

ML - Franklin

May 1984

Analysis of Fair Share Allocation, Zoning and Planning to
meet Mt. Laurel II Obligations -- Franklin Township

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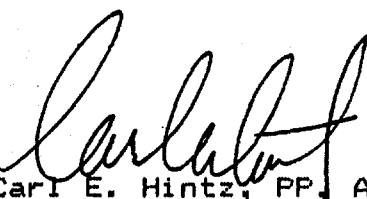


Hintz / Nelessen Associates

Planning / Urban Design / Environmental Analysis / Landscape Architecture

ANALYSIS OF FAIR SHARE ALLOCATION,
ZONING AND PLANNING TO MEET MT. LAUREL II
OBLIGATIONS -- FRANKLIN TOWNSHIP,
SOMERSET COUNTY, N.J.

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MAY, 1984

ZONING ANALYSIS

Hintz/Nelessen Associates conducted a review of the zoning ordinance of Franklin Township. In January, 1984, a draft copy of a proposed ordinance was made available to the public, which was prepared by Candeub Fleissig Associates. It is still under review and discussion by the township and is presently being revised by the township council. The council, in turn, is waiting for additional studies by the consultants, E. Eugene Cross Associates, before finalizing the ordinance. Until such time that a reasonably definitive ordinance is available, we cannot make a final analysis of the ordinance.

Existing zoning in planned developments has been reduced over the years both in terms of number of acres and the gross densities permitted. Early in 1984, the Township Council amended the zoning and subdivision ordinance to require a PUD to have a minimum of 300 acres with the maximum gross density of 3.5 dwelling units per acre and a maximum net density of 5.0 dwelling units per acre. The ordinance requires a minimum of 25% open space and a minimum of 5% commercial/industrial uses to a maximum of 25% of such uses, a range of 25 to 50% of the residential uses in garden apartments and the same range for townhouses.

These gross densities are far too low to internally subsidize units, with the net densities unbelievably restrictive. The ranges of the types of units, including single family detached does not allow sufficient flexibility to meet market conditions, let alone provide the ability to build low and moderate income units. The other requirements (minimum tract size, and minimum for non-residential uses) may present a problem to the Field proposal, and ordinarily are not conducive to supplying needed housing.

ANALYSIS OF MASTER PLAN

The current township master plan, prepared by Dresdner Associates in April 1982 indicates that the current zoning ordinance "includes requirements within the Planned Unit Development (PUD) districts for dwellings for low and moderate income. The developer is to provide five percent of the total number of dwellings in the tract as low income units and a total of fifteen percent of the dwellings for low and moderate income families." (page 59 of the plan). The need for future housing for low and

moderate income households is clearly indicated in the current Franklin master plan. "Although there are varying estimates of need, there is consensus that the need exists. The New Jersey Department of Community Affairs in its report entitled 'Low and Moderate Income Housing Need in New Jersey' defined housing need in Franklin Township in terms of the number of low and moderate income families living in physically inadequate housing and those low and moderate income persons paying over 25% of their income for shelter. The township's resident need was estimated to be about 850 to 900 units." This statement reflects the potential present need. The master plan summarizes the present low and moderate and replacement of inadequate housing need in the following summary sentence: "Thus, both the State and Township estimate resident need to be 900 to 1000 units."

The master plan also suggests the potential future need for low and moderate income housing. This rather crude estimate is based on job generation and the guesstimate as to the percentage of those jobs which would be low and moderate income. The master plan, reflecting a 20 year horizon, has a capacity for nearly 20,000 future jobs. The master plan text states that "it is unclear how many of these potential employees would desire housing in the Township as compared with locations elsewhere:

nevertheless, it is reasonable to assume that (i) a percentage of this labor force (perhaps 50% or 10,000 employees) would desire housing in Franklin, and (ii) of these 10,000 potential employees, up to 20% or 2000 would be in the low and moderate income range. Thus, there could be a need for about 3000 least cost and/or subsidized housing units by the time the Plan is fully implemented." (page 60 of the plan).

The master plan recommends the following policies to implement the provision for low and moderate income families: "in proper location, zone sufficient amounts of vacant land for densities and types of development which would be favorable for affordable housing. The gross density should range from eight to fifteen units per acre. The location should be in proximity of existing private and public services." (page 60).

