Woodhaven Old Bridge Twp 4/24 (1985)

Planning Justification for Woodhaven Village settlement proposal for Old Bridge

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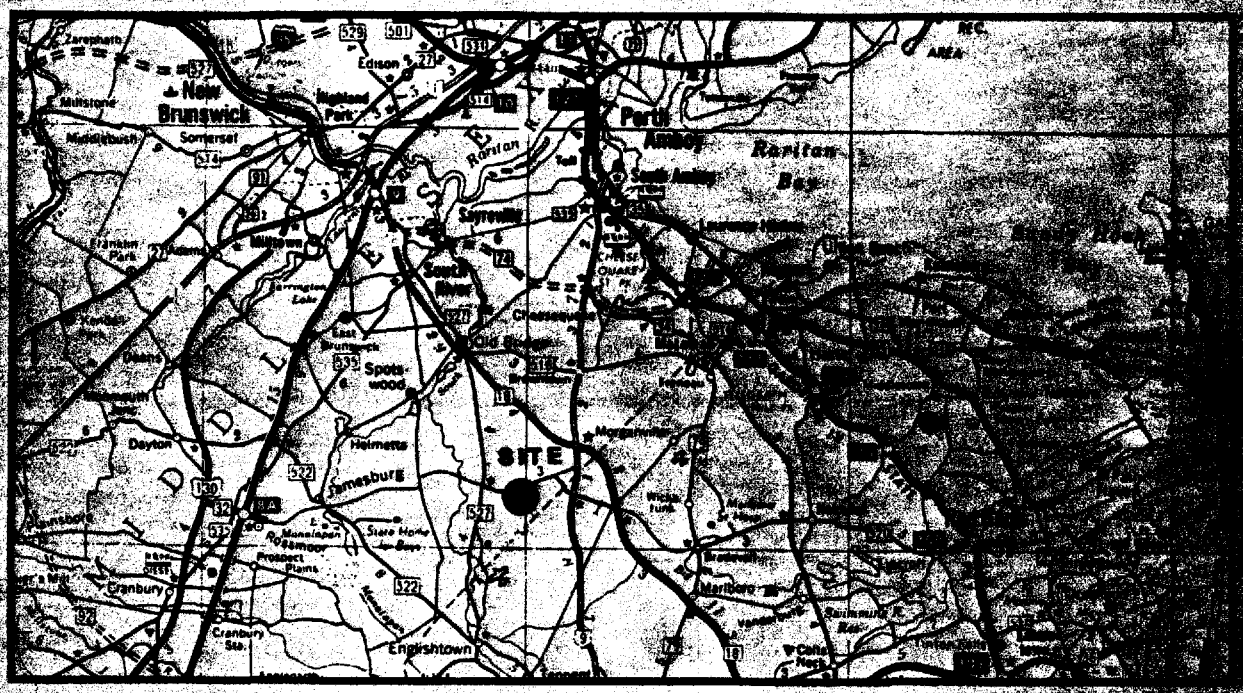
# PLANNING JUSTIFICATION FOR THE WOODHAVEN VILLAGE SETTLEMENT PROPOSAL OLD BRIDGE TOWNSHIP, NEW JERSEY




**Prepared for:**

**WOODHAVEN VILLAGE, INC.**

**Prepared by:**

**ABELES SCHWARTZ ASSOCIATES**

**Planning and Development Consultants**

**APRIL, 1985**

# PLANNING JUSTIFICATION FOR THE

# WOODHAVEN VILLAGE SETTLEMENT PROPOSAL,

# OLD BRIDGE TOWNSHIP, NEW JERSEY

Prepared for:

Woodhaven Village, Inc.

Prepared by:

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April, 1985

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# INTRODUCTION

## INTRODUCTION

The purpose of this report is to evaluate the proposal of Woodhaven Village, Inc. to the Township of Old Bridge for a Mt. Laurel II housing set-aside. Woodhaven Village, Inc. proposes a set aside of 12%, of which 50% would be for low income housing and 50% would be for moderate income housing. In addition to this low and moderate income housing, Woodhaven Village, Inc. proposes a set-aside of 4% for "least cost" housing, to be affordable to households with incomes not in excess of 120% of median income. Our conclusion is that this set-aside proposal is both appropriate and desirable.

This report summarizes the findings of our research. The report is organized as follows: Chapter 1 describes how criteria established by the New Jersey Supreme Court for determining a substantial set-aside are fullfilled and how issues raised by the Urban League are addressed; Chapter 2 describes the methodology used for determining the fair share of Old Bridge Township until the year 2000; and Chapter 3 is an analysis of the Old Bridge area's housing market, and includes an analysis of the marketing hardships faced by Woodhaven due to the enormous number of housing units in non-Mt. Laurel developments coming onto the market in the next few years.

# 1. SUMMARY

SUMMARY

Under Mount Laurel II, builders are provided with the opportunity to build at higher densities than ordinarily allowed in order to provide a set aside of housing for low and moderate income families. The minimum desired set aside has been typically set at 20%. However, this set aside figure is not absolute. In many cases, this set aside goal has been adjusted downward in consideration of unique project circumstances, consistent with guidelines set by the New Jersey Supreme Court in the original Mt. Laurel II decision. Essentially, the appropriate set aside depends on what is "reasonable" on a project by project basis.

It is our conclusion that, in Old Bridge Township, it is reasonable to set the minimum set aside for the Woodhaven Village development at 12%. As explained in the next section, criteria established by the New Jersey Supreme Court for determining the appropriate set aside are achieved by Woodhaven with a 12% set aside. As explained in the subsequent section, issues raised by the Urban League are addressed by virtue of the site's unique characteristics. As summarized in the last section, these factors make the proposed 12% set aside appropriate and desirable.

## I. CRITERIA ESTABLISHED BY THE NEW JERSEY SUPREME COURT FOR DETERMINING SUBSTANTIAL SET-ASIDE

In the Mt. Laurel II decision itself, the New Jersey Supreme Court provides a framework for establishing the set-aside requirements on a case-by-case basis. To quote Chief Justice Wilentz from his Mt. Laurel II decision:

> What is "substantial" in a particular case will be for the trial court to decide. The court should consider such factors as the size of the plaintiff's proposed project, the percentage of the project to be devoted to lower income housing (20 percent appears to us to be a reasonable minimum), what proportion of the defendant municipality's fair share allocation would be

> provided by the project, and the extent to which the remaining housing in the project can be categorized as "least cost". The balance of the project will presumably include middle and upper income housing. Economically integrated housing may be better for all concerned in various ways. Furthermore, the middle and upper income units may be necessary to render the project profitable. If builder's remedies cannot be profitable, the incentive for builders to enforce Mt. Laurel is lost (92 N.J. at 129, footnote 37)

In the above citation from the Mt. Laurel II decision, Chief Justice Wilentz indicates that the definition of the term "substantial" is a relative one which can be defined on a case-by-case basis using at least five criteria as a guide. These criteria are:

1. The size of the proposed project.

2. The proportion of the municipality's fair share provided by the project.

3. The extent to which the remaining housing in the project can be considered "least cost".

4. The ability of the project's market rate (middle and upper income) housing units to subsidize the Mt. Laurel (low and moderate income) housing units.

5. The profitability of a builder's remedy, which provides the incentive for the project to go forward.

The arguments summarized on the following pages relate the Woodhaven Village proposal to the Court's five criteria for determining a substantial set-aside. They establish sufficient and unique grounds, with regard to the Woodhaven development, to establish a 12% set aside as being substantial.

Criterion 1: The Size of the Project

The Woodhaven Village site encompasses 1,455 acres. The density permitted under present zoning is four units to the acre subject to certain conditions. The density permitted under the proposed zoning settlement would be five units to the acre. Woodhaven Village, Inc. proposes to complete its development in three roughly six-year phases, each accounting for one-third of the site's development potential, with an approximately twenty-year "build-out", and project completion some time around the year 2005. In total, 7,275 units are proposed on the site.

These figures signify that Woodhaven is one of the largest Mt. Laurel projects in the State. Indeed, it is one of the largest real estate projects in the State (see Chapter 3 for a list of projects in the Old Bridge area). More typically, Mt. Laurel projects have ranged from as few as 20 acres to nearly 200 acres. As Woodhaven is over seven times as large as the typical Mt. Laurel project, it is appropriate to reduce its mandatory set aside for two reasons.

First, large projects usually involve large up-front costs and also usually pose market absorption problems. This is the case with Woodhaven Village, where enormous up-front costs must be carried over a projected build-out period of 20 years. By comparison, a small project would be typically completed in a relatively short period of time, thereby reducing the time period during which up-front costs must be carried. These factors are described further in later sections of this chapter.

Second, large projects create great numbers of Mt. Laurel units, even at low set asides. At a 12% set aside, the Woodhaven development will produce 873 Mt. Laurel II units. This set aside is so large that it actually exceeds the entire fair share of many municipalities. It also fulfills a substantial portion of the fair

share obligation of Old Bridge Township, as described in the next section.

Criterion 2: The Proportion of The Municipality's Fair Share Provided by the Project

Even at a 12% set aside, Woodhaven will account for a substantial portion of the Old Bridge Township fair share obligation. At such a set aside, Woodhaven would provide 873 Mt. Laurel units, or 24% of the Township's fair share obligation for the year 2000. At the same set aside, Woodhaven's co-plaintiff, Olympia & York, would provide 1,470 Mt. Laurel units, or 40% of the Township's year 2000 fair share. On this basis the two developments would together provide 2,373 Mt. Laurel units, or 64% of the Township's year 2000 fair share. In short, at a 12% set aside, Woodhaven alone would account for one-fourth of the Township's year 2000 fair share obligation and together with Olympia & York would account for two-thirds of the Township's year 2000 fair share obligation. (Chapter 2 provides a detailed description of the calculation of the Township's fair share obligation to the year 2000.)

Criterion 3: The Extent to Which the Market Housing in the Project Could Be Considered "Least Cost"

Least cost housing has not been defined precisely in the context of Mt. Laurel II, as has low and moderate income housing. A definition that appears to have obtained some credence in Old Bridge is housing affordable to families with incomes not exceeding 120% of the area's median income. In fact, this is within the parameters of the definition adopted by the Township in its 1983 Land Development Ordinance.

Based on such a definition, Woodhaven Village, Inc. has proposed a 4% set aside of "least cost" units, in addition to the 12% low and moderate set aside. These "least cost" units would be affordable

to households with incomes not in excess of 120% of median. At such a 4% "least cost" housing set aside, Woodhaven would provide 291 "least cost" housing units, in addition to the 873 low and moderate income units.

## Criterion 4: The Ability of the Project's Market Rate Housing Units to Subsidize the Mt. Laurel Units

Successful Mt. Laurel economics hinge on the ability of developers to use the income from middle and upper income units to offset the losses on the low and moderate income units. This is recognized by the New Jersey Supreme Court in the Mt. Laurel II decision, as well as by developers. Not only the courts, but also the development community has recognized this. The pattern of Mt. Laurel litigation to date clearly shows that the favored targets of litigation have been areas where the "builder's remedy" is made feasible by two financial components. First, an increase in the overall density of the project such that more market rate units may be built. Second, a strong housing market such that the market rate units can be targeted to households at the upper end of the housing market. The project is thereby made feasible by building more, relatively high-priced market rate units to offset the losses of building some Mt. Laurel units. However, there are both market and planning limitations to implementing this ideal economic strategy in Old Bridge in general and on the Woodhaven site in particular.

First, with the Woodhaven development, there is little opportunity to offset losses on Mt. Laurel units by increasing the price of units. Chapter 3 of this report summarizes a market study of the Old Bridge housing market. This study demonstrates that the Old Bridge housing market is generally comprised of households with incomes in the range of 120%-150% of median incomes. In general, housing prices are not as high in Old Bridge as they are in nearby East Brunswick, Manalapan and Marlboro. These market forces and trends will oblige Woodhaven, in order to remain competitive, to

provide significant numbers of housing units within the lower market price range.

