



Borough of New Providence
Mt. Laurel Round Four
Affordable Housing Public Information Session
March 11, 2025

Background



What does it mean that we are in “Round Four” of Affordable Housing?

Affordable housing obligations in New Jersey are divided into **housing rounds**.

The housings rounds are as follows:

First Round
1987-1993

Second Round
1993-1999

Third Round
1999-2025

Fourth Round
2025-2035

Known together as
the **Prior Round**
1987-1999

(including “Gap Period” of
1999-2015)



We are here

Moving forward, rounds
should be 10-year
periods

Brief Timeline of Affordable Housing in New Jersey

1975

Mount Laurel I

Outlawed exclusionary zoning; Municipalities have a **constitutional** obligation to provide their fair share of affordable housing

1985

NJ Fair Housing Act

Created Council on Affordable Housing “COAH” to administer FHA
“Mount Laurel III”

March 10, 2015

Supreme Court disbands COAH and declares COAH “moribund”

Trial Courts to assume COAH’s functions i.e. reviewing, processing, and approving municipal affordable housing plans

1983

Mount Laurel II

Municipalities are required to create a **realistic opportunity** for the construction of affordable housing;
“Builder’s Remedy Lawsuit”

1986-2014

COAH Rule Making

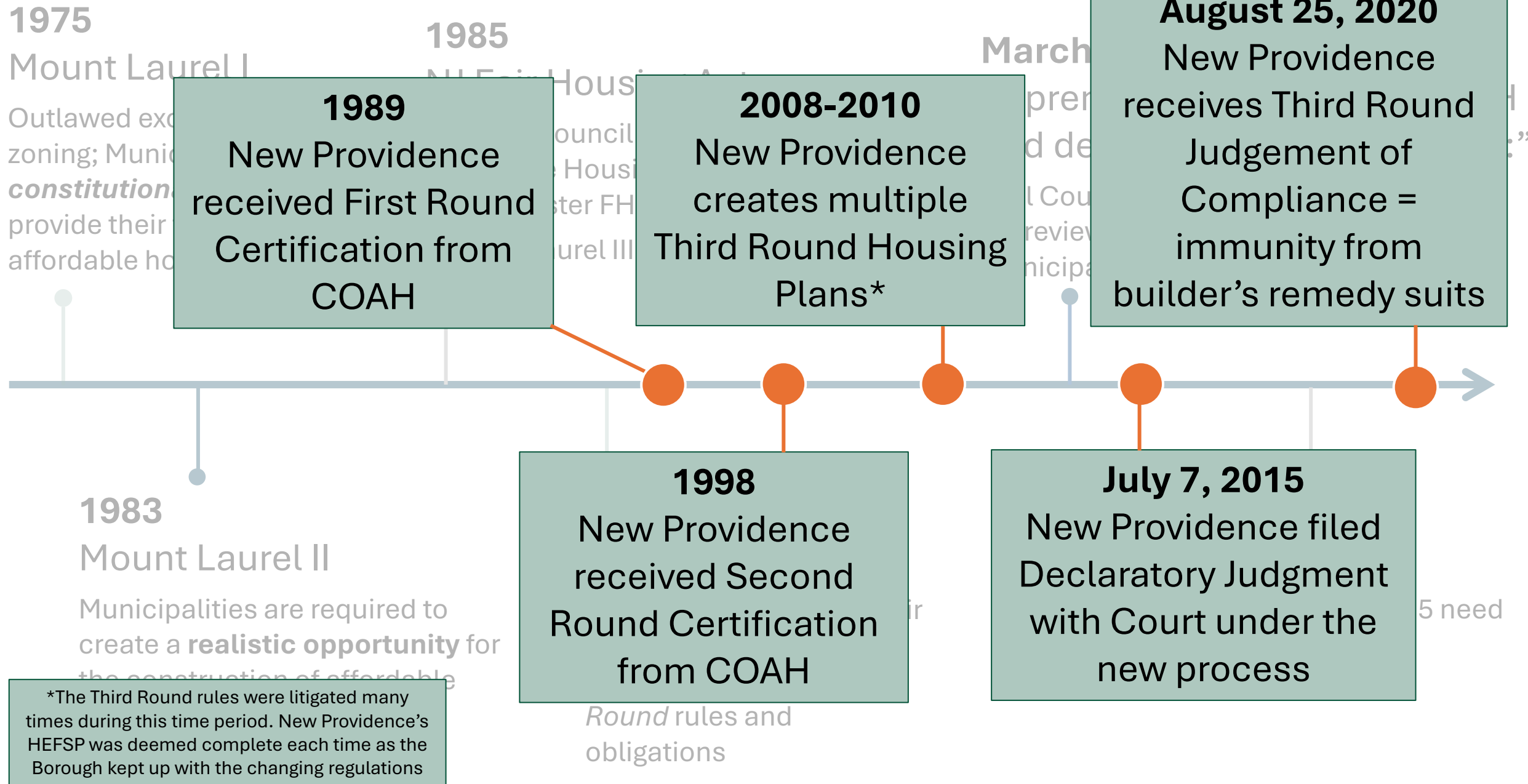
COAH administers the Fair Housing Act and creates *First, Second, and Third Round* rules and obligations

