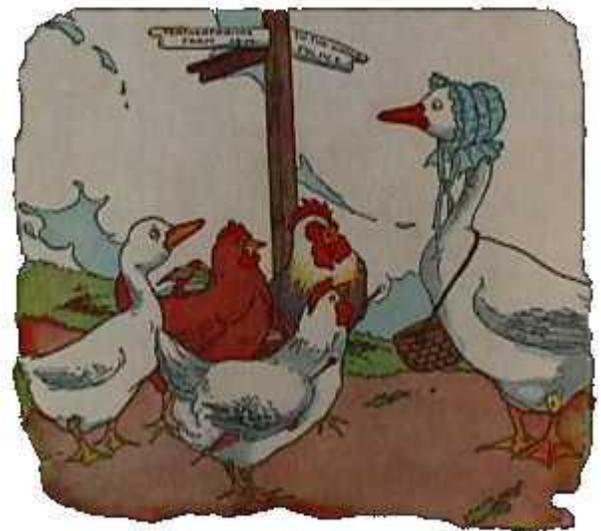
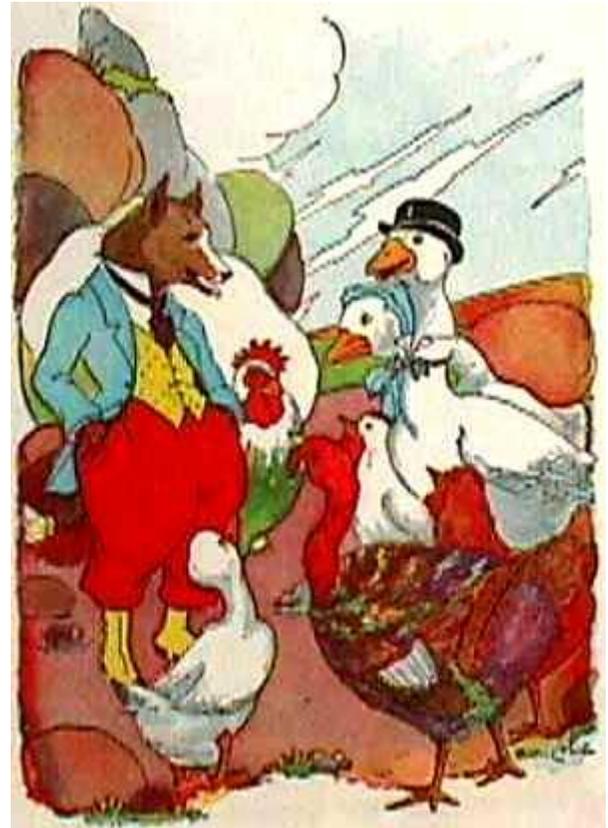


Chicken Little:  
Wealthy New  
Jersey Towns  
Fight  
Affordable  
Housing



Fair Share  
Housing Center  
-August 2008-

## Introduction

**You likely know the story of Chicken Little:** A pebble fell out of the sky and landed on Chicken Little's head one morning while she was scratching in her garden. She concluded that the sky was falling and set out to warn the King. Along the way to see the King, one-by-one, she met Henny Penny, Cocky Locky, Ducky Daddies, Goosey Poosey, Turkey Lurkey and Gander Pander, warning each of them of the impending disaster. Each time the news was repeated, the feathered friends grew more worried. When the birds arrived at the castle, they rushed to advise the King of Chicken Little's discovery. The wise King, however, was not troubled. He picked the pebble from Chicken Little's feathers and assured the birds that it was not part of the sky. The hysteria generated by Chicken Little was defused once someone paused to understand what was really going on.

**The parable of Chicken Little and the falling sky is useful to understand why so many mayors in New Jersey, and especially mayors of many of New Jersey's wealthiest and least racially diverse towns, are claiming that the sky is falling.** Upon learning of their towns' new affordable housing obligations, the mayors have worked themselves into a frenzy and have convinced themselves that meeting their affordable housing obligations will bring certain disaster. They are so convinced of this that 34 towns have sued to stop the sky from falling and to try to scale back the state's attempts to provide decent, affordable housing for families less than \$68,000 a year. These towns are, on average, 43% more wealthy than the state as a whole and 21% less racially diverse.

