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Bill giving developers a break on housing fee gets panel's OK

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A fee assessed on the state's commercial and industrial developers to fund affordable housing would be suspended until mid-2010 under a bill released yesterday by a Senate committee.

Proponents told the Senate budget committee the fee has stifled commercial and industrial development in a stagnant economy.

"This is not a choice between jobs and economic growth and affordable housing," said the bill's sponsor, Sen. Raymond Lesniak (D-Union.) "Without this legislation, we will have neither."

Lesniak said commercial and industrial development has slowed to a crawl and the measure is needed to stimulate the state's sluggish economy.

"We are at a tipping point," he said, "and if we don't take bold action, our economy will tip over and we will never recover."

Jerold Zaro, the governor's economic growth czar, said affordable housing would be on anybody's wish list in better economic times.

"Now is not the time for wish lists no matter how worthy affordable housing may be," he said.

But opponents of the moratorium spoke of the crying need for low- and moderate-income housing and argued the fee should remain in place as part of a reform of the state's affordable housing regulations that went into effect last July.

"This legislation promises economic growth and it will deliver the exact opposite," said Arnold Cohen, project director of the Housing and Community Development Network of New Jersey.

"There is nothing in this bill that would force the developers to spend one penny of the money returned to them on any future development in New Jersey," Cohen said. "In contrast, the \$13 million in the hands of the towns that collected the money will create homes people can afford, stimulate the construction industry and put people to work."

More than \$13 million that has been raised by the development fee since last July would have to be returned to developers under Lesniak's bill. However, municipalities with an affordable housing plan that has been approved by the Council on Affordable Housing would be reimbursed for any money already spent on or committed to affordable housing projects.

Lesniak's bill would suspend the 2.5 percent fee on all commercial and industrial development that was imposed under last July's affordable housing reforms. The measure would exempt from the fee all nonresidential development projects that receive site plan approval from a municipality or from the New Jersey Meadowlands Commission before July 1, 2010.

The bill also would suspend the obligation municipalities are under to build affordable housing as long as the state does not provide funding to replace revenue the fee would have raised. The bill would divert \$15 million from the state's long-term obligations and capital expenditure fund to affordable housing.

Some critics of the measure said it could also jeopardize another \$230 million that municipalities have collected in developer fees for affordable housing prior to last July.

The measure now goes to the full Senate.

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