all units, inclusionary development units contain a relatively high proportion of units available for family or general use. Eighty-five percent of internally subsidized units were available for general use, while among all units, 75 percent were available for family units.

REGIONAL CONTRIBUTION AGREEMENTS

Regional Contribution Agreements were created by the Legislature through the Fair Housing Act. The vision of those shaping the Court's *Mt. Laurel* decisions included the idea of dispersing or redistributing limited-income households and racial minorities from the cities to the suburbs. However, the Legislature's response to the Court added the idea of communities buying and selling portions of "fair share" obligations. For the most part, these sales involve suburban communities paying cities to build or rehabilitate housing located in those cities.

Evidence suggests that while the concept of RCAs may undermine the social engineering goals of some *Doctrine* supporters, they have met the highest test: they have provided real housing for real people in



geographic areas with indisputable need.

Furthermore, the output of the RCA option dispels the notion that RCAs might have overwhelmed other aspects of the *Mt. Laurel* process. RCAs accounted for 889 units completed or under construction, or about seven percent of all *Mt. Laurel* units. Of these, some 590 units, or about six percent of completed *Mt. Laurel* housing, are complete.

RCA units were marginally more likely to be sold than rented (55 to 45 percents), meaning that they are relatively consistent with the even tenure split among all units.

Larger units were much more available in RCAs than in all units described. More than one in three RCA units (35 percent) was a large unit with three or more bedrooms; this is about twice the average for all units. At 44 percent, RCAs were on par with all units for two bedroom units. Obviously, RCAs therefore provided fewer single bedroom and efficiency units.

About three in four RCA units were available for family use, but 11 percent were reserved for the disabled, about twice the 6 percent reported for all units.

BALANCED HOUSING

The Balanced Housing fund, like COAH and RCAs, was created by the Fair Housing Act. Municipal officials reported that the program has created 2,989 *Mt. Laurel* units. Of these, 2,311, or 77 percent, are complete.

The Balanced Housing program records show that about 7,000 housing units have been set in motion.

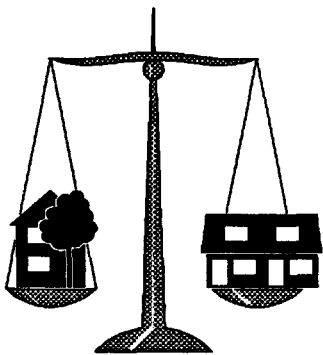
Balanced Housing-funded *Mt. Laurel* units were fairly evenly divided between sale and rental units, much like all units.

Like RCA units, they were more likely than all units to have three or more bedrooms.

Balanced Housing-funded *Mt. Laurel* units did not vary significantly from all units in terms of proportion of units for general, elderly and disabled uses.

LOW INCOME HOUSING TAX CREDITS

Low Income Housing Tax Credits (LIHTC) were involved in the creation or rehabilitation of nearly 1,000 units of *Mt. Laurel* housing, of



which about half are complete.

These units were overwhelmingly rental units, as is consistent with the law governing tax credits.

Size generally followed patterns seen among all units, with only a marginal tendency toward one bedroom units.

With regard to unit type, however, units funded this way were significantly different from all units -- only 57 percent were available for general use, while 31 and 10 percents were reserved for the elderly and disabled respectively.

HUD-FUNDED

While there are known to be more than 100,000 HUD-funded units in New Jersey, only 3,348 of these were declared as contributing to local "fair share" obligations.

This can probably be attributed to the age of this housing (much of it was created before the 1980 census used to calculate "fair share" numbers) and the fact that some HUD program requirements are not consistent with *Mt. Laurel* requirements.

Consistent with general trends, about three fourths of this housing have been completed.

HUD-*Mt. Laurel* units are likely to be small units -- with above average concentrations of efficiencies (17% as compare to the average of 7%) and one bedroom units (50% vs. 35%). HUD funding created only half of the average proportion of two bedroom units and less than two thirds of the average level of units with three or more bedrooms.

HUD-subsidized *Mt. Laurel* housing is predominantly rental housing by a ratio of more than 7 to 1 (2,170 of 2,469 units described).

Less than half (45%) of HUD-funded *Mt. Laurel* units were available for general use while 43 percent were reserved for the elderly and 10 percent for the disabled.

These trends in tenure and population served are generally consistent with the availability of federal housing funds in the 1980s and 1990s; little but Section 202 units (rental units for the elderly) and Section 811 units (rental units for the disabled) have been built.

COAH STATUS

Because the COAH process is voluntary, only about 25 percent of all



municipalities (136) have received substantive certification of their housing and zoning plans from the Council. An additional 83 are in various stages of discussions that might or might not lead to certification. Seventy-five are supervised by the courts. Municipalities that have received substantive certification from COAH reported 4,639 units completed or under construction. About 75 percent of these (3,465) are complete.