**This report assures the 34 mayors that the sky is not falling.** We analyzed several indicators and through this report seek to help these municipalities understand that opening up their towns to working people from a diverse range of backgrounds presents nothing to fear. A simple look at the data demonstrates that the municipalities' obligations are actually smaller than they were before. This is consistent with a statewide reduction in affordable housing requirements — in fact, the municipalities suing the state, strangely enough, saw their numbers go down three times more rapidly than the state as a whole.

**The report also discusses how municipalities can — and are — finding ways to meet their affordable housing obligations without the doomsday scenarios** of raising taxes and paving over state parks that mayors have hysterically presented in the media. The report presents a case study of one town suing the state, Bernards Township, and shows how the town already has developed a plan to meet 97 percent of its 368 unit affordable housing requirement with existing or already planned affordable housing. It is hard to understand how finding the room for 10 more new affordable units — which is all Bernards Township has found is needed — constitutes the sky falling. Indeed, COAH and the Legislature have significantly expanded the ways that municipalities may meet their affordable housing obligations, providing new replacements for the odious Regional Contribution Agreements recently outlawed by the Legislature and Gov. Corzine.

**We also consider who needs affordable housing. Nearly forty percent of all New Jerseyans would qualify for affordable housing. The percentage of employees of New Jersey's wealthiest municipalities who would qualify for affordable housing, however, is significantly higher than that.** In Bernards Township (Somerset), more than 70 percent of fire fighters, police officers, and school employees would qualify for affordable housing. In Medford Township (Burlington), close to 60 percent of such employees qualify. The mayors of New Jersey's wealthiest towns thus must ask themselves whether their employees should be able to afford to live in the towns they serve. And it's not just municipal employees — one of the key

reasons New Jersey businesses leave the state or choose not to locate here in the first place is the shortage of affordable housing for their workers.

**The sky is not falling — and the need for decent, affordable housing in New Jersey, for secretaries and teachers, firefighters and waitresses, is real.** If wealthy municipalities would spend more time coming up with creative solutions to build affordable housing, and less time fighting to keep their own workers out of their borders, we would all be better off.

## Report Findings

### 1. The Towns Challenging the New COAH Rules, On Average, are 43% Wealthier Than The State as a Whole, and Have 21% Fewer People of Color Than The State as a Whole

The towns challenging the new COAH rules are generally wealthy, predominately white enclaves that are the same towns that have fought affordable housing for decades. Much of the opposition comes from Hunterdon, Somerset, and Morris Counties - respectively, the fourth, sixth, and seventh wealthiest counties in the United States. It is not a coincidence that several of the towns filing — Bernards Twp., Clinton Twp., and Warren Twp., to name a few — have been involved in past generations of challenges to affordable housing. These towns would rather spend their tax dollars on fighting affordable housing instead of providing opportunities to working people from a wide range of racial backgrounds who need affordable housing, such as their own municipal employees (see point #4 below).

The median income of a household in New Jersey, according to the 2000 Census, is \$55,146. All but four of the towns challenging the rules have above average median incomes, many well above. On average, these towns are 43% wealthier than the state as a whole.

New Jersey as a whole, according to the 2000 Census, is 66% non-Hispanic white. The average town challenging the rules is 87% non-Hispanic white, and every town challenging the rules has fewer people of color than the state as a whole.

