Affordable Housing Information Meeting Greenwich Township

July 26, 2018

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New Jersey System

Participating Municipalities: Voluntary Process with Incentives

- Housing Plan approval:
  - COAH “Substantive Certification” or
  - Court “Judgment of Repose”
- Immunity from litigation for 10 years

Non-participating Municipalities: Risk of “Builder’s Remedy”

- Developer awarded higher density housing with affordable housing via litigation

What is a Builder's Remedy?

- Developer sues municipality for failure address its affordable housing obligation
- Zoning is effectively overridden
- Township has little or no say regarding
  - Density
  - Design
  - Building type
  - Unit types (sale vs rent, etc.)
  - Circulation / traffic impact

What is Affordable Housing?

Based on Regional Median Income in
Essex, Morris, Union, and Warren Counties

Maximum Household Income				
	1 Person	2 Person	3 Person	4 Person
Median (reference)	$66,755	$76,291	$85,828	$95,364
Moderate	$53,404	$61,033	$68,662	$76,291
Low	$33,377	$38,146	$42,914	$47,682
Very Low	$20,026	$22,887	$25,748	$28,609

What is Affordable Housing?

Affordable Home Sales Prices (illustrative)

- One-bedroom: $54,758 - $141,655
- Two-bedroom: $67,793 - $172,068
- Three-bedroom: $79,958 - $200,454

Affordable Rents (illustrative)

- One-bedroom: $536 - $1073
- Two-bedroom: $644 - $1,287
- Three-bedroom: $744 - $1,488

