

Shirley M. Bishop, P.P., LLC
100 Overlook Center, Floor 2
Princeton, New Jersey 08540
609-844-7720(voice)
609-844-7722(fax)
shirleymbishop@aol.com

Memorandum

To: Mayor and Princeton Council
From: Shirley M. Bishop, P.P.
Date: June 18, 2014
Re: COAH's Proposed Third Round Rules
and Impact on Princeton

I. **BACKGROUND**

COAH published third round rules on June 2, 2014. Those proposed third round rules gave the consolidated Princeton a 151-unit rehabilitation obligation, a zero prospective need obligation (2014-2024) and an unanswered prior obligation of zero (1987-1999; 1999-2014).

How COAH arrived at the above proposed methodology (and I stress "proposed") is explained below.

II. **REHABILITATION SHARE**

The rehabilitation share is the total housing deficiency by surrogates that is tabulated for each municipality to 2014.

The American Community Survey data was the basis for the calculation. Three housing quality surrogates were used for housing deficiency. They are:

1. Persons per room: 1.01 or more persons per room in units built before 1960 (50+ years or older);
2. Plumbing Facilities: lack of sink, toilet or tub/shower and
3. Kitchen Facilities: lack of a sink with piped water, a stove or a refrigerator.

A unit has to have at least one of the above to be considered deficient and occupied by a low/moderate income household.

COAH's methodology calculated 131 overcrowded units built before 1960, 14 with incomplete plumbing and 108 with incomplete kitchens for a total of 253. COAH then deducted for double counting (214) and multiplied by a low/moderate income share to yield 151 deficient units.

Only units rehabilitated after July 1, 2014 are credited toward this 151-unit obligation.

A municipality may perform an exterior survey if the rehabilitation share is considered too high or unrealistic.

III. **BUILDABLE LIMIT CAPACITY**

This is a new component to COAH's methodology and is critical as to how the consolidated Princeton realized a zero obligation for prospective need and unanswered prior obligation.

In this methodology, development capacity determined developable land and the ability to accommodate affordable units. Princeton's prospective need was adjusted downward as a result of Princeton's buildable limit capacity of zero, according to the methodology.

The following describes the process for determining a municipality's buildable limit capacity:

1. The state was divided into five regions:
 - a. PA 1 land – urban;
 - b. PA 1 land – suburban;
 - c. Other PA 1 land;
 - d. PA 2 land in designated centers and in sewer areas; and
 - e. No Growth: PA 3, 4 A, 4 B and 5 – no sewer and no designated center
2. Then, the methodology divided the state into three regions: North, Central, South and
3. Next, each region was given a density and adjustments were made.

The end result was a buildable limit capacity for each municipality. No data on the municipal level was provided.

IV. **PROSPECTIVE NEED**

Prospective need is the obligation for 2014-2024

For the consolidated Princeton, COAH calculated 240 low/moderate income households as the need, plus 15 in group quarters, minus 28 households with assets, plus 10 vacancies, minus 38 units for filtering, minus 14 units for conversions, plus seven units for demolition and plus 18 units for the urban aid adjustment. The calculation resulted in an adjusted prospective need of 211 units. That 211 would be the consolidated Princeton's prospective need but it was reduced to zero because of the buildable limit capacity described above.

V. **UNANSWERED PRIOR OBLIGATION**

The unanswered prior obligation includes the new construction obligation from 1987-1999 and the prior need from 1999-2014. The prior obligation is reduced by past completed affordable housing and publicly subsidized housing.

Only half of the unanswered prior obligation is to be addressed between 2014 and 2024. The balance is to be addressed between 2024 and 2034.

For this obligation, COAH determined the consolidated prior obligation to be 649 units for 1987-1999 and 78 units for the period 1999-2014.

Then, COAH credited the consolidated Princeton with 554 past affordable housing completions and a 186-unit vacant land adjustment leaving an unanswered prior obligation of minus 15 units with a zero obligation because of the buildable limit capacity.

The implementation of the unanswered prior obligation is governed by N.J.A.C. 5:93, the second round rules.

VI. WHAT DOES THIS MEAN?

As I mentioned above, these rules are only proposed. Fair Share Housing Center (FSHC) has filed a lawsuit with the New Jersey Supreme Court. The core of the motion is that this proposed methodology is not similar to COAH's second round methodology which the Court directed COAH to use.

In addition, the New Jersey Builders Association is expected to file a motion shortly and there may be more.

There is a public housing on July 2, 2014 at the New Jersey Housing and Mortgage Finance Agency, if you are interested in attending and speaking.

COAH is also accepting comments to the proposed rules. One comment that Princeton could make is to credit completed rehabilitation after July 1, 2010 instead of July 1, 2014. Princeton has rehabilitated units between 2010 and 2014 and under the proposed regulations, those units will not be credited.

VII. NEW COMPONENTS

Even though Princeton does not have a new construction obligation, I am highlighting the changes to the implementation of the prospective need. Only four housing options are offered:

1. Inclusionary zoning (preferred method);
2. Community residences for the developmentally disabled;
3. 100 percent municipal construction and
4. Redevelopment

A 10% set-aside is proposed with no densities provided. In addition, a detailed and expensive Economic Feasibility Study is required for all sites in the plan.

VIII. ELIMINATED HOUSING OPTIONS

The following options were eliminated to address prospective need:

1. Rental bonuses
2. Rental obligation
3. Family requirement
4. Accessory apartments
5. Market to affordable program
6. Permanent supportive housing
7. Affordable housing opportunities
8. Minimum densities
9. Assisted living residencies
10. Extension of expiring controls

IX. NOTABLE DATES

All comments are due in electronic form to COAH by August 1, 2014.

Unless the New Jersey Supreme Court rules otherwise, the proposed rules will be adopted on November 17, 2014 with new plans to be filed with COAH on May 15, 2015.