“ ...a total of 2,655 units have been created in COAH - supervised municipalities. ”

If rehabilitation of existing housing is separated from the above total in an effort to quantify new housing created, COAH certified municipalities can be credited with 3,614 units completed or under construction. Since one of four of these units is not complete, a total of 2,655 units have been created in COAH-supervised municipalities.

Court-supervised municipalities reported 5,333 units completed or under construction; three fourths of these, or 3,923 units are complete. Court towns reported 4,984 new units completed or under construction, of which 3,643 are complete.

MT. LAUREL AFFORDABLE HOUSING GOALS AND PERFORMANCE EVALUATION

The Fair Housing Act did not commission COAH to build housing, but rather to make certain housing for certain people realistically possible through zoning. With this in mind, it is still important to measure the tangible impact of the *Mt. Laurel* Doctrine and the COAH process.

In 1986, the Council on Affordable Housing hired the Center for Urban Policy Research (CUPR) at Rutgers University to help them quantify the state's need for affordable housing. Relying primarily on 1980 census data, CUPR determined that there was a need for 145,707 units of housing affordable to those earning less than 80 percent of median family income.

This is an enormous number, apparently focused more on the idea of defining a target population than acknowledging what could be built in New Jersey during any six year period.

A summary of recent residential construction trends may help put this need number in perspective. In a very good year, the construction industry in New Jersey can produce about 50,000 housing units for all income levels. In 1986, the height of the most recent construction boom, activity peaked at 57,000 units. In an average year, 30,000 building permits will be issued. In 1991, only about 14,000 units were built, the

lowest number since World War II. The year before that, 1990, was only marginally better than 1991, with 18,000 units.

Any policy evaluation should at least acknowledge output in comparison to predefined need.

About nine percent of the predefined need of 145,000 units was met. The numerator for this calculation is the 13,592 units built, rehabilitated or under construction. The denominator is the predefined need of 145,707 units.

Of the 13,600 units reported, about one in four is not yet complete. Seven percent of the predefined need was met if only completed homes are counted.

While the current need number of 145,000 may be unattainable in any six-year period, there is another perspective that suggests that this number is actually too low, or at least based on an incomplete definition of need.

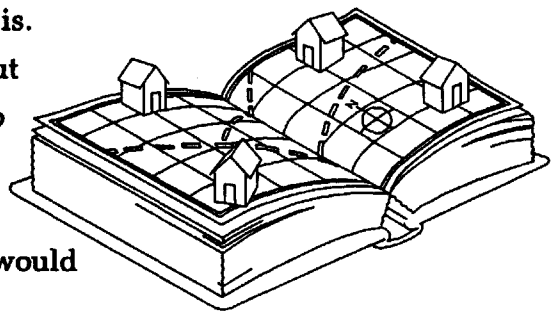
The most basic definition of housing affordability, setting aside for the moment the details of the *Mt. Laurel* process, focuses on the relationship between shelter costs and income.

One technique to measure this very broad definition of housing affordability is based on households which spend more than 30 percent of gross income on housing. Severe need is defined as those households spending more than 50 percent of gross income on housing.

By this standard, New Jersey's housing affordability challenge is estimated at more than 600,000 households, with severe affordability burdens in 300,000 to 400,000 households. These figures are explored in greater detail in the Department's *Comprehensive Housing Affordability Strategy*, and related unpublished analysis.

Comparing this definition to the *Mt. Laurel* output would obviously drive down the percentages used to describe the tangible benefits of the *Mt. Laurel* process. Because the Doctrine and the Act were not meant to address the entire affordability question, this comparison would be not be entirely fair or relevant.

But these larger numbers and this broader view of affordable housing needs serve as simple reminders that there are housing policy issues to be faced beyond the controversial *Mt. Laurel*-inspired issues. Regulatory barriers, land availability and financing problems in both the public and private sectors all affect the cost side of the affordable housing



equation. Relatively flat income growth in recent years has also hurt affordability.

Another performance standard to consider is based on the demonstrated economic viability of inclusionary development. Typically every fifth unit in an inclusionary development is set aside by the builder for households earning less than 80 percent of median income. The builder taps profits from the market-rate units to make it possible to sell 20 percent of the units at below-market prices.

As will be discussed below, this private sector funding mechanism has successfully provided the type of housing under discussion here. This ratio of one in five homes built then is another standard to judge the tangible results of the *Mt. Laurel* Doctrine and the COAH process.

Various sources, such as the 1990 census and the New Jersey Department of Labor's counts of residential building permits, put the number of housing units created in New Jersey since 1980 (the year which provided the basis for the "fair share" number) between 300,000 and 400,000, depending on the exact time frame and unit of measurement.

