

UL. v. Cateret, Plainsboro

1984

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- Fair Share Report

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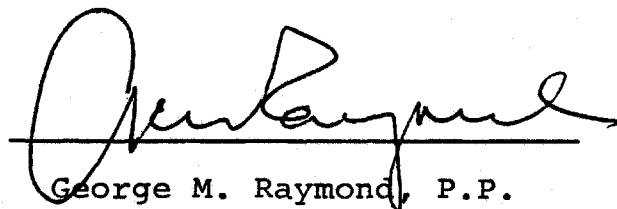
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Region, Housing Needs and
Fair Share Allocation

for

Plainsboro, New Jersey



George M. Raymond, P.P.

License No. 552

Prepared by
George M. Raymond, AICP, AIA, P.P.
Tarrytown, New York

March 19, 1984

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A. Introduction

The purpose of this report is to help quantify Plainsboro Township's housing obligations under Mount Laurel II (92 N.J. 155). Pursuant to that decision, each municipality in the State of New Jersey must "provide a realistic opportunity" for "low and moderate income housing in terms of the number of units needed immediately, as well as the number needed for a reasonable period of time in the future " (92 N.J. 215 et seq.). The specific "number of units" which represents this obligation must provide a realistic opportunity for

- (1) "...decent housing for at least some part of its resident poor who now occupy dilapidated housing " (92 N.J. 214)-emphasis supplied;
- (2) its fair share of the amount of housing needed to help reduce the incidence of "indigent poor" who, presumably, also occupy dilapidated housing, in those municipalities in which "they represent a disproportionately large segment of the population as compared with the rest of the region" (92 N.J. 215); and
- (3) "a fair share of the region's...prospective low and moderate income housing need" (92 N.J. 214).

As the Supreme Court noted, "the determination of fair share... (is) the most troublesome issue in Mount Laurel" (92 N.J. 248). The Court felt the need for a firm determination of "the regions of New Jersey, their present and prospective lower income housing needs, and the allocation of those needs among all of the municipalities of the state charged with the Mount Laurel obligation" to end the uncertainty which undermines the very "constitutional doctrine" underlying its decision (92 N.J. 253). Absent such a determination, "parties (can)...continue to prove region, need, and fair share with (a)...profusion of facts and expert opinions but without knowing whether the court would regard the evidence as persuasive or even relevant" (92 N.J. 252).

To help resolve this perplexing issue of the appropriate methodology for arriving at the necessary determinations, planners involved directly or indirectly in the case of Urban League of Greater New Brunswick v. Carteret attempted jointly to assist the court-appointed expert, Carla L. Lerman, P.P. to produce a "consensus" approach (hereinafter referred to as the "consensus formula"). The resulting report¹ prepared for the court by Ms. Lerman (hereinafter

¹Carla L. Lerman, Fair Share Report, Urban League of Greater New Brunswick v. Carteret et. al., March 7, 1984. Supplemented by Amendment to Fair Share Report, March 13, 1984 (hereinafter referred to as the Lerman Memorandum).

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B. Plainsboro's Region

1. Plainsboro's prospective need region consists of five counties: Burlington, Mercer, Middlesex, Monmouth, and Somerset (Lerman Report, Table 9).
2. Plainsboro's present need region consists of the 11-county northeast New Jersey area that includes Bergen, Essex, Hudson, Hunterdon, Middlesex, Morris, Passaic, Somerset, Sussex, Union and Warren Counties (Lerman Report, p.5).

C. Plainsboro's Fair Share of the Regional Need

1. Present Need

The present need in the region consists of the aggregate of units in all the municipalities in the region which are overcrowded or lack adequate plumbing or heating and which are occupied by lower income households (hereinafter referred to as Mount Laurel households)-- (Lerman Report, Appendix A, A.(1), p.1).

(a) Plainsboro's Indigenous Need. Plainsboro's indigenous portion of the present need, as defined above, consists of the following (based on Lerman Report, Table 3):

Deficient Plumbing	22
Deficient Heating	<u>23</u>
Sub-Total	45
Overcrowded, but otherwise standard	24
Occupied by Mt. Laurel households (82% of above): ²	
Physically deficient	37
Overcrowded	20

Units of the type identified above as deficient are not necessarily in need of replacement. Unless the unit is physically dilapidated beyond economical redemption, plumbing and heating deficiencies can usually be corrected. In fact, the availability of subsidies frequently neutralizes even the economic factor (as in the federal Community Development Block Grant program).

The problem of overcrowded units that are otherwise standard can be corrected by the creation of a sufficient vacancy rate in the lower income

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housing supply to create mobility, thus providing the larger households with the opportunity of finding more appropriate quarters. This view of what needs to be done about standard but overcrowded units seems to be sanctioned by the Supreme Court's stress (cited above) on the inclusion of resident poor "who now occupy dilapidated housing" (emphasis supplied).

