

Monroe; S. Plainfield (1986)

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preliminary review of draft housing elements  
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no. p.i.

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Alan Mallach, AICP  
15 Pine Drive Roosevelt New Jersey 08555

609-448-5474

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Barbara Stark, Esq.  
Constitutional Litigation Clinic  
Rutgers University Law School  
15 Washington Street  
Newark, N.J. 07102

Dear Barbara:

As promised, here are preliminary reviews of the draft housing elements of Monroe Township and South Plainfield Borough, for your use. I will send you similar reports on South Brunswick and Cranbury with the week.

Since neither of these documents submitted the text of the actual compliance ordinance to be adopted, that could not be reviewed. It is clear, though, that that will raise a host of issues, which will have to be reviewed when we receive the final housing elements.

In the meantime, have a happy new year, and best wishes for the coming one.

Very truly yours,

  
Alan Mallach

AM:ms  
enc.  
cc: (w/enc)  
E. Neisser, Esq.  
R. Epps

## MONROE TOWNSHIP

### COMMENTS ON DRAFT HOUSING ELEMENT

#### 1. Filtering

The COAH fair share housing allocation methodology, applied to Monroe Township, provides for a downward adjustment of 70 units on the basis of "filtering"; i.e., the gradual reduction in price of certain older housing units, making more of them affordable to low and moderate income households.

Leaving aside general concerns about the application of this proposition, it should be noted that filtering is principally, even overwhelmingly, associated with rental housing. There is substantial evidence that in certain jurisdictions, for a variety of reasons, rent levels have not risen as fast as overall income levels, thus resulting in filtering<sup>1</sup>. The use of a municipality's multifamily housing stock as the basis for determining its filtering adjustment essentially substitutes for the use of rental housing for that purpose; in the great majority of municipalities, the percentage of multifamily housing and the percentage of rental housing correlates quite closely.

Monroe Township is unusual in that it has substantial numbers of multifamily units by the definition used by COAH, which includes 2 to 4 family units, almost none of which are rental housing. In 1980, only 7% of the occupied housing in Monroe Township was rental housing, predominately single family houses offered for rent. Inasmuch as nearly 2,600 units have been added to the township housing stock since 1980, none of which were designed for rental occupancy, it can be estimated that at present only 5% of the township housing stock is in rental occupancy.

The multifamily housing stock in Monroe is almost entirely (a) constructed within the past 20 years or less; (b) located in Planned Retirement Communities; and (c) owner-occupied. It is almost inconceivable that any of this stock is filtering down to low or moderate income households. If by some odd chance it is, it would still be limited in occupancy to senior citizens, and not available to the great majority of the lower income population<sup>2</sup>.

That sales prices in Monroe Township have increased more rapidly than incomes can be readily documented, and is shown in the table

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<sup>1</sup>The principal reason is the dramatic movement of large numbers of middle and upper income renters into homeownership since 1970, resulting in a significant decline in average renter income relative to the income of the population as a whole. The widespread use of rent control in New Jersey municipalities further accentuates the tendency for rent levels to lag behind gross income movement.

<sup>2</sup>In light of the recent COAH rule limiting the number of age restricted units that can be incorporated in a municipality's fair share program to 25 percent of the total, the age-restricted nature of this stock in itself should be enough to disqualify it.

below for the periods 1980-1985 and 1983-1985:

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HOUSING UNIT PRICE TREND AND INCOME TREND 1980-1983-1985

	MEDIAN PRICE [MONROE]	MEDIAN INCOME [NATIONAL]
1980	\$59,971	\$17,710
1983	69,643	20,885
1985	85,766	23,618
1980-1985	+ 43.0%	+ 33.4%
1983-1985	+ 23.2	+ 13.1

SOURCE: Median sales prices from New Jersey Division of Taxation. Median income from United States Bureau of the Census, Current Population Survey.

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## 2. Nursing Home Beds

There is no basis for taking credit for beds in institutional facilities toward a municipal fair share obligation. Institutional beds are not dwelling units, the occupants of those beds are not counted as households, and neither the beds nor their occupants appear in any of the statistical universes used by the Council to calculate the municipal fair share obligation<sup>3</sup>. Those universes are limited to households; i.e., one or more individuals living independently in a self-contained dwelling unit. While it is conceivable that a formula could be developed to determine the need for institutional facilities affordable to low income people in need of such facilities, that has not been done, nor is there any indication that it will be done. In its absence, such facilities cannot be considered a part of a municipal fair share program<sup>4</sup>.

<sup>3</sup>The terminology used in the Monroe housing element suggests a desire to obfuscate this point; e.g., "the Meadow View Rest Home ....contains 60 units. Of these units or beds...." (emphasis added). This is sophistry. Within the housing field, the term "units" is never applied to institutional beds, but is reserved for separate dwelling units.

<sup>4</sup>In addition, it should be noted that no evidence has been provided by the township to indicate that these beds (not units) are explicitly reserved for low income occupants on a long term basis. In view of the underlying reason for not considering these units toward the municipal fair share, however, this is clearly irrelevant.

3. The proposed fair share program

The proposed Monroe Township fair share program, given on pages 8 and 9, is so vague as to be nonexistent. Some specific points to be addressed, however, even if more detail were provided, would be:

a. [1] As specified in a Council directive to local officials, the legal status of developer contribution requirements for lower income housing is uncertain, and a fallback program must be provided for any program or activity that is reliant on such a contribution scheme.

b. There is no evidence of surveys or other evidence indicative of the existence of 65 physically substandard units suitable for rehabilitation in Monroe Township/5. Thus, there is no factual basis for the 65 unit rehabilitation program proposed by the Township.

c. In the absence of further information, the plan that "the remaining 93 low and moderate income units be constructed.... through inclusionary zoning" is a nullity.



