

ML? UL v. Carteret

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Expert Alan Mallach's letter to Bruce Gelper, Esq. re  
Fair Share Housing Allocation, Middlesex County, New Jersey  
Salient features of methodology

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November 11, 1983

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General Counsel  
National Committee against Discrimination  
in Housing  
1425 H Street, N.W.  
Washington, D.C. 20005

RE: Fair Share Housing Allocation  
Middlesex County, New Jersey

Dear Bruce:

As per your request, I am setting down in this letter in succinct form the salient features of the methodology that I am applying, as well as relevant data sources, in order to determine the fair share of low and moderate income housing need to be met by municipalities within the region in which the defendants in the Urban League case are located. I will not go into detail here with regard to the rationale for the various methodological choices used, but limit myself to a relatively straightforward statement of the actual choices and the outcomes resulting from them.

The region that I propose to use will be the eight county region made up of Bergen, Essex, Middlesex, Morris, Hudson, Passaic, Somerset and Union Counties. For a variety of reasons, this region is both most consistent with the overall thrust of the Mt. Laurel II decision, as well as a wide variety of planning criteria. To adopt a region, as we have discussed, from the perspective of a particular municipality as the center of such a "region", is fundamentally inconsistent with the purpose of determining regions for fair share allocation. I might add that the eight county region has been adopted by the court in the Mahwah remand, and will be the region proposed to the court by the Public Advocate in the forthcoming Morris County litigation. Specific elements of the proposed allocation scheme follow.

(1) Present Need: Present housing need represents low and moderate income households living in severely substandard housing conditions. It is derived from the sum of three categories measured in the 1980 Census of Housing: (a) units lacking plumbing for exclusive use; (b) units lacking adequate heat (units heated by room heaters without flue); and (c) units that are overcrowded (1.1 or more persons per room). Based on a major study by the Tri-state Regional Planning Commission, it is assumed that 82% of the households living in such units are

low and moderate income households. Total present need for the eight county region, excluding overlap, is as follows:

Inadequate plumbing	30,135
Inadequate heating	56,626
Overcrowding	32,922
	<u>119,683</u>
Percentage low and moderate income	x .82
	<u>98,140</u>

The manner in which this is allocated is discussed below.

(2) Prospective Need: Prospective need is the number of units needed to provide for the increment in lower income households projected to 1990. In order to determine this, three elements must be added:

a. The number of added households: We have applied, with regard to population projections, the average of the two 'preferred' projections issued in July 1983 by the New Jersey Office of Demographic and Economic Analysis (ODEA). This projection indicates a pattern of substantial population decline in Essex and Hudson counties, modest decline in Bergen, Passaic and Union counties, and population growth in Middlesex, Morris and Somerset counties. Based on that projection, household increase was derived based on the assumptions that (1) the rate of decline in household size from 1980 to 1990 would be 60% of the 1970-1980 rate; i.e., a substantial levelling-off in the household size decline curve; and (2) the percentage of population in group quarters (college dorms, military barracks, mental institutions, etc.) would remain the same from 1980 to 1990.

b. Units lost from the housing stock: Between 1970 and 1980 3.2% of the pre-1970 housing stock was lost as a result of attrition - demolition, fires, conversions to nonresidential use, etc. We assumed that between 1980 and 1990 the same ratio of attrition to housing stock would prevail; i.e., that 3.2% of the pre-1980 housing stock would be lost between 1980 and 1990, and would have to be replaced.

c. Vacancy rate: A production level capable of maintaining a vacancy rate, across the entire housing stock, of 5% for rental units and 1.5% for sales units, was assumed. In order to determine the number of units needed, it was assumed that 1980-1990 production would have the same owner/renter breakdown as the existing housing stock, and that the number of units needed for the vacancy rate factor was the target amount (5%/1.5%) less the actual number of 1980 vacancies.

The sum of these three categories was then multiplied by .394, which represents the percentage of low and moderate income households in the population. The actual numbers are as shown

below:

Household formation	88,378
Replacement of lost units	51,040
Provision of vacancy rate	<u>15,677</u>
	155,095
Percentage low and moderate income	x .394
	<u>61,107</u>

This represents the prospective housing need for lower income households to 1990 to be allocated.

(3) Allocation factors: Based on the discussion of appropriate allocation factors in Mt. Laurel II, three factors were identified and utilized to establish allocation percentages for each municipality in the region:

a. Vacant developable land: The data assembled by the New Jersey Department of Community Affairs in 1978 was used. This data excludes wetlands, steep slope lands, agricultural lands, etc. It is the most recent internally consistent data source available.

b. Total Employment: 1981 Covered Employment as reported by the New Jersey Department of Labor

c. Employment Growth: The increase in covered employment in the municipality from 1972 to 1981.

A regional percentage was determined by establishing the regional total for each category, less (a) municipalities in the region, but entirely outside the 'growth area' in the SDGP; and (b) municipalities with less than 10 acres total of vacant developable land. The municipal allocation percentage was the sum of its percentages of each factor, divided by three. Although arguments can be made for weighting one or another factor more or less heavily, in the absence of any clear logic in any particular direction, all three were given equal weight.

(4) Allocation Procedure: A different allocation procedure was followed with regard to the different need categories.

a. Prospective Housing Need: The allocation of prospective housing need is carried out in a series of steps:

(1) Each municipality is allocated an amount of prospective need based on its allocation percentage x 61,107. (except for municipalities with no vacant land and those outside the growth area);

(2) Any municipality in which the allocation derived above is in excess of 2 times its total vacant acreage, has

the excess re-allocated. Any urbanaid municipality has any prospective need allocation reallocated (this affects only Passaic, Elizabeth, Plainfield, and Rahway).