In this market context, even marginal increases in price could prevent Woodhaven from successfully competing in the free market. Furthermore, there are a number of similar types of developments now or soon coming on the market approved prior to Mt. Laurel II and thus which have no Mt. Laurel II obligation. Woodhaven will have to compete with these developments. As a result, there is little opportunity to reach the upper income housing market, and therefore it is not practical to increase sales prices so as to offset the losses associated with building and selling Mt. Laurel units.

Second, with the Woodhaven development, it is undesirable to offset the losses on the Mt. Laurel units by substantially increasing the number of units built per acre. Based on their planning and environmental studies and analyses, Woodhaven Village, Inc. has concluded that increasing the overall density of the development beyond five units to the acre would contravene sound environmental planning and would also have a negative financial impact on the project.

In short, the density bonus cannot be increased because of environmental and planning constraints, and the market unit sales prices cannot be increased because of market constraints. Some other balance must be struck between the net income derived from the market rate units and the net loss derived from the Mt. Laurel units. In this context, the 12% set aside appears to be financially feasible and therefore reasonable and desirable.

## Criterion 5: The Profitability of a Builder's Remedy, Which is Crucial for the Project to Go Forward

The Mt. Laurel II economics described above have another dimension when consideration is given to the fact that the development must

be profitable. It is not sufficient for a project to financially break even. It is critical that there be sufficient incentive for the developer (as well as his/her backers and lenders) to invest in the project. This profit incentive is assured by increasing the number of market rate units to create sufficient income to offset and exceed the losses incurred in providing the Mt. Laurel units.

In short, the relationship between the net increase in market rate units and the incentive to developers to undertake Mt. Laurel development is basic to the success of the builder's remedy concept. However, our analysis indicates that a 20% set aside with a 25% density bonus, as is now under consideration in Old Bridge, inherently provides no incentive to a developer to choose to build such a Mt. Laurel project. This is explained below by comparing several scenarios.

The first scenario is the typical Mt. Laurel development. Throughout the State, developments have generally received upwards of a 500% increase in density in return for a 20% Mt. Laurel set aside. For example, given a project originally zoned one unit per acre, a builder's remedy granting a 500% density bonus would permit a project density of five units per acre. On a per-acre basis, four units would be market-rate and one unit would be Mt. Laurel (at a 20% set aside). In this example, the builder would have the benefit of three additional market rate units per acre to offset the obligation to provide one Mt. Laurel unit per acre. Also, the builder will be able to build a total of four market rate units whereas before only one market rate unit was allowed. The developer can therefore make four times the income originally allowed in order to compensate for the loss inherent in providing the Mt. Laurel units.

The second scenario is a 25% density bonus with a 20% set aside, as now under consideration at Woodhaven. Under this scenario, the site's density would be increased by 25% from four units to the

acre to five units to the acre. On a per acre basis, four units would be market rate and one unit would be Mt. Laurel (at a 20% set aside). In this case the builder would have no additional market rate units to offset the obligation to build Mt. Laurel units: in effect, the extra unit derived from the density bonus is designated as a Mt. Laurel unit. Instead of a net gain, there is a loss, since the Mt. Laurel unit will have to be sold or rented at below cost. In short, to take a project initially zoned for 4 units per acre, increase density 25% to 5 units per acre, and then subject the project to a 20% Mt. Laurel set aside, is to provide that project with no additional revenue with which to offset the losses incurred in providing the Mt. Laurel units.

The third scenario is a 25% density bonus with a 12% set aside, as proposed by Woodhaven Village, Inc. Again, the site's density would be increased from four to five units to the acre. But on a per acre basis, 4.4 units would be market rate and 0.6 unit would be Mt. Laurel (at a 12% set aside). In this case, the builder would have the benefit of 0.4 additional market rate units per acre to offset the obligation to provide 0.6 Mt. Laurel units per acre. The developer can also make 10% greater income (0.4 bonus divided by the 4.0 as-of-right) to compensate for the loss inherent in providing the Mt. Laurel units. There may or may not be a net profit associated with this scenario, depending, on a per acre basis, on the net gain associated with 0.4 market rate unit and the net loss associated with 0.6 Mt. Laurel unit. Also, by way of comparison with the typical Mt. Laurel development described in the first scenario, Woodhaven would receive a very meager market rate unit bonus: 10% instead of 400+%. Still Woodhaven Village, Inc. concludes that this scenario is financially feasible.

In summary, the New Jersey Supreme Court in its Mt. Laurel II opinion, acknowledges that the profitability of a Mt. Laurel II development is essential to a builder's remedy. However, the profit incentive necessary for Mt. Laurel projects' viability is not

forthcoming with a 20% set aside and a 25% density bonus. As noted in the previous section, Woodhaven Village Inc. concludes that the density of their site cannot be increased by more than a very modest amount (25%); our own market analysis indicates that the prices of the market rate units cannot be substantially increased, either. Therefore, in order to maintain the project's financial profitability - and feasibility - the Mt. Laurel set aside must be lowered.

## II. OTHER FACTORS RELATING TO ISSUES RAISED BY THE URBAN LEAGUE

The discussion above summarizes how the Woodhaven development fulfills the criteria outlined by the New Jersey Supreme Court for determining a substantial set aside. Over the course of the settlement negotiations, the Urban League has raised several issues which also need to be addressed, namely: 1) the extent to which departing from a 20% set aside would be precedent-setting; 2) the extent to which the Township would be able to meet its fair share obligation if a set aside of less than 20% were adopted throughout the Township's PD Zone; and 3) the extent to which the actual delivery of the Township's fair share obligation of Mt. Laurel units would be delayed or deferred if a set aside of less than 20% were adopted throughout the Township's PD Zone.

In response to these issues, we conclude that: 1) the Woodhaven development poses unique circumstances; 2) even at a 12% set aside, the Township can fulfill its fair share through the year 2000; and 3) the actual delivery of the Township's fair share obligation of Mt. Laurel units would not be adversely affected by a set aside of 12%. These findings are described below.

### Finding 1. The Woodhaven Development Poses Unique Circumstances

There are three unique circumstances posed by the Woodhaven development.

First, as described above, the Woodhaven project is extraordinarily large in comparison to other Mt. Laurel developments now underway in the State. As described above, the court has been very clear in defining the size of the project as a unique circumstance justifying a departure from a 20% set aside.

Second, unusually high off-site and town mandated improvements create an economic hardship for the project. Altogether, upwards of $8 million in unusual up-front costs are required simply to bring the first phase of the project on line. The $8 million figure includes expenditures to bring water and sewer service to the site, as well as to build the on-site portion of a connector road as mandated in the Town Master Plan.

The Woodhaven site, though it is located squarely in the heart of a developing growth area, is remotely situated relative to existing infrastructure. Enormous extension of sanitary sewage and water service - extensions to be measured in terms of miles rather than in terms of feet - are necessary to serve the project. The cost of these improvements must be borne by Woodhaven. (It should be noted that the $8 million figure excludes the expenditures typically associated with development, namely building sewer lines, water lines and collector roads within the site.) The $8 million in up-front costs must be accounted for in the early years of development (such as Phase 1): a developer cannot be expected to carry such enormous up-front costs into the indefinite future. In short, the project's large size and distant location from existing infrastructure results in extraordinarily large upfront costs; these costs create a unique economic hardship for the project and jeopardize the project's financial viability at a 20% set aside.

Third, the site's large size places the Woodhaven development in competition with a sizeable number of developments in a large market area. Most of these competing developments do not have the disadvantage of having to provide for Mt. Laurel units at a loss.

And most of these competing developments have the advantage of being able to address a higher income market. In total, over 26,000 units are presently proposed within the Old Bridge housing market area, excluding Woodhaven Village and Olympia & York (which combined represent another 19,535 units). This competition is formidable and in the likely event of a "softening" in the market, Woodhaven would be at both a pricing and absorption rate disadvantage. (These factors are described in greater detail in Chapter 3.)

Finding 2: The 12% Set Aside is Sufficient to Meet the Town's Fair Share Through to the Year 2000

Old Bridge's fair share has been calculated as 2,131 units through 1990. Our projections, which are intentionally designed to overestimate the fair share, demonstrate that the additional fair share to be met between 1990 and 2000 is 1,531 units, bringing the total fair share in 2000 to 3,652. (These projections are explained in detail in Chapter 2.)

By comparison, the Township is proposing to allocate at least 6,074 acres for Mt. Laurel development in the Township's PD (Planned Development) zone. At the proposed five units per acre, the development potential in the PD zone is equivalent to over 30,000 units. At a 12% set aside, 3,644 units would be set aside as low and moderate income units. This figure is equivalent to over 170% of the Township's fair share need to the year 1990, as well as 99.8% of the Township's fair share housing need through the year 2000.

Finding 3: The Actual Delivery of the Township's Fair Share of Mt. Laurel Units Would Not be Adversely Effected By a Set Asiee of 12%

There is a substantial planning rationale for adopting a 12% set aside throughout the Township's PD zone. First, by so doing the Township's fair share is dispersed over 6,074 acres, rather than being concentrated on a single site or two.

Second, by dispersing the fair share in this manner, the opportunity is provided for many other builders, in addition to Woodhaven and Olympia & York, to provide Mt. Laurel housing. Since Woodhaven Village, Inc. and Olympia & York will have already brought sewer lines and water mains to the PD zone area, many other builders will not need to absorb the enormous up-front expenses associated with the Woodhaven and Olympia & York projects. All other factors being equal, the internal economics of these other projects will be much more favorable to providing Mt. Laurel units.

Third, adoption of a set aside of 12% as opposed to 20% throughout the PD zone will actually enhance the production of Mt. Laurel units on other sites for the obvious reason that a 12% set aside is a far greater inducement to builders to produce Mt. Laurel housing than is a 20% set aside. Other developments in the PD zone are subject to the same market and pricing disadvantages described earlier (and explained in Chapter 3) as the Woodhaven site. Therefore, in maintaining competitive sales prices for the market rate housing, a builder may find that the revenue from the market rate units is insufficient to offset the losses from a 20% Mt. Laurel set aside, or, in other words, that the project is not economically feasible and profitable. All things being equal, the same project economics that induces Woodhaven Village, Inc. to find the 12% set aside reasonable will induce other builders to find it reasonable. Therefore, applying the 12% set aside throughout the PD zone will lead to the construction of more Mt. Laurel housing, more rapidly than at a 20% set aside.

In sum, by adopting a 12% set aside throughout the Township's PD zone, Old Bridge Township would actually promote more rapid production of Mt. Laurel housing. This would be accomplished by more than 170% overzoning the amount of acreage needed to meet the Township's 1990 fair share. A 12% set aside throughout the Township's PD zone would still provide for a total of 3,644 Mt. Laurel units, which is virtually equal to the Township's fair share through the

year 2000. Moreover, adopting a 12% set aside throughout the Township's PD zone would hasten compliance with its fair share, by providing greater incentive for builders to proceed with Mt. Laurel projects.

## III. CONCLUSIONS

The arguments in favor of the proposed 12% set aside fall into three categories.

First, the size of the project and its great distance from existing infrastructure will cause the Woodhaven project to incur substantial up-front costs. These greatly exceed the up-front costs typically associated with development - in both absolute and relative terms. These costs create a unique economic hardship not usually borne by Mt. Laurel developments.

Second, market constraints limit the sales price of the free market rate units; site constraints and market saturation issues limit the density of development. The generation of the revenue to pay for the unusual up-front costs, the subsidy for the Mt. Laurel units, and the builder's profit, are effectively capped. The logical recourse is to reduce the number of subsidized units. The market rate units cannot otherwise provide sufficient revenue to pay for the up-front costs, the subsidy for the Mt. Laurel units and the profit for the developer necessary for the project to go forward.

