RULS-AP-1984-280
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- letter from Raymond re: household eligibility income.

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RPPW

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JUDGE SERPENTELLI'S CHAMBERS

RULS - AD - 1984 - 1080

August 24, 1984

The Honorable Eugene D. Serpentelli, J.S.C.
Superior Court of New Jersey
Ocean County Court House
Toms River, New Jersey 08753

File

Re: Allan-Deane vs. Township of Bedminster

My dear Judge Serpentelli:

This is my response to your request that I review the proposed Mount Laurel household income eligibility and sales price adjustments in the above-referenced case.

The main objectives of the proposal which I am about to make are (1) that it have general applicability, and (2) that as compared with the present formula, it broaden the spectrum of those eligible to purchase Mount Laurel homes by upping the income limit, but that it not disqualify those currently eligible to purchase by increasing sales prices beyond their means.

The previously used II-County Region base assured mobility over a wide area. Using a 4-County PMSA base, which produces a considerably higher median income, in effect prices out a higher percentage of households in the remaining 7 counties than it does of those residing within the PMSA.

I propose therefore that:

1. The income eligibility be broadened upward to include those households with incomes of up to 50 percent of the PMSA median for low income units and between 50 percent and 80 percent of that median for moderate income units.

2. The sales price maximum be established at the higher of 25 percent of the 11-County maximum eligible income or 22.5 percent of that established by HUD on any other basis.

It may be helpful for me to point out that the original establishment of the maximum sales price at 25 percent rather than 28 percent of the income limits was intended to broaden the eligibility spectrum to include all moderate income households with incomes between 71.4 percent and 80 percent of the median and all low-income households with incomes between 44.6 percent and 50 percent of the median. Phil Caton has recommended using 28 (rather than 25) percent of 65 percent of the median to establish the maximum permissible housing cost for moderate income households and the same percentage applied to 40 percent of the median for low income households. Under present conditions, use of 22.5 percent of income as I propose would produce results that are approximately equivalent to those resulting from use of Phil Caton's technique.

I have discussed this proposal with Alan Mallach who, I believe, feels it to have merit. Since the 1984 median income figures for the 11-County Region are currently unavailable, the proposed Bedminster formula which was accepted by both The Hills and the Public Advocate seems to be a good ad hoc solution for the immediate problem before the Court. Due to its change over to PMSAs, the 11-County Region data is no longer being published by HUD and will have to be derived by others. This has not been accomplished to date by reason of some major apparent discrepancies between HUD's 1983 and 1984 figures. A final test of the appropriateness of my recommended formula will thus have to await resolution of those difficulties.

Respectfully submitted,

George M. Raymond, AICP, AIA, P.P.
Chairman

GMR:kfv

cc: Henry A. Hill, Esq.
Kenneth Meiser, Esq.
Alfred L. Ferguson, Esq.
Alan Mallach