

New Jersey suspends developers' fee

Posted: Thursday, August 25, 2011 5:00 am | Updated: 9:56 am, Thu Aug 25, 2011.

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TRENTON — Developers will get another reprieve from the state's 2.5 percent fee on commercial construction thanks to legislation signed into law Wednesday.

The fee was created in summer 2008 to generate funds for affordable housing projects and eliminate the hodgepodge of municipal development taxes that towns and cities had created.

A moratorium was approved by the Legislature in 2009 because of the recession, but it expired last year.

The new fee moratorium, which was signed into law by Lt. Gov. Kim Guadagno because Gov. Chris Christie was outside the state, will be in effect until 2013.

Guadagno called the fee "onerous" and "arbitrary," and said suspending it was necessary for New Jersey's recovering economy and job market.

"By taking action today, we are making it easier for commercial developers to invest in New Jersey, create jobs, and help us build on the positive, early progress we've made in returning our state to prosperity and affordability."

Rick Van Osten, executive vice president of the Builders League of South Jersey, said the fee put New Jersey at a significant disadvantage in attracting commercial businesses.

"With the difficulty in getting financing for projects, to add a fee on top of it, it's hard to see projects coming to New Jersey," Van Osten said.

He said the league hoped for a permanent repeal of the fee but that it was satisfied with the temporary relief.

"Hopefully by 2013, the economy will have turned around," Van Osten said.

Affordable housing advocates said a moratorium on the fee was preferable to an outright repeal of one of the only funding sources for low-income housing development.

"The reality is that we're building homes for people who will be working in these office parks and job centers," said Adam Gordon, an attorney and spokesman for the Fair Share Housing Center in Cherry Hill.

Gordon noted that development during the booming 1990s was not hindered by fees and that the creation of affordable homes and apartments would help rather than hinder the state's economy.

"It's important to remember that having a range of housing options is important for economic growth," he said.