Third, the number of Mt. Laurel housing units that may be constructed on the Woodhaven site and other Mt. Laurel sites (i.e., lands zoned PD, which total 6,074 acres) under the proposed 12% set aside is sufficient to meet Old Bridge's fair share not only to 1990, but also to the year 2000. The Woodhaven development alone will, if developed as proposed, account for 24% of the year 2000 fair share.

In short, our planning analysis indicates that the 12% set aside is justified by the special circumstances associated with the project. A 20% set aside would jeopardize the Mt. Laurel project's financial feasibility. And, in any case, the 12% set aside, if applied uniformly to all sites in the PD zone, is sufficient to meet the Town's fair share to the year 2000.

# 2. FAIR SHARE ANALYSIS

## FAIR SHARE ANALYSIS

Old Bridge's fair share obligation has been projected to the year 2000 to demonstrate that with the proposed set-aside modification, Old Bridge's fair share obligation can be met during the next 15 year period, upon completion of the Woodhaven, Olympia-York and other Mt. Laurel projects, even if they are built with a 12% set-aside.

The fair share number to 1990 has already been calculated and agreed upon at 2,131 units. Projecting fair share through the year 2000 raises several methodological issues. Currently, there is no established methodology to project a municipality's fair share obligation to the year 2000. The "Urban League" or "consensus" methodology has been endorsed by the Court in A.M.G. Realty Co. et.al. v. Twp. of Warren et.al. (decided July 16, 1984 by Judge Serpentelli), as the established methodology to estimate "fair share" allocations to 1990. The report on the consensus methodology prepared by Carla Lerman and dated April 2, 1984 contends that it is more appropriate at this time to calculate and assign fair share allocations to 1990 rather than to 2000. It maintains that projections to 2000 can more reasonably be made after 1990 census data becomes available. This position highlights the fact that projections to 2000 made now must be based on a variety of assumptions and trends and that these will need to be reassessed in 1990 in order to assign Old Bridge its actual fair share allocation.

The projections contained in this chapter reflect the considerations outlined by the New Jersey Supreme Court decision, So. Burlington Co. NAACP et.al. v. Township of Mt. Laurel, 92 N.J. 158 (1983) and where applicable, the consensus methodology. Consistent with the consensus methodology, our methodology involves these basic steps:

1) Identification of the relevant fair share housing region or regions;

2) Calculation of present and prospective housing needs of low and moderate income households in the region;

3) Allocation of these needs to the municipalities within the region(s) based upon pre-determined criteria;

4) Calculation of present housing needs of low and moderate income households in the region;

5) Allocation of these needs to the municipalities within the present need region based upon pre-determined need;

6) Calculation of indigenous need; and

7) Addition of the prospective need, regional present need and indigenous need.

These seven steps are outlined below as they apply to Old Bridge. Major assumptions and justifications of the consensus methodology are generally noted and deviations from the basic methodology are detailed.* As the purpose of these projections is to show that the proposed Mt. Laurel II developments will more than meet Old Bridge's fair share to 2000, the assumptions that have been made tend to overestimate the Township's actual fair share obligation.

## I. IDENTIFICATION OF FAIR SHARE HOUSING REGION(S)

A "fair share allocation region" is a geographic area within which low and moderate income housing need is quantified and distributed to municipalities in an equitable and rational manner. Each municipality must meet its share of the existing need for low and moderate housing ("present need") and for the future low and moderate

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* A more thorough discussion of the consensus methodology is contained in the Fair Share Report prepared by Carla Lerman for the Carteret case.

housing need ("prospective need"). The major considerations leading to quantification and distribution differ with respect to present and prospective need. Consequently, two separate regions - a "prospective need region" and a "present need region" - are used by the consensus methodology to determine a municipality's fair share allocation.

## A. DEFINING THE FAIR SHARE REGION: PROSPECTIVE NEED

A municipality's relevant fair share region for determining prospective need must encompass the housing market area within which low and moderate income households seeking shelter would be expected to locate if affordable housing were available.

The most important determinant of residential location is accessibility to employment opportunities, and thus the composition of the relevant region depends primarily on the location of actual and prospective employment centers and the availability of transportation facilities. Low and moderate income households can be expected to seek housing readily accessible to their jobs. Accordingly, the area within 30 minutes driving time from a municipality approximates its prospective need region. This area is known as the municipality's "commutershed".

The 30-minute commutershed for Old Bridge Township encompasses Mercer, Monmouth, Morris, Somerset and Union Counties. Under the consensus methodology, these five counties constitute Old Bridge's prospective need fair share region. As the basic assumptions and considerations for 1990 are consistent with those for 2000, these counties will continue to be used to calculate Old Bridge's fair share to 2000.

B. DEFINING THE FAIR SHARE REGION: PRESENT NEED

In contrast to prospective need, the major consideration in the determination of present need concerns existing housing conditions. The Supreme Court, in Mt. Laurel II, indicates that a present need fair share region integrate both the older urban core areas that are burdened by high levels of indigenous need and the less developed newer suburban areas that offer the resources to accommodate that need. In light of this, the following present need regions have been defined by the consensus methodology:

Region 1: Bergen, Essex, Hudson, Hunterdon, Middlesex, Morris, Passaic, Somerset, Sussex, Union and Warren Counties

Region 2: Burlington, Camden, Gloucester and Mercer Counties

Region 3: Monmouth and Ocean Counties

Region 4: Atlantic, Cape May, Cumberland and Salem Counties.

As it is unlikely that any significant changes will occur in the conditions in these regions during the next five years, it is reasonable to apply these regions again in the calculation of present need in 1990 to 2000. As such, Old Bridge falls within the present need region for Region 1, encompassing Bergen, Essex, Hudson, Hunterdon, Middlesex, Morris, Passaic, Somerset, Sussex, Union and Warren Counties.

## II. CALCULATION OF PROSPECTIVE NEED

The future need for low and moderate income housing is largely determined by the rate at which new low and moderate income

households are formed or migrate to the region.* This, in turn, is largely a function of population growth, although many other variables, such as the age distribution of the population, marriage and divorce rates, family composition, social forces, employment patterns and the availability of housing all contribute to determine the number of households. Projections are provided below for the overall population and then specifically for the low and moderate income population sub-group.

A. PROJECTED POPULATION AND HOUSEHOLD CHANGE

Relatively sophisticated county population projections for 1990 and 2000 have recently been prepared by the New Jersey Department of Labor.** In addition to total numbers of persons expected to reside in each county in 1990, estimates of the numbers of persons by sex and age group have been calculated.

Separate sets of projections were generated by four different models of future growth patterns. Two models (the ODEA Economic/ Demographic and ODEA Demographic Cohort) are "preferred" by the Department of Labor as theoretically superior to the other two "regression" models. Both ODEA models are "cohort-component method" projections, however the Economic/Demographic model differs from the Demographic Cohort method in that migration of persons 65 years of age and under is computed based upon projected labor market conditions rather than on the basis of migration trends during the previous decade.***

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* The Census defines "household" as all the persons who occupy a housing unit. Thus, by definition, there is a one-to-one relationship between the number of households and the number of housing units needed.

** Office of Demographic and Economic Analysis, Division of Planning and Research, N.J. Department of Labor, New Jersey Revised Total and Age & Sex Population Projections (1985-2000), July 1983.

*** See Id. pp. 1-8 for a full discussion of the assumptions and methodologies used to generate these two sets of projections.

As the two models project ranges of future population change, they have been combined by the consensus methodology, to avoid extremes in the projections. This composite is achieved by taking the average of the two models for each age cohort. The total number of households is then derived by multiplying each of these age cohorts by the expected percentage of persons in the cohort who will be heads of households, or a "headship" rate.*

This calculation has been made for each county in the commutershed to obtain the projected number of households in the region by 1990 and 2000. The total number of households in the Old Bridge commutershed is projected to be 863,727 in 1990 and 937,858 in 2000. This number represents an increase of 145,729 new households over 1980 to 1990 (Table 1) and another increase of 74,131 from 1990 to 2000 (Table 2).

B. PROJECTED LOW AND MODERATE INCOME HOUSEHOLD GROWTH

The projected share of low and moderate income households is based upon the proportion of low and moderate income households in the State of New Jersey as set forth in footnote 8 of the Mount Laurel II decision. Low-income households are defined as those households with incomes no greater than 50% of the median household income for the state. Moderate income households are those households with incomes that do not exceed 80%, and are no less than 50% of the statewide median. In New Jersey, 39.4% of the households are classified as low or moderate income households. It is assumed that this proportion will remain essentially constant between 1980 and 1990, and 1990 and 2000, as it did between 1970 and 1980. The number of new low and moderate income households for the commutershed region can therefore

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* This technique uses the methodology and headship rates developed by the Rutgers Center for Urban Policy Research in Mount Laurel II: Challenge and Delivery of Low-Cost Housing, pp. 122-125.

TABLE 1: PROJECTED LOW AND MODERATE INCOME HOUSEHOLDS, 1990, BY COUNTY - OLD BRIDGE COMMUTERSHED REGION

| County | 1990 Households | Minus | 1980 Households | = New Households | x .394 | = Mt. Laurel Households |
|---|---|---|---|---|---|---|
| Mercer | 118,997 | - | 105,819 | 13,178 | .394 | 5,192 |
| Middlesex | 245,989 | - | 196,708 | 49,281 | .394 | 19,417 |
| Monmouth | 214,573 | - | 170,130 | 44,443 | .394 | 17,510 |
| Somerset | 89,681 | - | 67,368 | 22,313 | .394 | 8,791 |
| Union | 194,487 | - | 177,973 | 16,514 | .394 | 6,506 |
| Total | 863,727 | - | 717,998 | 145,729 | .394 | 57,417* |

* Numbers do not add up due to rounding.

SOURCE: Carla Lerman, Fair Share Report: Urban League of Greater New Brunswick v. Carteret et.al., dated April 2, 1984, Table 8 (see text of report for explanation of calculation).

TABLE 2: PROJECTED LOW AND MODERATE INCOME HOUSEHOLDS, 2000, BY COUNTY - OLD BRIDGE COMMUTERSHED REGION

| County | 2000 Households | Minus | 1990 Households | = New Households | x .394 | = Mt. Laurel Households |
|---|---|---|---|---|---|---|
| Mercer | 128,106 | - | 118,997 | 9,109 | .394 | 3,589 |
| Middlesex | 276,620 | - | 245,989 | 30,631 | .394 | 12,069 |
| Monmouth | 233,639 | - | 214,573 | 19,066 | .394 | 7,512 |
| Somerset | 101,348 | - | 89,681 | 11,667 | .394 | 4,597 |
| Union | 198,145 | - | 194,487 | 3,658 | .394 | 1,441 |
| Total | 937,858 | | 863,727 | 74,131 | .394 | 29,208 |

* Numbers do not add up due to rounding.

SOURCE: Carla Lerman, Fair Share Report: Urban League of Greater New Brunswick v. Carteret et.al., dated April 2, 1984, Table 8 (see text of report for explanation of calculation); Rutgers Center for Urban Policy Research in Mt. Laurel II: Challenge and Delivery of Low-Cost Housing, pp. 122-125; Office of Demographic and Economic Analysis, Division of Planning and Research, N.J. Department of Labor, New Jersey Revised Total and Age & Sex Population Projections (1985-2000), July 1983.

be projected by multiplying the total number of new households by 39.4%. Using this constant, in Old Bridge's commutershed region, there will be an estimated 29,208 new low and moderate income households between 1990 and 2000 (see Table 2).

## III. ALLOCATION OF PROSPECTIVE NEED

The planners in the Carteret case agreed that availability of land, employment opportunities, recent job growth and the economic status of the municipal population are relevant considerations in allocating prospective housing need. Four allocation criteria were selected by the group as indicators of these considerations. These criteria are listed and explained further below.

