

Hudson County Readies Ambitious Affordable Housing Plan



by E. Assata Wright
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As the conversation around affordable housing has taken center stage in the extended race for Jersey City mayor, Hudson County officials have been quietly working in the background on an affordable housing vision of their own. Since last year, Hudson County has been laying the groundwork to convert underutilized county-owned land into residential development that, if the vision is fully realized, could result in hundreds of new affordable housing units near the Journal Square community.

The sweeping public-private undertaking is designed to dovetail with the Jersey City Master Plan and the Journal Square 2060 Redevelopment Plan, and will mirror mixed-income developments on Jersey City's West Side and elsewhere. By offering up public property for what is loosely being referred to as the Hudson County Affordable Housing Initiative, the county is removing one of the biggest costs associated with any development project: land acquisition.

"My team and I said, 'What can we do that's a little bit out of the box?'" [Hudson County Executive Craig Guy](#) said last week during a presentation of the initiative. "What can the county do to be more aggressive? We have these huge plots of land that the county has had for umpteen years. And you know, there's a better use for it."

The county has identified three neighborhoods where it owns several parcels of land. At present, these parcels are primarily being used as surface parking lots.



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Six parcels of land near County Plaza at 257 Cornelison Ave. total more than 12 acres and, county officials recently said, could support at least 634 units of housing — including 150 affordable units — spread across three properties, with 1,700 parking spaces and three acres of open space. Over 1,000 of those spaces would be used by county employees working at County Plaza.

Elsewhere, the county is eyeing currently-owned parcels of land near Newark Avenue and Baldwin Avenue. Rough plans for the Baldwin-Newark site envision at least 226 units of housing, total, with 45 affordable units and 225 parking spaces. The tentative plans for this development would include about 110 public parking spaces. (County officials estimate this building could accommodate some of the parking needed for attorneys and litigants who need to visit the new Frank J. Guarini Justice Complex at 24 Central Ave. once it opens. The Jersey City Council is currently weighing whether to approve density bonuses to buildings that provide public parking.)



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The current Hudson County Improvement Authority (HCIA) parking lot at Vroom Street and Tuers Avenue is another surface lot the county plans to convert. This Bergen Square-area development could yield 456 units, total, with 90 of them being affordable. Preliminary plans for this site call for 332 parking spaces, mainly for HCIA employees.

A fourth property is also part of the plan, but details regarding this site have yet to be made public. However, county officials said they expect this final location to yield another 493 units, with 150 of them being affordable and workforce housing. This location would also provide much-needed green space to the Journal Square

community, they added.

“The county’s plan won’t solve the housing shortage on its own, but it’s a solid contribution that helps diversify the types of housing being built, and supports residents who are increasingly priced out,” said Zoe Baldwin, vice president of State Programs for the Regional Plan Association, a nonprofit that promotes strategies that improve economic stability. “It also shows the county leading in a space that’s usually dominated by municipal and state action, which is notable and welcome.”

Baldwin and the RPA staff are among the few who have seen a full presentation on the Hudson County Affordable Housing Initiative. The Jersey City Times also received a presentation last week.

Financing

County officials expect the funding for this initiative to come from a variety of sources, including public-private partnerships, a model that has been used to build affordable units in other Jersey City developments, most notably Bayfront.

In 2018, Jersey City acquired 100 acres of land along Route 440, which had previously belonged to Honeywell, for the specific purpose of creating a mixed-income residential development that would have 35% affordable housing. At the time, most new city developments had either no affordable housing included, or a comparatively low 5%. The Jersey City Redevelopment Authority sold the land to a developer to build and manage the first phase of Bayfront for \$7.5 million. Phase one, known as Bayfront Promenade, will have 210 units, total — with 74 affordable units, and 93 workforce housing units. Bayfront Promenade broke ground in May.

County Executive Guy persuaded the Hudson County Improvement Authority (HCIA) to approve \$52.5 million tax-exempt county-guaranteed Housing Revenue Bonds for Bayfront Promenade. Bayfront also received \$64 million in ASPIRE tax credits from the New Jersey Economic Development Authority and a 30-year tax abatement from the city. The project received further assistance through the federal Low-Income Housing Tax Credit.

The city employed a similar funding model to develop 693-174 Newark Ave., once home to a municipal parking lot.

The two biggest costs associated with development, affordable or luxury, are land acquisition and labor. Developers say it requires about \$350-to-\$450/sq. ft. to develop a unit in a low-rise building of 11 stories or less. Larger buildings with more than 11 stories require about \$400-to-\$500/sq. ft. to develop. These costs remain the same whether the units built are market-rate or affordable. County officials noted last week that it would take about \$450,000 to construct a single 1,000 sq. ft. unit in a high-rise building, a price that does not include land costs. Thus, the financing needed to get any affordable units built is considerable.

By earmarking publicly-owned land for a specific purpose, like affordable housing, a city or county can remove a major cost from the equation. Jersey City accomplished this with Bayfront, just as the county now plans to do with its Hudson County Affordable Housing Initiative. From there, municipalities and counties that have replicated this same model, look to whatever state and federal resources they can find to complete their developments.