(3) The total subject to reallocation is reallocated to the remaining municipalities in the region.

The sum of the two allocations is the fair share allocation of prospective need (a third reallocation sequence may be called for, but its effects would be minimal).

b. Present Housing Need: Present housing need is the sum of two separate categories; first, the indigenous housing need within each community, and second, any indigenous need of other communities which is re-allocated. Within the region, 6.4% of the occupied housing stock is inadequate, as defined above. In view of the clear language in Mt. Laurel II that municipalities should not be penalized for their past hospitality to the poor, we take the position that no municipality should be made to take responsibility for indigenous housing needs in excess of 6.4% of its occupied housing stock. The balance should be reallocated to those communities with more modest indigenous housing needs.

Since the reallocation of present housing needs is, in essence, a process of redistributing lower income households within the region, it is arguably subject to considerations other than simply region-wide reallocation on the basis of the allocation formula, or the percentage of housing units, or the like. We propose the following scheme for allocating present needs:

(1) As noted above, each municipality is responsible for its own indigenous housing need up to 6.4% of its occupied housing stock;

(2) The indigenous need in excess of that amount, in those counties in which the countywide percentage is in excess of 6.4%, is redistributed across the entire region, on the basis of the allocation percentages;

(3) Within any other county (where the countywide percentage is below 6.4%), the excess from those municipalities falling above that average is redistributed within that county.

Finally, the timing of meeting the need must be addressed. Each of the categories of need should be approached somewhat differently:

- Prospective need is a time-defined category, as it represents prospective need to 1990. It must therefore be planned for, and incorporated in zoning changes, designed to be effective between now and 1990, which is

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to say, immediately.

- Indigenous need although not time-defined represents, in affluent suburban communities, a very modest number, in comparison to total fair share goals, as well as a visible shadow on the community's commitment to Mt. Laurel goals. Common sense and simple justice dictate that it be met as soon as possible, and therefore incorporated into the immediate program.
- Reallocated present need is also not time-defined, and logic suggests that, given the nature of this need, which is the product of decades of deterioration, it will not be met immediately. A proportionate share, however, must be included in the immediate fair share program, so that progress can begin toward the goal of meeting all indigenous housing needs. We recommend a twenty-year timetable, which provides that 1/3 of the reallocated present need be incorporated into the fair share goal.

Each municipality's fair share allocation, therefore, is the sum of:

Indigenous Need + Fair Share of Prospective Regional  
Need + 1/3 Fair Share of Reallocated Present (Indigenous)  
Need.

I have added a number of tables illustrative of the procedure. I hope that this will be useful to you.

Sincerely,



Alan Mallach

AM:ms

cc: E. Neisser, Esq.  
J. Payne, Esq.

ALLOCATION FACTORS FOR MIDDLESEX COUNTY MUNICIPALITIES

	VACANT LAND		1981 EMPLOYMENT		1972-1981 EMP. CHANGE	
	n	%	n	%	n	%
Cranbury	2,626	1.14	3,477	0.30	703	0.24
East Brunswick	2,904	1.26	14,618	1.25	4,382	1.48
Monroe	10,667	4.62	1,117	0.10	947	0.32
Piscataway	2,412	1.05	24,949	2.13	15,635	5.28
Plainsboro	2,150	0.93	2,092	0.18	1,426	0.48
South Brunswick	14,055	6.09	8,465	0.72	4,465	1.51
South Plainfield	1,534	0.66	14,728	1.25	6,666	2.25

= 1.33

NOTES:

Numbers are derived (a) vacant land from DCA housing allocation study; (b) employment and employment change from NJ Department of Labor, Covered Employment statistics

Percentages are the municipal percentage of the regional total (exclusive of municipalities outside 'growth area' and with less than 10 acres of vacant land) of each category.

FAIR SHARE HOUSING ALLOCATION FOR MIDDLESEX COUNTY MUNICIPALITIES

	A PROSPECTIVE NEED (1) ALLOCATION	B PRESENT NEED ALLOCATION(2)	C ONE THIRD PRESENT NEED ALLOCATION	D INDIGENOUS NEED	A+C+D TOTAL FAIR SHARE ALLOCATION
CRANBURY	385	<del>298</del> 192	99	24	508 571
EAST BRUNSWICK	915	<del>709</del> 618	236	256	1,407 1533
MONROE	1,156	<del>895</del> 631	298	140	1,594 1787
PISCATAWAY	1,939	<del>1,502</del> 7217	501	429	2,869 3154
PLAINSBORO	365	<del>283</del> 210	94	59	518 575
SOUTH BRUNSWICK	1,906	<del>1,477</del> 1016	492	201	2,599 2922
SOUTH PLAINFIELD	954	<del>732</del> 569	244	175	1,373 1523

(1) Includes both initial allocation and re-allocation based on development limit

(2) Includes both county and regional allocations. Note that present need figures may be changed slightly because of technical adjustments to definitions and Census categories

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FAIR SHARE ALLOCATION FOR MIDDLESEX COUNTY MUNICIPALITIES BY INCOME GROUP

	LOW	MODERATE
CRANBURY	320	188
EAST BRUNSWICK	903	504
MONROE	1009	585
PISCATAWAY	1833	1036
PLAINSBORO	329	189
SOUTH BRUNSWICK	1643	956
SOUTH PLAINFIELD	874	499