1) present (1982) municipal employment as a percentage of present (1982) commutershed employment (Table 3);

2) municipal employment growth as a percentage of commutershed employment growth (Tables 4 and 5) for the period 1972 to 1982;

3) municipal land in the growth area as a percentage of commutershed land in the growth area (Table 6); and

4) municipal median household income as a ratio to median household income in the commutershed (Table 7).

Municipalities with no land in State Development Guide Plan (SDGP) growth areas are exempt from an obligation to provide for the prospective regional housing need under the Mt. Laurel II decision. In addition, there was a consensus that many of the state-designated "Urban Aid" municipalities should be exempt by virtue of their already considerable housing burdens.

Employment in non-growth municipalities and selected Urban Aid cities must therefore be deducted from the commutershed employment totals. Similarly, acreage in selected Urban Aid cities must be deducted from the commutershed total of land in the growth area.

TABLE 3: PRIVATE COVERED EMPLOYMENT, 1982, BY COUNTY - OLD BRIDGE COMMUTERSHED REGION

| County | 1982 Covered Employment* | Deduct Employment in Non-Growth Areas** | Deduct Employment in Selected Urban Aid Cities*** | Total for Prospective Need Allocation Formula |
|---|---|---|---|---|
| Mercer | 110,126 | 1,225 | 23,624 | 85,277 |
| Middlesex | 240,832 | 0 | 32,322 | 208,510 |
| Monmouth | 131,493 | 5,097 | 14,246 | 112,150 |
| Somerset | 82,957 | 161 | 0 | 82,796 |
| Union | 225,639 | 0 | 61,124 | 164,515 |
| Total | 791,047 | 6,483 | 131,316 | 653,248 |

* There is a slight discrepancy between the figures used for County 1982 employment in the Carla Lerman, Fair Share Report: Urban League of Greater New Brunswick v. Carteret et.al., dated April 2, 1984 and the figures used in this report. This discrepancy results from the use of different tables in the New Jersey Covered Employment Trends, 1982. This report uses the aggregates of the employment totals by municipality, whereas the Lerman report uses a separate table of county totals which inexplicably differ slightly.

** There are no municipalities located entirely within non-growth areas in Middlesex or Union Counties.

*** There are no selected Urban Aid cities in Somerset County.

SOURCE: State of New Jersey, Dept. of Labor, Office of Demographic & Economic Analysis, New Jersey Covered Employment Trends, 1982 (December, 1983): "Private Sector Covered Jobs, 3rd Quarter", by municipality.

TABLE 4: PRIVATE COVERED EMPLOYMENT, 1972-1982, BY COUNTY*

| | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Mercer | 61,570 | 67,914 | 70,627 | 69,585 | 73,978 | 76,578 | 82,790 | 83,637 | 83,071 | 86,640 | 85,277 |
| Middlesex | 141,251 | 154,966 | 162,733 | 157,769 | 165,865 | 177,263 | 190,262 | 199,095 | 200,852 | 209,192 | 208,510 |
| Monmouth | 77,182 | 83,690 | 84,808 | 84,235 | 88,591 | 92,548 | 102,824 | 105,719 | 107,585 | 110,582 | 112,150 |
| Somerset | 56,952 | 55,599 | 60,271 | 62,879 | 62,850 | 70,341 | 74,971 | 79,716 | 79,146 | 82,338 | 82,796 |
| Union | 149,277 | 155,855 | 153,263 | 145,722 | 149,780 | 155,559 | 160,479 | 165,908 | 164,305 | 167,216 | 164,515 |
| Total | 486,232 | 518,024 | 531,702 | 520,190 | 541,064 | 572,289 | 611,326 | 634,075 | 634,959 | 655,968 | 653,248 |

* Employment figures exclude non-growth and selected Urban Aid Municipalities (see Appendices A & B).

SOURCE: State of New Jersey, Department of Labor, Office of Demographic and Economic Analyses, New Jersey Covered Employment Trends (1972-1982): "Private Sector Covered Jobs, 3rd Quarter", by municipality.

TABLE 5: AVERAGE ANNUAL EMPLOYMENT GROWTH, 1972-1982 USING LINEAR REGRESSION MODEL - OLD BRIDGE COMMUTERSHED REGION

| Year | Y | Y - $\bar{Y}$ | X | X - $\bar{X}$ | (Y-$\bar{Y}$)(X-$\bar{X}$) | (X-$\bar{X}$)$^2$ |
|---|---|---|---|---|---|---|
| 1972 | 486,232 | -91,866 | 0 | -5 | 459,330 | 25 |
| 1973 | 518,024 | -60,074 | 1 | -4 | 240,296 | 16 |
| 1974 | 531,702 | -46,396 | 2 | -3 | 139,188 | 9 |
| 1975 | 520,190 | -57,908 | 3 | -2 | 115,816 | 4 |
| 1976 | 541,064 | -37,034 | 4 | -1 | 37,034 | 1 |
| 1977 | 572,289 | - 5,809 | 5 | 0 | 0 | 0 |
| 1978 | 611,326 | 33,228 | 6 | 1 | 33,228 | 1 |
| 1979 | 634,075 | 55,977 | 7 | 2 | 111,954 | 4 |
| 1980 | 634,959 | 56,861 | 8 | 3 | 170,583 | 9 |
| 1981 | 655,968 | 77,870 | 9 | 4 | 311,480 | 16 |
| 1982 | 653,248 | 75,150 | 10 | 5 | 375,750 | 25 |
| | 6,359,077 | | | | 1,994,659 | 110 |

Average Y = 6,359,077 ÷ 11 = 578,098

$$\frac{1,994,659}{110} = 18,133$$

Explanations of Calculation:

Y = Number of Region's Covered Jobs - Non-growth Municipalities and Urban Aid Cities (see Table 4).

X = Year in Progression

SOURCE: State of New Jersey, Department of Labor, Office of Demographic and Economic Analysis, *New Jersey Covered Employment Trends* (1972-1982): "Private Sector Covered Jobs, 3rd Quarter", by municipality. Calculations by Abeles Schwartz Associates, Inc.

TABLE 6: STATE DEVELOPMENT GUIDE PLAN GROWTH AREA BY COUNTY, IN ACRES
OLD BRIDGE COMMUTERSHED REGION

| County | Growth Area | Deduct Growth Area in Selected Urban Aid Cities* | Net Total Growth Area For Realloaction Formula |
|---|---|---|---|
| Mercer | 105,086 | 4,800 | 100,286 |
| Middlesex | 154,110 | 6,432 | 147,678 |
| Monmouth | 156,624 | 4,832 | 151,792 |
| Somerset | 100,455 | 0 | 100,455 |
| Union | 65,875 | 13,050 | 52,825 |
| TOTAL | 582,150 | 29,114 | 553,036 |

* There are no selected Urban Aid cities in Somerset County.

SOURCE: Carla Lerman, Fair Share Report: Urban League of Greater New Brunswick v. Carteret et.al., dated April 2, 1984, Table 5.

TABLE 7: MEDIAN HOUSEHOLD INCOME, 1979, BY COUNTY - OLD BRIDGE COMMUTERSHED REGION

| County | Number of Households | County Median Household Income* | Aggregate Household Income ($000)* | Regional Median Income (Weighted Average)* |
|---|---|---|---|---|
| Mercer | 71,839 | $22,918 | $1,646,406 | - |
| Middlesex | 169,847 | $24,217 | $4,113,185 | - |
| Monmouth | 143,376 | $22,380 | $3,208,755 | - |
| Somerset | 67,101 | $26,243 | $1,760,932 | - |
| Union | 116,642 | $24,155 | $2,817,488 | - |
| TOTAL | 568,805 | - | $13,546,766 | $23,816 |

* Excluding municipalities with no land in State Development Guide Plan growth areas, as well as selected Urban Aid municipalities.

SOURCE: U.S. 1980 Census of Population and Housing, Summary Tape File 3A as compiled in New Jersey State Data Center, *Profile V: Income and Poverty Estimates for Families, Households and Persons* (June, 1983).

These three adjusted factors (employment growth, current employment and land in growth areas) are then averaged to establish a preliminary allocation percentage. After this preliminary allocation factor is derived, the ratio of the municipality's median household income to the median income in the region is multiplied by the preliminary allocation factor to establish a "wealth factor". The wealth factor reflects municipalities' previous land use practices. A municipality which has been exclusionary in its zoning will generally have a higher median household income than one which has been less exclusionary and which should therefore receive a smaller proportion of the prospective need allocation. The wealth factor is then averaged with the other three factors to develop the final composite allocation factor.

This factor is in turn multiplied by the projected year 2000 number of households in the commutershed to determine the preliminary prospective need for 2000. As noted earlier, the consensus methodology does not allocate need to 2000. However, the use of these allocation factors provides the most reasonable available basis for projecting need to 2000 for two reasons. First, these allocation factors can be expected to continue to be the primary indicators of housing need until at least 2000. Secondly, they represent the most up-to-date, readily available data. Preliminary prospective need for 2000 has therefore been estimated by multiplying the projected 2000 number of households in the commutershed by the composite allocation factor.

Over and above this preliminary prospective need, municipalities also need to provide for the excess prospective need of communities without adequate vacant land to accommodate their allocations. A 20% addition is used to anticipate the need for such a reallocation. Although a more desirable procedure would use the actual amount of vacant developable land, the 20% factor has been substituted for two reasons: (1) current data on vacant developable land is not readily available from any comprehensive and easily

accessible source, and (2) the 20% factor is of a magnitude similar to the vacant land reallocation that occurred in 1978, the last time comprehensive vacant land data was available.

The allocation must also be increased by a vacancy factor to ensure market mobility. Generally, vacancy rates of 5.0% for rental housing and 1.5% for sales housing are considered the minimum acceptable vacancy levels. Since construction of sales housing appears to be occurring at a greater rate than rental units, an adequate composite vacancy rate for both housing types has been set at 3%. Thus, a 103% multiplier is used to derive the final prospective allocation number.

Table 8 calculates the preliminary prospective need allocation for Old Bridge Township. The 1982 figures reveal that there are 4,225 covered jobs in Old Bridge (col. 1). This constitutes .647% of the total number of jobs in the region (col. 3). The number of covered jobs in Old Bridge increased by an average of 341 jobs per year from 1972 to 1982 (col. 4). This represents 1.862% of the region's average job growth over the same period (col. 6). Old Bridge was also found to have 24,518 acres of land in the growth area (col. 7), which represents 4.433% of the region's land in the growth area (col. 9).

The percentages in columns 3, 6 and 9 of Table 8 serve as the three preliminary allocation factors. Since each is given equal weight, they are averaged to derive a preliminary composite allocation factor of 2.314%, shown in column 10.

Table 9 reveals how the wealth factor is derived and included in the allocation process. Because Old Bridge's median household income of $23,222 (col. 1) is .975 times as large as the median for the region (col. 3), this percentage is multiplied by the preliminary composite factor to obtain a wealth factor of 2.256% (col. 5). This percentage is then given the same weight as the other three

TABLE 8: PROSPECTIVE NEED ALLOCATION FACTORS - OLD BRIDGE TOWNSHIP

| 1982 Employment* | | | Annual Employment Growth* 1972-1982 | | | Land in Growth Area (Acres) | | | |
|---|---|---|---|---|---|---|---|---|---|
| (1) Old Bridge | (2) Region | (3) Old Bridge as % of Region | (4) Old Bridge | (5) Region | (6) Old Bridge as % of Region | (7) Old Bridge | (8) Region | (9) Old Bridge as % of Region | Preliminary Composite Factor (Percentage Average of Factors) |
| 4,225 | 653,248 | .647 | 341 | 18,311 | 1.862 | 24,518 | 553,036 | 4.433 | 2.314 |

SOURCE: Columns (1), (2), (4) and (5): State of New Jersey, Department of Labor, Office of Demographic and Economic Analysis, New Jersey Covered Employment Trends (1972-1982): "Private Sector Covered Jobs, 3rd Quarter, by municipality; column (7): New Jersey Municipal Data Book, 1984; column (8): Carla Lerman, Fair Share Report: Urban League of Greater New Brunswick v. Carteret et.al., dated April 2, 1984.