January 18, 2017

Gap Period Need

Established 1999 to 2015 need

Where was New Providence through all this?



Fourth Round – 2025 to 2035

March 20, 2024

Amended Fair Housing Act
Signed into Law

Established new methodology for determining 4th Round municipal obligations. Creates timeline for submissions. **Abolishes COAH.**

January 31, 2025

Municipal deadline to
adopt obligation

Established by amended FHA – all municipalities must accept an affordable housing obligation

October 18, 2024

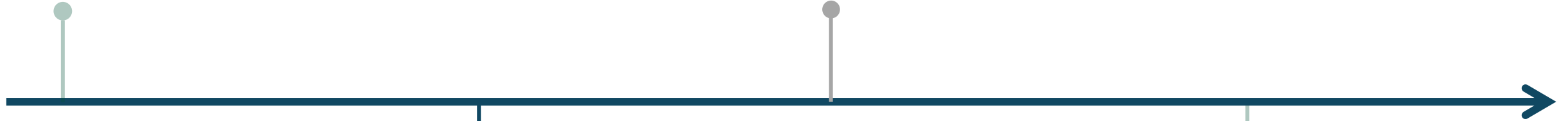
DCA releases municipal 4th
Round obligations

Non-binding numbers released based on methodology. Municipalities are permitted to calculate their numbers based on new methodology.

