

Housing Element & Fair Share Plan  
BOROUGH OF HIGHLAND PARK

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PLANNING BOARD  
HIGHLAND PARK BOROUGH  
MIDDLESEX COUNTY, NEW JERSEY

*July 30, 2015*

# Housing Element & Fair Share Plan Borough of Highland Park

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Prepared pursuant to *N.J.S.A. 40:55D-89* of the  
New Jersey Municipal Land Use Law

Adopted by the Highland Park Borough Planning Board  
July 30, 2015

Endorsed by the Highland Park Borough Council  
July 30, 2015



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# Highland Park Borough Housing Element and Fair Share Plan

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## EXECUTIVE SUMMARY

This Housing Element and Fair Share Plan has been prepared for the Borough of Highland Park, Middlesex County, in accordance with the *Mount Laurel* doctrine, as embodied in the N.J. Fair Housing Act (hereinafter the “FHA”) at N.J.S.A. 52:27D-301, the Municipal Land Use Law at N.J.S.A. 40:55D-1 et seq., the Second Round rules of the N.J. Council on Affordable Housing (hereinafter “COAH”) at N.J.A.C. 5:93-1 et seq., and the body of the case law related to municipalities’ constitutional obligation to provide for their fair share of the regional need for housing affordable to low and moderate income households. The submittal of this Plan is in accordance with the Order of July 6, 2015 filed by the Honorable Philip Lewis Paley, J.S.C. (see Exhibit A: Order Approving Settlement of Mount Laurel Litigation and Maintaining Immunity from All Additional Exclusionary Zoning Lawsuit).

The Borough of Highland Park reserves the right to amend this Housing Element and Fair Share Plan if the fair share methodology or standards for Third Round Plans are substantively revised by the trial courts pursuant to the March 10, 2015 decision of the N.J. Supreme Court. In re Adoption of N.J.A.C. 5:96 and 5:97, N.J. (2015) or if the Borough, in its sole discretion, decides to address its affordable housing obligation in a different way than set forth herein.

Under COAH’s 2008 third round rules, there were three components to a municipality’s affordable housing obligation; the rehabilitation share, the prior round obligation and the COAH-projected third round “growth share” obligation. As assigned by COAH in 2008, the Borough’s affordable housing obligations were as follows:

- Rehabilitation Share: 75 units
- Prior Round Obligation: 0 units
- Third Round Growth Share: 100 units

However, as will be discussed in greater detail below, the N.J. Supreme Court has invalidated COAH's Third Round rules and has vested the authority to determine municipal fair share obligations and to review compliance plans in the trial courts rather than COAH.

The trial courts management of this substantial caseload will begin after June 8, 2015, when municipalities may file Declaratory Judgment actions regarding their Third Round fair share obligations and compliance plans. The trial courts may continue to define the municipal housing obligation in terms of a Rehabilitation Share, a Prior Round Obligation (1987-1999) and a Third Round Obligation (1999-2025). In fact, the N.J. Supreme Court has encouraged municipalities to continue to implement their plans for the Prior Round Obligations, which in the Borough's case is zero units.

Unlike the Prior Round Obligation, the trial courts will have to determine the Rehabilitation and Third Round Obligations for each municipality. Since these numbers have not yet been determined, this Housing Element documents the steps which Highland Park has taken to rehabilitate deteriorated housing units occupied by low and moderate income households and to facilitate the construction of new affordable housing. Once the Borough's numerical obligations and crediting policies for rehabilitation and new construction have been determined by the trial courts the units and credits to which the Borough is entitled can be computed.

As set forth below, the Borough is entitled to credit for 125 units of rehabilitation, most of which are ascribed to work which the Housing Authority has undertaken beginning in 2000. If the trial courts compute municipal Rehabilitation Obligations as beginning in 2010 or 2015 the Housing Authority credits may be affected or, in the worst case scenario – eliminated. However, even if that occurs, the Borough has

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contracted for the operation of a municipal rehabilitation program which, by itself should be an adequate response to the Rehabilitation Obligation.

As for new construction, the Borough has overseen the construction of a total of 92 affordable units including 65 new family and senior affordable units and the provision of 45 units of special needs and supportive affordable housing (various group homes and permanent supportive housing facilities). In addition, there are 43 approved or proposed affordable housing units to be constructed in four inclusionary developments in the Borough including two inclusionary developments resulting from settlement agreements: one between the Borough and River Road Associates as approved by the Court pursuant to a fairness hearing on November 8, 2012 and one with American Properties Highland Park as approved by the Court pursuant to a fairness hearing on February 17, 2015. Both of these developments have been incorporated into the Borough's Housing Element as required by the respective settlement agreements. Finally, documentation on 3 credits from a group home funded through the County's Home Investment Partnership Program is still pending.