The Low-Income Housing Tax Credit, a federal program implemented through state home financing agencies, incentivizes developers to build affordable housing and has been used to build more than three million affordable housing units, nationally, according to the Department of Housing and Urban Development (HUD). New Jersey’s ASPIRE program is another tax credit that helps developers get the gap funding they may need to bring a project to completion. Hudson County

officials said they will pursue these funding options, in addition to the HOME Investment Partnership Program, also run by HUD, and Jersey City's Affordable Housing Trust Fund.



A county-owned parking lot on Baldwin Avenue could be the site of new affordable housing. (E. Assata Wright/Jersey City Times)

Anticipated pushback

Making the Hudson County Affordable Housing Initiative a reality will also require working collaboratively with Jersey City. In October, Hudson County Improvement Authority CEO Norman Guerra wrote to the Jersey City Division of Planning and the Department of Housing, Economic Development and Commerce (HEDC) to request that the surface parking lots at Baldwin, Newark, and Cornelison avenues be declared “areas in need of redevelopment.”

The county is taking the lead on the Affordable Housing Initiative since the developments will be built on its properties. But county officials believe the plans align with the city's own stated goals around planning and redevelopment. The 2021 Jersey City Master Plan, for example, identifies the parking lots surrounding County Plaza as a prime location for redevelopment.

“A redevelopment plan here could facilitate a mix of office, public open space, and residential uses to serve the surrounding neighborhood and create a stronger link to McKinley Square,” the city's master plan states.

However, the Affordable Housing Initiative could encounter some municipal resistance. The plan calls for taking, through eminent domain, 24 Smith St., a small single family home owned by Pasquale Romano. Earlier this year, Romano, who still lives in the home, rebuffed offers from the county to sell the house through eminent domain and an attorney representing him vowed to fight the county. And Maggie O'Neill, an historian with HEDC, has also said her staff would not approve any redevelopment plan that calls for demolishing four small homes on Smith Street, including the Romano [property](#).

For this initiative to pan out, some variances may be needed, and the county may have to acquire at least one property it currently does not own.

The number of parking spaces the county wants to build at the Bergen Square development, for example, is more than the city's redevelopment plans allow, since the zoning standard is .5 parking spaces per residential unit. County officials said they plan to make the case for more parking at this site to replace some of county employee parking that will be eliminated.

Finally, for the Baldwin-Newark concept to move forward as currently planned, the county would need to acquire the 5,000-square-foot building at 558-560 Newark Ave., to add to the parcels of land the county already owns.

Guy and other officials with the county said last week they recognize they will need to get buy-in from affected residents and neighborhood groups who may be wary of new development in their literal backyards.

“While the county will likely utilize the model of selling county-owned land to developers, whereby the developer agrees to make a certain percentage of units affordable, as we have seen the city do, we are also exploring a ‘social housing’ model, whereby a county entity would own and finance a mixed-income residential building, but contract with a private partner to manage the building, which is the fastest and cheapest way to produce high-quality affordable housing,” said Bill Matsikoudis, chairperson of Guy’s Affordable Housing Task Force and general counsel to the HCIA, which is spearheading this county initiative. Matsikoudis, who lead last week’s presentation on the Hudson County Affordable Housing Initiative, also sits on Gov.-elect Mikie Sherrill’s transition team for housing.

Affordable for whom?

Affordable housing has been a growing political issue in Hudson County for at least the past 20 years as more affluent residents have moved in, often displacing longtime blue collar residents who are unable to keep up with rising rents and home prices. On the state-level, affordable housing has been a political hot potato ever since the New Jersey Supreme Court ruled in 1975 that each municipality was required to produce its “fair share” of affordable housing for low- and moderate-income residents. Since then, affordable housing, and affordability more broadly, have exploded into the national spotlight.

But the definition of “affordable” is both fixed, and fluid.

Under New Jersey law, “low-income housing” is defined as income up to 50% of the area median income (AMI). “Moderate-income housing” is defined as more than 50% but less than 80% of the AMI. “Workforce housing” is considered to be between 80% and 120% of the AMI. The AMI for a single person in Jersey City is between \$72,846 and 89,100, depending on the source used; the AMI for a family of four is about \$127,200 for a family of four.

To qualify for a “moderate-income” housing unit, a single person would need to earn at least 71,280; a family of four would need to earn \$101,760. To qualify for a unit designated for the “low-income,” a single person would need to earn at least \$44,550; a family of four would need to earn \$63,600.

These income restrictions, however, completely exclude the *very* low-income, the 21.3% of Hudson County residents — and 21.1% of Jersey City residents — who earn less than \$35,000 annually. So far, policymakers are still struggling to meet the needs of this demographic. A few affordable housing models targeting the very low-income exist, but it remains to be seen whether those models can be replicated broadly in Hudson County or Jersey City.

In their presentation last week, Guy and Matsikoudis said they understand the distinction between housing for the low-income and the very low-income. They said they are committing finding housing solutions for both demographic groups.

In interviews with voters on Jersey City’s South Side last month, some residents laughed at recent attempts to expand affordable housing, often asking, “Affordable for who?” As the affordability conversation itself becomes gentrified, they wondered if the affordable housing focus has shifted and now excludes them.

“Producing housing affordable to the very low-income requires deeper and more sustained subsidy,” said Baldwin. “Rents at that income level don’t cover the cost of construction, or long-term maintenance. So, projects need a combination of federal vouchers, operating subsidies, capital grants, tax credits, and in some cases county or municipal contributions. Some tools are available, but developing very low-income housing at scale would require long-term, lock-step coordination between sectors and levels of government.”