MEDIAN INCOME/PURCHASING/UNIT PRICES

To determine the cost of units which may be qualified as acceptable for either low or moderate income households, using 1983 median family income, an analysis was conducted of the six

county region which comprises the 30 minute commutershed for Franklin Township. This commutershed includes Union, Mercer, Somerset, Hunterdon, Middlesex and Monmouth Counties. HNA used the 1983 Median Household Income generated by the U.S. Department of Housing and Urban Development. The 1983 median family income is \$31,610. This income number was multiplied by the total families in each county which produced an aggregate income. The total aggregate income was then divided by the total number of families to determine the median income. These numbers will have to be adjusted upwards as median family income increases. The 1983 estimated median income for Franklin Township contained in Carla Lerman's memo dated March 7, 1984, Table 20B, for the eleven county region is \$30,735. For the purposes of our analysis, the figure of \$31,610 was used since the prospective need region accounts for the bulk of the fair share need in Franklin.

The low and moderate income households are defined as 0 to 50% of median income and 50 to 80% of median income respectively. To determine the threshold of low and moderate income housing affordability, 30% of annual income was used if a household rented a unit, and 28% of annual income was used if a household purchased a unit. Based on the median annual income of \$31,610, the thresholds for moderate income are \$15,805 to \$25,288 with the mean of 65% of annual regional median or \$20,546.

The low income thresholds are 0 to \$15,805 with a mean of 35% of annual regional median or \$11,063.50.

In order to analyze the potential purchasing or rental opportunities, both rental and purchase was determined for each group for the thresholds and the median.

Moderate income:

\$15,805 to \$25,288

PURCHASE

28% of annual income for principal and interest, taxes and insurance:

$$.28 * 15,805 = \$4,425.40 / 12 = \$368.78$$

$$.28 * 25,288 = \$7,080.64 / 12 = \$590.05$$

$$.28 * 20,546 = \$5,752.88 / 12 = \$479.41$$

Assuming 10% downpayment and a variable mortgage rate which averages 13% over 30 years, the following cost of a unit is possible for the ranges of moderate income:

a payment of \$368.78 per month allows a mortgage of approximately \$33,000. With 10% down or \$3667 a home valued at \$36,667 is possible for the lowest threshold of moderate income.

For the upper threshold of moderate with a monthly payment of \$590.05 for a variable interest rate of which averages 13% for 30 years, a \$53,500 mortgage is possible. With 10% down or \$5944, a unit price of \$59,444 is possible. The range of moderate income is \$36,667 to \$59,444.

FAIR SHARE ALLOCATION FOR FRANKLIN TOWNSHIP

There is a present need region for low and moderate income which is derived from the dilapidated housing of the region (units with inadequate plumbing, inadequate heating and overcrowded units). These needs arise from the inability of people to move from their existing unit to other units in the region. This "present need" region includes substandard units in the older suburban and urban counties.

The prospective need region is based on a commutershed region, since new jobs and housing should be closely related for reduction of societal costs. This recognizes the average of a 30 minute commute for most workers.

Both of these are explained in more detail that follows, and represent a description of the "consensus" methodology.

PRESENT NEED

The present need housing region has been determined to be a fixed region, recognizing past commuter patterns as well as the need to solve the housing problem for the eleven county region, including Bergen, Passaic, Hudson, Essex, Union, Middlesex, Somerset, Warren, Hunterdon, Sussex and Morris Counties. The Rutgers University Center for Urban Policy Research prepared a rather extensive study analyzing these regions in their publication Mount Laurel II: Challenge and Delivery of Low Cost Housing. HNA concurs with the analysis reached in defining this present need "fixed" region. The region is changing as barriers prohibiting lower cost housing are removed, thus a prospective need region should be based on a commutershed rather than a fixed region.

An analysis of the present need region's substandard housing was undertaken, following methodology developed by the "consensus" report prepared by Carla Lerman, PP, dated April 2, 1984. This firm had participated in the consensus represented in that report and while there is not agreement on every issue or methodology, the method for calculating present and indigenous need had almost complete unanimity. Those factors are collected from the census and remove any overlap from each category:

- overcrowded units (1.01 or more persons per room);
- units lacking complete plumbing for exclusive use, excluding overcrowded units;
- units lacking adequate heating systems, that are not and with complete plumbing.

Once these numbers are derived, a multiplier of .82 is used to determine substandard units that are occupied by low and moderate income households, following the Tri-State Regional Planning Commission's study entitled "People, Dwellings and Neighborhoods (1978). The table from the consensus report is appended. The total reallocated "surplus" is 35,014 which is reallocated to those communities which have less than the regional percentage of such units. Additionally, any indigenous units within the community itself are part of the present need.

The formula used is from the consensus report, although as will be shown later, if vacant developable land were used instead of the growth area from the State Development Guide Plan, Franklin would have an even higher fair share number.