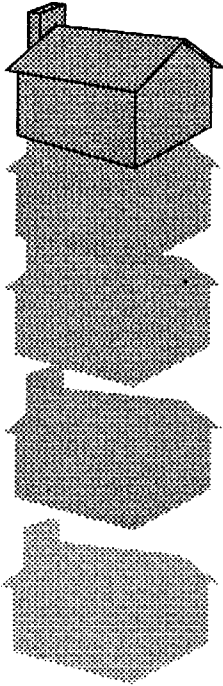
Using the twenty percent set aside as a standard of what is possible, New Jersey should have already produced between 60,000 and 80,000 units of *Mt. Laurel* housing.

While housing created or rehabilitated between 1980 and 1987 can be counted by COAH as "credits" towards a town's "fair share" obligation, it was not until 1987 that towns could submit housing plans to COAH for consideration. Using this shorter time frame to estimate the potential outcome does not lead to a vastly different result.

The survey results do show that private-sector funding -- inclusionary development -- was responsible for about half of the units provided.

The prevalence of inclusionary development strongly suggests that private-sector muscle can play a major role in carrying the weight of the public policy goal of providing low cost housing for those earning less than 80 percent of median income. However, it appears unlikely that market conditions in the next few years will rival the building boom of the late 1980s. A corresponding decline in opportunities to tap private sector resources should be expected.

Measured strictly in terms of economics and housing creation, reliance on private-sector resources has performed relatively well compared to the historical pattern driven by public spending.



Today there are about 132,000 publicly subsidized housing units in New Jersey. Since the beginning of a public commitment to this type of housing in 1937, direct public-sector funding averages 2,400 units per year.

Under the *Mt. Laurel* Doctrine and the Fair Housing Act, approximately 13,600 housing units have been built or rehabilitated. In the years since the Court's action-invoking *Mt. Laurel II* decision, this represents an average of 1,350 units per year. Calculated over the five years of COAH's life, this figure doubles to 2,700 units per year.

There are limits to this comparison, but it does demonstrate that thousands of homes were created without wholesale public funding for those in need.

While there is little question that inclusionary development is economically viable in many circumstances, debate is likely to continue over ways to reduce the trade-offs often associated with this form of subsidy, such as higher density, more development and the increased strains these can place on community coffers and community character.

These various benchmarks each present different concepts of need, and consequently present different assessments of the housing created to date.

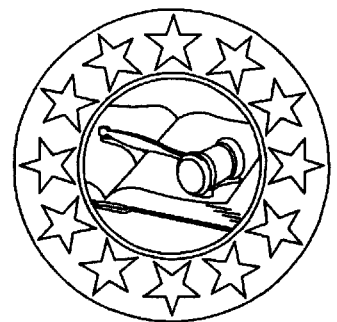
CONCLUSION

The Department's goal in presenting this study is to offer a detailed description of the housing built in response to the New Jersey Supreme Court's *Mt. Laurel* decisions and the Fair Housing Act of 1985.

By doing so, the Department hopes to make a small contribution to the development of an informed agenda for the future of affordable housing in New Jersey.

The report identifies 13,592 units of *Mt. Laurel* housing that have been built or rehabilitated. By surveying municipalities for this information, the Department intentionally cast a broad net. However, this study intentionally excludes housing units made realistically possible through zoning but not yet built. It also excludes housing units that have not left the zoning or planning stages.

Survey responses show that nine percent of the pre-defined need of 145,000 units was met as of 1992. Perhaps the fairest benchmark is the 20 percent set-aside measure, which corresponds to the inclusionary development model. This approach was shown to be economically viable



in many circumstances. It suggests that New Jersey could have created about 60,000 units for low and moderate income households. Comparisons with the number of New Jerseyans with heavy cost burdens also show that important challenges remain for housing policy makers concerned with affordability.

The detail questions in the survey focused on location, sponsor, construction type, subsidy source, tenure, size, type, income category, completion date and municipal activity before COAH or the Courts. These were meant to provide a description of what has been built.

These questions may help policy makers at the State and local levels by providing a closer look at the variety of housing created in the first decade after the Court's decision and near the end of COAH's first six-year cycle.

For example, a common stereotype of *Mt. Laurel* housing -- newly constructed homes, internally subsidized and built in a community with substantive certification from COAH -- represents about 2,500 homes, or about one fifth of the 13,600 housing units created. In a variation of this stereotype, Court-supervised municipalities reported an additional 3,400 homes.

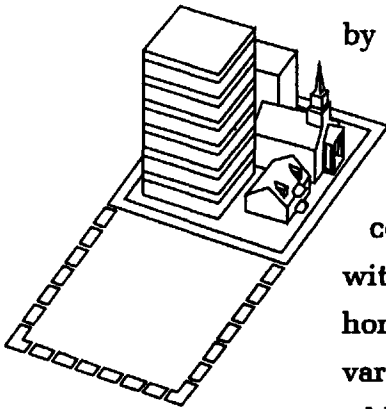
The survey results also offer an opportunity to learn from what has not yet been accomplished.

