

## **COURT AGAIN REJECTS ATTEMPT BY GALLOWAY TO EXCLUDE WORKING FAMILIES**

### ***Appellate Division, for the second time, rejects \$2.1 million payment by K. Hovnanian in lieu of building promised apartments in Galloway***

**February 7, 2011 - Trenton, New Jersey-** In a decision released today, the Appellate Division of the New Jersey Superior Court rejected for the second time a Regional Contribution Agreement (RCA) in which Galloway Township and K. Hovnanian attempted to pay Bridgeton \$2.1 million dollars instead of building 61 low- and moderate-income homes as part of the 3100-unit Smithville development. The Court found that the Legislature had clearly intended to prohibit all RCAs going forward in passing landmark legislation, Assembly Bill A500, in June 2008.

“The Court held that New Jersey law does not allow developers to exclude modestly priced apartments from mega-developments like Smithville, just because local mayors don’t want working families to live there,” Fair Share Housing Center (FSHC) Staff Attorney Adam Gordon, who argued the case before the Appellate Division, said. “The courts have recognized that the Legislature put an end to RCAs once and for all.”

The decision is the second court decision to reject the RCA, following an Appellate Division decision in July 2008 that found that the RCA was not justified by “any specific findings of fact to support its conclusions and approvals” and thus unlawful even under prior law that had permitted RCAs.

K. Hovnanian will have to build 61 apartments affordable to working families on a parcel set aside in case FSHC won the lawsuit. The units will still constitute under two percent of the Smithville development, one of the state’s largest. The new homes will help ease Galloway’s severe workforce housing shortage. The town has 25 percent more jobs than it has homes – leading to long commutes for workers at major employers such as AtlantiCare Regional Medical Center and Stockton State College.

“We anticipate that the new homes built by K. Hovnanian will help many workers who are currently driving 50 miles a day each way to live closer to jobs in Galloway or at the casinos,” Gordon said.

Bridgeton, meanwhile, has other sources of funding for the homes available now that the RCA has fallen through. Mayor Jim Begley told the Atlantic City Press in a June 13, 2008 article, “We never were really counting on [the RCA]” and said that the city can “get the funding from private sources.”

Fair Share Housing Center, founded in 1975, is the only public interest organization devoted entirely to defending the housing rights of New Jersey’s poor through implementing the Mount Laurel doctrine.

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