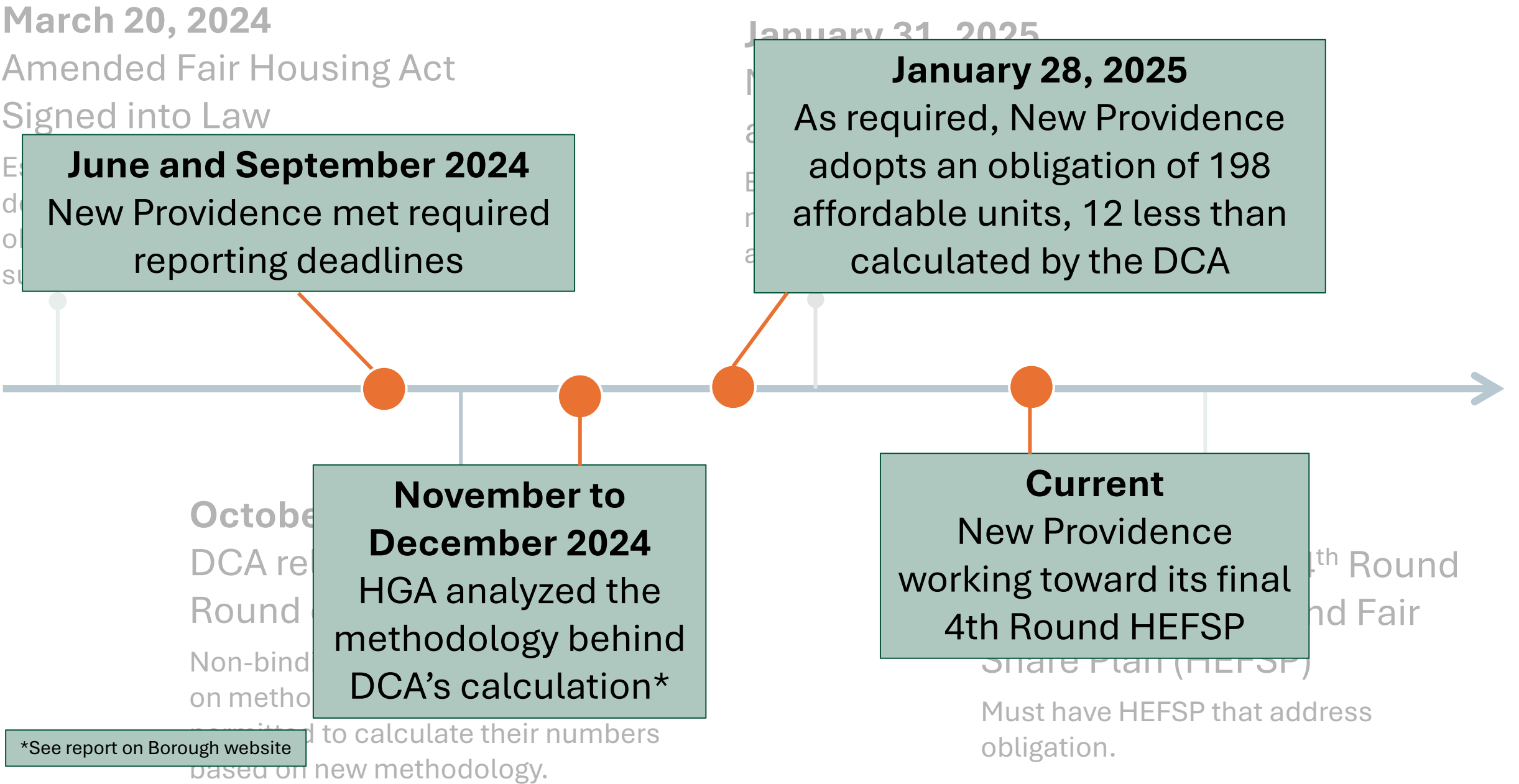
June 30, 2025

Deadline to adopt 4th Round
Housing Element and Fair
Share Plan (HEFSP)

Must have HEFSP that addresses obligation



What has New Providence done so far?



What is Affordable Housing?

The term “affordable housing” is used to describe both renter- and owner-occupied housing that is affordable to a diverse range of incomes.

Affordable housing is broken down into **three income classifications:**

Moderate

More than 50% but less than 80% of median household income for the region

Low

50% or less of median household income for the region

Very Low

30% or less of median household income for the region

What Income Levels Qualify for Affordable Housing?

All counties in New Jersey are broken down into Housing Regions.
Union County is in Housing Region 2, along with Essex, Morris,
and Warren Counties.

2024 Income levels for Region 2 are as follows:

| Maximum Household Income 2024 Region 2 | | | | |
|--|--------------------|--------------------|---------------------|--------------------|
| | 1-Person Household | 2-Person Household | 3-Prerson Household | 4-Person Household |
| Median Income (For Reference) | \$90,591 | \$103,533 | \$116,475 | \$129,416 |
| Moderate-Income: 50% to 80% of Median Income | \$72,473 | \$82,826 | \$93,180 | \$103,533 |
| Low-Income: 30% to 50% of Median Income | \$45,296 | \$51,766 | \$58,237 | \$64,708 |
| Very Low-Income: Below 30% of Median Income | \$27,177 | \$31,060 | \$31,942 | \$38,825 |

What is Considered Affordable Housing in Union County?

| ILLUSTRATIVE* Affordable Home <u>Sales Prices</u> for Very Low-, Low-, and Moderate-Income Households | |
|---|------------------------|
| One-Bedroom: | \$69,000 to \$149,000 |
| Two-Bedroom: | \$85,000 to \$180,000 |
| Three-Bedroom | \$100,000 to \$210,000 |

| ILLUSTRATIVE* Affordable Home <u>Rental Prices</u> for Very Low-, Low-, and Moderate-Income Households | |
|--|------------------|
| One-Bedroom: | \$600 to \$1,450 |
| Two-Bedroom: | \$730 to \$1,750 |
| Three-Bedroom | \$840 to \$2,020 |

*These are order of magnitude estimates to be used for illustrative purposes only. A fictitious development was utilized to create this example. Calculations generated from the Affordable Housing Calculator, released annually by the Affordable Housing Professionals of New Jersey, most recently on April 19, 2024

Types of Affordable Housing Developments

Big 3:

Inclusionary Development



Mix of market-rate and affordable.
A 20% set-aside is most common.

Municipally Sponsored 100% Affordable



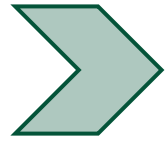
All units are affordable,
developed with financial support
from municipality

Alternative Living Arrangements

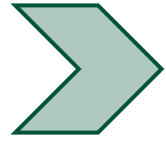


“Group Homes”
Licensed by the State
100% affordable

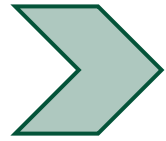
How is a Household Chosen for an Affordable Unit?