Reliance on private sector resources means that progress toward public policy goals is now vulnerable to swings in the marketplace. This does not change the fact that it is also somewhat less vulnerable to changes in public-sector will and ability. The last three years of extremely lean economic times show that New Jersey has tied public goals to both the good and the bad in the market.

The current relationship between government and market also has implications for housing affordability beyond inclusionary development. Regulatory barriers pose a threat to affordability in its broadest, most inclusive sense -- the relationship between costs and income.

While there are limits to what any state can do about relatively flat income growth, there is much New Jersey can do to lessen the burden of housing costs. Unpredictable, frequently redundant regulation drives up the cost of housing for all of New Jersey's families.

Previous study by the Department concluded that regulatory burdens adds about thirty percent to the cost of a home. This same regulatory process also means that it takes almost three years to bring a home from



the planning stage to the market. This all but rules out responsiveness on the part of home producers.

Persons of good will seeking to build housing in New Jersey should be able to know, before they begin, where, what and how they can build. They should also be able to operate in a context where homes can be produced as a coordinated response to changes in market demand. This is not the case today.

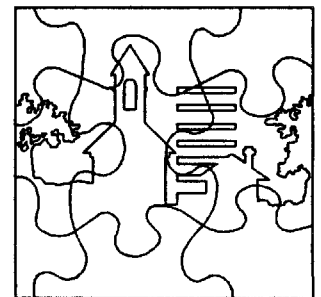
Implementing model land development standards is another step towards improving affordability by making the regulatory process more predictable. These standards would do for horizontal construction (site planning and subdivision work) what the highly successful Uniform Construction Code did for vertical construction: provide safe housing in a climate of predictability and timeliness. Today, New Jersey's Uniform Construction Code stands as a national model for building safety regulation. The federal government and the national housing community are now using New Jersey's proposed subdivision and site plan standards in the creation of voluntary national standards.

Until New Jersey streamlines the permitting process and implements model land development standards, New Jersey's housing pipeline will remain slow and constricted, keeping prices artificially high and producers out of synchronization with those seeking homes.

For the State to seriously pursue affordable housing as a goal – including and beyond *Mt. Laurel* – it may need to consider reorganizing the way it administers the development process.

Permit reform and development standards could lower housing costs by as much as 30 percent for families at all income levels. This could be done without changing a single element of environmental and safety standards. These broader policy changes would lower housing costs across the board, increase opportunities for limited income development and lessen competition for low cost housing among those of different income levels.

The quantity and characteristics of housing built under the *Mt. Laurel* Doctrine and the Fair Housing Act have been described in considerable detail in this paper. This paper also discussed where *Mt. Laurel* housing fits into the broader field of affordable housing policy in New Jersey. What has been accomplished and what remains to be done both offer important lessons to policy makers.



Appendix A
Survey Instrument

NJ DCA 1991 Inventory of "Mount Laurel" Affordable Housing

Project Name: _____
 Address: _____
 Municipality: _____ County: _____ ZIP: _____

Sales/Rental Agent: _____
 Address: _____
 Municipality: _____ County: _____ ZIP: _____
 Telephone: _____

Sponsor: _____
 Address: _____
 Municipality: _____ State: _____ ZIP: _____
 Telephone: _____

Person completing this survey: _____
 Title and Agency: _____
 Telephone: _____

Is this project: _____ New Construction
 (check one) _____ Rehab that created new housing
 _____ Rehab that did NOT create new housing
 (for example, owner-occupied rehab)

Subsidy Source(s): (check all that apply)
 _____ Inclusionary Development _____ HUD program (specify)
 _____ Regional Contribution Agreement _____ Balanced Housing
 _____ Low-Income Housing Tax Credit _____ Other (specify)

Total Number of Affordable Units: _____

	Moderate Income	Low Income	TOTAL
Affordable Units by Tenure			
For-Sale Units	_____	_____	_____
Rental Units	_____	_____	_____

Affordable Units by Size			
Efficiency Units	_____	_____	_____
One Bedroom Units	_____	_____	_____
Two Bedroom Units	_____	_____	_____
Three or More BR Units	_____	_____	_____

Affordable Units by Type			
Family Units (general use)	_____	_____	_____
Units Reserved for Elderly	_____	_____	_____
Units Reserved for Disbaled	_____	_____	_____

Is this project complete? Yes _____ No _____
 If no, how many affordable units are complete? _____
 Year project was/will be completed: _____

Please return to the Division of Codes and Standards,
 NJ DCA, CN 802 Trenton, NJ 08625-0802

Appendix B
Glossary of Terms

DEFINITIONS

Project Name: Name of development or local program name

Project Address: Street address of project

Project Municipality: Municipality in which project is located

Project County: County in which project is located

Sales/Rental Agent: Name of person to be contacted by those seeking to buy or rent this housing

