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Mallach's early memo on
Fair Share Allocation Criteria
—w/ alternate slut

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Alan Mallach/Associates

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TO: Carl Bisgaier, Esq.

FROM: Alan Mallach

RE: Fair Share Allocation Criteria for Mt. Laurel

Since we last discussed this matter, I have spent some time working through the principles that we talked about, in order to develop a workable and sound allocation plan for Mt. Laurel, to serve as part of the litigation strategy. The following memo is an effort to lay out the proposed steps in developing the fair share allocation, and the nature of the data used in each step. As we discussed, the plan is based principally on employment and land availability (adjusted for demand), and income equalization.

(1) vacant land availability is taken directly from the land use study done by the Burlington County Planning Board. Although this study was done in 1970, and is therefore somewhat out of date, I am satisfied that with that limitation the methodology used and the accuracy of the data are of a high order. In the absence of a generally reliable more recent source of this information for the county as a whole, it is usable; I should add that the adjustment to this data that the Planning Board makes for their fair share plan (to exclude most agricultural and woodlot area) is not reasonable. It may make for an attractive policy option, but it is not reality.

(2) in order to treat the drastic difference in locational preference and demand, between the areas near Camden on the one hand and the Pine Barrens on the other, we have given each municipality a location value based on its distance from the center of Camden, reflecting the intensity of demand for development, and the premium to be placed on the availability of vacant land in that community. Using (a) concentric rings of 5, 10, 15 and so forth miles from Camden; and (b) assuming a geometric relationship of demand to distance, we arrived at the weights for each municipality given on the table attached. For purposes of arriving at the land use factor used in the fair share allocation, the actual amount of vacant land is multiplied by the location weighting factor.

(3) projected employment to the year 2000, as calculated by DVRPC, is used for the employment factor. The combination of the employment factor with the adjusted vacant land factor yields the gross unadjusted allocation by municipality of the total countywide allocation made by DVRPC.

(4) in some cases the allocation derived above exceeds the realistic capacity of the muicipality to absorb additional dwelling units. If one more or less arbitrarily defines capacity as being three times the number of vacant acres (since residential uses are likely to absorb between 1/2 and 1/3 the remaining vacant acreage, this assumes that development can take place in a largely

developed community at densities of between 6 and 10 DU/acre.) Where an
excess of units over capacity exists, the excess is subtracted from the
municipality in which it occurs, and is reallocated on a proportional basis
to the municipalities in the same subregion. I feel that is preferable (than
reallocation on a countywide basis), inasmuch as the original allocation
is 50% employment based, and should be in as close proximity as possible
to the community in which the allocation was originally made.

(5) We then calculate the low and moderate income deficit/surplus for each
municipality, separately for low and for moderate income households. This
is done by comparing the actual number of low and moderate income house-
holds in each community (as of the 1970 Census) with the hypothetical
number that would exist if the percentage of low and moderate income house-
holds in the municipality were the same as the countywide percentage. I
might note that, with the exception of Maple Shade, all of the South-Central
subregion municipalities (of which Mt. Laurel is one) show substantial
deficits.

(6) The gross allocation (after step (4) above) is then divided into low,
moderate, and other income categories according to the percentage of
each category in the DVRPC countywide allocation. The amount of the
low and moderate income deficit or surplus is then subtracted, or added,
as the case may be, from these totals. If a community has a surplus of
low income households (more than its proportional share of the county total),
or of moderate income households, its fair share allocation in the appropriate
category was proportionately reduced. Any excess, however, was not carried
over into the 'other' category. If, however, the low and moderate income
allocation (after adding the deficit), when combined with the 'other' allocation
exceeded the total municipal capacity, the difference was subtracted from
the other or market category. The excess was then reallocated to the other
municipalities in the same subregion, and added to their market category.
This process yields the fair share allocation of housing through the year
2000 for each municipality.

This allocation formula tends to generate relatively large fair share
allocations in the South-Central subregion. This region, however, is
exceptional by comparison to the rest of Burlington County, in that it is
locationally exceptionally well suited for development (close to Camden
and Philadelphia, as well as on major arteries), contains substantial
employment activity, and generally speaking, contains major deficits in
low and moderate income housing. As a result, the four major municipalities
in this subregion, Medford, Moorestown, Mt. Laurel and Evesham, have the
highest fair share allocations of any municipalities in the county. Given the
working of the criteria used, this is perfectly reasonable, and reflects a

fair appraisal of where development should be taking place in the county.

When this methodology is applied to Mt. Laurel Township, the fair share for the township is calculated to be 10, 128 units through the year 2000. These units are divided as follows:

low income units (0-$5000)	1,139
moderate income units ($5000-$10000)	1,416
other (market) units ($10,000 and over)	7,573

I have attached a table with the allocations for each of the municipalities in the county. I have not at this time redone the worksheets for the various steps, but will go over them with you before working them up for a formal report.