Completed, approved and proposed new construction credits totaling up to 156 units will be used, along with available bonus credits to address the Third Round fair share obligation ultimately assigned to the Borough.

## **AFFORDABLE HOUSING IN NEW JERSEY: THE PAST 40 YEARS**

### **The Prior Round**

In its landmark 1975 decision referred to now as “*Mount Laurel I*,” the N.J. Supreme Court ruled that developing municipalities have a constitutional obligation to provide a realistic opportunity for the construction of low and moderate income housing. In its 1983 “*Mount Laurel II*” decision, the Supreme Court extended the obligation to all municipalities, designated the State Development Guide Plan or any successor State Plan as a critical touchstone to guide the implementation of this obligation and created an incentive, subject to various limitations, for private developers to enforce the “*Mount Laurel doctrine*” by bringing exclusionary zoning lawsuits against municipalities which are not in compliance. To avoid abuse of this new enforcement procedure, the Court also created appropriate limitations to the “builder's remedy,” and warned trial courts to vigilantly protect the doctrine from abuse by exclusionary zoning litigants.

In 1985, the Legislature enacted the Fair Housing Act at N.J.S.A. 52:27D-310 (the “FHA”) in response to a flood of exclusionary zoning lawsuits precipitated by the *Mount Laurel II* decision. The FHA created the Council on Affordable Housing (“COAH”) as the administrative alternative to the Courts. The FHA also charged COAH with the responsibility to (i) establish housing regions, (ii) estimate low and moderate income housing needs, (iii) establish criteria and guidelines for municipalities to determine and address their fair share numbers, and (iv) to review and process municipal petitions for approvals of their housing elements and fair share plans.

Under the FHA municipalities have the option of filing their adopted and endorsed housing elements and fair share plans with COAH and petitioning for COAH's approval, known as "substantive certification". Due to the filing of exclusionary zoning lawsuits the Borough of Highland Park is under the Superior Court's jurisdiction. The Borough has prepared this housing element and fair share plan and, once adopted, will submit it to the Court for a determination of the number of affordable housing credits to which the Borough is entitled.

COAH's first round affordable housing obligations were superseded by the 1994 COAH regulations (*N.J.A.C.* 5:93-1.1 et seq.) which recalculated a portion of the 1987-1993 affordable housing obligation for each municipality and computed the additional municipal affordable housing need from 1993 to 1999; this is known as the "second round". This 12 year cumulative period from 1987 through 1999 is referred to as the "prior round."

### **The Third Round**

On December 20, 2004, COAH's first version of the third round rules became effective (*N.J.A.C.* 5:94 [substantive rules] and 5:95 [procedural rules]). At that time the third round was defined as the period from 1999 to 2014, condensed into an affordable housing delivery period from January 1, 2004 through January 1, 2014. The third round rules marked a significant departure from the methodology utilized in COAH's two prior rounds. Previously, COAH had assigned an affordable housing obligation as an absolute number to each municipality. The 2004 third round rules implemented a "growth share" approach that linked the production of affordable housing with future residential and non-residential development within a municipality.

However, in a unanimous decision in January 2007, In re Adoption of N.J.A.C. 5:94 and 5:95, 390 N.J. Super. 1 (App. Div. 2007), the Appellate Court invalidated key aspects of COAH's third round rules and ordered COAH to propose and adopt amendments to its rules to address the deficiencies identified by the Court.

In response to the 2007 decision, COAH revised its third round rules, effective June 2, 2008 as well as a further rule revision effective on October 20, 2008 (N.J.A.C. 5:96 [procedural rules] and 5:97 [substantive rules]). While still relying on a growth share approach, this revised version provided residential development and job projections for the third round (which was expanded to encompass a delivery period for the years January 1, 2004 through December 31, 2018). Municipalities were required to set forth in the Housing Element and Fair Share Plan how they intended to accommodate the affordable housing obligation generated by COAH's revised third round growth projections. These 2008 revised rules required municipalities to submit a Housing Element and Fair Share Plan to COAH, or to the Court, by December 31, 2008 in order to remain protected from exclusionary zoning lawsuits.