Given that, as detailed below, the satisfaction of Plainsboro's Mount Laurel obligation will require a major amount of new construction, I do not believe it to be appropriate to consider the 57 units which represent that Township's indigenous need on a par with the fair share of its excess present need and its prospective need. The latter must, largely, be provided in the form of additional housing units. A remedy for Plainsboro's indigenous need problem should be sought first through a municipal survey of the actual conditions and the mounting of a local rehabilitation or other program tailored specifically to the needs so identified. This is particularly appropriate in an instance where the total number of units involved is so small.

It is to be hoped that such a program will result in all of Plainsboro's "resident poor" being provided with "decent housing." Recognizing, however, that the problem presented by the housing conditions of the resident poor is a moving target over time, a serious effort to remedy substandard conditions but which, for good and sufficient reasons, falls short of total success would still comply with the Court's directive that the municipality assure the provision of decent housing to "at least some part of its resident poor"-- (emphasis supplied).

(b) Use of the "land in growth area" factor in the "consensus formula." The "consensus formula" for determining the municipal fair share of both, the prospective and reallocated excess present need, includes the following (with certain adjustments):

- (1) Municipal land in growth area (as delineated in the State Development Guide Plan) as a percent of such land in the region (Lerman Report, p. 18); and
- (2) A 20 percent addition to the actual computed fair share anticipating that some

municipalities will lack sufficient vacant land to accommodate their fair share of present need (Lerman Report, p. 9) and prospective need (Lerman Report, p.20).

The inclusion of the "land in growth area" factor was suggested because of the absence of reliable data regarding the availability of vacant developable land, municipality by municipality. In my opinion, "land in the growth area" is a most inadequate surrogate for vacant developable land. As an example, let us assume that two municipalities have equal amounts of land in the growth area. In one of the two all of such land may be fully developed whereas in the other it may be substantially vacant.

The Supreme Court's concern with the growth area as delineated in the State Development Guide Plan is limited to assuring that "remedial solution(s)...impose the Mount Laurel obligation only in those areas designated as "growth areas" by the SDGP" (92 N.J. 236). Nowhere in Mount Laurel II does the court imply that a municipality which has a sufficient quantity of vacant developable land to satisfy its obligation has any right to pass it

on, in whole or in part, to another municipality simply because the latter has more of its land in the "growth area" or because it has more vacant developable land. In fact, the court very specifically stated that "there is (no) justification for allocating a particular regional need equally among municipalities simply because they have enough land to accommodate such equal division. There may be factors that render such a determination defensible, but they would have to be strong factors, and certainly not the simple fact that there is enough land there" (92 N.J. 350).

The devising of a formula that does not result in the shifting of responsibilities on unsupported grounds finds sanction in the Supreme Court's clear joining of employment growth with ratables in its instructions as to the proper fashioning of a fair share formula" "Formulas that accord substantial weight to employment opportunities, especially new employment accompanied by substantial ratables, shall be favored..." (92 N.J. 256)--(emphasis supplied). Even if it results in a heavy Mount Laurel responsibility, a formula which emphasizes employment growth will most probably affect municipalities which have favored

the influx of ratables but not of the workers which make them possible. Such a municipality should be permitted to shift its obligation onto others only upon conclusive proof that its fair share cannot be accommodated within its borders despite the use for this purpose of all the suitable vacant developable land in its growth area at the highest appropriate density.

As stated in the Lerman Report (p. 9), "[t]his method (the 20% addition-ed.) will preclude the (need for) upward adjustment of any municipality's allocation based solely on the unavailability of vacant land in another municipality." Thus, by including a 20% surcharge in anticipation of the probability that some municipalities will lack sufficient vacant land to accommodate their fair share, the formula assures that the accommodation of the entire regional need will not be thwarted by lack of vacant land.

- (c) For the reasons stated above, since the "land in growth area" factor does not measure any municipal characteristics that are relevant to the fair allocation of housing responsibilities, I believe that it should not be made part of the allocation

formula. The elimination of the "growth area" factor would result in a formula which emphasizes recent job growth (which is a reliable indicator of need for housing) and currently existing jobs in the municipality (which is an equally reliable indicator of the relative breadth of job opportunities for lower income persons who might be moving into the new Mount Laurel-type housing). Such a formula would "accord substantial weight to employment opportunities, especially new employment" (92 N.J. 256) as the Supreme Court urged be done.

A third factor was developed to reflect the relative wealth of the municipality (Lerman Memorandum, p.3). This factor represents a reliable indicator of fiscal capacity in terms of ability of residents to assume any tax burdens that may be imposed by compliance with Mount Laurel II.