A couple of additional points:

(1) I have not, above, built in any adjustment factor for additional increments of luxury units in these communities since 1970. Although there is no question that Mt. Laurel has constructed only luxury units between 1970 and 1976, and thus increased their deficit in direct proportion, the situation is much less clear for many other communities. Towns like Maple Shade, with modest garden apartments, or Pemberton, may have added to their moderate income housing stock (even without subsidies) since 1970. Without a detailed rent and sales price study, sound figures for each municipality are not available.

(2) As per our discussion (since drafting most of this memo), I have left the timing question in abeyance. I might note, that if one combined the proportions for the 1970-1975 and 1975-1980 allocations to form an immediate need figure for Mt. Laurel, it would be in the area of 1,000 units, of which slightly more than half would be moderate income and slightly less low income.

We will pursue this in more detail on friday.

TABLE I/LOCATION VALUES FOR MUNICIPALITIES

(1) Location Value - 1

Cinnaminson
Delran
Palmyra
Riverton
Maple Shade
Moorestown
Mt. Laurel

(3) Location Value - 1/4

Burlington City
Burlington Township
Florence
Medford Lakes
Easthampton
Lumberton
Mt. Holly
Southampton

(2) Location Value - 1/2

Beverly
Delanco
Edgewater Park
Riverside
Evesham
Medford
Willingboro
Hainesport
Westhampton

(4) Location Value - 1/8

Bordentown Township
Mansfield
Pemberton Boro
Pemberton Township
Springfield
Shamong
Tabernacle

(5) Location Value - 1/16

Bordentown City
Fieldsboro
Chesterfield
New Hanover
North Hanover
Wrightstown
Bass River
Woodlands

TABLE II/FAIR SHARE ALLOCATIONS

	low	moderate	other	total
Beverly	0	0	97	97
Bordentown City	0	0	0	0
Bordentown Twp.	377	252	1818	2447
Burlington City	15	0	1091	1106
Burlington Twp.	439	551	3146	4136
Cinnaminson	466	943	2278	3687
Delanco	155	65	825	1045
Delran	483	452	2438	3373
Edgewater Pk.	127	100	467	694
Fieldsboro	0	0	0	0
Florence	263	327	2359	2949
Palmyra	75	129	891	1095
Riverside	6	0	452	458
Riverton	0	0	0	0
Evesham	918	1052	5599	7569
Maple Shade	160	0	914	1074
Medford	1008	1134	6873	9015
Medford Lakes	78	241	65	384
Moorestown	978	1329	6160	8467
Mt. Laurel	1139	1416	7573	10128
Willingboro	792	1529	61	2382
Easthampton	64	45	559	668
Hainesport	153	205	1315	1673
Lumberton	284	238	1883	2405
Mt. Holly	0	0	645	645
Southampton	506	522	3831	4859
Westhampton	375	451	2450	3276
Chesterfield	177	175	1162	1514
Mansfield	266	291	1996	2553
New Hanover	282	182	2680	3144
North Hanover	34	0	1156	1190
Pemberton Borough	0	0	0	0
Pemberton Twp.	137	0	2882	3019
Springfield	217	235	1499	1951
Wrightstown	0	0	0	0
Bass River	135	135	1105	1375
Shamong	106	91	785	982
Tabernacle	171	153	1250	1574
Washington	77	97	729	903
Woodlands	36	60	375	471

POSSIBLE MT. LAUREL FAIR SHARE BASED ON LAND/EMPLOYMENT AND INCOME DISTRIBUTION

(a) fair share based on land availability and 2000 employment = 3820 units
(b) adjustment to fair share (reallocation of fair share of municipalities
    lacking capacity to absorb additional units = 540 units
(c) income equalization 1970 deficit (census) = 392 units (114 low/278 mod)
(d) income equalization based on 1970-1975 development = 461 units (123 low/338 mod)

TOTAL FAIR SHARE = 5213 units

income distribution of fair share (deficits are allocated as given above, other fair
share elements are allocated on basis of county percentages)

	TOTAL	LOW (11.4%)	MOD (13.4%)	MID (40.8%)	UPPER (34.4%)
land/employment	3820	435	512	1559	1314
adjustment	540	62	72	220	186
1970 deficit	392	114	278		
1970-1975 deficit	461	123	338		
TOTAL	5213	734	1200	1779	1400

timing of fair share (1970 deficit allocated immediately; 1970-1975 deficit allocated
over second and third five year period)

	TOTAL	LOW	MOD	MID	UPPER
1976-1980	1264	213	395	356	280
1981-1985	1103	161	286	356	280
1986-1990	1102	160	286	356	280
1991-1995	872	100	117	355	280
1996-2000	872	100	116	356	280