COAH's 2008 third round rules were challenged by several parties and on October 8, 2010 the Appellate Court invalidated COAH's 2008 third round growth share methodology and portions of COAH's regulations for a second time. See In re Adoption of N.J.A.C. 5:96 and 5:97 by New Jersey Council on Affordable Housing, 390 N.J. Super. 1 (App. Div. 2010). Significantly, this decision also upheld the legitimacy of COAH's determination of the rehabilitation (also referred to as "present need") and prior round obligations. The Court summarized its findings in this regard as follows:

*"We affirm the other parts of the revised third round rules, including COAH's determination of present need and prior round affordable housing obligations."*

The Court directed COAH to abandon the growth share approach and to revise its third round methodology and regulations by March 8, 2011 using a methodology similar to COAH's first and second round methodologies. COAH later sought a stay from the N.J. Supreme Court of the March 8, 2011 deadline imposed by the Appellate Division to prepare revised third round rules. On January 18, 2011, the N.J. Supreme Court granted the stay.

Subsequently, the NJ Supreme Court granted petitions and cross-petitions to all of the various challenges to the Appellate Division's decision. The NJ Supreme Court heard oral argument on the challenges to the Appellate Court's ruling on November 14, 2012.

On September 26, 2013 the NJ Supreme Court upheld the Appellate Court decision and ordered COAH to prepare the necessary rules. Subsequent delays in COAH's rule preparation and ensuing litigation led to the NJ Supreme Court, on March 14, 2014, setting forth a schedule for adoption of COAH's rules. COAH approved draft third round rules on April 30, 2014.

While COAH no longer refers to the new construction obligations in "rounds", what is commonly referred to as the "third round" has been extended. The 2008 COAH rules defined the third round obligation as the need generated between 1999 and 2018, with a delivery period between 2008 and 2018. They continued to define the prior round obligation as the affordable housing need generated during the first and second rounds of affordable housing between 1987 to 1993 and 1993 to 1999, respectively. In contrast, the draft rules define the "unanswered prior obligation" as the previously referenced prior round obligation for 1987 to 1999 along with the obligation for 1999 to 2014; they define the prospective need as the affordable housing obligation for 2014 to 2024.

Although ordered by the NJ Supreme Court to adopt revised new rules on or before October 22, 2014, the Council on Affordable Housing (“COAH”) deadlocked 3-3 at its October 20, 2014 meeting and failed to adopt new rules. An initial motion to table the rule adoption for 60 days to consider amendments also deadlocked at 3-3 and failed. This put COAH in violation of the Supreme Court’s Order. Oral argument on litigation on this matter occurred at the NJ Supreme Court on January 6, 2015 and the Court published its decision on March 10, 2015 In re Adoption of N.J.A.C. 5:96 and 5:97, N.J. (2015). In its unanimous decision, the Court effectively took the responsibility to determine affordable housing obligations and certify housing and fair share plans away from COAH and gave it to the trial courts. The decision recognized that municipalities were not responsible for COAH’s inability to comply with its statutory obligations to adopt regulations in an appropriate manner. The ruling does not take effect until June 8, 2015, at which time municipalities that were under COAH’s jurisdiction have until July 8, 2015 to file declaratory judgment actions with the Superior courts to defer to court jurisdiction, where they will ultimately need to request approval for a Third Round obligation and approval of a Third Round plan.

Municipalities that were under COAH’s jurisdiction are immune from builder’s remedy lawsuits until July 8, 2015. However, courts have the ability to extend this immunity based on a municipality’s actions to satisfy its affordable housing obligations. Municipalities that participated in the COAH process but did not obtain Third Round Certification have five months to amend their housing plans. The Court did not stipulate precisely when the five month period commences and did not identify a time period for municipalities that received Third Round Certification to amend their plans.

While municipal third round obligations and certification status are still unknown, the Supreme Court decision states that meeting the First and Second Round obligations “should be the starting point for a determination of a municipality’s fair share responsibility.”

In addition to judicial activity, there have been a number of efforts at statewide affordable housing reform over recent years. The most significant occurred on July 17, 2008, when Governor Corzine signed P.L. 2008, c.46, known as the “Roberts Bill”, which amended the Fair Housing Act in a number of ways. Key provisions of the Roberts bill include the following:

- Eliminated regional contribution agreements (“RCAs”);
- Added a requirement that 13% of third round affordable housing units be restricted to very low income households (30% or less of median income);
- Established a statewide 2.5% nonresidential development fee instead of a nonresidential growth share delivery obligation for affordable housing; and
- Established a requirement that development fees be committed for expenditure within four years of being received by the municipality.

COAH has not yet promulgated rules to effectuate the “Roberts Bill”.

