

ML

General

2-Dec-1985

Letter - re: HMD projection

methodology, an appropriate median
family income to use, and NJHMFA
(HMFA)'s income guideline.

pgs = 8

ML000498L

planning
Urban Design
Architecture
Housing/Community
Development

342 W. State Street
Trenton, NJ 08618
Tel: 609-393-3553

318 E Centre Avenue
Newtown, PA 18940
Tel: 215-968-6729

December 2, 1985

Robert E. Guterl, Esq.
Woolson, Guterl, Sutphen & Anderson
11 East Cliff Street
Somerville, New Jersey 08876

*

Dear Bob:

ironically, coincident with the call from Tricia Burke to establish a conference date with Judge Serpentelli on the median family income matter I received information which should enable us to resolve the discrepancies in short order.

Without going into too many technical details, it may be helpful for me to briefly review the positions of Rich Reading and myself on this issue - where we agree and disagree •

First of all, every other municipality and builder/developer of which I am aware which has progressed in Mount Laurel compliance to the point of focusing on median family income has been willing to use the income limits published regularly by the Department of Housing and Urban Development (HUD). These limits are organized by family size and are utilized by all public and private agencies for determining family eligibility for EUD-assisted housing programs.

The Mount Laurel II decision specifically references these published standards as guidelines for Mount Laurel compliance, although it also allows for deviation from these for good reason. One of the most compelling advantages to utilizing HUD's published guidelines is to achieve uniformity of application within each region. Rather than having different sets of median family income qualifications for Branchburg, Bedminster, Bridgewater, etc, all communities within the same region would have identical income standards.

-2-

This would reduce confusion on the part of the public and generally ease the administration of inclusionary housing programs.

Last fall *1 first corresponded with HUD about certain discrepancies Rich noticed in the median family income table for the Middlesex-Hunterdon-Somerset Primary Metropolitan Statistical Area (PMSA). Apart from defending its methodology for calculating median income, HUD also disclosed an important factor to our discussions: it had capped the 1984 individual family income levels in the M-H-S PMSA. In other words, the median family income for Branchburg's region was actually higher than it appeared from the levels in HUD's eligibility table.

While HUD apparently has the statutory authority to cap income levels for qualifying families for residency in HUD-assisted housing there was no such authorization in Mount Laurel II. Accordingly, Rich and I agreed that the median family income should be the governing standard for Branchburg, not HUD's capped interpretation. For 1984 this translated to an increase in the median family income or ~~from the capped version of \$33,750 to the accurate median of \$35,100.~~

As you know, Rich was still not convinced that the HUD projection of median family income was accurate. In a Memo to me of June 4, 1985 he asserted that a 1984 median family income of \$37,974 would be more realistic than the \$35,100 (p.3). Since that time he has pursued HUD in an attempt to establish the tolerance of accuracy of its income projections.

I doubt that we will arrive at any clear understanding of the deviation range for these projections. The HUD projection methodology employed 26 different variables in 1984 and has been revised since then to project income levels for 1985. Certainly Branchburg has the option of presenting its data and contentions to Judge Serpentelli for disposition.

However, two recent government releases may well eliminate the need for a hearing on this matter. On November 6, 1985 HUD published its 1985 median family income estimates. The Middlesex-Hunterdon-Somerset PMSA is still subject to a cap, by which it would appear that the median family income rose to only

-3-

\$34,375. However, HUD's own estimate of actual median family income for this area in 1985 is \$38,600* As per my prior agreement I support this higher figure as the benchmark for Mount Laurel compliance.

The other recent government publication is from the NJ Housing and Mortgage Finance Agency (NJHMFA), one of the key agencies authorized to implement the housing programs encompassed in the Fair Housing Act* Earlier this month the HMFA published the median income limits, adjusted for family size, which it will require to be used for low and moderate income housing which receives financial assistance under the Fair Housing Act (copy enclosed).

The HMFA has also adopted the ~~for~~ ~~the~~ median income figure (for a 4-person family) in Somerset County and has disregarded the EUD cap for Mt» Laurel compliance purposes. I understand that the NJ Division of Housing and Development, which runs the other major new funding program created by the Fair Housing Act, will likely adopt these same income guidelines in the near future.

These latest income standards clearly establish Middlesex, Hunterdon and Somerset Counties as the most affluent region in the state with an estimated median family income very close to that which Rich Heading calculated. Hopefully it will be sufficiently close for Branchburg to accept and proceed with implementation of the housing plan.

These latest HUD and HMFA guidelines do make a tremendous difference from the original approach which we assumed would govern affordable housing prices* For instance, the allowable maximum sales price in 1985 of a moderate income unit for a family of four persons has increased from an estimated \$58,000 under the original assumptions to \$65,000 under the new guidelines. These prices could float still higher depending on interest rates. With HMFA single family mortgage assistance the maximum affordable purchase price in Branchburg could exceed \$70,0001

On the other hand, if Branchburg is still not satisfied with these latest income estimates then presumably it will have to convince not only the court but also the State agencies responsible for providing

financial assistance for lower income housing to revise the way that median family income is calculated.