PRESENT NEED - 11 county region

11,653	1,244,623	= 0.93
1982 covered jobs	1982 covered jobs in region	percent

14,451	699,163	= 2.07
municipal growth area	11 county growth area	percent
in acres (SDGP)	in acres	

$$0.93 + 2.07 / 2 = 1.498$$

$$1.498 * 1.07 = 1.6055$$

median
household
income factor

$$0.93 + 2.07 + 1.61 = 1.535$$

$$1.54 * 35,014 = 539 \text{ municipal share of reallocated excess}$$

Staged in 3 six year periods: 180

Including additional reallocation: 180 * 1.2 = 216

Including allowance for vacancies: 216 * 1.03 = 222

Indigenous need: 349

TOTAL PRESENT NEED BY 1990: 571

PROSPECTIVE NEED

The prospective need region is different than the present need region. It is based on the development of new jobs over the last decade and continued job growth in the future. The region is, therefore, based on the commutershed of a given municipality. Since the average commuting time for workers in the state is 20 minutes and typically no more than 30 minutes, the region is based on time/distance factors of a 30 minute commute. This formulated region, then, tries to relate jobs and future jobs to housing or place of employment with place of residence.

Factors for Calculating Fair Share Allocation

Job Growth

Job growth is a major criteria in determining the municipality's fair share allocation. If a municipality has a lower regional share of employment growth, it should have a lower numerical obligation to satisfy the regional housing need, both present and prospective need. Job growth in a municipality means a commensurate share to satisfy the regional housing need.

Those municipalities, which are entirely in nongrowth designations such as one or more of the following categories on the State Devevelopment Guide Plan, were excluded: agricultural, limited growth and conservation. Additionally, any "urban aid" municipalities are excluded since these cities have a preponderance of low and moderate income households, do not have the economic capability of meeting the demands of low and moderate income housing and, finally, in the past, urban aid communities were the ones that sought low and moderate income housing.

Franklin Township's job growth over the decade totaled 8052 jobs or 4.44% of the commutershed (prospective need) region of Union, Hunterdon, Middlesex, Monmouth, Mercer and Somerset Counties. As new covered employment becomes available, new jobs will certainly be added in Franklin, where the town has approved over one million square feet of office, industrial and commercial space in the past year.

Regardless of the other factors in a fair share formula, the job change is usually significant. This factor is only used for prospective need allocation, since it becomes an indicator of where new jobs are occurring, and, thus, the need for housing to match those jobs.

Existing jobs in a municipality, expressed as a percentage of the total regional jobs in September of 1982, was a second factor used in the jobs category for the allocation formula for prospective need. This factor became particularly important for those municipalities which had a high percentage of total jobs and a low proportion of low and moderate income households.

The existing jobs was used in the present need formula as well, but has more weight since it is not in an equation with job growth like the prospective need formula.

The present jobs, as last reported by the Office of Demographics, Department of Labor and Industry, State of New Jersey, were 666,851 for the Franklin region, of which Franklin had 11,653. This represents 1.76% of the prospective need region.

Local Development Potential

It is the opinion of HNA that vacant developable land and corresponding percent of regional developable land per municipality represents a more realistic factor to assess regional need for the term "local development potential". This factor addresses the availability of land as a means of providing the places to construct needed housing. However, the only available data is from the "Housing Allocation Report" prepared by the State Department of Community Affairs in 1978, and may be out-of-date for some communities.

Growth area, used in some fair share allocation studies, considers the acreage in a municipality that is shown on the 1980 revised "State Development Guide Plan". This includes acreage that is both in the developed category as well as undeveloped. Because of this, it does not account for some very dense, urban and suburban development, where there is no room (unless existing developed lands were redeveloped) for new development. It does not also consider vacant land that may not be developed due to environmental constraints, particularly floodplain lands and land with a seasonal high water table of 0 to 1 foot below the surface.

In the case of Franklin, the growth area acres total 14,451, out of region of 615,470 acres or 2.35%. If vacant developable land were used (from the HAR), Franklin's share would be 3.09% of the prospective need region and thus, an even higher fair share would accrue to the township. HNA is in the process of gathering vacant developable land data for the region, that will be current information (within 2-3 years old) and may revise the fair share study at that time.

Concentrations of Low and Moderate Income Housing/Economic
Capacity Indicator

An objective in the fair share allocation formula is to foster dispersal away from locations with prior concentrations of affordable and/or subsidized housing units. A factor was developed after working with other consultant planners which attempts to address this criterion. The rationale for the factor is: (1) the poor should be dispersed rather than concentrated in any particular geographic location, (2) locations which have existing high levels of housing for the poor are already doing a part of their fair share and (3) municipalities which have in the past excluded the poor are generally more able financially to support new housing, including low and moderate income housing.