TABLE 9: PROSPECTIVE NEED WEALTH FACTOR: OLD BRIDGE TOWNSHIP

| Median Household Income (1979)* | | | | | | |
|---|---|---|---|---|---|---|
| (1) | (2) | (3) | | (4) | (5) | (6) |
| Old Bridge | Region | Old Bridge as % of Region | x | Preliminary Composite Factor | = Wealth Factor | Composite Factor (Percentage Average Including Wealth Factor) |
| 23,222 | 23,816 | .975 | | 2.314 | 2.256 | 2.300 |

* Regional figures exclude municipaliteis with no land in State Development Guide Plan growth areas, as well as selected Urban Aid municipalities (see Appendices A and B).

SOURCE: Columns (1) and (2): U.S. 1980 Census of Population and Housing, Summary Tape File 3A as compiled in New Jersey State Data Center, Profile V: Income and Poverty Estimates for Families, Households and Persons (June 1983).

factors (see Table 8, cols. 3, 6 and 9). The average of the four factors yields a final composite factor of 2.300% (Table 9, col. 6).

To derive the year 2000 prospective housing need, the final composite factor is multiplied by the projected regional low and moderate income housing need for 2000 of 29,208 units in Table 10. This calculation results in a prospective need of 672 units (col. 3). In order to accommodate the unmet need of those municipalities with insufficient vacant land, the 20% reallocation adjustment is made, which brings the prospective need to 806 units (col. 4). Finally, when the 3% vacancy factor is added, this figure is increased by 48 units, yielding a total of 830 units (col. 5). This represents Old Bridge's prospective need allocation for the period from 1990 to 2000 based on the consensus methodology.

## IV. CALCULATION OF THE REGION'S PRESENT NEED

Present need equals the reallocated indigenous need of all municipalities in the region. Indigenous need refers to a municipality's existing substandard housing conditions. All municipalities in the region - except those which have indigenous housing needs in excess of the overall standard of housing deficiencies in the region - must meet their full indigenous housing needs. They must also accommodate the reallocated indigenous need of those municipalities with excess housing needs.

As there is no established methodology for calculating present need to the year 2000, we have adopted a two part methodology, as follows: (1) calculation of present need as of today, using consensus methodology; (2) projection of the new present need that is created over the upcoming decade. We have used demolitions as a surrogate to arrive at the latter figure. Both methodologies are described below.

TABLE 10: CALCULATION OF PROSPECTIVE NEED ALLOCATION TO 2000: OLD BRIDGE TOWNSHIP

| (1) Region's New Low/Mod Households (1990) | x | (2) Composite Allocation Factor | = | (3) Prospective Need | (4) With Reallocation Factor (x 1.2) | (5) With Vacancy Factor (x 1.03) | = | (6) Total Prospective Need Allocation |
|---|---|---|---|---|---|---|---|---|
| 29,208 | | 2.300 | | 672 | 806 | 830 | | 830 |

SOURCE: Abeles Schwartz Associates, Inc., 1985

## A. CONSENSUS METHODOLOGY

Under the consensus methodology, indigenous housing need is computed based upon three criteria: units with overcrowding (more than 1.01 persons per room), units lacking complete plumbing for exclusive use of the occupants, and units lacking adequate heating equipment. The total number of units with at least one of these deficiencies represents the total number of substandard units in the region. According to Tri-State Regional Planning Commission studies, approximately 82% of the region's substandard units are occupied by lower income households. Therefore, it is assumed that the total number of substandard units in the region multiplied by 82% approximates the number of substandard units in the region occupied by low and moderate income households.

The number of substandard units divided by the total number of occupied units in the region represents the percentage of substandard units occupied by low and moderate income households, and is referred to as the regional standard. All municipalities whose proportions of deficient housing units occupied by low and moderate income households exceed the regional standard do not have to meet their full needs above the standard. Instead, this excess present need is reallocated among eligible municipalities in the region.

Table 11 shows the derivation of the regional standard of inadequate low and moderate income dwellings, which is approximately 6.4%. When this figure is applied to each of the total number of occupied units in a municipality in the region (excluding urban aid non-growth municipalities), the total unmet need from municipalities with surpluses is 35,014 units.

TABLE 11: SUBSTANDARD HOUSING UNITS: INDIGENOUS NEED, BY COUNTY, 1980 - PRESENT NEED REGION

(Overcrowded, lacking plumbing for occupants' exclusive use, lacking central heating, without flues)

(All overlapping excluded)

| County | Total Occupied Units | Over-crowded | Units Lacking Complete Plumbing | Units Lacking Adequate Heating | Total Substandard Units | Total Substandard Mt. Laurel Households (total x .82) | Percent Substandard Mt. Laurel Households of Total Occupied Units |
|---|---|---|---|---|---|---|---|
| Bergen | 300,410 | 6,017 | 3,211 | 3,029 | 12,257 | 10,051 | 3.3 |
| Essex | 300,303 | 19,479 | 7,114 | 7,736 | 34,329 | 28,150 | 9.4 |
| Hudson | 207,859 | 15,117 | 7,025 | 7,721 | 29,863 | 24,488 | 11.8 |
| Hunterdon | 28,515 | 425 | 345 | 1,172 | 1,942 | 1,592 | 5.6 |
| Middlesex | 196,708 | 5,708 | 2,406 | 1,862 | 9,976 | 8,180 | 4.2 |
| Morris | 131,820 | 2,169 | 848 | 1,738 | 4,755 | 3,899 | 3.0 |
| Passaic | 153,463 | 8,028 | 3,100 | 5,007 | 16,135 | 13,231 | 8.6 |
| Somerset | 67,368 | 1,146 | 554 | 630 | 2,330 | 1,911 | 2.8 |
| Sussex | 37,221 | 796 | 337 | 1,686 | 2,819 | 2,312 | 6.2 |
| Union | 177,973 | 6,131 | 2,350 | 2,348 | 10,829 | 8,880 | 5.0 |
| Warren | 29,406 | 518 | 444 | 1,090 | 2,052 | 1,683 | 5.7 |
| Total | 1,631,044 | 65,534 | 27,734 | 34,019 | 127,287 | 104,377 | 6.4 |

SOURCE: Carla Lerman, Fair Share Report, Urban League of Greater New Brunswick v. Carteret, et.al., dated April 2, 1984, Table 1.

## B. DEMOLITIONS METHODOLOGY

In addition to the units identified from the 1980 census as substandard, units that become substandard by 1990 or that need to be replaced for other reasons should also be addressed in estimating present need to 2000. As updated data on substandard units will not become available until after the 1990 census, we have developed a methodology based on residential demolitions.

Residential demolitions were selected as the most appropriate readily available indicator of future indigenous need. Residential demolitions reflect the number of units lost from the housing stock. While data on demolitions slightly underestimate the total unit loss because they do not include data on losses from fires, flooding or residential to non-residential conversions*, this condition can be expected to be offset by the fact that some demolitions take place in order to clear sites for new residential construction. The number of housing units lost that were occupied by low and moderate income households through demolition corresponds to the obligation of municipalities to replace such units. Assuming that all of the units that were demolished were substandard, the 82% factor derived from the Tri-State report would provide an estimate of the number of low and moderate income housing units that were lost. This can reasonably be expected to overestimate "new indigenous" need for 2000 for two reasons. First, all demolitions do not represent units that were substandard. As a result, the 82% figure tends to exaggerate the need. Secondly, to the extent these units were substandard, some would have already been counted in the 1980 figures. Thus, the number of demolitions can reasonably be expected to over-represent the number of "new" substandard units that will likely be reported in the 1990 census.

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* This methodological note is discussed in detail in the Rutgers Center for Urban Policy Research in Mount Laurel II: Challenge and Delivery of Low-Cost Housing.

The number of residential demolitions in the present need region are available on a yearly basis to 1983 (Table 12). Based on the trends during the ten-year period from 1973 to 1983 (Table 13), the number of residential demolitions in the region was projected to 1980 and the yearly totals during this 10-year period were then aggregated. Based on the average number of annual demolitions (Table 14), there will be 31,580 demolitions in the 11-county region from 1980 to 1990. This number is then multiplied by 82% to estimate the amount of low and moderate income housing loss at 25,896 units.

## V. ALLOCATION OF PRESENT NEED

### A. REALLOCATED REGIONAL PRESENT NEED FROM CONSENSUS METHODOLOGY

The formula for the reallocation of surplus present need combines three of the four factors used to allocate prospective need.

(1) municipal employment as a percentage of total employment in the present need region (1982);

(2) municipal land in the growth area as a percentage of total growth area land in the present need region; and

(3) Municipal median household income as a ratio to total median household income in the present need region.

Employment in non-growth and selected Urban Aid cities is first deducted from the regional employment total (see Table 15) and the growth area in Urban Aid cities is deducted from the regional growth area total prior to calculating the first two allocation factors (see Table 16). These two factors (employment and land in growth areas) are then averaged to establish a preliminary allocation factor. This preliminary factor is

TABLE 12: DEMOLITIONS, 1973-1983, BY COUNTY

| | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Bergen | 442 | 239 | 195 | 178 | 190 | 179 | 310 | 246 | 208 | 121 | 175 |
| Essex | 1,539 | 1,499 | 2,283 | 1,527 | 984 | 1,853 | 1,658 | 1,713 | 1,200 | 1,676 | 999 |
| Hudson | 651 | 984 | 801 | 635 | 441 | 531 | 465 | 662 | 813 | 571 | 498 |
| Hunterdon | 7 | 7 | 4 | 10 | 23 | 17 | 21 | 18 | 16 | 14 | 2 |
| Middlesex | 209 | 175 | 167 | 132 | 134 | 164 | 138 | 106 | 115 | 127 | 63 |
| Morris | 96 | 126 | 105 | 84 | 106 | 59 | 62 | 68 | 61 | 84 | 47 |
| Passaic | 399 | 346 | 212 | 402 | 627 | 447 | 293 | 516 | 404 | 304 | 287 |
| Somerset | 50 | 52 | 63 | 35 | 31 | 32 | 22 | 47 | 25 | 28 | 20 |
| Sussex | 54 | 32 | 37 | 14 | 27 | 14 | 31 | 44 | 33 | 9 | 19 |
| Union | 229 | 270 | 160 | 197 | 109 | 134 | 176 | 212 | 91 | 75 | 137 |
| Warren | 9 | 25 | 6 | 22 | 13 | 9 | 14 | 12 | 19 | 10 | 7 |
| Total | 3,685 | 3,755 | 4,033 | 3,236 | 2,685 | 3,439 | 3,190 | 3,644 | 2,985 | 3,019 | 2,254 |

SOURCE: New Jersey Office of Demographic and Economic Analysis, New Jersey Residential Building Permits, Summary, by year, 1973-1983.