- (d) Plainsboro's Fair Share of the Reallocated Excess Present Need. Based on the modification to the "consensus formula" discussed above, Plainsboro's fair share of the reallocated excess present need in its region is as follows:

Regional Excess to be reallocated	35,014 ³
Plainsboro's Employment as % of Adjusted Total for the 11-County Region	0.236 ⁴
The ratio of Plainsboro's median household income to that of its present need region is	0.92 ⁵
Based on the above, Plainsboro's fair share of the reallocated excess present need is as follows:	

$$0.236 \times 0.92 = 0.217$$

$$\frac{0.236 + 0.217}{2} = \frac{0.453}{2} = 0.226 \times 35,014 = 79$$

Adding 20% for reallocation by reason of lack of vacant land	<u>16</u>
Sub-Total	95 units
Adding 3% for vacancies ⁶	<u>3</u>
Total	98 units

Based on the reasoning advanced in the Lerman Report (pp. 13-14), that portion of Plainsboro's fair share of the total reallocated excess present need from other parts of the region which should be satisfied in the six-year period to 1990 amounts to one third of the total, or 33 units.

2. Prospective Need

The prospective increase in Mount Laurel households in

³ Lerman Memorandum, p. 4.

⁴ Lerman Report, Table 4.

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⁶ Lerman Report, p. 21.

Plainsboro's five-county region by 1990 amounts to 66,708 (Lerman Report, Table 8).

(a) Plainsboro's Fair Share of the Prospective Need

- (1) The number of persons employed in Plainsboro in 1982 was 2,941. This number represented 0.526 percent of the total employment of 560,151 throughout the five-county region, exclusive of the non-growth municipalities and selected Urban Aid municipalities listed in Tables 11 and 12 in the Lerman Report, which was re-computed as follows:

<u>County</u>	<u>1982 Employment</u> ⁷
Burlington	85,155
Mercer	110,126
Middlesex	240,832
Monmouth	131,493
Somerset	<u>82,957</u>
Total	650,563

The non-growth municipalities listed in Table 11 of the Lerman Report, together with their 1982 employment, are listed below:

⁷ Private Sector Covered Jobs, 3rd Quarter, 1982--a Supplement to New Jersey Covered Employment Trends, 1982, New Jersey Department of Labor, December 1983. These figures differ slightly from those presented in Table 10 of the Lerman Report.

<u>Non Growth Municipalities</u>	<u>1982 Employment</u>
Burlington Co.	14,501
Mercer Co.	1,225
Middlesex Co.	--
Monmouth Co.	4,333
Somerset Co.	<u>161</u>
Total	20,220

The selected Urban Aid municipalities listed in Table 12 of the Lerman Report, together with their 1982 employment, are set forth below:

<u>Urban Aid Municipalities in:</u>	<u>1982 Employment</u>
Burlington Co.	--
Mercer Co.	23,624
Middlesex Co.	32,322
Monmouth Co.	14,246
Somerset Co.	<u>--</u>
Total	70,192

The total 1982 employment to be used in the fair share allocation formula is as follows:

$$650,563 - (20,220 + 70,192) = 560,151$$

- (2) The average annual employment growth in the region between 1972 and 1982 was recomputed by deducting the employment in the non-growth and Urban Aid municipalities for each year between 1972 and 1982. A trend line, derived using a linear regression model, yielded an average annual employment growth of 17,622.

- (3) Plainsboro's average annual employment growth during the same period was 194 (Lerman Report, Table 10), which represented 1.1 percent of the corresponding 17,622 regional average.

- (4) The ratio of Plainsboro's median household income to that of its prospective need region is 0.96.⁸

⁸Supplied by Carla L. Lerman.

(5) Plainsboro's fair share of the 1990 prospective need in its region thus equals:

$$\frac{0.625 + 0.405}{2} \times 0.96 = 0.494$$

$$\frac{0.625 + 0.405 + 0.494}{3} = 0.508 \times 66,708 = 339 \text{ units}$$

Adding 20% for reallocation	<u>68</u>
Sub-total	407
Adding 3% for vacancies	<u>12</u>
Total	419

D. Summary

Plainsboro Township's fair share Mount Laurel obligation, to be satisfied by 1990, is as follows:

Reallocated Excess Present Need	33
Prospective Need	<u>419</u>
Total	452 Units
Indigenous Need	57 Units

E. The Limits of Effectiveness of the 20% Mandated Set-Aside Zoning Technique

It is generally agreed that, in the absence of Federal and/or State subsidies in major quantities and of innovative local programs, Mount Laurel-type housing will be produced almost entirely, if not exclusively, by means of the mandatory 20% set-aside in market rate developments on land rezoned to densities that will make production of such housing economically feasible. In fact, this is the objective of all Mount Laurel law suits.