Alan Mallach, AICP  
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5/The indigenous need category in the fair share formula is based on a formula, rather than a field study, which may vary significantly from the actual number. In addition, the formula includes overcrowded units as well as physically substandard ones, and may well include units that are not physically capable of being rehabilitated. Thus, it is completely inappropriate simply to assume that the indigenous need figure in the COAH fair share formula can automatically serve as the target for a rehabilitation program.

## BOROUGH OF SOUTH PLAINFIELD

### COMMENTS ON DRAFT HOUSING ELEMENT

#### 1. Proposed rehabilitation element

The borough has provided no surveys or other evidence in support of the existence of 68 physically substandard units suitable for rehabilitation in the borough/1. There is, therefore, no factual basis for assuming that a 68 unit rehabilitation program, as proposed by the borough, is feasible and appropriate. Furthermore, assuming that some rehabilitation program would be appropriate, the housing element provides no information on funding sources, guidelines, resale controls, etc. As presented in this draft housing element, the rehabilitation program is clearly inadequate.

#### 2. Morris Avenue senior citizen housing project

The borough has provided no documentation of the extent of subsidy needed to make the 100 unit senior citizen project feasible, the source of the subsidy, or the alternatives to be pursued in the event the needed subsidy funds are unavailable/2. Although in concept this is a legitimate undertaking, in the absence of thorough documentation of all of those elements, it cannot be considered a realistic opportunity for provision of housing, and should not be acceptable as a part of the housing element.

In essence, should the borough want to include this project in its housing element, in addition to further documentation of what is necessary for it to be feasible, it must adopt one of two alternative approaches: (a) provide a firm commitment that in the absence of adequate external subsidy funds, the borough will take responsibility for the amount needed to make the project feasible/3; or

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1/The indigenous need category in the fair share formula is based on a formula, rather than a field study, which may vary significantly from the actual number. In addition, the formula includes overcrowded units as well as physically substandard ones, and may well include units that are not physically capable of being rehabilitated. Thus, it is completely inappropriate simply to assume that the indigenous need figure in the COAH fair share formula can automatically serve as the target for a rehabilitation program.

2/Judging from the comment in an earlier part of the housing element, "it is recommended that the Borough continue to seek funding for the construction of a senior citizen housing complex..." it appears that the borough not only has no idea where funding will come from, but has no intention of providing such funding itself.

3/In view of the legal uncertainties involved, as well as the limited development taking place in the borough, a proposal to charge a fee on non-Mount Laurel development (as suggested on p.10 of the housing element, would clearly not adequately address this issue.

(b) provide a fallback or alternative project, which can clearly go forward without the need for externally-generated subsidy funds.

### 3. Total number of age-restricted housing units

The Borough proposes to provide 100 senior citizen units on the Morris Avenue site, and 20 on the Elderlodge site, for a total of 120 or 30% of their fair share allocation. Under Council rules, no more than 25% or 100 units within the fair share allocation may be age-restricted.

### 4. mixed use/industrial-residential sites

The Borough proposes to designate two sites (Harris Steel and Coppola Farm) largely for industrial use, with an unspecified but small part of the site designated for lower income housing, to be subsidized by the industrial development on the balance of the site. While not inherently unacceptable in concept, this raises a number of serious questions which must be adequately answered if these sites are to be considered acceptable under Council standards:

a. The physical relationship between the industrial uses and the residential uses on the same site must be clearly shown to be such that there will be no harmful effects to the residential development, in terms of traffic, noise, visual encroachment, etc. by the industrial uses.

b. The physical relationship between the residential development and both the industrial uses on the same site as well as adjacent land uses must be shown, in order to ensure that the effect of this scheme is not to create isolated residential enclaves<sup>4</sup>, but rather residential areas that represent reasonable extensions of existing residential development.

c. This scheme proposes that industrial development, rather than market residential development, will subsidize the lower income units. There are considerably more uncertainties surrounding industrial development than moderate-density market residential development. There is substantial overzoning for industry throughout Central New Jersey; many industrially zoned sites in central New Jersey are vacant. While one can reasonably assume, given current market conditions, that a physically appropriate site zoned for higher density residential development and owned by

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<sup>4</sup>Under the earlier version worked out between South Plainfield and the Urban League this was not a serious problem, because of the large scale (and mixed-income character) of the residential development on these sites. Under the current proposal, the residential development would be relatively small scale (100 units on Harris and 50 units on Coppola), and would be entirely lower income housing. Thus, this is now a serious concern.

an owner willing to develop will be developed expeditiously, the same is not true of industrial development. Assurances must be provided that development will take place expeditiously, or, if not, fallback approaches are available.

d. Closely related to (c) above is the question of phasing; assuming that the other issues are resolved, what phasing schedule will be adopted to ensure that the lower income housing is actually built?

e. A number of technical questions remain: will the industrial developer be responsible for building the units, or for conveying the land to another party? Who will be responsible for long-term ownership and operation of the rental units?

While in concept the proposals for the Harris and Coppola sites may be potentially workable, in the absence of resolution of the issues given above they are not appropriately included in the housing element.



Alan Mallach, AICP  
December 24, 1986