TABLE 13: AVERAGE ANNUAL DEMOLITIONS, 1973-1983, USING LINEAR REGRESSION MODEL - OLD BRIDGE PRESENT NEED REGION

| Year | Y | Y - $\bar{Y}$ | X | X - $\bar{X}$ | (Y-$\bar{Y}$)(X-$\bar{X}$) | (X-$\bar{X}$)$^2$ |
|---|---|---|---|---|---|---|
| 1972 | 3,685 | 419 | 0 | -5 | -2,095 | 25 |
| 1973 | 3,755 | 489 | 1 | -4 | -1,956 | 16 |
| 1974 | 4,033 | 769 | 2 | -3 | -2,301 | 9 |
| 1975 | 3,236 | -30 | 3 | -2 | 60 | 4 |
| 1976 | 2,685 | -581 | 4 | -1 | 581 | 1 |
| 1977 | 3,439 | 173 | 5 | 0 | 0 | 0 |
| 1978 | 3,190 | -76 | 6 | 1 | -76 | 1 |
| 1979 | 3,644 | 378 | 7 | 2 | 756 | 4 |
| 1980 | 2,985 | -281 | 8 | 3 | -843 | 9 |
| 1981 | 3,019 | -247 | 9 | 4 | -988 | 16 |
| 1982 | 2,254 | -1,012 | 10 | 5 | -5,060 | 25 |
| | 35,925 | | | | 11,922 | |

Average Y = 35,925 ÷ 11 = 3,266

$$\frac{11,922}{110} = -108$$

Explanations of Calculation:

Y = Number of Region's Demolitions (see Table 14).

X = Year in Progression

SOURCE: New Jersey Office of Demographic and Economic Analysis, New Jersey Residential Building Permits, Summary, by year, 1973-1983.

TABLE 14: PROJECTION OF DEMOLITIONS FROM 1981-1990 - PRESENT NEED REGION

| Average Annual Number of Demolitions | x | 10 Years | = | Demolitions to 1990 Based on Average Annual Demolitions (1973-1983) |
|---|---|---|---|---|
| 3,266 | | 10 | | 32,660 |

| Minus Average Decrease in Demolitions (1973-1983) (Table 14: (Average Y) x (10)) | Number of Projected Demolitions (1981-1991) |
|---|---|
| 1,080 | 31,580 |

SOURCE: Abeles Schwartz Associates, Inc., 1985.

TABLE 15: PRIVATE COVERED EMPLOYMENT, 1982, BY COUNTY - ELEVEN COUNTY PRESENT NEED REGION

| County | 1982 Covered Employment* | Deduct Employment in Non-Growth Areas** | Deduct Employment in Selected Urban Aid Cities*** | Total for Present Need Allocation Formula |
|---|---|---|---|---|
| Bergen | 349,512 | 0 | 12,572 | 336,940 |
| Essex | 301,476 | 0 | 195,983 | 105,493 |
| Hudson | 171,967 | 0 | 122,401 | 49,566 |
| Hunterdon | 20,492 | 6,987 | 0 | 13,505 |
| Middlesex | 240,832 | 0 | 32,322 | 208,510 |
| Morris | 163,240 | 3,034 | 0 | 160,206 |
| Passaic | 156,948 | 1,152 | 54,641 | 101,155 |
| Somerset | 82,957 | 161 | 0 | 82,796 |
| Sussex | 18,077 | 13,515 | 0 | 4,562 |
| Union | 225,639 | 0 | 61,124 | 164,515 |
| Warren | 24,632 | 5,385 | 0 | 19,247 |

* There is a slight discrepancy between the figures used for County 1982 employment in the Carla Lerman Fair Share Report: Urban League of Greater New Brunswick v. Carteret et.al., dated April 2, 1984 and the figures used in this report. This discrepancy results from the use of different tables in the New Jersey Covered Employment Trends, 1982. This report uses the aggregates of the employment totals by municipality, whereas the Lerman report uses a separate table of county totals which inexplicably differ slightly.

** There are no municipalities located entirely within non-growth areas in Bergen, Essex, Hudson, Middlesex or Union Counties.

*** There are no selected Urban Aid cities in Hunterdon, Morris, Somerset, Sussex or Warren Counties.

SOURCE: State of New Jesrey Dept. of Labor, Office of Demographic and Economic Analysis, New Jersey Covered Employment Trends, 1982 (December 1983): "Private Sector Covered Jobs, 3rd Quarter", by municipality.

TABLE 16: STATE DEVELOPMENT GUIDE PLAN GROWTH AREA BY COUNTY, IN ACRES - OLD BRIDGE PRESENT NEED REGION

| County | Growth Area | Deduct Growth Area in Selected Urban Aid Cities | Net Total Growth Area For Reallocation Formula |
|---|---|---|---|
| Bergen | 135,699 | 2,752 | 132,947 |
| Essex | 77,469 | 30,746 | 46,723 |
| Hudson | 27,661 | 23,949 | 3,712 |
| Hunterdon | 26,759 | 0 | 26,759 |
| Middlesex | 154,110 | 6,432 | 147,678 |
| Morris | 116,769 | 0 | 116,769 |
| Passaic | 48,280 | 7,450 | 41,830 |
| Somerset | 100,455 | 0 | 100,455 |
| Sussex | 6,418 | 0 | 6,418 |
| Union | 65,875 | 13,050 | 52,825 |
| Warren | 23,047 | 0 | 23,047 |
| | 782,542 | 84,379 | 699,163 |

* There are no selected Urban Aid cities in Hunterdon, Morris, Somerset, Sussex, Union or Warren Counties.

SOURCE: Carla Lerman, Fair Share Report: Urban League of Greater New Brunswick v. Carteret et.al., dated April 2, 1984, Table 5.

multiplied by the municipality's median household income ratio to produce a wealth factor. The wealth factor is then averaged with the first two allocation factors to produce the composite present need allocation factor (see Table 17).

The final present need allocation factor is multiplied by the regional surplus present need to determine the municipality's share of the reallocation. In order for municipalities to adjust gradually to this lower income population redistribution, their reallocations are staged over three six-year periods. The share to be met by 1990, therefore, is the reallocation divided by three. The remaining two-thirds of the present need must be met between 1990 and 2002. As with the prospective need, adjustments must then be made to accommodate the further reallocation from municipalities without sufficient land and to insure an adequate vacancy rate for market mobility.

Table 18 shows the calculation of Old Bridge's present need composite allocation factor. Old Bridge's 4,225 covered jobs constitute .003% of the total number of jobs in the present need region (col. 3). Old Bridge's 24,518 acres of growth area represents 3.507% of the present need region's total growth area (col. 6). These two percentages are averaged to obtain the preliminary allocation factor of 1.923% (col. 7).

Table 19 derives the present need wealth factor. Old Bridge's median household income of $23,222 (col. 1) is .960 times as large as the region's median household income (col. 3). This ratio is then multiplied by the preliminary composite factor, which yields a wealth factor of 1.846 (col. 5). This factor is given the same weight as the other two factors (see Table 15, cols. 3 and 6) by taking the average of the three factors. This calculation results in a final composite factor of 1.897% (Table 16, col. 6).

TABLE 17: MEDIAN HOUSEHOLD INCOME, 1979, BY COUNTY - OLD BRIDGE PRESENT NEED REGION

| County | Number of Households* | County Median Household Income* | Aggregate Household Income ($000)* | Regional Median Income (Weighted Average) |
|---|---|---|---|---|
| Bergen | 280,333 | $24,570 | $6,887,778 | - |
| Essex | 77,577 | 24,178 | 1,875,657 | - |
| Hudson | 26,242 | 18,973 | 497,889 | - |
| Hunterdon | 11,902 | 24,382 | 290,195 | - |
| Middlesex | 169,847 | 24,217 | 4,113,185 | - |
| Morris | 126,976 | 26,245 | 3,332,485 | - |
| Passaic | 84,572 | 21,998 | 1,860,414 | - |
| Somerset | 67,101 | 26,243 | 1,760,932 | - |
| Sussex | 16,620 | 20,109 | 334,212 | - |
| Union | 116,642 | 24,155 | 2,817,487 | - |
| Warren | 21,384 | 18,093 | 386,901 | ----- |
| | 999,196 | - | 24,157,135 | $24,177 |

* Excluding municipalities with no land in State Development Guide Plan growth areas, as well as selected Urban Aid municipalities (see Appendices A and B).

SOURCE: U.S. 1980 Census of Population and Housing, Summary Tape File 3A as compiled in New Jersey State Data Center, Profile V: Income and Poverty Estimates for Families, Households and Persons (June, 1983).

TABLE 18: PRESENT NEED ALLOCATION FACTORS - OLD BRIDGE TOWNSHIP

| | 1982 Employment* | | Land in Growth Area (Acres) | | | |
|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | |
| Old Bridge | Region | Old Bridge as % of Region | Old Bridge | Region | Old Bridge as % of Region | Preliminary Composite Allocation Factor |
| 4,225 | 1,246,495 | .003 | 24,518 | 699,163 | 3.507 | 1.755 |

SOURCE: Columns (1) and (2): State of New Jersey, Department of Labor, Office of Demographic and Economic Analysis, New Jersey Covered Employment Trends (1972-1982): "Private Sector Covered Jobs", 3rd Quarter, by municipality; column (4): New Jersey Municipal Data Book, 1984; column (5): Carla Lerman, Fair Share Report, Urban League of Greater New Brunswick v. Carteret et.al., dated April 2, 1984.

TABLE 19: PRESENT NEED WEALTH FACTOR

| Median Household Income (1979)* | | | | | | |
|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | | (5) | (6) |
| Old Bridge | Region | Old Bridge as % of Region | x Preliminary Composite Allocation Factor | = | Wealth Factor | Composite Factor (Percentage Average Including Wealth Factor) |
| $23,222 | $24,177 | .960 | 1.755 | | 1.685 | 1.732 |

* Regional figures exclude municipalities with no land in State Development Guide Plan growth areas, as well as selected Urban Aid municipalities (see Appendices A and B).

SOURCE: Columns (1) and (2): U.S. 1980 Census of Population and Housing, Summary Tape File 3A as compiled in New Jersey Data Center, Profile V: Income and Poverty Estimates for Families, Households and Persons (June 1983).

Table 20 shows the calculation of reallocated present need for Old Bridge. The composite factor multiplied by the regional excess (col. 1) equals Old Bridge's share of the reallocation (606 units). This reallocation is staged in three six-year periods to coincide with the particular Master Plan update schedule of each municipality. The first six-year period has already been included in the Old Bridge 1990 fair share. This leaves two six-year periods from 1990 to 2002. To derive the Township's present need allocation from 1990 to 2002, Old Bridge's share of the reallocation is multiplied by two-thirds (col. 4). This establishes 404 units as Old Bridge's share to be met between 1990 and 2002. The adjustments necessary to provide for a further reallocation from municipalities without sufficient vacant land (col. 5) and to ensure market mobility (col. 6) increase this number to 500 units. This represents Old Bridge's share of the reallocated excess present need to be met from 1990 to 2002.

B. REALLOCATED REGIONAL PRESENT NEED FROM DEMOLITIONS

As described in the previous section, the anticipated number of new substandard units to be created in the region between 1990 and 2000 is estimated at 25,896 units. This figure was projected based on demolition trends as a surrogate for calculating the amount of low and moderate income housing loss. The next step is to reallocate this newly created "present need" to municipalities.

The first step is to multiply the 25,896 figure by .335, which is the same proportion as the proportion of units that were reallocated throughout the region in 1980. The reallocated regional present need is, therefore, 8,675 units.

Tables 21 and 22 show the calculation of Old Bridge's revised present need. Old Bridge's composite allocation factor of

TABLE 20: REALLOCATED PRESENT NEED 1990-2002: OLD BRIDGE TOWNSHIP

| (1) Reallocated Excess in Region | x | (2) Composite Allocation Factor | (3) Share of Reallocation | (4) Share to Be Met 1990-2002 ((3) x 2/3) | (5) Within Reallocated Allowance (x 1.2) | (6) With Vacancy Allowance (x 1.03) |
|---|---|---|---|---|---|---|
| 35,014 | | 1.732 | 606 | 404 | 485 | 500 |

SOURCE: Abeles Schwartz Associates, Inc., 1985.