It is, therefore, important to examine Plainsboro's fair share in the light of the limits of effectiveness of the zoning tool in achieving Mount Laurel housing.

As indicated in Section C.2. above, the total 1990 Mount Laurel need for the region is 66,708 units. This number represents 39.4 percent of the projected increase in the region of households of all types between 1980 and 1990 of 169,312 (824,227 households projected for 1990 less 654,915 households existing in 1980).⁹ The 39.4 percent is based on the statewide proportion of households in the Mount Laurel income range.

Deducting 66,708 Mount Laurel-type units from the total of 169,312 leaves 102,604 as the number of unsubsidized units for which a ready market is expected to exist between now and 1990.¹⁰ It must be borne in mind that there will be a substantial demand for market rate units outside the framework of Mount Laurel implementation mechanisms (single family subdivisions, individually-built units, conversions of non-residential to residential uses, etc.). Under the circumstances, it would be conservative to assume that,

⁹Lerman Report, Table 8.

¹⁰This number should rightly be further reduced to account for all the market rate units that have been added to the housing supply since 1980.

between now and 1990, the market in Plainsboro Township's region could absorb not more than some 80,000 unsubsidized units in the type of relatively dense developments that would make possible a 20% set-aside for the production of Mount Laurel units. Based on this assumption, the maximum number of units affordable to Mount Laurel households which can be produced by 1990 through zoning, alone, would amount to some 20,000. This would remain true regardless of the amount of land zoned for higher densities throughout the region except for such reasonable "over-zoning" as would increase the probability that all the market rate units for which a market will exist will actually be produced.

Assuming, further, that such "overzoning" should amount to 25 percent, the land which it is reasonable to rezone would accommodate 125,000 units, of which 20 percent or 25,000 would be intended for Mount Laurel households. With "over-zoning" amounting to 50 percent, the numbers would be 150,000 units of all types, including 30,000 units affordable to Mount Laurel households.

Plainsboro's minimum responsibility in terms of making land available for its fair share of the number of Mount Laurel units possible of achievement through zoning, alone--based on the fair share of prospective need formula used in Section C.6, above--would be as follows:

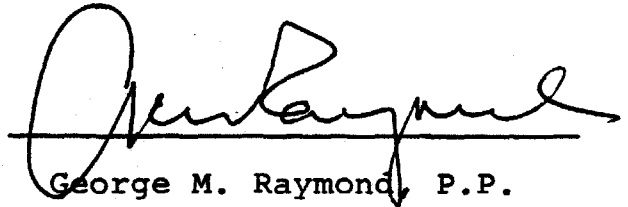
With 25%		With 50%
<u>"overzoning"</u>		<u>"overzoning"</u>
25,000 x 0.508	= 127	30,000 x 0.508 = 152
Adding 3% for vacancies	= <u>4</u>	<u>5</u>
	131 Units	157 Units

As summarized in Section D, above, however, Plainsboro's fair share of the regional need amounts to 452 units. If its rezoning program will only make provision for 131-157 units, the difference of 295 to 321 units would have to be made up by other means. The extent of the Township's ability to do this would thus determine the acreage required for the provision of higher density housing.

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Burlington Co.	--
Mercer Co.	23,624
Middlesex Co.	32,322
Monmouth Co.	14,246
Somerset Co.	<u>--</u>
Total	70,192

The total 1982 employment to be used in the fair share allocation formula is as follows:

$$650,563 - (20,220 + 70,192) = 560,151$$

- (2) The average annual employment growth in the region between 1972 and 1982 was recomputed by deducting the employment in the non-growth and Urban Aid municipalities for each year between 1972 and 1982. A trend line, derived using a linear regression model, yielded an average annual employment growth of 17,622.

- (3) Plainsboro's average annual employment growth during the same period was 194 (Lerman Report, Table 10), which represented 1.1 percent of the corresponding 17,622 regional average.
- (4) The ratio of Plainsboro's median household income to that of its prospective need region is 0.96.⁸

⁸Supplied by Carla L. Lerman.

(5) Plainsboro's fair share of the 1990
prospective need in its region thus equals:

$$\frac{0.625 + 0.405}{2} \times 0.96 = 0.494$$

$$\frac{0.625 + 0.405 + 0.494}{3} = 0.508 \times 66,708 = 339 \text{ units}$$

Adding 20% for reallocation	<u>68</u>
Sub-total	407
Adding 3% for vacancies	<u>12</u>
Total	419

D. Summary

Plainsboro Township's fair share Mount Laurel obligation, to be satisfied by 1990, is as follows:

Reallocated Excess Present Need	33
Prospective Need	<u>419</u>
Total	452 Units
 Indigenous Need	 57 Units

E. The Limits of Effectiveness of the 20% Mandated Set-Aside Zoning Technique

It is generally agreed that, in the absence of Federal and/or State subsidies in major quantities and of innovative local programs, Mount Laurel-type housing will be produced almost entirely, if not exclusively, by means of the mandatory 20% set-aside in market rate developments on land rezoned to densities that will make production of such housing economically feasible. In fact, this is the objective of all Mount Laurel law suits.