Historical Context

1975 Mount Laurel I

Each municipality has a constitutional obligation to provide affordable housing

1983 Mount Laurel II

Required creation of municipal obligations

Court approves Housing Plans

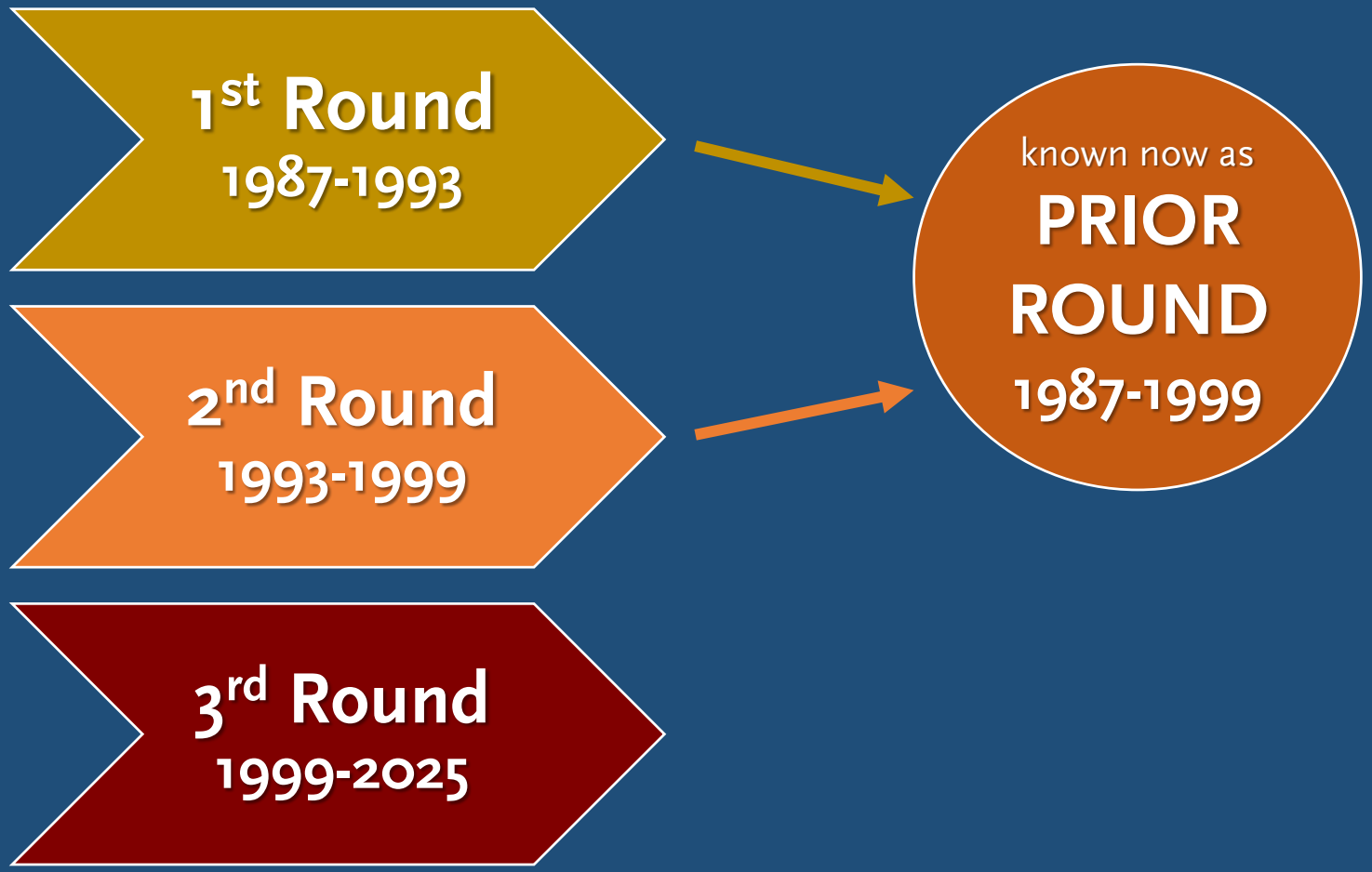
1985 Fair Housing Act

COAH created to administer FHA

1986 -2014 COAH Rule Making

COAH administered the FHA and promulgated first, second and third round rules

COAH Rulemaking "Rounds"