TABLE 21: NEW REALLOCATED PRESENT NEED, 1990-2000 - OLD BRIDGE TOWNSHIP

| (1) Projected Demolitions | (2) Demolitions of Low and Moderate Income Units (82%) | (3) Proportion of Units Reallocated in 1980 | (4) Projected Reallocated Need |
|---|---|---|---|
| 31,580 | 25,896 | .335 | 8,675 |

SOURCE: Table 21, Calculations. Abeles Schwartz Associates, Inc., 1985.



TABLE 22: ALLOCATION OF NEW PRESENT NEED, 1990-2000 - OLD BRIDGE TOWNSHIP

| Projected Reallocated Need | x | Composite Allocation Factor | = | Share of Reallocation | Share to be Met 1990-2002 ((3) x 2/3) | With Reallocation Allowance (x 1.2) | With Vacancy Allowance (x 1.03) |
|---|---|---|---|---|---|---|---|
| 8,675 | | 1,732 | | 150 | 100 | 120 | 124 |

SOURCE: Abeles Schwartz Associates, Inc., 1985.

1.732 multiplied by the region's reallocated present need represents Old Bridge's share of the region's reallocated need, which is 150 units. As reallocated need is met in staged 6-year periods, two-thirds of this need must be met between 1990 and 2002, which reduces Old Bridge's share to 100 units. This, in turn, is increased by the vacant land and vacancy allowances to bring the final number to 124 units.

## VI. CALCULATION OF LOCAL INDIGENOUS NEED

In addition to accommodating its fair share of the reallocated excess present need in the region, Old Bridge must accommodate the present lower income housing need within its own borders, also known as its indigenous need. As with the reallocated present need, the number of projected demolitions have been used to reflect the need for the municipality to provide for housing unit replacement for low and moderate income households to be met in 1990.

Table 13 shows that the projected number of demolitions from 1980 to 1990 is 66. This number is multiplied by 82% to estimate the number of low and moderate income housing units that will need to be replaced is 54 units. After applying the vacant land and vacancy factors, this number is increased to 67 units.

## VII. TOTAL FAIR SHARE IN THE YEAR 2000

Old Bridge's total present need to 2000 has been estimated and includes (1) its remaining share of the region's allocated surplus need as established from the 1980 census (500 units), (2) its share from our projected additional surplus need calculation (124 units), and (3) its revised share from our projection of new indigenous need (67 units). Its total projected present need to 2000 is, therefore, 691 units.

Old Bridge's lower income housing allocation to 1990 is 2,131 units. Our projection of Old Bridge's fair share from 1990 to 2000

is 1,521 units (see Table 23), including 830 units to meet prospective housing need between 1990 and 2000, and 691 units to meet present housing need to 2000. Old Bridge's total fair share allocation to the year 2000 is, therefore, 3,652

## VIII. CONCLUSION

There are 6,074 acres of land in the PD zones. The proposed 12% set aside at a density of 5 units per acre would yield 3,644 low and moderate income units. This exceeds the 1990 fair share by 1,513. More striking, however, is that it will provide nearly 99.8% of Old Bridge's fair share to the year 2000.

TABLE 23: SUMMARY OF OLD BRIDGE'S FAIR SHARE OBLIGATION TO 2000

| | | |
|---|---|---|
| Old Bridge Fair Share to 1990: | | 2,131 |
| Old Bridge Fair Share, 1990-2000 | | |
| Prospective Need: | 830 | |
| Present Need: | | |
| Reallocated Present Need, 1990-2002: | 500 | |
| New Reallocated Present Need, 1990-2002: | 124 | |
| New Indigenous Need: | 67 | |
| Total Present Need: | 691 | |
| Total Fair Share, 1990-2000 | | 1,521 |
| Total Fair Share to 2000: | | 3,652 |

SOURCE: Abeles Schwartz Associates, Inc., 1985.

# 3. MARKET ANALYSIS

MARKET ANALYSIS

We have prepared a survey of existing and proposed development in Old Bridge's market area, and conclude that Woodhaven suffers from several market disadvantages that create a hardship for the development. This hardship derives from four related issues.

1. The Woodhaven site is extraordinarily large. The large size of the site requires that the Woodhaven development draw from a wide market area, thereby placing it in direct competition with development in the entire region. Moreover, the development of such a large site will incur extraordinary front-end infrastructure costs - costs that are not imposed on most other developments in the region.

2. Woodhaven's competition is formidable. An enormous number of units will be coming onto the market in this area during the next five years. Indeed, the market can absorb only so many units before becoming saturated. As the market becomes saturated, sales prices for all market rate units in all developments, including Mt. Laurel developments, can be expected to become depressed. Correspondingly, reduced sales prices will diminish the ability of the conventional units to subsidize the Mt. Laurel units.

3. Woodhaven's competition also has a pricing advantage. Nearly all of the existing and proposed developments in the area involve no Mt. Laurel commitment. As they have no need to generate an internal subsidy, they therefore have a wider margin between per unit costs and sales price. This wider margin between cost and sales price gives these developments a pricing advantage; i.e., they can afford to lower prices to out-compete Mt. Laurel developments.

4. Woodhaven's location in Old Bridge places the development at the lower end of the housing market, in terms of sales price.

Realtors report that the Old Bridge market provides housing within the range of middle income households. The availability of housing within this range limits the sales prices that can be demanded for the conventional units in the Woodhaven project. Consequently, the economic generator created by the market rate (conventional) units is less than in areas where higher sales prices could be generated by the conventional units.

In all, these four factors place Woodhaven at a disadvantage relative to other developments in terms of both absorption rate and price. Woodhaven must compete with a large number of developments, which generally have lower development costs and contain all conventional units and, as such, have higher average sales prices. The other developments, therefore, have a competitive advantage over Woodhaven.

This chapter describes the basis for reaching these conclusions. The following two sections describe our findings. The last section describes our methodology.

## I. EXISTING HOUSING MARKET CONDITIONS

A municipality's housing market can generally be defined based on such factors as commuting times, general reputation and existing conditions. The Old Bridge housing market area consists of ten municipalities in Middlesex and Monmouth Counties. These include Aberdeen, East Brunswick, Manalapan, Monroe, Freehold, Marlboro, Hazlet, Old Bridge, Matawan and Sayreville. Existing development has the following characteristics.

1. Overall Trends. There is a high demand for all types of housing. Houses put on the market generally sell quickly. In addition, many rental apartment complexes reported waiting lists or very few, if any, vacancies. This high demand for housing

in Old Bridge's market area reflects the area's excellent proximity to New York City as well as the relatively low housing costs that prevail in the area.

2. Single Family Market. New single family construction consists primarily of large homes at low densities. Typically, these units contain three to four bedrooms. Older homes tend to be smaller. Most of these units contain two bedrooms.

   As can be expected, the sales prices for new houses are higher than for older homes. (Table 24 summarizes our price survey results). Recently constructed three and four bedroom homes range from $100,000 to $150,000. By comparison, older homes are generally less expensive: one bedroom houses are available in the $65,000 range and larger units range from $70,000 to $150,000.

3. The Townhouse Market. The townhouse units tend to be relatively large, most containing two to three bedrooms. The least expensive townhouse units fall within the $70,000 to $80,000 range. More expensive units sell for as much as $150,000.

4. Rental Market. The rental market for all types of housing is tight. Real estate brokers and developments reported that they frequently had no available rental units and that the area generally had a low rental vacancy rate.

   Most rentals are one and two bedroom apartments. There are few available studios and units with more than two bedrooms. Amenities offered range from swimming pools and tennis courts to no recreational facilities.

Table 25 presents the rental levels by unit size in the Old Bridge housing market. Monthly rents for a one-bedroom apartment range from $425 to $550. Two-bedroom apartments range from $450 to $605.

TABLE 24. HOUSING SALES PRICES IN THE OLD BRIDGE HOUSING MARKET

| Type of Unit | Price Range | Number of Sources Surveyed |
|---|---|---|
| SINGLE FAMILY, DETACHED | | |
| 1-Bedroom (Old) | $65,000 | 1 |
| 2-Bedroom (Old) | $70,000-$150,000 | 13 |
| 3-Bedroom (Old) | $110,000-$160,000 | 5 |
| 3-Bedroom (New) | $100,000-$150,000 | 15 |
| 4-Bedroom (New) | $110,000-$160,000 | 16 |
| TOWNHOUSES | | |
| 2-Bedroom | $70,000-$150,000 | 10 |
| 3-Bedroom | $80,000-$150,000 | 4 |
| CONDOMINIUM | | |
| 1-Bedroom | $60,000-$110,000 | 3 |
| 2-Bedroom | $70,000-$100,000 | 6 |
| 3-Bedroom | $80,000-$100,000 | 2 |

SOURCE: Abeles Schwartz Associates survey, January 1985.

TABLE 25. RENTAL LEVELS BY UNIT SIZE

| Size of Unit | Price Range | Number of Sources Surveyed |
|---|---|---|
| 1 Bedroom | $425-$600 | 11 |
| 2 Bedroom | $450-$605 | 10 |

SOURCE: Abeles Schwartz Associates survey, January 1985.

There is considerable variability from town to town in price range and availability (see Table 31).

## II. OVERVIEW OF PROPOSED DEVELOPMENT

In addition to the existing market conditions, proposed development will also affect the marketability of units in Mount Laurel projects in Old Bridge. The characteristics of proposed and competing developments are summarized below.

1. Overall Trends. Excluding Woodhaven and Olympia & York, roughly 26,000 units will come on the market in less than five years, if all presently proposed development goes forward (see Tables 26 and 27). Approximately 22,000 units are accounted for in proposed developments of roughly 100 acres or more. Such large developments will be in direct competition with Woodhaven.

2. Mt. Laurel Status. Only 10% of the large scale developments will be Mt. Laurel (see Table 28). Therefore, 90% of the developments will not be required to provide any internal subsidy.

3. Size of Developments. The Woodhaven site is extraordinarily large in comparison to other developments. The average site for projects with more than 100 units is 126.8 acres. Woodhaven has 1,455 acres. Half of all projects with 100 or more units have under 295 units, with only 3 projects having 2,000 or more units.

   Woodhaven has 7,275 units. The largest project in Old Bridge or the nine surrounding townships surveyed is one-seventh the size of the Olympia & York and Woodhaven sites combined, and one-third the size of Woodhaven's sites alone.

TABLE 26: PROPOSED UNITS, BY TOWN, FOR MAJOR DEVELOPMENTS*

| | Single Family | Townhouse/ Condo | Apartments | Total |
|---|---|---|---|---|
| Old Bridge | 3,379 | 2,098 | 331 | 5,808 |
| Aberdeen | 0 | 718 | 566 | 1,284 |
| East Brunswick | 253 | 1,102 | 0 | 1,355 |
| Freehold | 413 | 1,924 | 0 | 2,337 |
| Hazlet | 50 | 0 | 0 | 50 |
| Manalapan | 1,199 | 1,177 | 0 | 2,376 |
| Marlboro | 133 | 0 | 0 | 133 |
| Matawan | 60 | 0 | 0 | 60 |
| Monroe | 21 | 6,600 | 0 | 6,621 |
| Sayreville | 0 | 3,803 | 2,318 | 6,121 |
| Total | 5,508 | 17,422 | 3,215 | 26,145 |

* Major developments are those of approximately 100 units or more.

SOURCE: Abeles Schwartz Associates, Inc. survey, February 1985.

TABLE 27: NUMBER OF UNITS, BY STATUS, FOR MAJOR DEVELOPMENTS*

| | Pending Preliminary Approval | Preliminary Approval | Final Approval | Under Construction | Total** |
|---|---|---|---|---|---|
| Single Family | 525 | 613 | 827 | 814 | 2,779 |
| Townhouse/ Condo | 1,191 | 4,869 | 1,933 | 8,392 | 16,385 |
| Apartments | 350 | 388 | 240 | 2,146 | 3,124 |
| Total | 2,066 | 5,870 | 3,000 | 11,352 | 22,288 |

* Major developments are those of approximately 100 units or more.