It is, therefore, important to examine Plainsboro's fair share in the light of the limits of effectiveness of the zoning tool in achieving Mount Laurel housing.

As indicated in Section C.2. above, the total 1990 Mount Laurel need for the region is 66,708 units. This number represents 39.4 percent of the projected increase in the region of households of all types between 1980 and 1990 of 169,312 (824,227 households projected for 1990 less 654,915 households existing in 1980).⁹ The 39.4 percent is based on the statewide proportion of households in the Mount Laurel income range.

Deducting 66,708 Mount Laurel-type units from the total of 169,312 leaves 102,604 as the number of unsubsidized units for which a ready market is expected to exist between now and 1990.¹⁰ It must be borne in mind that there will be a substantial demand for market rate units outside the framework of Mount Laurel implementation mechanisms (single family subdivisions, individually-built units, conversions of non-residential to residential uses, etc.). Under the circumstances, it would be conservative to assume that,

⁹Lerman Report, Table 8.

¹⁰This number should rightly be further reduced to account for all the market rate units that have been added to the housing supply since 1980.

between now and 1990, the market in Plainsboro Township's region could absorb not more than some 80,000 unsubsidized units in the type of relatively dense developments that would make possible a 20% set-aside for the production of Mount Laurel units. Based on this assumption, the maximum number of units affordable to Mount Laurel households which can be produced by 1990 through zoning, alone, would amount to some 20,000. This would remain true regardless of the amount of land zoned for higher densities throughout the region except for such reasonable "over-zoning" as would increase the probability that all the market rate units for which a market will exist will actually be produced.

Assuming, further, that such "overzoning" should amount to 25 percent, the land which it is reasonable to rezone would accommodate 125,000 units, of which 20 percent or 25,000 would be intended for Mount Laurel households. With "over-zoning" amounting to 50 percent, the numbers would be 150,000 units of all types, including 30,000 units affordable to Mount Laurel households.

Plainsboro's minimum responsibility in terms of making land available for its fair share of the number of Mount Laurel units possible of achievement through zoning, alone--based on the fair share of prospective need formula used in Section C.6, above--would be as follows:

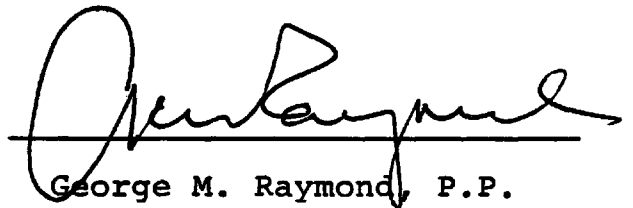
With 25%		With 50%
<u>"overzoning"</u>		<u>"overzoning"</u>
25,000 x 0.508 =	127	30,000 x 0.508 =
Adding 3% for vacancies =	<u>4</u>	<u>5</u>
	131 Units	157 Units

As summarized in Section D, above, however, Plainsboro's fair share of the regional need amounts to 452 units. If its rezoning program will only make provision for 131-157 units, the difference of 295 to 321 units would have to be made up by other means. The extent of the Township's ability to do this would thus determine the acreage required for the provision of higher density housing.

Region, Housing Needs and
Fair Share Allocation

for

Plainsboro, New Jersey



George M. Raymond, P.P.

License No. 552

Prepared by
George M. Raymond, AICP, AIA, P.P.
Tarrytown, New York

March 19, 1984

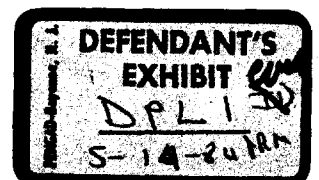


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A. Introduction

The purpose of this report is to help quantify Plainsboro Township's housing obligations under Mount Laurel II (92 N.J. 155). Pursuant to that decision, each municipality in the State of New Jersey must "provide a realistic opportunity" for "low and moderate income housing in terms of the number of units needed immediately, as well as the number needed for a reasonable period of time in the future " (92 N.J. 215 et seq.). The specific "number of units" which represents this obligation must provide a realistic opportunity for

- (1) "...decent housing for at least some part of its resident poor who now occupy dilapidated housing " (92 N.J. 214)-emphasis supplied;
- (2) its fair share of the amount of housing needed to help reduce the incidence of "indigent poor" who, presumably, also occupy dilapidated housing, in those municipalities in which "they represent a disproportionately large segment of the population as compared with the rest of the region" (92 N.J. 215); and
- (3) "a fair share of the region's...prospective low and moderate income housing need" (92 N.J. 214).

