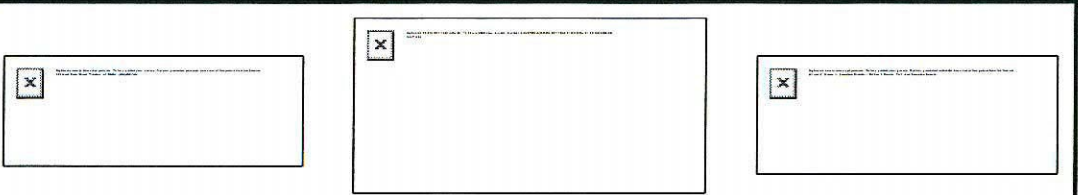


(c)

Lashway, Lisa

**From:** NJLM - Municipal Clerks [njlm-clerks@cityconnections.com]  
**Sent:** Monday, June 23, 2008 3:29 PM  
**To:** Lashway, Lisa  
**Subject:** Municipal Clerks from NJLM



**LEAGUE ALERT**

Municipal Clerk: Please forward to Mayor and Governing Body.

6-20-2008-2

- Re: I Legislative Update**
  - i Budget Vote Next Week**
  - ii A-500/S-1783, Affordable Housing**
  - iii Redevelopment Amendments Released by Committee**

Dear Mayor:

**I. Budget Vote Next Week**

We anticipate Legislative action on the State's Budget next week. See our letter of June 18 for details. We will keep you posted.

**II. A-500/S-1783, Affordable Housing**

As indicated in our June 17 letter, A-500 passed the Assembly this past Monday. We anticipate a Senate vote on the bill, and its Senate companion, S-1783, as soon as this Monday, June 23. The League maintains its opposition to the bill, and is joined in opposition by the Urban Mayors Association.

While the focus of the debate on the bill has been RCA agreements, the economic and property tax implications of the bill have been, despite our best efforts, overlooked.

Let us demonstrate exactly why this bill will have a negative financial impact on local governments and, by extension, our taxpayers.

Let us assume a commercial developer wants to build 500,000 square feet of warehouse space. The new COAH regulations require one unit for every 16,000 square feet, so that would be 31 units of affordable housing.

For the sake of simple calculations, let us further assume a cost of \$100 per square foot of construction costs. That would be a \$50 million project, which at 2.5% would produce \$1.25 million for a town's housing trust fund.

However, construction of the 31 COAH required units, at the COAH approved figure of \$160,000 per unit, would cost \$5 million.

In this example, the funding shortfall is \$3.75 MILLION dollars. In other words, only 25% of the project would be funded from the developer for the need that he created with his warehouse.

We anticipate a very close vote on this bill ON MONDAY . **We strongly suggest contacting your State Senator immediately.**

### **III. Redevelopment Amendments Released by Committee**

Legislation designed to reform the use of eminent domain was released, without recommendation by the Senate Community and Urban Affairs Committee yesterday. The Committee released a committee substitute that merged two previously competing bills, S-559 and S-757. The League had previously expressed concerns with both bills, but we have not had the opportunity to review the committee substitute for S-559.

We do not anticipate a Senate vote until the fall, and because the Committee did not recommend the bill, it is possible that the bill may be amended by the Senate before it is scheduled for a vote.

Very truly yours,

William G. Dressel, Jr.  
Executive Director

NJLM  
222 West State Street  
Trenton, NJ 08608

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