

ML

General

25-Aug. 1983

Expert Report from Carl E. Hintz,
re: - preliminary recommendations ~~of~~ a
region eligibility for low and moderate
income, and determination of sales
price.

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E. Brunswick

MEMORANDUM

August 25, 1983

TO: *CEH* Bertram E. Busch, Township Attorney
FROM: *CEH* Carl E. Hintz, Director, Planning & Comm, Development
RE: *CEH* MOUNT LAUREL

I have put together our preliminary recommendations on determination of region eligibility for low and moderate income, and determination of sales price. We did not have time today to do an analysis of our fair share.

Also accompanying the region analysis is a map showing time distance and Counties, as well as the median income calculations for our new SMSA and our five County region.

Over the next couple of weeks, I will prepare our fair share allocations, hopefully using both the SMSA and the five county region for comparative purposes.

CEH:ct
3405B/30

cc: John Runyon, Administrator

MOUNT LAUREL - DETERMINATION OF REGION, ANALYSIS OF FAIR SHARE

The following report is prepared as a preliminary draft of East Brunswick's analysis of its fair share region in order to calculate the low and moderate Income housing units in the region and East Brunswick's own fair share of those units. A calculation of fair share was done in 1976 and as a part of the Master Plan document of 1976, prepared by Raymond Parish and Pine. However, a great deal has occurred in those intervening seven years since that* plan preparation.

1. The determination of the region to be used for establishing a regional fair share must precede any affordability analysis. Fair share region and the affordability region, whether or not an SMSA, have to be the same.

In the assignment of the region to establish affordability, one should use the most currently identified SMSA area - in this case Hunterdon, Somerset and Middlesex. The alternative is to utilize a fair share region, which would include those communities within 30-45 minute driving commute to jobs in the municipality. The three counties, is, of course, far simpler to calculate. These medians need to be brought current to September, 1983 by using the NE New Jersey CPI, all items.

The second involves measuring time/distance (30-45 minutes), then plotting those communities with their median income, the area or region would be, in all likelihood, larger than the SMSA of the three counties. This is the commonly accepted method for determining region,

and that is, the calculation for time/distance and commute to jobs. The problem is having so many variables for various municipalities. For example, one could argue that Metuchen has a different region than East Brunswick and Plainsboro has a somewhat different region than East Brunswick and Metuchen. Yet all are in the same County* The 30 to 45 minute range provides for some flexibility. As it turns out, and will be shown in the accompanying map, a calculation for 30 minutes takes in parts of some of the surrounding counties but a calculation for 45 minutes almost follows the boundaries of 4 Counties, including Middlesex. The 5 counties would then be: Middlesex, Somerset, Mercer, Monmouth and Union. These areas, we believe should be to determine the region for Middlesex County communities. It is far better to follow and include all of the County rather than trying to split it up into individual municipalities.

We feel much more comfortable with this 5 county definition of region than the 3 county 5M5A. One of the main reasons is that the driving times (30 to 45 minutes) barely gets you into Hunterdon County from East Brunswick or vice-versa. On the other hand, East Brunswick is very accessible to Monmouth County. Studies done by this staff in 1978-1979 as part of the Economic Health Master Plan Amendment included license plate surveys for people shopping in various malls along Route 1S. Those surveys showed that the high degree of people commute or shop at the

1. East Brunswick stores are far from Monmouth County. We also had some people coming from Staten Island and the calculations may have to include Staten Island.

2. It is debatable whether to use the 50 percent of median, 80 percent of

median to delineate low and moderate income eligibility. There is no question about the 50 percent of median being the cutoff for low income, but it is the upper limits of moderate that are somewhat undecided. The Supreme Court selected the percents of median following the US» Department of Housing and Urban Development's (HUD) standard for such an aid. The program is for rental housing low income and not sale housing. The most recently operating federal housing program for sale units for moderate income families is the Section 235 Program, which uses somewhere between 95 percent and 105 percent median to determine eligibility. This program is presently unfunded and temporarily is discontinued. Developers are currently avoiding the construction of rental housing and pursuing sale housing, whether as condominium or fee simple. It is unfeasible to push for rental housing, when there is a lack of subsidies for any housing, and the burden falls on the private builder. If they (the private builder) can produce sale housing &- at low and moderate-income guidelines for the most recent federally assisted program, why not let them?

3. Determination of sales price. The factor of 28 percent towards debt for housing to gross income seems to be the typical Pm (principle interest tax and insurance) that most banks in the area are taking. This is based on a study from the Middlesex County Planning Board's Housing Section, April 1983.

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TABLE 1: MIDDLESEX, SOMERSET, HUNTERDON SMSA

The 1980 Census has income data for the year 1979. The median household income for Middlesex, Somerset and Hunterdon Counties are shown. Also indicated are the household incomes adjusted by the Consumer Price Index (CPI) for 1980, 1981, 1982 and from the last figure, 50% and 80% of median is calculated.

Middlesex County

Median Household Income	1979	\$22,826.00
	1980	\$25,405.34
	1981	\$27,902.68
	1982	\$29,521.04
	50% of median	\$14,760.52
80% of median	\$23,616.83	

Somerset County


Median Household Income	1979	\$26,237.00
	1980	\$29,201.78
	1981	\$32,072.31
	1982	\$33,932.50
	50% of median	\$16,966.25
80% of median	\$27,146.00	


Hunterdon County


Median Household Income	1979	\$24,115.00
	1980	\$26,840.00
	1981	\$29,478.37
	1982	\$31,188.12
	50% of median	\$15,594.06
80% of median	\$24,950.50	


No median figure is available that combines the three Counties. A ball park figure for 1982 is \$30,699-23.



 **EAST BRUNSWICK COMMERCIAL & EMPLOYMENT CORE**

 **30 MIN. DRIVING RADIUS**

 **45 MIN. DRIVING RADIUS**

 **COUNTY LINE**

8/25/83

SEE NEW JERSEY NORTHE
METRO AREA ON REVER
SIDE FOR MORE DETA

OCEAN

4. **What we have not calculated at this time is East Brunswick's fair share. We would recommend the utilization of the five county region. This calculation is more complex, since we must look at employment factors, residential units, vacant and developable land, etc. for each of the municipalities in this region.**