As the Supreme Court noted, "the determination of fair share... (is) the most troublesome issue in Mount Laurel" (92 N.J. 248). The Court felt the need for a firm determination of "the regions of New Jersey, their present and prospective lower income housing needs, and the allocation of those needs among all of the municipalities of the state charged with the Mount Laurel obligation" to end the uncertainty which undermines the very "constitutional doctrine" underlying its decision (92 N.J. 253). Absent such a determination, "parties (can)...continue to prove region, need, and fair share with (a)...profusion of facts and expert opinions but without knowing whether the court would regard the evidence as persuasive or even relevant" (92 N.J. 252).

To help resolve this perplexing issue of the appropriate methodology for arriving at the necessary determinations, planners involved directly or indirectly in the case of Urban League of Greater New Brunswick v. Carteret attempted jointly to assist the court-appointed expert, Carla L. Lerman, P.P. to produce a "consensus" approach (hereinafter referred to as the "consensus formula"). The resulting report¹ prepared for the court by Ms. Lerman (hereinafter

¹Carla L. Lerman, Fair Share Report, Urban League of Greater New Brunswick v. Carteret et. al., March 7, 1984. Supplemented by Amendment to Fair Share Report, March 13, 1984 (hereinafter referred to as the Lerman Memorandum).

referred to as the Lerman Report) is made a part hereof. Having participated in its development, I am accepting the reasoning and conclusions advanced in that report in all instances other than those which are specifically questioned and dealt with in this report.

B. Plainsboro's Region

1. Plainsboro's prospective need region consists of five counties: Burlington, Mercer, Middlesex, Monmouth, and Somerset (Lerman Report, Table 9).
2. Plainsboro's present need region consists of the 11-county northeast New Jersey area that includes Bergen, Essex, Hudson, Hunterdon, Middlesex, Morris, Passaic, Somerset, Sussex, Union and Warren Counties (Lerman Report, p.5).

C. Plainsboro's Fair Share of the Regional Need

1. Present Need

The present need in the region consists of the aggregate of units in all the municipalities in the region which are overcrowded or lack adequate plumbing or heating and which are occupied by lower income households (hereinafter referred to as Mount Laurel households)--(Lerman Report, Appendix A, A.(1), p.1).

(a) Plainsboro's Indigenous Need. Plainsboro's indigenous portion of the present need, as defined above, consists of the following (based on Lerman Report, Table 3):

Deficient Plumbing	22
Deficient Heating	<u>23</u>
Sub-Total	45
Overcrowded, but otherwise standard	24
Occupied by Mt. Laurel households (82% of above): ²	
Physically deficient	37
Overcrowded	20

Units of the type identified above as deficient are not necessarily in need of replacement. Unless the unit is physically dilapidated beyond economical redemption, plumbing and heating deficiencies can usually be corrected. In fact, the availability of subsidies frequently neutralizes even the economic factor (as in the federal Community Development Block Grant program).

The problem of overcrowded units that are otherwise standard can be corrected by the creation of a sufficient vacancy rate in the lower income

²Lerman Report, p. 8.

housing supply to create mobility, thus providing the larger households with the opportunity of finding more appropriate quarters. This view of what needs to be done about standard but overcrowded units seems to be sanctioned by the Supreme Court's stress (cited above) on the inclusion of resident poor "who now occupy dilapidated housing" (emphasis supplied).

Given that, as detailed below, the satisfaction of Plainsboro's Mount Laurel obligation will require a major amount of new construction, I do not believe it to be appropriate to consider the 57 units which represent that Township's indigenous need on a par with the fair share of its excess present need and its prospective need. The latter must, largely, be provided in the form of additional housing units. A remedy for Plainsboro's indigenous need problem should be sought first through a municipal survey of the actual conditions and the mounting of a local rehabilitation or other program tailored specifically to the needs so identified. This is particularly appropriate in an instance where the total number of units involved is so small.

It is to be hoped that such a program will result in all of Plainsboro's "resident poor" being provided with "decent housing." Recognizing, however, that the problem presented by the housing conditions of the resident poor is a moving target over time, a serious effort to remedy substandard conditions but which, for good and sufficient reasons, falls short of total success would still comply with the Court's directive that the municipality assure the provision of decent housing to "at least some part of its resident poor"-- (emphasis supplied).

(b) Use of the "land in growth area" factor in the "consensus formula." The "consensus formula" for determining the municipal fair share of both, the prospective and reallocated excess present need, includes the following (with certain adjustments):

- (1) Municipal land in growth area (as delineated in the State Development Guide Plan) as a percent of such land in the region (Lerman Report, p. 18); and
- (2) A 20 percent addition to the actual computed fair share anticipating that some

municipalities will lack sufficient vacant land to accommodate their fair share of present need (Lerman Report, p. 9) and prospective need (Lerman Report, p.20).