Sales/Rental Agent Address Elements: Mailing address of Sales/Rental Agent

Sales/Rental Agent Telephone: Telephone number for use by those seeking to buy or rent this housing

Sponsor: Developer, municipality or other organization designated by respondent

Sponsor Address Elements: Address of sponsor, as designated by respondent

Sponsor Telephone: Telephone number of sponsor

Person Completing This Survey: Labeled "Survey Completer" in database; Respondent; Municipal official providing information in this survey; Names are largely drawn from past Division contacts with these people; in the absence of a specific name, the survey was sent to "Affordable Housing Coordinator" at the Municipal Building address on file with the Division of Local Government Services at the NJ Department of Community Affairs

Title and Agency: Job title and organization name of respondent

Construction Type: Choices are (A) New Construction, (B) Rehab That Created New Housing and (C) Rehab That Did Not Create New Housing; respondents were instructed to select one of these designations for each project

New Construction: Housing declared by respondent as built in response to Mt. Laurel or Fair Housing Act obligation

Rehab That Created New Housing: Housing declared by respondent to have been rehabilitated from non-use or non-residential use in response to municipality's Mt. Laurel or Fair Housing Act obligation

Rehab That Did Not Create New Housing: Existing housing declared by respondent to have been rehabilitated in response to municipality's Mt. Laurel or Fair Housing Act obligation

Subsidy Source: Respondents were instructed to choose all that apply to a project. Choices are:

- (A) Inclusionary Development
- (B) Regional Contribution Agreement
- (C) Balanced Housing
- (D) Low Income Housing Tax Credits
- (E) HUD
- (F) Other

and

Inclusionary Development: Also known as internal subsidy or builder set-aside; in most cases, this involves offering 20 percent of units in a development at below market prices to those making less than 80 percent of county or regional median income; profits from the units offered at market rates are used to subsidize units offered at below market prices

Regional Contribution Agreement: Also known as RCA; housing built or rehabilitated under Fair Housing Act provision which allows municipalities to meet up to half of their affordable housing obligation by sponsoring the creation or rehabilitation of affordable housing in other municipalities

Balanced Housing: Formally known as the Neighborhood Preservation/Balanced Housing Revolving Fund program; a program and funding source for affordable housing development created under the Fair Housing Act; the program is administered by the Division of Housing and Development in the NJ Department of Community Affairs; funds are derived from a surcharge of the Realty Transfer Fee

Low Income Housing Tax Credits: A complex financing arrangement in which a non-profit sponsor is permitted to sell federally-issued, state-administered tax credits to individuals and corporations as a source of equity for the creation of low income housing; buyers become limited (non-managing) partners in the project and enjoy the paper losses traditionally associated with the creation and depreciation of the housing

HUD: The US Department of Housing and Urban Development; numerous housing subsidy programs and development grants are administered by HUD

Other: A subsidy source other than Inclusionary Development, Regional Contribution Agreement, Balanced Housing, Low Income Housing Tax Credits or HUD; respondents were offered this selection, which was accompanied instructions to specify what specific subsidy sources were involved

Total Number of Affordable Units: Also known as Total Dwelling Units (TDU) or Total Affordable Units; number of limited income dwelling units declared by respondent to be under construction or completed; respondents were instructed to exclude projects that have not yet broken ground

Moderate Income: Dwelling Units reserved for those earning more than 50 percent and up to 80 percent of county or regional median income

Low Income: Dwelling Units reserved for those making 50 percent or less of county or regional median income

Tenure: Choices are For-Sale and Rental

Size: Choices are Efficiency, 1 Bedroom, 2 Bedroom and 3 or More Bedrooms

Type: Choices are Family Units (general use), Reserved for Elderly and Reserved for Disabled

Project Complete: Choices are Yes and No; answer of no leads to request for total number of affordable units completed and year respondent expects project to be completed

Completed Dwelling Units: Number of affordable units declared by respondent to be structurally completed and habitable; also known as DONE in some tables and graphs

Year Completed: Year respondent declared a project was or will be completed

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Projects, Units and Completions	
by Construction Type	
by COAH Status	29
Projects, Units and Completions	
by COAH Status	
by Construction Type	30
Units by Subsidy Source	30

TABLES

Total Dwelling Units (By Project)

SUM	MAX	MIN	AVG
13,592	620	1	48

Projects by County

County	Projects	Total Dwelling Units
Atlantic	3	94
Bergen	12	801
Burlington	22	523
Camden	18	945
Cape May	5	259
Cumberland	2	18
Essex	16	635
Gloucester	16	859
Hudson	17	503
Hunterdon	11	170
Mercer	13	794
Middlesex	48	2,233
Monmouth	17	969
Morris	41	1,950
Ocean	2	86
Passaic	3	81
Salem	1	11
Somerset	19	1,880
Sussex	4	87
Union	7	422
Warren	3	272
TOTALS	280	13,592