In addition, on July 27, 2009, Governor Corzine signed P.L. 2009, c. 90 “*N.J. Economic Stimulus Act of 2009*”, which instituted a moratorium on the collection of non-residential affordable housing development fees set forth by the “Roberts Bill”. The moratorium was extended through July 2013 but the moratorium is now no longer in effect. Consequently, the 2.5% mandatory statewide non-residential development fee must again be collected by the Borough.

On February 9, 2010, Governor Christie signed Executive Order No. 12. This Order established a five-member Housing Opportunity Task Force which was charged with reviewing the effectiveness of the Fair Housing Act, COAH and COAH's regulatory structure in meeting the constitutional obligations under the *Mount Laurel* doctrine. The Executive Order also ordered COAH to refrain from continuing to process applications for substantive certification or from otherwise implementing the third round rules during the Housing Opportunity Task Force's 90-day review period. On February 19, 2010, the Appellate Division issued a stay on the portion of the Executive Order that prevented COAH from processing applications and implementing its third round rules. On March 20, 2010, Governor Christie issued Executive Order No. 20, which rescinded Executive Order No. 12.

The Governor's Executive Order No. 20 coincided with the release of the report prepared by the Housing Opportunity Task Force on March 20, 2010. In the report, the Task Force recommended that the Governor direct COAH to reconsider its original growth share methodology, reinstate the use of regional contribution agreements and eliminate prior round obligations. To date, the recommendations outlined in the Task Force's report have not been implemented.

On June 29, 2011, the Governor issued Reorganization Plan No. 001-2011 abolishing COAH and transferring all its responsibilities and duties to the Department of Community Affairs. In a March 8, 2012 decision, the Appellate Division set aside the Reorganization Plan. In re Plan for Abolition of Council on Affordable Housing, 424 *N.J. Super.* 410 (App. Div. 2012). The Court declared that the Governor exceeded his authority by abolishing a legislatively-created independent agency that was "in but not of" the Executive Branch. The Court indicated that only the Legislature has the authority to abolish the agency. The State subsequently appealed to the N.J. Supreme Court which accepted the case; oral argument was held on

January 28, 2013 and on July 10, 2013, the Court confirmed that the Governor lacked the authority to abolish COAH.

### **Affordability Requirements**

Affordable housing is defined under N.J.'s Fair Housing Act as a dwelling, either for sale or rent that is within the financial means of households of low or moderate income as income is measured within each housing region. The Borough of Highland Park is in COAH's Region 3, which includes Hunterdon, Middlesex and Somerset counties. Moderate-income households are those earning between 50% and 80% of the regional median income. Low-income households are those with annual incomes that are between 30% and 50% of the regional median income. As required by the amended FHA (Roberts bill), COAH has also included a very low-income category, which is defined as households earning 30% or less of the regional median income.

Through the Uniform Housing Affordability Controls (hereinafter "UHAC") at N.J.A.C. 5:80-26.3(d) and (e), COAH requires that the maximum rent for a qualified unit be affordable to households that earn no more than 60% of the median income for the region. The average rent for all units must be affordable to households earning no more than 52% of the median income. The maximum sale prices for affordable units must be affordable to households that earn no more than 70% of the median income. The average sales price for all units must be affordable to a household that earns no more than 55% of the median income.

The regional median income is defined by COAH using the federal Department of Housing and Urban Development (hereinafter "HUD") income limits on an annual basis. In the spring of each year HUD releases updated regional income limits which COAH applies to its regions. It is from these income limits that the rents and

sales prices for affordable units are derived. See Tables 1 through 3 for illustrative sales prices and gross rents. These figures are updated annually and are available from COAH. The sample rents and sale prices are gross figures and do not account for the specified utility allowance.

**Table 1. 2014 Maximum Income Limits for Region 3**

Household Income Levels	1 Person Household	2 Person Household	3 Person Household	4 Person household	5 Person Household
Moderate Income (80%)	\$58,800	\$67,200	\$75,600	\$84,000	\$90,720
Low Income (50%)	\$36,750	\$42,000	\$47,250	\$52,500	\$56,700
Very Low Income (30%)	\$22,050	\$25,200	\$28,350	\$31,500	\$34,020

Source: COAH 2014 Regional Income Limits

**Table 2. Sample 2014 Affordable Rents for Region 3**

Household Income Levels	1 Bedroom Unit Rent	2 Bedroom Unit Rent	3 Bedroom Unit Rent
Moderate Income at 60%	\$1,181	\$1,418	\$1,638
Low Income at 46%	\$906	\$1,087	\$1,256
Very Low Income at 30%	\$591	\$709	\$819

