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NEW ANALYSIS OF RCAS SHOWS HOMES NOT BUILT; OVER \$50 MILLION UNSPENT *Produced Three Corruption Investigations, Racial Segregation, But Not Homes*

March 12, 2010 – Cherry Hill, New Jersey- A new analysis by Fair Share Housing Center (FSHC) of publicly available data on prior Regional Contribution Agreements (RCAs), the controversial and now illegal way for wealthier towns to get out of providing a range of housing choices by paying money to cities, shows that one-quarter of RCA funds transferred when the practice was legal were never spent to produce homes.

“RCAs produced a lot of funds moving around, but far too few homes,” Adam Gordon, staff attorney at Fair Share Housing Center, said. “Policymakers should take a new direction to move away from corruption and wasteful spending and actually produce homes — not revive a failed program.”

Based on comprehensive data on every RCA ever transferred, FSHC found that 2,292 homes that were supposed to be created by RCAs were never built, out of a total of 9736 RCAs for which data were available. Examples include:

- 230 homes that were supposed to be rehabilitated in New Brunswick based on municipalities such as Clinton Township and Monroe Township paying approximately \$5 million. These homes have not been rehabilitated.
- 536 homes supposed to be built or rehabilitated in Trenton based on payments of over \$10 million by municipalities such as West Windsor and Marlboro.
- 112 homes supposed to be rehabilitated in Freehold Borough based on payments of over \$2 million from Freehold Township.

FSHC further noted that the RCA program had resulted in three federal prosecutions as a result of the work of now-Gov. Chris Christie when he was U.S. Attorney:

- Joseph Vas, the mayor of Perth Amboy and former state assemblyman, was indicted in 2009 after using his influence to misappropriate RCA funds in connection with the sale of a multiple unit apartment building to a contractor.
- In 2007, Christie’s office indicted New Brunswick rehabilitation officials along with several contractors who pled guilty to illegally receiving more than \$900,000 in rehabilitation contracts from the City of New Brunswick.
- Also in 2007, Christie’s office indicted contractors associated with Linden’s rehabilitation program who pled guilty to receiving corrupt payments.

The Legislature banned the practice of selling municipal housing obligations in 2008, finding that such transfers were “no longer appropriate or in harmony with the *Mount Laurel* doctrine.” Legislation sponsored by Sen. Ray Lesniak, S-1, to be considered by the Senate Economic Growth Committee on Monday would reinstate the program, transferring approximately 5,000 more homes and over \$100 million more, much of it to the same municipalities such as New Brunswick and Trenton that have failed to spend existing funds.

“It would be a mistake to simply pour more money into a program that isn’t working,” Gordon said. “Incredibly in a time of great economic need, RCAs have led to over \$50 million sitting in

the bank. Putting another \$100 million into programs that have failed to spend the money they have makes no sense.”

FSHC further called for a full accounting of all unspent money and an investigation into why the funds have not been spent and ensuring that they have not been misappropriated.

“Municipalities that sent RCAs received credit towards their housing obligation based on the premise that homes would be created,” FSHC Executive Director Peter J. O’Connor said. “If those homes have not actually been built, then the credits should not be valid.”

Even when the RCA program resulted in homes, it did so in a way that increased racial segregation and decreased access to employment. RCAs were transferred from municipalities that were on average 7 percent African-American and Latino to municipalities that were on average 52 percent African-American and Latino. RCAs also were transferred from municipalities which on average experienced 21 percent job growth to municipalities experiencing no job growth.

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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