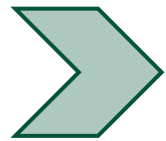
Units are required to be marketed for a certain period of time before tenants can be chosen



A qualified Administrative Agent runs the marketing and qualifications process



It's typical for potential applicants to be chosen through a lottery system



If an applicant is chosen, the Administrative Agent completes an intense review of the potential household's finances to ensure they meet the income thresholds previously discussed



If the applicant meets the qualifications, they are placed in the unit. If they do not, the Administrative Agent moves onto the next applicant in the lottery

New Providence Previous Efforts



New Providence's Fair Share Obligation

(First + Second Round)

Prior Round
1987-1999

Third Round
1999-2025

Fourth Round
2025-2035

Rehabilitation
(Present Need)
Existing “deficient” housing

135
units

316
units

198
units

20
units



New Providence's
Court-approved
Round 3 HEFSP
addresses this need



Subject of current
analysis for
Round 4 HEFSP

A rehabilitation obligation
is assigned each round.
These obligations do not
carry over to the next
round. This is the
Borough's Round 4
Rehabilitation obligation

Components of a Municipality's 4th Round Fair Share Obligation:



The above requirements are relevant for Round 4 obligations.
They are slightly different than what was applicable in
Rounds 1, 2, and 3

*Up to 50% of the affordable units in
any particular project may be
prioritized for low- and moderate-
income veterans

Vacant Land Adjustment (VLA)

- Municipalities can request an “adjustment” to their obligation → Not sufficient vacant or developable land within the municipality.
- A Vacant Land Adjustment → Determines the amount of parcels available for development.
- The end result of a VLA → Determination of the Borough’s Realistic Development Potential (**RDP**) for new affordable units.
- RDP → Portion of the Borough’s fair share obligation that **can be realistically created** after accounting for the lack of vacant land. This number can change based on changes in circumstances.
- Unmet Need → The portion of the Borough’s fair share obligation that **cannot realistically be created** because of the lack of developable land.

Vacant Land Adjustment (VLA)

Municipalities can request an adjustment to their obligation if there is not sufficient vacant or developable land within the "adjustment" to their obligation.

A Vacant Land Adjustment is available for

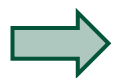
The end result is a realistic

New Providence Received
a Vacant Land Adjustment
in 1989 and again as part
of its Third Round
compliance

new affordable

obligation that
accounting for
er can change
ices.

Unmet Need



The portion of the Borough's fair share obligation that **cannot realistically be created** because of the lack of developable land.

How New Providence met its Prior Round Obligation of 135

| Existing Inclusionary Developments | 41 | Existing Alternative Living Arrangements | 30 |
|---|----|--|----|
| The Villages at New Providence (rental units) | 10 | Our House | 4 |
| Patriot Village (rental units) | 4 | Community Action Independent Living | 4 |
| Spring Gardens (rental units) | 6 | Union County Arc I | 4 |
| Stonefields at New Providence | 2 | Union County Arc II | 3 |
| Riverbend | 4 | Community Access I | 6 |
| Southgate at Murray Hill | 2 | Community Access II | 6 |
| Hurray Hill Farms | 13 | Arc of Union County | 3 |
| Existing 100% Affordable Age-Restricted | 22 | Existing Inclusionary Zoning | 9 |
| Elizabeth Barabash (rental units) | 22 | Blocks 310 and 311 | 9 |

TOTAL BUILT/PLANNED FOR UNITS: 102

| Rental Bonus Credits | 33 |
|-------------------------------------|----|
| The Villages at New Providence | 10 |
| Patriot Village | 4 |
| Spring Gardens | 6 |
| Community Action Independent Living | 3 |
| Union County Arc I | 4 |
| Community Access I | 4 |

“Bonus Credits” in the Prior and Third Rounds were permitted to be applied to rental units at a 2:1 ratio (1.33:1 for age-restricted) for up to 25% of the obligation

102 + 33 = 135

These mechanisms were approved by the Court

How New Providence met its Third Round Obligation of 316

RDP = 52 Units

| | |
|--|----|
| Inclusionary Zoning (from Prior Round) | 1 |
| Blocks 310 and 311 | 1 |
| Inclusionary Zoning | 38 |
| Bard Site (rental units) | 38 |
| Rental Bonus Credits | 13 |
| Bard Site | 13 |
| THIRD ROUND RDP COMPLIANCE: | 52 |

These mechanisms were approved by the Court

*Overlay Zoning allows for the underlying zoning and its permitted uses to remain; however, a property owner may choose to take advantage of the overlay zone standards. There is no mixing and matching – it is either/or.

