ML- Flama Construction Corp. v.
Twp. of Franklin

Aug 29, 1984

Memorandum re methodology used in the fair share plan
Calculations

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Abeles Schwartz Associates, Inc.

MEMORANDUM

To: Frederick Mezey

From: Geoffrey Wiener

Re: Flama Construction Corp. v. Twp. of Franklin et al.

Date: August 29, 1984

The fair share plan for Franklin Twp., prepared by this office in
early April, 1984, while following the essential methodology developed
by the "consensus" group of planners involved in Urban League of
Greater New Brunswick v. Carteret et al., contains small differences
from that methodology as it was ultimately derived, and as it is
now set forth in AMG Realty Co. et al. v. Twp. of Warren et al.
These differences are due to the fact that we did not have the final
report of the consensus group of planners at the time we prepared the
Franklin report, and we made some methodological decisions which
differed slightly from the ones ultimately adopted.

I have recalculated Franklin's fair share allocation using the
"consensus" methodology exactly as outlined in the AMG Realty decision,
and found that the results are virtually the same as the figures we
derived in April using slightly different assumptions. The two sets
of fair share numbers are compared as follows:

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	Results from April 1984 ASA Report	Revised Calculation Based on 'AMG Realty'
Prospective Need Allocation	2,182	2,111
Present Need Allocation	208	220
Indigenous Need	368	358
Total Allocation	2,758	2,689

Attached to this memo are my worksheets showing the revised calculation of Franklin's fair share based on the methodology contained in the AMG Realty decision. In addition, I have summarized below the differences between these calculations and the ones we prepared in early April.

Present Need Calculation

The only differences between the two present need calculations lie in the derivation of the wealth factor. The original ASA report used median family income for Franklin as a ratio to the median family income for the present need region. The revised calculation uses median household income figures. In addition, the regional median used in the ASA report included all municipalities in the region, whereas the revised calculation excludes communities entirely outside of SDGP growth areas and selected Urban Aid municipalities.

These differences resulted in a higher wealth factor in the revised calculation and a concomitant increase of 12 units in Franklin's share of the region's reallocated present need.

Indigenous Need Calculation for Franklin

Both calculations of indigenous need for Franklin included over-
crowded units, units with incomplete plumbing and units with in-
adequate heating. However, there are more than one set of Census
tabulations containing this data, and each differs slightly in
their sampling technique and their category definitions. The
original ASA fair share calculation for Franklin relied entirely on
Census Summary Tape File 3 (STF-3), whereas the revised calculation
uses some data from Summary Tape File 3 and some from Summary Tape
File 1. This results in a difference of 10 units between the two
indigenous need calculations.

Prospective Need Calculation

Two allocation percentages were derived slightly differently in the
two perspective need calculations for Franklin: employment growth and
the wealth factor.

The wealth factor contains the same differences noted above with
respect to the prospective need wealth factor. Employment growth
was calculated based on covered job statistics in each case. But
the original ASA report expresses the total job growth in Franklin's
covered jobs between 1972 and 1982 as a percentage of total employ-
ment growth in the region, whereas the revised fair share calculation
expresses the average annual job growth in Franklin between 1972 and
1982 (using a linear regression model) as a percentage of the region's
average annual job growth.

The net result of the above differences is that the revised prospective
need allocation for Franklin is 71 units less than the original ASA
calculation. This represents approximately a three percent difference.

CALCULATION OF PRESENT NEED ALLOCATION
USING CONSENSUS METHODOLOGY

Franklin Twp.
Municipality

REGION: 11-County Northern NJ Region: Bergen, Essex, Hudson,

Hunterdon, Middlesex, Morris, Passaic, Somerset, Sussex,

Union, Warren

1982 Municipal Employment	÷	1982 Regional Employment	=	Percent
11,653		1,244,632		.936

Municipal SDGP Growth Area (in acres)	÷	Regional SDGP Growth Area (in acres)	=	Percent
14,330		699,163		2.050

Municipal Median Household Income (1979)	÷	Regional Median Household Income (1979)	=	Ratio
$25,912		$24,177		1.072

Wealth Factor = $\dfrac{.936 + 2.050}{2}$ = 1.493 X 1.072 = 1.600

Composite Allocation Factor = $\dfrac{.936 + 2.050 + 1.600}{3}$ = 1.529%

Reallocated Excess Need in Region = ___35,014___ units

Municipal Share of Reallocated Excess = ___35,014___ X ___1.529%___

= ___535___ units

Staged in 3 Periods: ___535___ ÷ 3 = ___178___ units

Including Reallocation: _178_ X 1.2 = ___214___ units

Including Vacancy Allowance: _214_ X 1.03 = ___220___ units

Total Municipal Indigenous Need = ___358___

Total Present Need = ___220___ + ___358___ = ___578___ units

CALCULATION OF PROSPECTIVE NEED ALLOCATION

USING CONSENSUS METHODOLOGY

<u>Franklin Twp.</u>
Municipality

REGION: <u>Somerset, Middlesex, Mercer, Hunterdon, Union, Monmouth</u>

<u>1982 Municipal Employment</u>	÷	<u>1982 Regional Employment</u>	=	<u>Percent</u>
<u>11,653</u>		<u>665,894</u>		<u>1.750</u>

<u>Municipal SDGP Growth Area (in acres)</u>	÷	<u>Regional SDGP Growth Area (in acres)</u>	=	Percent
<u>14,330</u>		<u>579,795</u>		<u>2.472</u>

<u>Municipal Employment Growth (Average Annual, 1972-82)</u>	÷	<u>Regional Employment Growth (Average Annual, 1972-82)</u>	=	Percent
<u>732</u>		<u>18,374</u>		<u>3.984</u>

<u>Municipal Median Household Income (1979)</u>	÷	<u>Regional Median Household Income (1979)</u>	=	Ratio
<u>25,912</u>		<u>23,828</u>		<u>1.087</u>

Wealth Factor = $\dfrac{1.750 + 2.472 + 3.984}{3}$ = <u>2.735</u> X <u>1.087</u> = <u>2.973</u>

Composite Allocation Factor = $\dfrac{1.750 + 2.472 + 3.984 + 2.973}{4}$ = <u>2,795%</u>

Regional Lower Income Housing Need (1980-1990) = <u>61,096</u> units

Municipal Share of Regional Prospective Need = <u>61,096</u> X <u>2.795%</u>

= <u>1,708</u> units

Including Reallocation: <u>1,708</u> X 1.2 = <u>2,050</u> units

Including Vacancy Allowance: <u>2,050</u> X 1.03 = <u>2,111</u> units

Total Prospective Need Allocation = <u>2,111</u>

Total Present Need Allocation = <u>578</u>

Total Municipal Fair Share: <u>2,111</u> + <u>578</u> = <u>2,689</u> units