Third Round History

2004 - 2013 — 3rd Round Rules

"Growth share" rules are adopted twice and overturned

2013 — Supreme Court Decision

Invalidated methodology

Ordered new rules to be adopted

2014 — COAH Fails to Adopt

COAH fails to adopt 3rd round rules

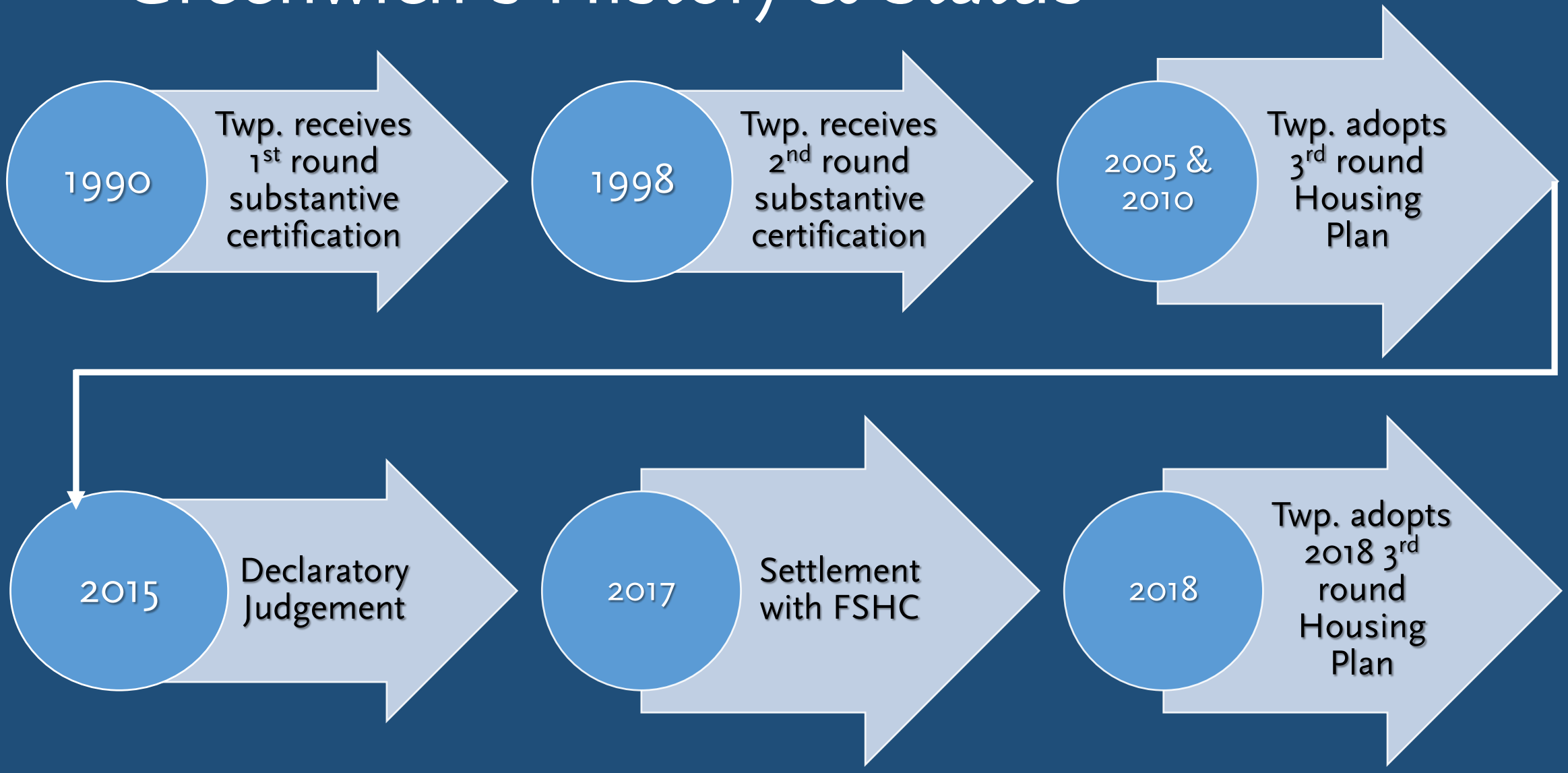
2014 — FSHC Motion

Fair Share Housing Center (FSHC) files motion to compel the State to adopt rules

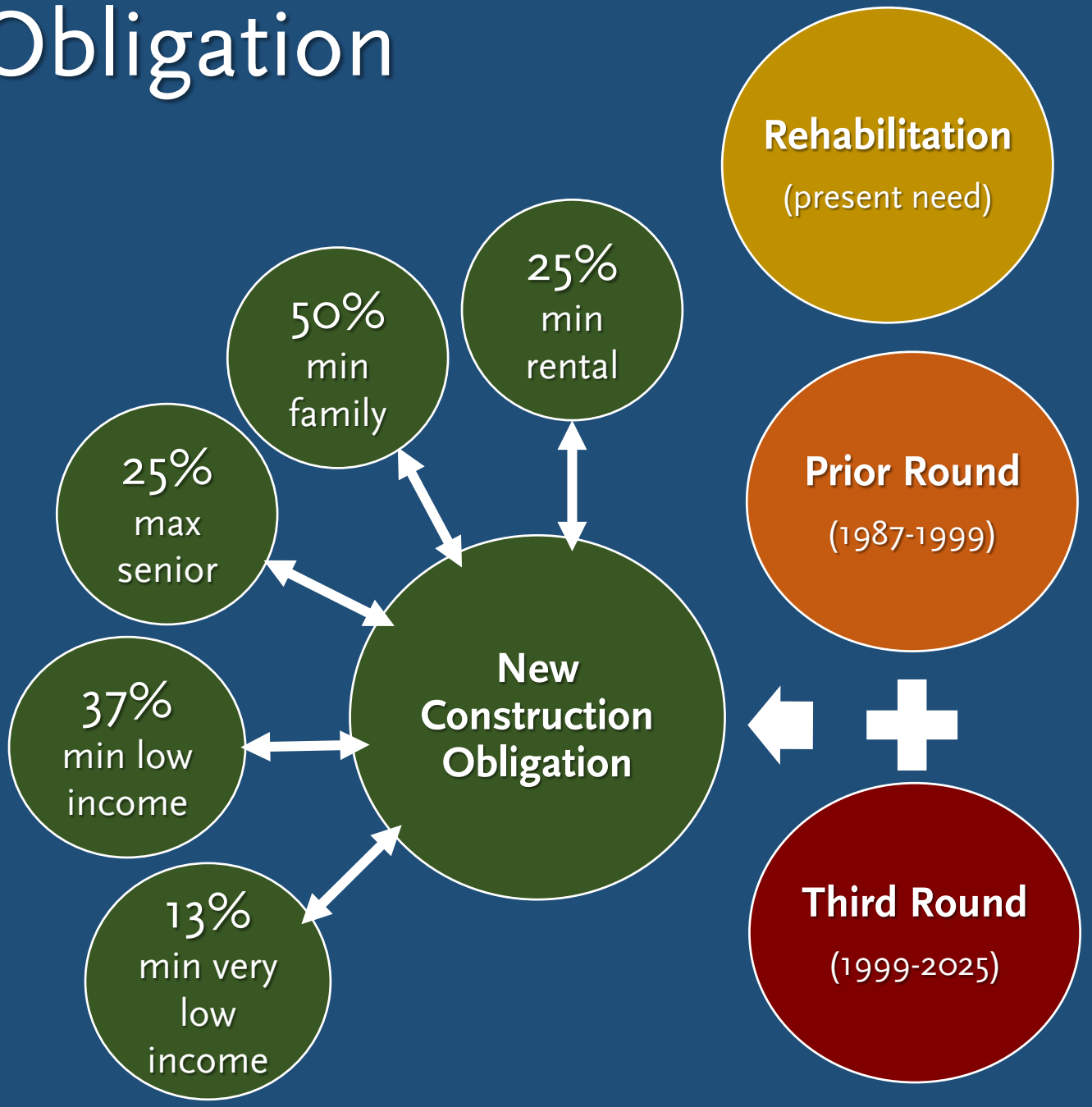
2015 — Mount Laurel IV

Supreme Court transfers approval of housing plans to Courts

Greenwich's History & Status



The Obligation

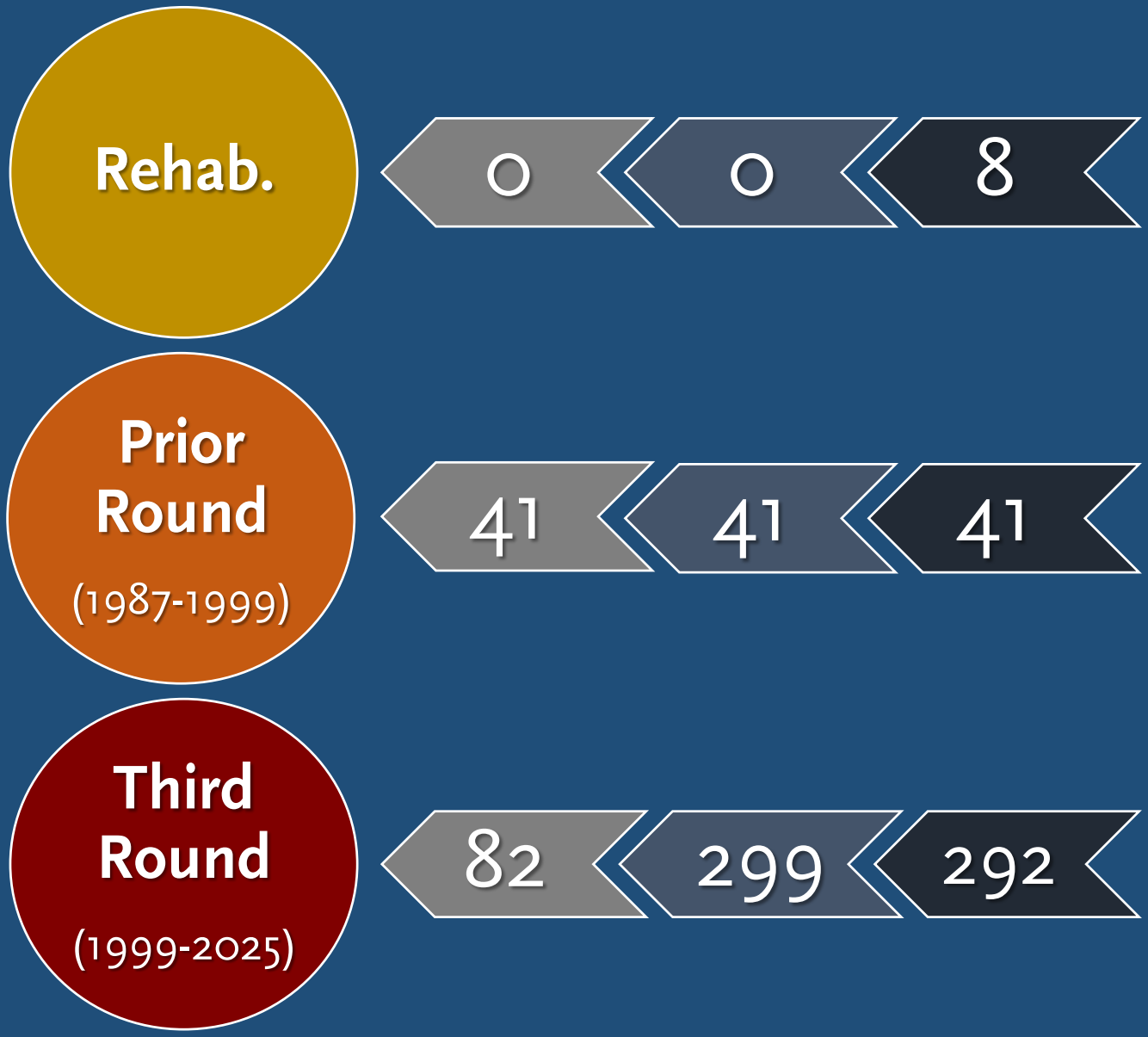


The Obligation

Three Calculations

- Econsult
- Mercer Co. Trial
- FSHC

