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PEQUANNOCK

Township suspends affordable housing fees for home building

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In order to ease the burden on residents looking to build houses or add on to their existing home, the Township Council voted at its Dec. 22 meeting to temporarily suspend the imposition of residential development fees for Affordable Housing that are typically charged for new construction.

Township Manager Dave Hollberg said that the fee was put in place several years ago as a way for the municipality to generate revenue to cover the cost of providing fair housing.

"Basically, it's a 1-percent fee on all new development," Hollberg said. "If someone builds a new house worth \$500,000, they pay 1 percent of that into the Affordable Housing trust fund."

Commercial properties also pay into the trust fund, although Hollberg said that the rate was "more flexible" and is around 2 percent. However, as a part of a 2008 economic recovery package, the state placed a moratorium on collecting the commercial development fees, Hollberg said.

"The township has said that it's not fair to homeowners... to put all the cost on their back. The council has said that (Pequannock) will put a moratorium on residential properties as well until the state ends their moratorium," Hollberg said.

Hollberg said that the state has left the timeline on the moratorium open ended, and that the township won't begin charging again until the NJ State Legislature says to start collecting again.

Hollberg said that since the money collected is based on the

amount of development going on within a township, Pequannock has not collected a vast sum of money—over the past four years, he said, putting the fee generated at about \$140,000. The number is buoyed, he said, by about two years' worth of heavy development, and is not evenly dispersed over those years.

The lost money will not impact the budget, he said, because the fees go into a tightly-regulated trust fund; none of the monies had been spent as of yet.

However, the township does have an application before the state Council On Affordable Housing (COAH) to use about \$100,000 of the money to help fund a housing project to be built by NewBridge Services, a township-based non-profit organization that provides mental health programs as well as housing.

Hollberg said that NewBridge representatives had come before the council because they are planning to develop 11 low-income housing units for people with special needs.

"It's close to a 3 million dollar project," he said. "And they have funding from a bunch of places, including state agencies."

Hollberg said that the funding was reliant on having the last \$100,000. Because NewBridge will be developing low-income housing, the township can use monies from the trust fund to help fund it. The units will help Pequannock meet its fair housing obligation when they are constructed.

If COAH approves the NewBridge project, there will be \$38,000 left in the trust fund.

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