The inclusion of the "land in growth area" factor was suggested because of the absence of reliable data regarding the availability of vacant developable land, municipality by municipality. In my opinion, "land in the growth area" is a most inadequate surrogate for vacant developable land. As an example, let us assume that two municipalities have equal amounts of land in the growth area. In one of the two all of such land may be fully developed whereas in the other it may be substantially vacant.

The Supreme Court's concern with the growth area as delineated in the State Development Guide Plan is limited to assuring that "remedial solution(s)...impose the Mount Laurel obligation only in those areas designated as "growth areas" by the SDGP" (92 N.J. 236). Nowhere in Mount Laurel II does the court imply that a municipality which has a sufficient quantity of vacant developable land to satisfy its obligation has any right to pass it

on, in whole or in part, to another municipality simply because the latter has more of its land in the "growth area" or because it has more vacant developable land. In fact, the court very specifically stated that "there is (no) justification for allocating a particular regional need equally among municipalities simply because they have enough land to accommodate such equal division. There may be factors that render such a determination defensible, but they would have to be strong factors, and certainly not the simple fact that there is enough land there" (92 N.J. 350).

The devising of a formula that does not result in the shifting of responsibilities on unsupported grounds finds sanction in the Supreme Court's clear joining of employment growth with ratables in its instructions as to the proper fashioning of a fair share formula" "Formulas that accord substantial weight to employment opportunities, especially new employment accompanied by substantial ratables, shall be favored..." (92 N.J. 256)--(emphasis supplied). Even if it results in a heavy Mount Laurel responsibility, a formula which emphasizes employment growth will most probably affect municipalities which have favored

the influx of ratables but not of the workers which make them possible. Such a municipality should be permitted to shift its obligation onto others only upon conclusive proof that its fair share cannot be accommodated within its borders despite the use for this purpose of all the suitable vacant developable land in its growth area at the highest appropriate density.

As stated in the Lerman Report (p. 9), "[t]his method (the 20% addition-ed.) will preclude the (need for) upward adjustment of any municipality's allocation based solely on the unavailability of vacant land in another municipality." Thus, by including a 20% surcharge in anticipation of the probability that some municipalities will lack sufficient vacant land to accommodate their fair share, the formula assures that the accommodation of the entire regional need will not be thwarted by lack of vacant land.

- (c) For the reasons stated above, since the "land in growth area" factor does not measure any municipal characteristics that are relevant to the fair allocation of housing responsibilities, I believe that it should not be made part of the allocation

formula. The elimination of the "growth area" factor would result in a formula which emphasizes recent job growth (which is a reliable indicator of need for housing) and currently existing jobs in the municipality (which is an equally reliable indicator of the relative breadth of job opportunities for lower income persons who might be moving into the new Mount Laurel-type housing). Such a formula would "accord substantial weight to employment opportunities, especially new employment" (92 N.J. 256) as the Supreme Court urged be done.

A third factor was developed to reflect the relative wealth of the municipality (Lerman Memorandum, p.3). This factor represents a reliable indicator of fiscal capacity in terms of ability of residents to assume any tax burdens that may be imposed by compliance with Mount Laurel II.

- (d) Plainsboro's Fair Share of the Reallocated Excess Present Need. Based on the modification to the "consensus formula" discussed above, Plainsboro's fair share of the reallocated excess present need in its region is as follows:

Regional Excess to be reallocated	35,014 ³
Plainsboro's Employment as % of Adjusted Total for the 11-County Region	0.236 ⁴
The ratio of Plainsboro's median household income to that of its present need region is	0.92 ⁵
Based on the above, Plainsboro's fair share of the reallocated excess present need is as follows:	

$$0.236 \times 0.92 = 0.217$$

$$\frac{0.236 + 0.217}{2} = \frac{0.453}{2} = 0.226 \times 35,014 = 79$$

Adding 20% for reallocation by reason of lack of vacant land	<u>16</u>
Sub-Total ⁶	95 units
Adding 3% for vacancies ⁶	<u>3</u>
Total	98 units

Based on the reasoning advanced in the Lerman Report (pp. 13-14), that portion of Plainsboro's fair share of the total reallocated excess present need from other parts of the region which should be satisfied in the six-year period to 1990 amounts to one third of the total, or 33 units.

2. Prospective Need

The prospective increase in Mount Laurel households in

³ Lerman Memorandum, p. 4.

⁴ Lerman Report, Table 4.

⁵ Supplied by Carla L. Lerman.

⁶ Lerman Report, p. 21.

