

CA

General

15-Mar-1984

Memo: Amendment to Fair Share Report
3/7/84, based on report of SubCommittee
of planners group.

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CA002617D

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MEMORANDUM

TO: The Honorable Eugene D. Serpentelli
FROM: Carla L. Lerman
DATE: March 13, 1984
SUBJECT: Amendment to Fair Share Report, 3/7/84, based on report
of subcommittee of Planners' Group

The subcommittee appointed at the last planners' meeting met several times, and considered the alternative methods for applying an economic factor to the consensus formula, given the available data.

Full consideration, including "running the numbers" on several factors, was given to the following: 1) use of equalized valuation per capita; 2) 1970-1980 change in percentage of lower income households within a subject municipality; and 3) current median household income. In each case, the methodology that might be used to relate that characteristic on a municipal level to a regional level was evaluated in terms of available data and reasonable comparability between jurisdictions.

The use of valuation per capita in the allocation formula presented several important problems. The revised formula had the potential of increasing allocations to towns that could not realistically absorb additional units, and decreasing allocations to towns that have less development and ample amounts of vacant land. The relatively low value of essentially open, undeveloped land resulted in a lower valuation, while highly developed municipalities with substantial improvements indicated high valuations. Even with the difference in population, the result was to give a higher allocation factor to the built-up community, and a lower allocation factor to the undeveloped community.

Additionally, the variables that contribute to valuation might be expected to give rise to considerable disagreement regarding the validity of assigning a higher fair share number to municipalities with higher per capita valuation. The mere fact of higher per capita valuation could reasonably be argued not to justify a higher Mt. Laurel obligation, as the residents themselves might not be capable of absorbing an increase in municipal expenditures related to providing opportunities for lower income households.

The change in the proportion of low and moderate income households in a given municipality was considered as a potential

fair share allocation factor. A major limitation which precluded the use of this factor was the lack of comparable data available for 1970 and 1980. The breakdown of households by income was not available in 1970 for comparison with 1980. The family income data that is available for both census years would exclude single person households from the comparison. The exclusion of these households, which comprise a significant portion of the lower income households, would result in an inaccurate portrayal of increase or decrease in lower income households in the subject municipality.

The ratio of municipal median household income to regional median household income is a valid expression of financial capability that is readily available on a municipal and county level. In the sense that the Mt. Laurel decision is an economic one, the household income is a relevant factor in determining a municipality's fair share of lower income housing.

...if sound planning of an area allows the rich and middle class to live there, it must also realistically and practically allow the poor. slip op at 21

Use of median household income as a factor in determining fair share provides one means of measuring past efforts to provide affordable housing. Measuring these efforts has been of general concern to the planners' group. A municipality that has been relatively open to garden apartments, or one which has made efforts to develop assisted housing will have a relatively lower median household income than a municipality that has been more exclusionary.

In addition to reflecting past efforts, the median household income will broaden the formula in such a way that a town which has not sought to increase employment and ratables, but has been exclusionary in its residential zoning, will receive a relevant fair share allocation, in spite of its low employment.

The methodology for including the municipal-to-regional ratio of median household income will establish that income ratio as a fourth factor for determining fair share of prospective need, and a third factor for determining the fair share of the reallocated excess of present need. The alternative method of applying an adjustment factor to the entire fair share number was considered, but was rejected in favor of the method that placed the income factor on a par with the other factors. This was part of a consensus reached by the subcommittee, which reflected flexibility on the parts of all involved.

The formula will be adjusted according to the methodology on the following page. It is presented in detail for one municipality, and summarized for the remaining six municipalities.

Methodology for Applying Median Household Income to
Formula for Present Need

- Where :
- "A" equals municipal employment as percent of regional employment
 - "B" equals municipal growth area as percent of regional growth area
 - "C" equals municipal employment growth 1972-1982 as percent of regional employment growth
 - "IR" equals ratio municipal median household income to regional median household income
 - "D" equals median income factor to be added to formula
 - "E" equals revised percent of reallocated excess

Cranbury : Present Need

$$\frac{A + B}{2} \times IR = D \quad \frac{A + B + D}{3} = E \quad E \times 35,014 = \text{Share of re-allocated excess}$$

$$\frac{0.298 + 0.961}{2} \times 1.07 = 0.674$$

$$\frac{0.298 + 0.961 + 0.674}{3} = 0.644 \times 35,014 = 226$$

$$226 \times 1.2 (\text{reallocation allowance}) = 271$$

$$271 \div 3 (\text{staging periods}) = 90 (\text{present need to 1990})$$

$$90 \times 1.03 (\text{vacancies}) = 93$$

$$29 (\text{indigenous}) + 93 (\text{reallocated excess to 1990 incl. vacancies}) =$$

Total Present Need of 122

Prospective Need

$$\frac{0.634 + 0.934 + 0.401}{3} = 0.656 \times 1.13 = 0.741$$

$$\frac{0.634 + 0.934 + 0.401 + 0.741}{4} = 0.678 \times 83,506 = 566$$

566 x 1.2 = 679 Prospective Need
679 x 1.03 = 700 Total Prospective Need

822

-

796

+ 24

East Brunswick: Total Present Need (revised) 415
 Total Prospective Need (revised) 1910

$$\begin{array}{r} 2325 \\ 2168 \text{ L} \\ \hline 157 + \end{array}$$

Monroe: Total Present Need (revised) 265
 Total Prospective Need (revised) 585

$$\begin{array}{r} 850 \\ 820 \text{ L} \\ \hline 30 + \end{array}$$

Piscataway: Total Present Need (revised) 678
 Total Prospective Need revised) 3087

$$\begin{array}{r} 3765 \\ 3741 \text{ L} \\ \hline 24 + \end{array}$$

Plainsboro: Total Present Need (revised) 99
 Total Prospective Need (revised) 549

$$\begin{array}{r} 650 \text{ (648)} \\ 672 \text{ L} \\ \hline 24 - \end{array}$$

South Brunswick: Total Present Need (revised) 416
 Total Prospective Need (revised) 1828

$$\begin{array}{r} 2244 \\ 2039 \text{ L} \\ \hline 205 + \end{array} \quad ?$$

South Plainfield: Total Present Need(revised) 280
 Total Prospective Need (revised) 1454

$$\begin{array}{r} 1734 \\ 1710 \text{ L} \\ \hline 24 + \end{array}$$

All Present Need calculations are based on the final excess need for the eleven county region: 35,014 units to be reallocated. This is a small increase over the first calculations which were estimated to be 95% complete. The final revision of the Fair Share Report will reflect this change, as well as several changes in non-growth municipalities about which some question had existed regarding their status in the SDGP. None of these changes will have any significant impact on the Fair Share allocations.