The report prepared by Carla Lerman for Judge Eugene Serpentelli, dated April 2, 1984, describes the factor of median household income as such a surrogate:

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

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

Use of median household income as a factor in determining fair share provides one means of measuring past efforts to provide affordable housing. A municipality which has made efforts to develop assisted housing, will have a relatively lower median household income than a municipality that has been more exclusionary.

Continuing with the description, Ms. Lerman states:

The averaging of the first three factors, multiplied by the median income ratio listed above will provide the fourth percentage. The averaging of these four factors result in the allocation percentage, which will be applied to projected number of lower income households in that commutershed for 1990.

PROSPECTIVE NEED FORMULA

Commutershed: Monmouth, Mercer, Middlesex, Hunterdon, Somerset, Union

11,653	/	667,583	=	1.75
1982 covered jobs		commutershed jobs		percent

14,451	/	615,470	=	2.35
munic. growth area in acres (SDGP)		commutershed growth area in acres		percent

8,052	/	175,925	=	4.68
municipal growth in jobs 1972-82		commutershed job growth		percent

1.75 + 2.35 + 4.68 / 3 = 2.93

$$2.93 * 1.06 = 3.11$$

median
household
income factor

$$1.75 + 2.35 + 4.68 + 3.11 / 4 = 2.97$$

$$2.97\% * 61,096 = 1816$$

prospective
need for commuter-
shed region

$$1816 * 1.2 = 2179$$

additional adjustment for vacant land

$$2179 * 1.03 = 2244 \quad \text{Prospective need to 1990}$$

vacancy adjustment factor

PROSPECTIVE NEED: 2244

PRESENT NEED: 571

TOTAL FAIR SHARE FOR FRANKLIN: 2815

This final number is the township's fair share to the year 1990, which must be met primarily through zoning sufficient land to provide for the capacity for developer's to internally subsidize units.

DEVELOPMENT SUITABILITY

A complete environmental analysis was prepared for the property, relying on considerable data and previous studies, including a study prepared by Wallace McHarg Roberts and Todd, dated April, 1979. While the natural features of the property have not changed, new mapping was prepared by Hintz/Nelessen Associates due to changes in the property configuration since 1979. Those maps are appended to this report.

The natural features considered and analyzed include: geology, soils, depth to seasonal high water table, permeability, wildlife, vegetation, topography, surface hydrology, erodibility, depth to bedrock and microclimate. Once these environmental factors were mapped, they were overlain and the resulting development suitability determined. The constraints encountered on the site (bedrock, seasonal high water table) suggest that about half the site has basement limitations, requiring slab-on-grade construction. Other than that, limitations are minimal.

Three suitability ranges were designated, ranging from most suitable to least suitable.

Most suitable.....	1281 acres (69.7%)
Moderately suitable...	362 acres (19.7%)
Least suitable.....	194 acres (10.6%)

These categories are explained below.

Most Suitable.

Areas suitable for development, including structures and roads, structures with basements; water table is usually greater than 5 feet.

Moderately Suitable.

Areas suitable for development, but where the seasonal high water table is between 1 to 4 feet below the surface in the spring months and/or where depth to bedrock is 1.5 feet below the surface. Basements are not recommended, but instead, slab construction should be used. In other areas, erosion potential requires the use of erosion prevention techniques, and specific planting types be installed.

Least Suitable.

These are the areas within the 100 year flood zones and with a 0 to 1 foot seasonal high water table. No construction is recommended in these areas, even though engineering could lessen some of the constraints.

APPENDIX

Table 1

Substandard Housing Units: Indigenous Need, by County, 1980

(overcrowded, lacking plumbing for occupants' exclusive use,
lacking central heating, without flues)
(all overlapping excluded)

<u>County</u>	<u>Total Occupied Units</u>	<u>Over-crowded</u>	<u>Units Lacking Complete Plumbing</u>	<u>Units Lacking Adequate Heating</u>	<u>Total Substandard Units</u>	<u>Total Substandard Mt. Laurel Households (total x .82)</u>	<u>Percent Substandard Mt. Laurel Households of Total Occupied Units</u>
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	<u>29,406</u>	<u>518</u>	<u>444</u>	<u>1,090</u>	<u>2,052</u>	<u>1,683</u>	<u>5.7</u>
Total:	1,631,044	65,534	27,734	34,019	127,287	104,377	6.4