Final determination by Court or Settlement with FSHC



Ways to Create Affordable Housing

Large Scale

- Municipally Sponsored Development (aka 100% Affordable)
- Inclusionary Development/Zoning

Small Scale

- Senior / Age-Restricted
- Assisted Living
- Group Homes
- Market-to-Affordable
- Accessory Apartments

Comparison

Municipally Sponsored

- All units are affordable
- Funded with:
  - Municipal trust funds
  - Municipal general revenues
  - Tax credits
- Risk: If outside funding is not received, municipal funding must be provided

Inclusionary Zoning

- Typical Set-Asides
  - Rental: 15% affordable
    85% market rate
  - Sale: 20% affordable
    80% market rate
- Funded privately by developer

Criteria for Inclusionary Zoning and Municipally Sponsored Development

- Must be realistically developable
- Public sewer/water access
- Road access
- Proximate to appropriate uses (residential, commercial, farm)
- Approvable by outside agencies (Highlands Council, DEP, DOT, etc.)
- Free of environmental constraints
- Mun. Sponsor. Devel. – Control over property (own or contract to buy)

Process Comparison

Municipal Sponsored	Inclusionary
• Zone site • RFP/RFQ for developer(s) • Provide PILOT, land • Secure outside funding • Support developer in obtaining approvals • Start construction within 2 yrs of Settlement Approval	• Zone site • PILOTs may be provided where negotiated