**Table 1: Median Income and Racial Composition of Municipalities Suing COAH**

<b>Municipality</b>	<b>Median household income</b>	<b>% non-Hispanic white</b>
Atlantic Highlands boro	64,955	92.1%
Bedminster twp.	71,550	86.9%
Berlin boro	60,286	92.7%
Bernards twp.	107,204	87.1%
Bernardsville boro	104,162	90.0%
Bethlehem twp.	88,048	96.1%
Brick twp.	52,092	93.1%
Bridgewater twp.	88,308	81.5%
Cinnaminson twp.	68,474	90.5%
Clinton town	78,121	89.5%
Clinton twp.	96,570	86.0%
Eatontown boro	53,833	70.0%
Egg Harbor twp.	52,550	76.5%
Freehold twp.	77,185	83.6%
Greenwich twp.	87,613	90.6%
Hanover twp.	84,115	86.2%
Harrison twp.	77,143	94.0%
Jackson twp.	65,218	87.2%
Mantua twp.	58,256	94.9%
Medford twp.	83,059	97.5%
Millstone twp.	94,561	89.2%
Montgomery twp.	118,850	83.0%
Mount Laurel twp.	63,750	85.7%
Oldmans twp.	57,589	84.9%
Peapack and Gladstone boro	99,499	91.3%
Readington twp.	95,356	93.7%
Roseland boro	82,499	91.5%
Roxbury twp.	72,982	88.8%
Summit city	92,964	80.1%
Toms River twp.	54,776	90.4%
Union twp.	81,089	79.3%
Wall twp.	73,989	95.9%
Warren twp.	103,677	83.6%
Watchung boro	101,944	82.2%
Wharton boro	56,580	67.5%
<b>Average of above municipalities</b>	<b>79,110</b>	<b>87.2%</b>
<b>New Jersey statewide</b>	<b>55,146</b>	<b>66.0%</b>

Source: 2000 U.S. Census

## 2. Affordable Housing Obligations Have DECREASED By 20% in the Towns Challenging the New COAH Rules.

The towns challenging the new COAH rules have complained that their fair share affordable housing obligations are unrealistically high, and that there is no way they can meet those obligations.

However, COAH's rules actually require less affordable housing per year than COAH's prior round of rules in 1993. Those rules required a statewide total of 6,465 new affordable homes each year; the new COAH rules only require 6,088 affordable homes. Thus, statewide obligations have declined by 6%.

The below chart compares the annual affordable housing obligation under the prior round rules, which covered the period from 1987-1999, and the new rules, which cover the period from 1999-2018. In almost every case, the new rules require less affordable housing to be built than the old rules did:

**Table 2: New and Previous Affordable Housing Obligations in Municipalities Suing COAH**

Municipality	Homes /year, new rules	Homes /year, prior round rules	% Change
Atlantic Highlands boro	3	7	-60%
Bedminster twp.	13	13	2%
Berlin boro	8	13	-38%
Bernards twp.	19	42	-54%
Bernardsville boro	6	11	-40%
Bethlehem twp.	2	3	-37%
Brick twp.	55	78	-30%
Bridgewater twp.	47	59	-21%
Cinnaminson twp.	14	28	-51%
Clinton town	6	4	35%
Clinton twp.	13	28	-53%
Eatontown boro	26	42	-39%
Egg Harbor twp.	62	64	-3%
Freehold twp.	30	86	-66%
Greenwich twp.	7	3	98%
Hanover twp.	16	30	-45%

Source: Council on Affordable Housing

Harrison twp.	17	17	0%
Jackson twp.	71	104	-31%
Mantua twp.	29	24	20%
Medford twp.	14	35	-59%
Millstone twp.	24	7	260%
Montgomery twp.	26	26	3%
Mount Laurel twp.	75	68	10%
Oldmans twp.	1	15	-95%
Peapack and Gladstone boro	2	7	-71%
Readington twp.	10	33	-69%
Roseland boro	8	15	-49%
Roxbury twp.	18	21	-14%
Summit city	11	14	-23%
Toms River twp.	117	186	-37%
Union twp.	3	7	-61%
Wall twp.	35	89	-61%
Warren twp.	21	45	-53%
Watchung boro	4	17	-78%
Wharton boro	7	4	99%
<b>Average of above municipalities</b>	<b>23</b>	<b>36</b>	<b>-20%</b>
<b>New Jersey statewide</b>	<b>6,088</b>	<b>6,465</b>	<b>-6%</b>

Strangely, the towns that are suing COAH have actually experienced three times greater reductions in their affordable housing obligations than the state as a whole. These towns on average have seen their obligations decline by 20 percent – and yet these towns still claim that they are being asked to do too much!

The sky didn't fall in the earlier round of COAH rules — so why are these municipalities claiming the sky is falling now that their obligations are even lower?