Unmet Need = 264 Units

| | |
|---|-----|
| Age-Restricted Inclusionary Overlay Zoning* | 72 |
| 630 Central Avenue (Block 221 Lot 5) | 20 |
| Linde (100 Mountain Avenue) | 59 |
| Non Age-Restricted Inclusionary Overlay Zoning* | 127 |
| 41 Spring Street (Block 210 Lot 21) | 29 |
| 165 Spring Street (Block 210 Lot 23) | 5 |
| 58 Commerce Drive (Block 210 Lot 33) | 8 |
| 98 Floral Avenue (Block 340 Lot 4) | 7 |
| 150 Floral Avenue (Block 340 Lot 6) | 17 |
| 140 Spring Street (Block 340 Lot 8) | 10 |
| 700 Central Avenue (Block 221 Lot 2.01) | 30 |
| 121 Chanlon Road (Block 221 Lot 6) | 21 |

Once realized, the development's attributing to the Unmet Need will become RDP and will be eligible to receive bonus credits

How New Providence met its Third Round Obligation of 316



Overlay zoning that was enacted as part of the Borough's Third Round compliance process.



New Providence's Prior and Third Round Obligations

August 25, 2020

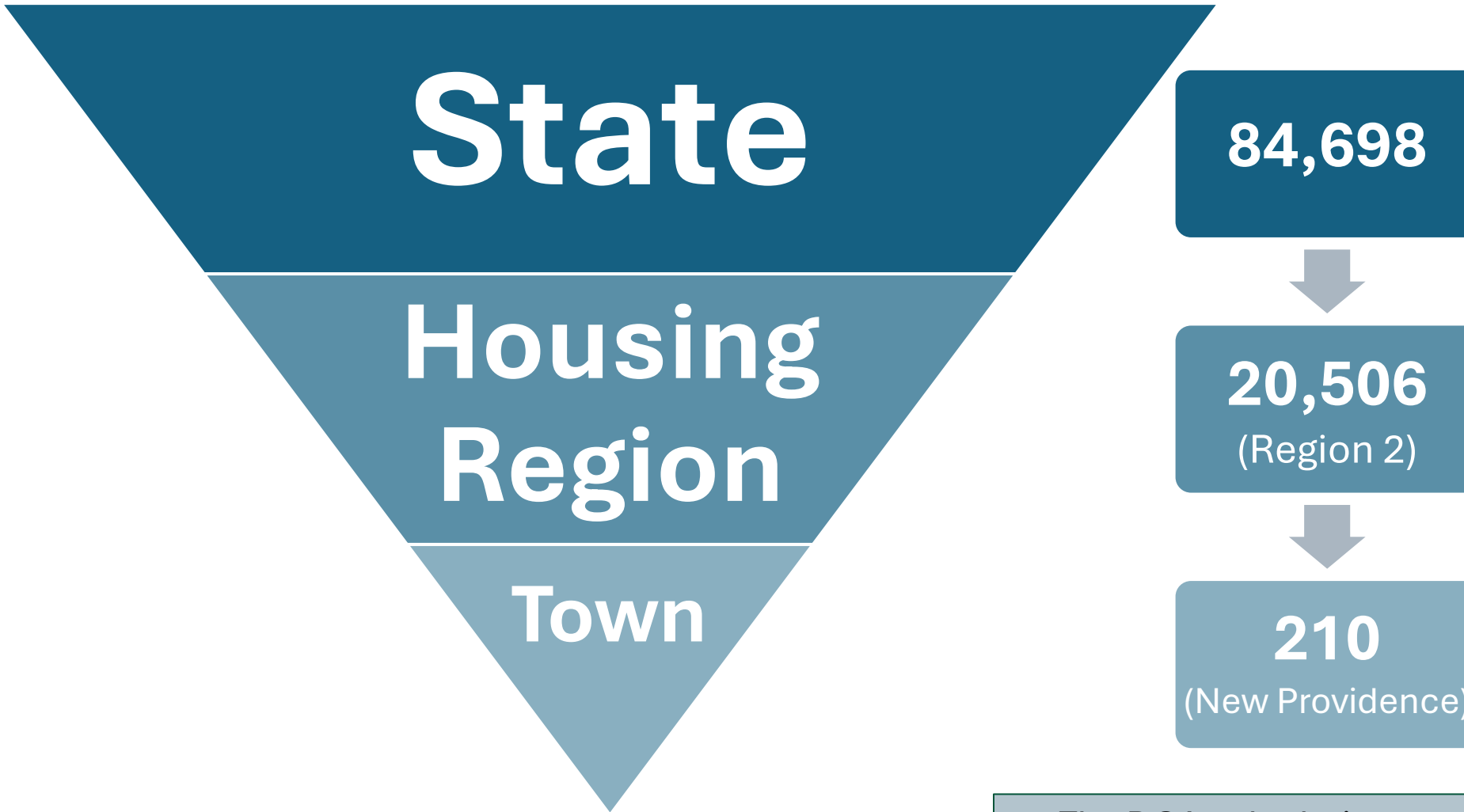
New Providence
receives Third Round
Judgement of
Compliance =
**immunity from
builder's remedy
suits**