Aside from the low interest mortgages referred to above the HMFA will also be allocating \$15 million in grant funds appropriated under the Fair Housing Act. The agency has announced a target grant amount of \$7,000 for each lower income unit produced. This translates to a total of \$1,575,000 for the development of the Solberg tract (assuming 225 units). Accordingly, it will be critical that the HMFA approve of the income limits used in Branchburg.

I am sending Rich a copy of this for his review. Please let me know if you or the Mount Laurel Committee have any questions. Since I view this as an excellent opportunity to break the logjam on income standards I would be willing to come up and meet with the Committee prior to our conference with the Judge if it would be helpful.

Sincerely,



Philip B. Caton, AICP

PBC:cjl

cc: Richard B. Heading

MEDIAN INCOME BY COUNTY
(ADJUSTED FOR FAMILY SIZE)

BY	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
atic	\$ 18,550	\$ 21,200	\$ 23,850	\$ 26,500	\$ 28,156	\$ 29,812	\$ 31,468	\$ 33,125
an	25,480	29,120	32,760	36,400	38,675	40,950	43,225	45,500
ington	* 21,350	24,400	27,450	30,500	32,410	34,310	36,220	38,125
en	21,350	24,400	27,450	30,500	32,410	34,310	36,220	38,125
May	18,550	21,200	23,850	26,500	28,156	29,812	31,468	33,125
tirland	17,850	20,400	22,950	25,500	27,090	28,690	30,280	31,875
x	24,710	28,240	31,770	35,300	37,510	39,710	41,920	44,125
tester	21,350	24,400	27,450	30,500	32,410	34,310	36,220	38,125
on	17,570	20,080	22,590	25,100	26,670	28,240	29,810	31,375
er	27,020	30,880	34,740	38,600	41,010	43,425	45,840	48,250
er	23,730	27,120	30,510	33,900	36,020	38,140	40,260 J	42,375
*apex	27,020	30,880	34,740	38,600	41,010	43,425	45,840	48,250

ce: 1) Four person median income figures are the US Dept. of Housing and Urban Development estimates as of October 21, 1985.
 2) Family size adjustments were made by the New Jersey Housing and Mortgage Finance Agency using the HUD family size adjustment methodology for their 80% of median income limits.

1
 MEDIAN INCOME BY COUNTY
 (ADJUSTED FOR FAMILY SIZE)

	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
1 PERSON	22,400	25,600	28,800	32,000	34,000	36,000	38,000	40,000
2 PERSON	\$ 24,710	\$ 28,240	\$ 31,770	\$ 35,300	\$ 37,510	\$ 39,710	\$ 41,920	\$ 44,125
3 PERSON	22,400	25,600	28,800	32,000	34,000	36,000	38,000	40,000
4 PERSON	25,480	29,120	32,760	36,400	38,675	40,950	43,225	45,500
5 PERSON	21,980	25,120	28,260	31,400	33,360	35,325	37,290	39,250
6 PERSON	27,020	30,880	34,740	38,600	41,010	43,425	45,840	48,250
7 PERSON	24,710	28,240	31,770	35,300	37,510	39,710	41,920	44,125
8 PERSON	24,710	28,240	31,770	35,300	37,510	39,710	41,920	44,125
9 PERSON	20,510	23,440	26,370	29,300	31,130	32,960	34,790	36,625

Source: 1) Four person median income figures are the US Dept. of Housing and Urban Development estimates as of October 21, 1985.
 2) Family size adjustments were made by the New Jersey Housing and Mortgage Finance Agency using the HUD family size adjustment methodology for their 80% of median income limits.

TABLE: NEW GREY
 HALLA 00:00:00

SEA: ATLANTIC OCEAN

PSA: GREEN-PASSE

PSA: WILMINGTON, DE-NU-MO

PSA: VINELAND-MILLVILLE, DE-NU-MO

PSA: TOWSON, MD

PSA: PHILADELPHIA, PA

PSA: BALTIMORE, MD

PSA: WASHINGTON, DC

PSA: NEW YORK, NY

PSA: PHOENIX, AZ

PSA: LOS ANGELES, CA

PSA: SAN FRANCISCO, CA

PSA: SEATTLE, WA

PSA: PORTLAND, ME

PSA: BOSTON, MA

PSA: NEW ORLEANS, LA

PSA: HOUSTON, TX

PSA: DALLAS, TX

PSA: SAN ANTONIO, TX

PSA: AUSTIN, TX

PSA: SAN DIEGO, CA

PSA: SAN JOSE, CA

PSA: OAKLAND, CA

PSA: SACRAMENTO, CA

PSA: FRESNO, CA

PSA: STOCKTON, CA

PSA: BAKERSFIELD, CA

PSA: OAKLAND, CA

PSA: SACRAMENTO, CA

PERSON 1 PERSON 2 PERSON 3 PERSON 4 PERSON 5 PERSON 6 PERSON 7 PERSON 8 PERSON

LOWER INCOME
 VERY LOW INCOME

081206