Units Completed

SUM	MAX	MIN	AVG
10,324	620	1	44

Units by Tenure

Sale		Rental	
N	%	N	%
4,809	49%	4,992	51%

Units by Income

Moderate		Low	
N	%	N	%
3,635	45%	4,403	55%

Units by Size (Bedrooms)

Size	N	%
Eff	727	7%
1 BR	3,773	35%
2 BR	4,424	40%
3+BR	2,010	18%
Total	10,934	100%

Units by Type

Unit Type	N	%
Family	9,552	76%
Elderly	2,352	19%
Disabled	74	6%
Totals	12,645	100%

Units by Construction Type

Construction Type	Units (N)	Units (%)
A	10,542	78%
B	694	5%
C	2,356	17%
Total	13,592	100%

Legend

A = New Construction

B = Rehab that created housing

C = Rehab that did not create housing

All Variables by Construction Type (N)

Variable	A	B	C	ROWTOTALS
Projects	175	37	68	280
Total Units	10,542	694	2,356	13,592
Completed	7,998	526	1,800	10,324
Sale	4,369	86	354	4,809
Rent	4,187	436	369	4,992
Eff	682	33	12	727
1 BR	3,362	226	185	3,773
2 BR	3,703	211	510	4,424
3+BR	1,571	108	331	2,010
Family	7,621	508	1,423	9,552
Elderly	2,166	92	94	2,352
Disabled	672	3	66	741

All Variables by Construction Type (%)

Variable/Projects	A	B	C	ROWTOTALS
Projects	63%	13%	24%	100%
Total Units	78%	5%	17%	100%
Completed	77%	5%	17%	100%
Sale	91%	2%	7%	100%
Rent	84%	9%	7%	100%
Eff	94%	5%	2%	100%
1 BR	89%	6%	5%	100%
2 BR	84%	5%	12%	100%
3+BR	78%	5%	16%	100%
Family	80%	5%	15%	100%
Elderly	92%	4%	4%	100%
Disabled	91%	0%	9%	100%

Projects, Total Units and Completed Units by COAH Status

Status	Proj	TDU	DONE
Certified	108	4,639	3,465
Filed	23	807	701
None	57	2,082	1,581
Petitioned	14	731	6,503
Court	78	5,333	3,923
TOTALS	280	13,592	10,324

Projects, Units Completed and Total Dwelling Units by Construction Type by COAH Status

Construction Type	COAH Status	Projects	Completed Units	Total Units
New	Certified	65	2,478	3,437
New	Filed	10	558	588
New	None	25	910	1,124
New	Petitioned	4	409	409
New	Court	71	3,643	4,984
New Total		175	7,998	10,542
Rehab (New)	Certified	6	177	177
Rehab (New)	Filed	9	95	171
Rehab (New)	None	18	220	301
Rehab (New)	Petitioned	2	6	12
Rehab (New)	Court	2	28	33
Rehab (New) Total		37	526	694
Rehab (Existing)	Certified	37	810	1,025
Rehab (Existing)	Filed	4	48	48
Rehab (Existing)	None	14	451	657
Rehab (Existing)	Petitioned	8	239	310
Rehab (Existing)	Court	5	252	316
Rehab (Existing) Total		68	1,800	2,356
GRAND TOTALS		280	10,324	13,592

Projects, Units Completed and Total Units by COAH Status by Construction Type

COAH Status	Construction Type	Projects	Completed Units	Total Units
Certified	New Construction	65	2,478	3,437
Certified	Rehab (New)	6	177	177
Certified	Rehab (Existing)	37	810	1,025
Certified Total		108	3,465	4,639
Filed	New Construction	10	558	588
Filed	Rehab (New)	9	95	171
Filed	Rehab (Existing)	4	48	48
Filed Total		23	701	807
None	New Construction	25	10	1,124
None	Rehab (New)	18	220	301
None	Rehab (Existing)	14	451	657
None Total		57	1,581	2,082
Petitioned	New Construction	4	409	409
Petitioned	Rehab (New)	2	6	12
Petitioned	Rehab (Existing)	8	239	310
Petitioned Total		14	654	731
Court	New Construction	71	3,643	4,984
Court	Rehab (New)	2	28	33
Court	Rehab (Existing)	5	252	316
Court Total		78	3,923	5,333
GRAND TOTALS		280	10,324	13,592

Dwelling Units by Subsidy Source

Subsidy	Total Units	Single Source	Multiple Sources
A	6,021	4,780	1,241
B	889	100	789
C	2,989	835	2,154
D	992	12	980
E	3,348	2,012	1,336
F	3,014	1,176	1,838