** Status information was unavailable for nearly 4,000 units indicated in Table 26.

SOURCE: Abeles Schwartz Associates, Inc. survey, February 1985.

TABLE 28: CHARACTERISTICS OF MAJOR DEVELOPMENTS

| | Total | Mt. Laurel Developments |
|---|---|---|
| Number of Projects | 38 | 4 (10.5%) |
| Units | 26,145 | 2,973 (11.3%) |
| Acres | 4,819 | 458 ( 9.5%) |
| Average Number of Units | 688 | 743 |
| Average Number of Acres | 127 | 115 |
| Average Density | 5.4 U/A | 6.5 U/A |
| Median Number of Units | 295 | 677 |
| Median Number of Acres | 85 | 90 |
| Median Density | 3.5 | 7.5 U/A |

SOURCE: Abeles Schwartz Associates, Inc. survey, February 1985.

TABLE 29: SALES PRICE BY TOWN

| | Moderate | High |
|---|---|---|
| Old Bridge | 2,733 | 290 |
| Aberdeen | 730 | 0 |
| East Brunswick | 1,153 | 202 |
| Freehold | 1,323 | 733 |
| Hazlet | 50 | 0 |
| Manalapan | 1,037 | 616 |
| Marlboro | 0 | 133 |
| Matawan | 60 | 0 |
| Monroe | 2,640 | 3,960 |
| Sayreville | 4,171 | 0 |

SOURCE: Abeles Schwartz Associates, Inc. survey, February 1985.
See Table 30.

4. Prices. While Old Bridge sales prices on current developments are at the lower end of the ten townships surveyed, projected prices for new development fall more solidly in the middle range (see Tables 29 and 30). This could signify a weak spot for future sales at these higher levels because of the large number of new units projected to sell at similar prices in surrounding townships that have markets already supporting these price levels.

5. "Pipeline". In addition to the 26,000 planned new units, several towns have sites set-aside for Mount Laurel developments, that are as yet unplanned. The pipeline for new development is approximately two to five years and does not tap development prospects for the next five to fifteen years, so the figure of 26,000 units represents the market of the very near future.

A list of developments surveyed is provided at the end of this memo (see Table 31).

## III. METHODOLOGY

Nine townships adjacent to Old Bridge and Old Bridge itself were chosen as the market area. Altogether, the market area encompasses an area within a ten mile radius of Old Bridge. Surveys were conducted in January and February, 1985. In each township, the planning board was contacted and all residential development for which the town had received an application, given preliminary or final approval, or was under construction but not yet complete was surveyed. Total projected units were determined, and broken down by building type.

For projects of approximately 100 units or more, acreage and net density were obtained, as well as the stage of development and the target completion date. The completion dates are all approximate, based on the ability of the development to sell its units as quickly as planned.

TABLE 30: SALES PRICE BY TYPE OF HOUSING

| | Mount Laurel | Non-Mount Laurel | Total |
|---|---|---|---|
| Apartments | | | |
| < 70,000* | 0 | 20 | 20 |
| 70-85,000* | 0 | 804 | 804 |
| > 85,000** | 0 | 0 | 0 |
| Townhouse/Condo | | | |
| < 80,000* | 0 | 2,668 | 2,668 |
| 80-100,000* | 1,363 | 7,027 | 8,390 |
| > 100,000** | 300 | 4,620 | 4,920 |
| Single Family | | | |
| < 100,000* | 51 | 140 | 191 |
| 100-150,000* | 705 | 569 | 1,274 |
| > 150,000** | 0 | 1,314 | 1,314 |

* Moderate Price categories.

** High Price category.

SOURCE: Abeles Schwartz Associates, Inc. survey, February 1985.

To determine current sales prices, local realtors in each town were contacted, as well as planning boards and developers. For projected sales prices on future development, individual developers were contacted. Where a developer had not yet priced his units, sales prices were extrapolated from other developments of similar size, density and building type in the same or most similar town.

Table 31 provides the results, in detail, of this survey.

TABLE 1

## PROPOSED HOUSING DEVELOPMENTS

| Name | Developer | # of Acres | # of Units | Net Density | Building Type | Projected Prices | Complete | Status | Sr. Level |
|---|---|---|---|---|---|---|---|---|---|
| OLD BRIDGE | | | | | | | | | |
| Rosegate | Rosenblum | 12.2 | 240 | 19.6 | Garden Apts. | $80,000 (approx.) | 1986 | Final Approval | No |
| Oakwood | Kaplan | 200 | 705<br>495 | 5.6 | Single<br>Townhouse | | | Final Approval | Yes |
| Whispering Pines | Corso-Stein | 79.85 | 122<br>120 | 3.25 | Single<br>Townhouse | $70-90,000 (approx.) | 1986 | Final Approval | No |
| Old Bridge Manor | Kaufman & Grood | 69.56 | 130 | 1.86 | Single | $85-110,000 | 1987 | Under Const. | No |
| Buttonwood Arms | 213 Hwy. 35, Middleton | 22 | 126 | 5.7 | Townhouse | $90-97,000 | 1985 | Under Const. | No |
| Foxboro Village | | 191.2 | 232<br>290 | 2.7 | Single<br>Townhouse | $121-136,000<br>$105,000 | 1989 | Under Const. | No |
| Matcha-Ponix Hills | | 190 | 169<br>63 | 1.2 | Townhouse<br>Single | $100-135,000 (approx.) | 1987 | Prelim. App. | No |
| Oak Woods Park | | 29 | .92 | 3.1 | Townhouse | $80-100,000 (approx.) | 1987 | Prelim. App. Pending | No |
| Hovnanian | Hovnanian | 79.6 | 140<br>66 | 2.6 | Townhouse<br>Single | $80-100,000 (approx.) | 1986 | Under Const. | No |
| Cedar View Estates | | 40.3 | 96 | 2.4 | Single | $85-110,000 (approx.) | 1986 | Prelim. App. | No |
| ABERDEEN | | | | | | | | | |
| Wyndham Pl. | Weiner | 37.65 | 134<br>196 | 9.2 | Townhouse<br>Apt. | $70-75,000 | 1985 | Under Const. | No |
| Peach Tree | Rondell Const.<br>E. Fletcher | 10.45 | 80<br>20 | 9.5 | Townhouse<br>Apt. | $55,000 | 1986 | Prelim. App. | No |
| Aberdeen Forge | Harry Rieder | 69.14<br>19.41<br>6.52 | 504<br>254<br>96 | 7.3<br>13.1<br>14.7 | Townhouse<br>Garden Apt. | $75-90,000 Rental | 1986 | In Negotiation | Yes |

* Only developments of approximately 100 units or more in size were surveyed. Includes partially completed developments. Excludes completed developments now on the market.

| Name | Developer | # of Acres | # of Units | Net Density | Building Type | Projected Prices | Complete | Status | Mt. Laurel |
|---|---|---|---|---|---|---|---|---|---|
| EAST BRUNSWICK | | | | | | | | | |
| U.S. Homes | U.S. Homes | 43.5 | 204 | 4.7 | Townhouse | $90-100,000 | 1986 | Under Const. | No |
| Indian Forest | | 150 | 202 | 1.34 | Single | $230,000+ | 1987 | Under Const. | No |
| The Club | Hovnanian | 88 | 368<br>51 | 4.76 | Townhouse<br>Single | $80,000<br>+$100,000 | 1987 | Under Const. | Yes |
| Society Hill East | Hovnanian | 75 (approx.) | 500 | 6.6 | Townhouse Apt. | $60-90,000 | 1986 | | Yes |
| FREEHOLD | | | | | | | | | |
| Poet's Corner | Joseph Bukiet | 100+ | 370 | 3.1 | Townhouse | $100-150,000 | 1990 | About to Build | No |
| Colonial Brooks | Laurence Cohen | 250 (approx.) | 363 | 1.5 (approx.) | Single | $175,000 (approx.) | 1987 | Pending Prelim. Approval | No |
| Chesterfield Assoc. | | 11.8 | 100 | 8.4 | Townhouse | $75,000 (approx.) | 1986 | Final Approval | No |
| Wemrock Farms | Michael Kaplan | 142.2 | 1,223 | 8.6 | Townhouse | $70,000+ | 1990 | Prelim. & Final Approval | No |
| HAZLET | | | | | | | | | |
| Summary: No development greater than 25 units. | | 35 (approx.) | 50 | 1.5 (approx.) | Single | >$100,000 | 1987 | Approved | None |
| MANALAPAN | | | | | | | | | |
| Heritage | John Plesconta (Eng.) | 100 (approx.) | 157 | 1.5 | Single | $130-175,000 | 1987 | Prelim. App. | No |
| Country Oaks | Marvin Schmeltzer | 80 (approx.) | 124 | 1.5 | Single | $140,000+ | 1986 | Prelim. App. | No |
| Northfield | George Craig | 192 | 173 | .9 | Single | $175,000+ | 1986 | Prelim. App. | No |

| Name | Developer | # of Acres | # of Units | Net Density | Building Type | Projected Prices | Complete | Status | Mt. Laurel |
|---|---|---|---|---|---|---|---|---|---|
| MANALAPAN (Cont'd.) | | | | | | | | | |
| Southfield | George Craig | 160 | 442 | 4.9 | Townhouse | $80-100,000 | 1987 | Prelim. App. | No |
| Stoningham | | 65 (approx.) | 310 | 4.9 (approx.) | Townhouse | $80-100,000 | | Not Yet Filed | No |
| Balmar | Balmar Rlty. | 110 (approx.) | 162 | 1.5 (approx.) | Single | $175,000 | 1986 | Pending Prelim. Approval | No |
| Manalapan Pines | | 60 (approx.) | 285 | 4.9 (approx.) | Townhouse | $80-100,000 | 1986 | App. Pending | No |
| MARLBORO | | | | | | | | | |
| Chester Farms | | 60 | 133 | 2.2 | Single | $185-200,000 | 1988 | Under Const. | No |
| MATAWAN | | | | | | | | | |
| Timarid | Timarid Co. | 40 (approx.) | 60 | 1.5 (approx.) | Single | $85-90,000 | 1986 | Final Approval | No |
| MONROE | | | | | | | | | |
| Clearbrook | Guardian Dev. | 435 | 2,600 | 5.9 | Townhouse | $60-160,000 | 1994 | Under Const. | No |
| Rossmoor | Guardian Dev. | 425 | 2,000 | 4.7 | Townhouse | $60-160,000 | 1990 | Under Const. | No |
| Concordia | Union Valley | 500 | 2,000 | 4 | Townhouse | $96-150,000 | 1990 | Under Const. | No |
| SAYREVILLE | | | | | | | | | |
| Reflections | Kaplan | 76 | 305 | 4 | Townhouse | $75-95,000 | 1986 | Final Approval | No |
| La Mer | Kaplan | 255 | 1,724 | 6.76 | Townhouse | | 1986 | Prelim. Approval | No |
| White Oaks | Peter Mocco | 82.28 | 543 | 6.6 | Townhouse | | 1988 | Final Approval | No |

| Name | Developer | # of Acres | # of Units | Net Density | Building Type | Prices | Complete | Status | Mt. Laurel |
|---|---|---|---|---|---|---|---|---|---|
| SAYREVILLE (Cont'd.) | | | | | | | | | |
| Winding Woods | Peter Mocco | 162 | 1,950 | 12 | Garden Apts. | Rental | 1990 | Under Const. | No |
| Carlton Homes | Peter Mocco | 162 | 1,231 | 7.8 | Townhouse | | 1990 | Partial App. | No |
| Lake View West | Peter Mocco | 31.1 | 368 | 11.8 | Garden Apts. | | 1986 | Prelim. App. | No |