The Obligation

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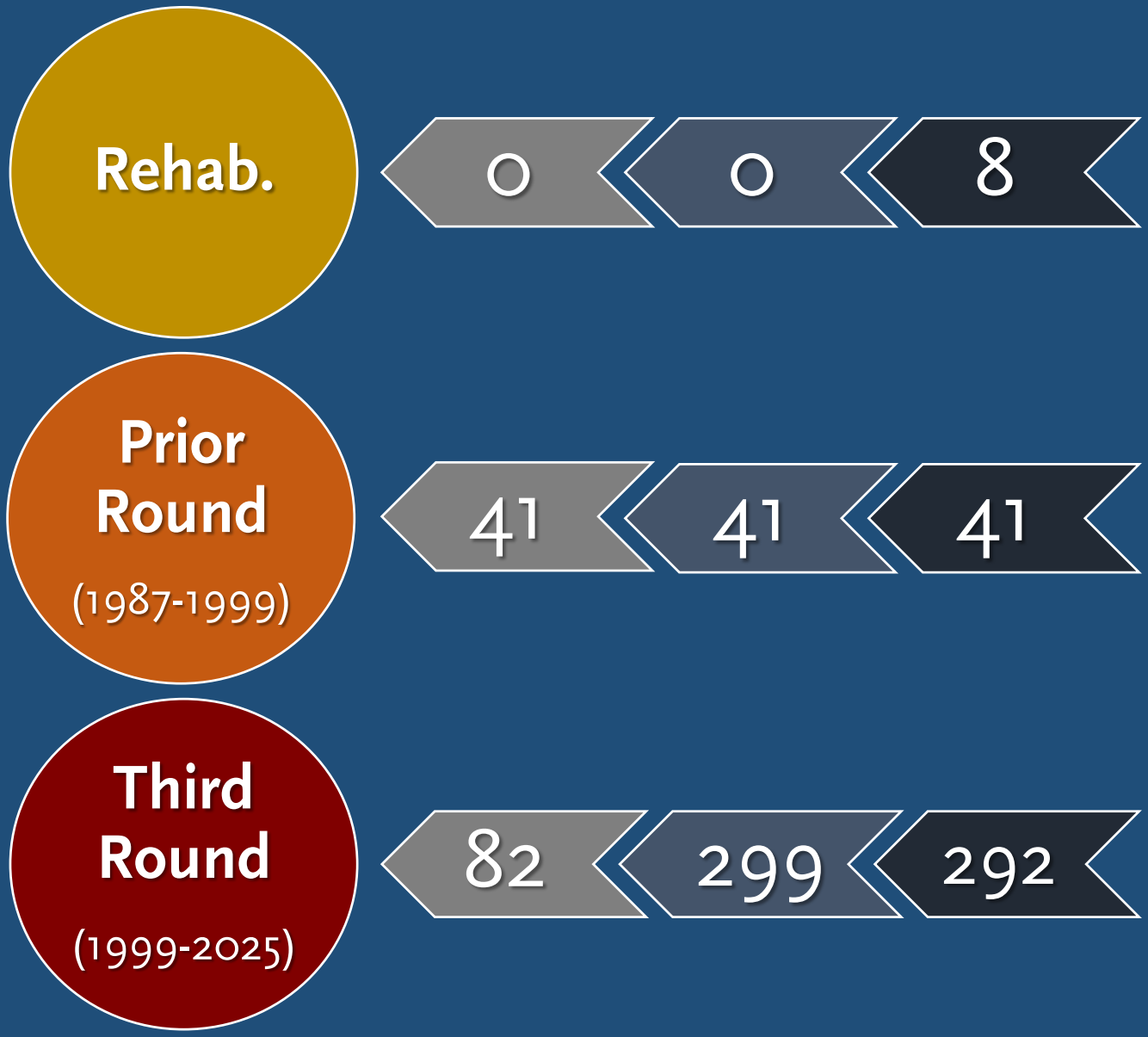

2017 Settlement Agreement & 2018 Housing Plan

Obligation	Units
New Construction Obligation	
Prior Round Obligation (1987-1999)	*41*
Third Round Obligation (1999-2025)	*204*
Rehabilitation Obligation (2015)	8

2017 Settlement Agreement & 2018 Housing Plan

Project	Affordable Units	Rental Bonuses	Total Credits
Prior Round Obligation – 41 Units			
Greenwich Chase (41 of 70 units) – family sale units	41	0	41
Total	***41***	***0***	***41***
Third Round Obligation – 204 Units			
Greenwich Chase (29 of 70 units) – family sale units	29	0	29
Municipally Sponsored Site - family rental units	121*	51	172
ARC of Warren Group Home - special needs bedrooms	3	0	3
Old Greenwich School	TBD	TBD	TBD
Total	***153***	***51***	***204***

* Agreement states 121-144

25% Rental Requirement

- Minimum 25% of obligation must be rental units
- Rental bonuses
  - Maximum 25% of obligation
  - Must have a “firm commitment” to generate bonus credits

Rental Bonuses: 1 Extra Credit per Unit

Municipal Benefit: Reduces # of units needed to satisfy obligation

With "firm Commitment"	Without "firm Commitment"
204 Unit Obligation	204 Unit Obligation
- 32 Existing Affordable Units	- 32 Existing Affordable Units
- 51 Rental Bonus Credits	- 3 Rental Bonus Credits (existing)
= **121 Affordable Units Needed**	= **169 Affordable Units Needed**

Settlement Agreement Implementation

- HEFSP is an element of the Master Plan and is subject to same notice requirements

- Committee adopts required resolutions
- Committee adopts ordinances implementing HEFSP

- Request Judgement of Compliance and Repose

Next Steps, continued

Compliance Hearing

- Court issues Judgement of Compliance and Repose

Plan Implementation

- Development of affordable housing sites
- Monitoring

Questions?

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