Plainsboro's five-county region by 1990 amounts to 66,708 (Lerman Report, Table 8).

(a) Plainsboro's Fair Share of the Prospective Need

- (1) The number of persons employed in Plainsboro in 1982 was 2,941. This number represented 0.526 percent of the total employment of 560,151 throughout the five-county region, exclusive of the non-growth municipalities and selected Urban Aid municipalities listed in Tables 11 and 12 in the Lerman Report, which was re-computed as follows:

<u>County</u>	<u>1982 Employment</u> ⁷
Burlington	85,155
Mercer	110,126
Middlesex	240,832
Monmouth	131,493
Somerset	<u>82,957</u>
Total	650,563

The non-growth municipalities listed in Table 11 of the Lerman Report, together with their 1982 employment, are listed below:

⁷ Private Sector Covered Jobs, 3rd Quarter, 1982--a Supplement to New Jersey Covered Employment Trends, 1982, New Jersey Department of Labor, December 1983. These figures differ slightly from those presented in Table 10 of the Lerman Report.

<u>Non Growth Municipalities</u>	<u>1982 Employment</u>
Burlington Co.	14,501
Mercer Co.	1,225
Middlesex Co.	--
Monmouth Co.	4,333
Somerset Co.	<u>161</u>
Total	20,220

The selected Urban Aid municipalities listed in Table 12 of the Lerman Report, together with their 1982 employment, are set forth below:

<u>Urban Aid Municipalities in:</u>	<u>1982 Employment</u>
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$$650,563 - (20,220 + 70,192) = 560,151$$

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⁸Supplied by Carla L. Lerman.

(5) Plainsboro's fair share of the 1990

prospective need in its region thus equals:

$$\begin{array}{r}
 0.526 \quad 1.1 \quad 0.78 \\
 0.625 + 0.405 \times 0.96 = 0.494 \quad 0.75 \\
 \times 2 \quad 1.1 \quad 0.78 \\
 0.526 \quad 1.1 \quad 0.78 \quad 0.72 \quad 534 \\
 0.625 + 0.405 + 0.494 = 0.508 \times 66,708 = \del{330} \text{ units} \\
 \times 3
 \end{array}$$

Adding 20% for reallocation	<u>68</u>	107	107
Sub-total	407	<u>602</u>	
Adding 3% for vacancies	<u>12</u>	19	19
Total	419	<u>621</u>	660

D. Summary

Plainsboro Township's fair share Mount Laurel obligation, to be satisfied by 1990, is as follows:

Reallocated Excess Present Need	33	33	33
Prospective Need	<u>419</u>	621	660
Total	452 Units	<u>653</u>	693
Indigenous Need	57 Units		

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It is generally agreed that, in the absence of Federal and/or State subsidies in major quantities and of innovative local programs, Mount Laurel-type housing will be produced almost entirely, if not exclusively, by means of the mandatory 20% set-aside in market rate developments on land rezoned to densities that will make production of such housing economically feasible. In fact, this is the objective of all Mount Laurel law suits.

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⁹Lerman Report, Table 8.

¹⁰This number should rightly be further reduced to account for all the market rate units that have been added to the housing supply since 1980.

between now and 1990, the market in Plainsboro Township's region could absorb not more than some 80,000 unsubsidized units in the type of relatively dense developments that would make possible a 20% set-aside for the production of Mount Laurel units. Based on this assumption, the maximum number of units affordable to Mount Laurel households which can be produced by 1990 through zoning, alone, would amount to some 20,000. This would remain true regardless of the amount of land zoned for higher densities throughout the region except for some reasonable "over-zoning" as would increase the probability that all the market rate units for which a market will exist will actually be produced.

Assuming, further, that such "overzoning" should amount to 25 percent, the land which it is reasonable to rezone would accommodate 125,000 units, of which 20 percent or 25,000 would be intended for Mount Laurel households. With "over-zoning" amounting to 50 percent, the numbers would be 150,000 units of all types, including 30,000 units affordable to Mount Laurel households.

Plainsboro's minimum responsibility in terms of making land available for its fair share of the number of Mount Laurel units possible of achievement through zoning, alone--based on the fair share of prospective need formula used in Section C.6, above--would be as follows:

With 25%		With 50%
<u>"overzoning"</u>		<u>"overzoning"</u>
25,000 x 0.508	= 127	30,000 x 0.508 = 152
Adding 3% for vacancies	= <u>4</u>	<u>5</u>
	131 Units	157 Units

As summarized in Section D, above, however, Plainsboro's fair share of the regional need amounts to 452 units. If its rezoning program will only make provision for 131-157 units, the difference of 295 to 321 units would have to be made up by other means. The extent of the Township's ability to do this would thus determine the acreage required for the provision of higher density housing.