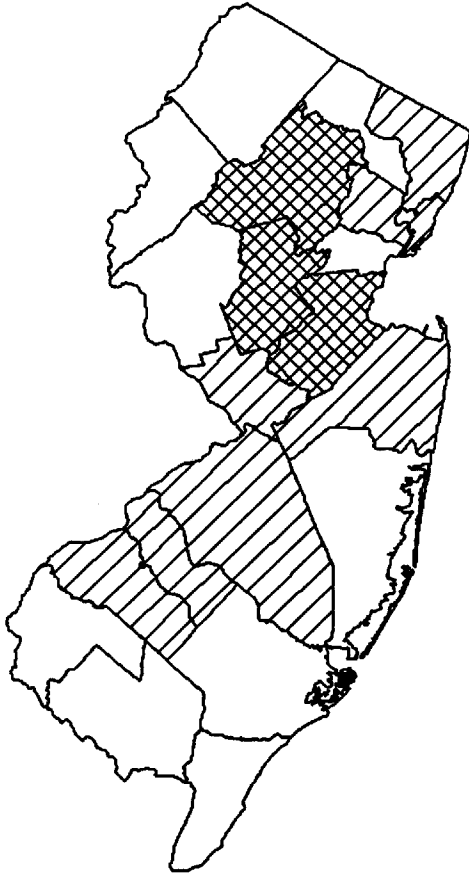
Legend

- A = Inclusionary Development
- B = Regional Contribution Agreement
- C = Balanced Housing
- D = Low Income Housing Tax Credits
- E = HUD
- F = Other

Appendix D Graphs


Map of Units by County	33
Mt. Laurel in Perspective:	
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Units by Construction Type	40


Mt. Laurel Units By County



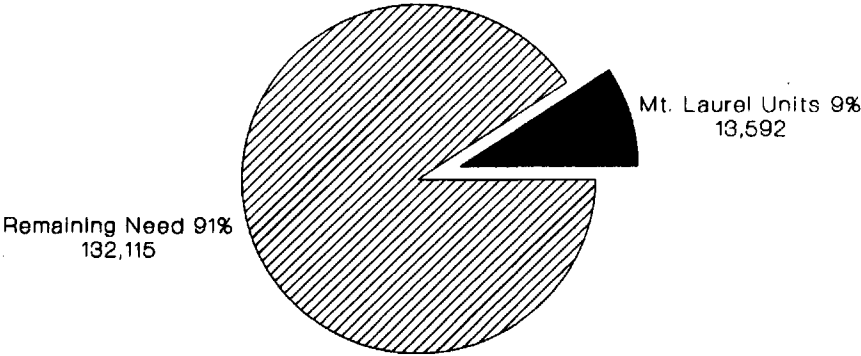
Units

 under 500

 500 to 1,800

 1,800 to 2,233

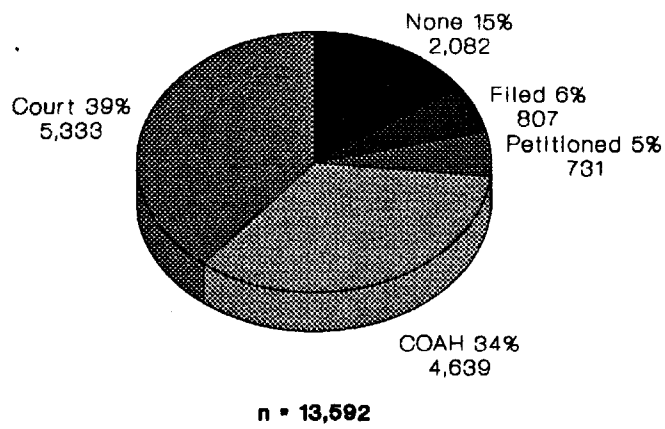
Mt. Laurel in Perspective As Percent of "Fair Share" Need