**Case Study: Bernards Township's Plan to Meet Its Reduced Affordable Housing Obligation At No Cost to Taxpayers**

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Bernards Township, a wealthy Somerset County community challenging the new COAH rules, saw its affordable housing obligations decrease by 54% under the new rules. Over and over again, towns like Bernards have claimed that the new COAH rules are unrealistic and will force towns to pave over their parks, eliminate every green space in the town, and raise taxes. Yet Bernards already has devised a plan to meet its affordable housing obligation without doing any of these things.

A June 4 article in the Bernardsville News reports on Bernards' plan to provide its COAH requirement of 368 affordable homes. According to the article, the Township found that it could meet the obligation "without rezoning privately owned land for high-density housing." The Township is taking advantage of new options in the COAH rules that offer new ways for towns to meet their affordable housing requirements – such as purchasing existing housing and making it available to low- or moderate-income families ("market-to-affordable") and taking existing affordable housing and preserving it ("extension of expiring controls"). These new options — along with new funding made available by the recently passed A-500 housing reform bill — make it easier for municipalities to meet their affordable housing obligations, offsetting the impact of A-500's ban on the much-reviled system of Regional Contribution Agreements where wealthy towns could buy out of part of their affordable housing obligation.

The Township plans to preserve 224 existing affordable homes, and has already built or has in the works 134 additional affordable homes, including group homes and assisted living developments. That leaves the Township with only 10 new affordable homes to build, which it plans to do through a municipally-sponsored development funded by a longstanding fee on private development. Thus, Bernards could meet its obligation with barely any new affordable housing development — and funded entirely through the Township's "\$2.6 million affordable housing trust fund, which raises money from fees applied to new residential and commercial development," not through property taxes.

Yet Bernards Township still persists in fighting the rules and claiming they are unreasonable. Why rules that require the town to build at most 10 units of new affordable housing are unreasonable is hard to fathom. It is hard to conceive that the sky will fall with such a miniscule obligation — and yet Bernards, and many towns similarly situated, continue to claim that they will be severely harmed.

### 3. Towns Challenging the COAH Rules Are Denying Their Own Employees A Place to Live.

The need for affordable housing in New Jersey – which is defined as including families of three making as much as \$68,000 in some areas — extends far beyond the very poor. In fact, the new COAH rules are based on an analysis showing that 115,000 New Jersey households need affordable housing. These numbers include both low-income households and moderate-income households — people who, while they make a decent salary, simply cannot find a place to live in New Jersey’s expensive housing market without affordable housing programs. And housing advocates point to another study from DCA showing a far greater need – 689,577 low- and moderate-income New Jersey households pay more than 30 percent of their income each month on housing, which is what the federal government defines as affordable. The COAH requirements do not even try to meet this greater need.

This great need for affordable housing is not just a problem for the families involved — it’s also an economic development problem. Businesses leaving New Jersey consistently cite the lack of housing for their workers as a top reason not to do business in the state — not to mention businesses that never even come here in the first place.

Most municipal employees fall within the income limits for affordable housing — including most teachers, many entry level police and firefighters, secretaries, and many others. When municipalities fight affordable housing, they are effectively telling their employees they are not good enough to live in the towns they serve.

FSHC, using public pension employee data, analyzed five towns suing COAH and found that each of them were denying large numbers of their employees the opportunity to live in the towns where they worked — especially large numbers of teachers and other school system employees:

**Table 3: Eligibility for Affordable Housing in Selected Municipalities Suing COAH**

<b>Municipality</b>	<b>% of municipal employees (including police/fire) eligible for affordable housing</b>	<b>% of school board employees eligible for affordable housing</b>
Bernards Twp.	70%	79%
Egg Harbor Twp.	42%	57%
Medford Twp.	57%	59%
Summit City	45%	60%
Wall Twp.	36%	75%

Source: Star-Ledger Website - 2006 Public Pension Data; COAH 2006 Income Limits.<sup>1</sup>

When towns fight affordable housing they are fighting their own employees’ ability to live in the towns they serve.

<sup>1</sup> Note that the analysis here made the conservative assumption that any municipal employee making under \$20,000 was a part-time worker with another source of income, and excluded them from the analysis; if those workers were included, the total percentages would be significantly higher.