The Judgement of Compliance and
Repose, signed by the Honorable Judge
Karen M. Cassidy, A.J.S.C., **determined**
New Providence had met its
constitutional obligation for the Prior
and Third Rounds to zone in such a
manner as to provide the realistic
opportunity for the development of
affordable housing. **Such compliance**
and protection from builder's remedy
suits is in effect until June 30, 2025.

New Providence Round 4



Where did New Providence's Round 4 number of 198 come from?



DCA utilized the methodology from the Amended Fair Housing Act to calculate the State-wide obligations. This is a trickle-down effect.

The DCA calculation was a non-binding calculation. Municipalities were permitted to recalculate their numbers utilizing the prescribed methodology

Where did New Providence's Round 4 number of 198 come from?

Three factors go into creating the Fourth Round Obligation:

Equalized Nonresidential Valuation Factor

Change in nonresidential property valuations
(1999 to 2025)

Income Capacity Factor

Extent to which a municipality's income level
differs from that of the lowest-income
municipality in the Housing Region

Land Capacity Factor

Total acreage of a municipality's land that is
developable

Objective measures
established utilizing
numerical data.
Additional analysis
was not done on these
factors.

HGA utilized the DCA's
land capacity data to
identify potential
issues with identified
land

Where did New Providence's Round 4 number of 198 come from?

Land Capacity Factor

DCA Fourth Round Obligations for New Providence Borough

| Prospective Need | Equalized Nonresidential Valuation Factor | Land Capacity Factor | Income Capacity Factor | Average Allocation Factor |
|------------------|---|----------------------|------------------------|---------------------------|
| 210 | 1.33% | 0.23% | 1.50% | 1.02% |

Modified Fourth Round Obligations for New Providence Borough

| Prospective Need | Equalized Nonresidential Valuation Factor | Land Capacity Factor | Income Capacity Factor | Average Allocation Factor |
|------------------|---|----------------------|------------------------|---------------------------|
| 198 | 1.33% | 0.07% | 1.50% | 0.97% |

Approximately **8.8 acres** were removed from the Borough's Land Capacity Factor because of the analysis, resulting in a **reduction of 12 units** from the obligation



Where did New Providence's Round 4 number of 198 come from?

New Providence, along with every other municipality in the state, **were required** by the Fair Housing Act to formally accept an obligation by adopting a resolution of the governing body.

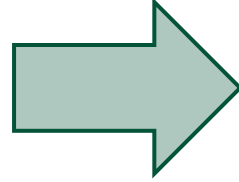
Not doing so would have put the Borough in jeopardy of losing their Third Round immunity.

Therefore, a resolution accepting the 198-unit obligation was adopted.

This does not mean the Borough “approved” 198 units.

New Providence's Round 4 – Where We Are Now

Currently in the process
of conducting a Fourth
Round Vacant Land
Adjustment



This will result in a new
RDP and additional
Unmet Need

The new RDP will be the basis of our analysis.
**We will then review, research, and analyze different
mechanisms to address the number, which may
include a variety of options.**

E.g. rezonings, redevelopment, extension of expiring
controls, etc.

New Providence's Round 4 – Where We Are Now

We have to determine the best approach to
**balance the Borough's needs with its
obligation to address the RDP.**

A Housing Element and Fair Share Plan must be adopted
by the Planning Board and endorsed by the Borough
Council by June 30 2025