n = 145,707 "Fair Share" Units

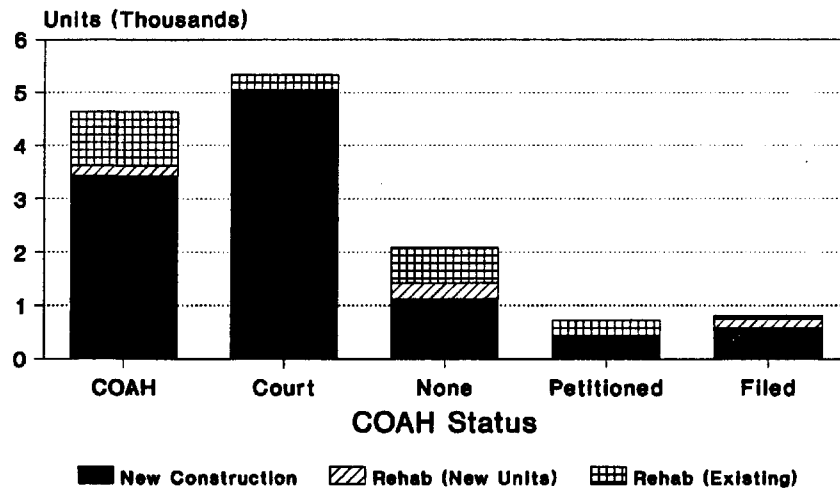
Source: NJ Dept. of Community Affairs

Mt. Laurel Units by COAH Status



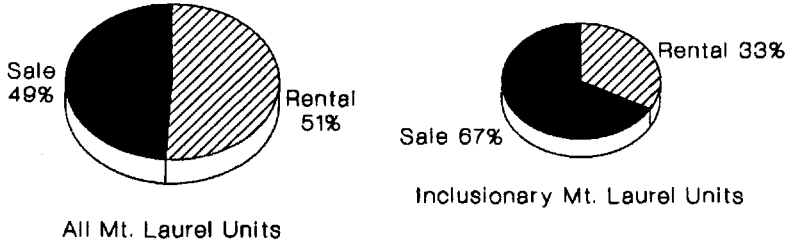
Source: NJ Dept. of Community Affairs

COAH Status By Construction Type



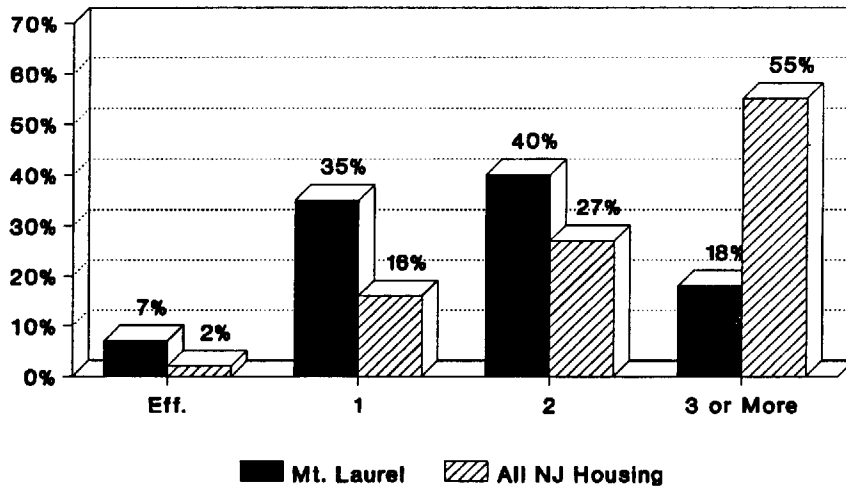
Source: NJ Dept. of Community Affairs

**Mt. Laurel Units by Tenure
All vs. Inclusionary**



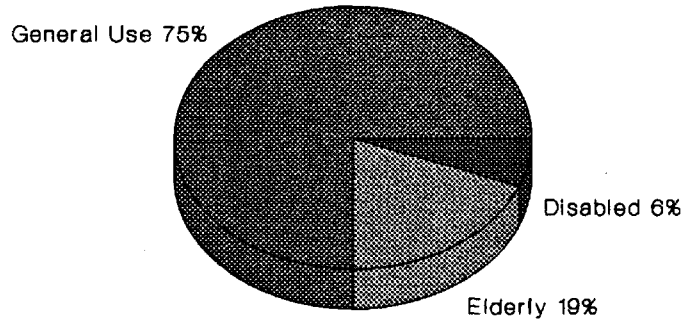
Source: NJ Dept of Community Affairs

Size (Bedrooms) Mt. Laurel vs. All NJ Housing



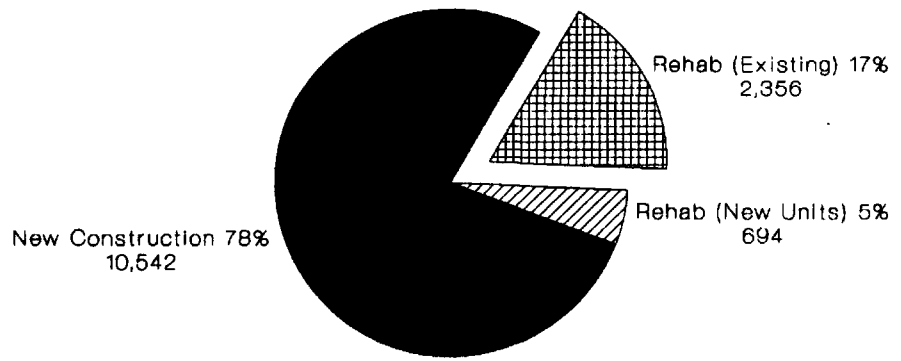
Source: NJ DCA & 1990 US Census

Mt. Laurel Units by Unit Type (Reserved for Elderly or Disabled)



Source: NJ Dept. of Community Affairs

Mt. Laurel Units by Construction Type



n = 13,592

Source: NJ Dept of Community Affairs