

Housing rules penalize companies for creating jobs

New Jersey's Council on Affordable Housing (COAH) recently adopted revised rules that went into effect on June 2. While providing for affordable housing is a good cause, these changes will have a devastating impact on economic development efforts in New Jersey and discourage employers from growing jobs. This comes at a time when New Jersey's economy is in recession and job opportunities for residents are shrinking.

Why would affordable housing have a detrimental impact on economic development?

While we support the idea of affordable housing, we disagree with one of the ways that COAH wants to pay for it – by taxing job growth. Under the revised rules, for every 16 jobs that a New Jersey company adds, it must pay a “growth share” for the privilege. In other words, the new rules would force companies to pay for a unit of housing for every 16 jobs they add.

The “growth share” amount paid by companies varies by region. Job creation in Mercer, Monmouth and Ocean counties, for example, will cost companies \$152,227 for every new affordable housing obligation. COAH has determined a need for 115,666 units of affordable housing in New Jersey through 2018 – up from 52,000 in the previous rules. Therefore, the financial impact on employers will be great over the long-term.

New Jersey is the only state in the nation with a mandate that ties the affordable housing issue to economic growth. There is also a component of the new rules that forces companies to pay additional amounts to COAH if they decide to expand their facilities. To make expansion and job creation punishable by additional fees is at odds with the governor's goal of growing us out of our debt through economic vitality.

In a statewide survey of New Jersey residents, 62 percent felt that businesses should pay lower taxes so they can stay and reinvest here. More than three quarters of residents agreed that the state ought to create a better business climate for New Jersey-based businesses, so they stay here and hire here. Residents get it. Why doesn't the government?

Let COAH and your legislators know that the state should be doing everything humanly possible to grow jobs, not discourage them. Full contact information for them may be found at njchamber.com. These affordable housing rules penalize companies for providing opportunities for New Jersey workers.

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