Source: Illustrative 2014 Low and Moderate Income Gross Rents for New Construction and/or Reconstruction prepared by CCH

**Table 3. Sample 2014 Affordable Sales Prices for Region 3**

Household Income Levels	1 Bedroom Unit Price	2 Bedroom Unit Price	3 Bedroom Unit Price
Moderate Income at 70%	\$141,462	\$169,755	\$196,161
Low Income at 50%	\$93,442	\$112,130	\$129,572
Very Low Income at 30%	\$45,421	\$54,505	\$62,984

Source: Illustrative 2014 Low & Moderate Income Sales Prices for New Construction prepared by CCH

### Housing Element/Fair Share Plan Requirements

In accordance with the Municipal Land Use Law at N.J.S.A. 40:55D-62, a municipal Master Plan must include a Housing Element as the foundation for the municipal zoning ordinance. Pursuant to the FHA, a municipality’s housing element must be designed to provide access to affordable housing to meet present and prospective housing needs, with particular attention to low and moderate income housing. The Housing Element must contain at least the following, as per the FHA at N.J.S.A. 52:27D-310:

- An inventory of the municipality’s housing stock by age, condition, purchase or rental value, occupancy characteristics, and type, including the number of units affordable to low and moderate income households and substandard housing capable of being rehabilitated;
- A projection of the municipality’s housing stock, including the probable future construction of low and moderate income housing, for the next ten years, taking into account, but not necessarily limited to, construction permits issued, approvals of applications for development, and probable residential development trends;

- An analysis of the municipality’s demographic characteristics, including, but not necessarily limited to, household size, income level, and age;
- An analysis of the existing and probable future employment characteristics of the municipality;
- A determination of the municipality’s present and prospective fair share of low and moderate income housing and its capacity to accommodate its present and prospective housing needs, including its fair share of low and moderate income housing; and
- A consideration of the lands most appropriate for construction of low and moderate income housing and of the existing structures most appropriate for conversion to, or rehabilitation for, low and moderate income housing, including a consideration of lands of developers who have expressed a commitment to provide low and moderate income housing.

COAH’s Second Round regulations also require the following documentation to be submitted with the Housing Element and Fair Share Plan:

- The minimum requirements of the Fair Housing Act, N.J.S.A. 52:27D-310 (listed above);
- Municipal rehabilitation and prior round obligation;
- Descriptions of any credits intended to address any portion of the fair share obligation, including all information required by N.J.A.C. 5:93-3;
- Descriptions of any adjustments to any portion of the fair share obligation, including all information required by N.J.A.C. 5:93-3 and 5:93-4;

- Descriptions of and documentation for any mechanisms intended to address the prior round obligation and the rehabilitation share;
- Draft and/or adopted ordinances necessary for the implementation of the mechanisms designed to satisfy the fair share obligation;
- A demonstration that existing zoning or planned changes in zoning provide adequate capacity to accommodate any proposed inclusionary developments, pursuant to N.J.A.C. 5:93-5.6;
- A demonstration of existing or planned water and sewer capacity sufficient to accommodate all proposed mechanisms;
- A spending plan, pursuant to N.J.A.C. 5:93-5.1(c);
- A map of all sites designated by the municipality for the production of low and moderate income housing;
- A copy of the most recently adopted Master Plan and, where required, the immediately preceding adopted Master Plan;
- A copy of the most recently adopted zoning ordinance;
- A copy of the most up-to-date tax maps; and
- Any other information required by N.J.A.C. 5:93 or requested by COAH and/or the Superior Court.

## **HIGHLAND PARK BOROUGH AFFORDABLE HOUSING OVERVIEW**

Highland Park Borough was granted substantive certification for the First Round in April 1990. The Borough then prepared a Housing Element and Fair Share Plan in February 1998 and was granted substantive certification for the Second Round in November 1999.

The Borough prepared a Third Round Housing Element and Fair Share Plan dated October 14, 2005 that was adopted by the Planning Board on December 1, 2005 and submitted to COAH for Third Round substantive certification on December 16, 2005. On January 25, 2007, the Appellate Division invalidated COAH's original Third Round regulations and directed COAH to promulgate revised rules. In response, COAH adopted revised Third Round regulations in May and September of 2008 and issued a deadline of December 31, 2008 for municipalities to submit revised petitions for substantive certification.

The Borough filed a petition on December 31, 2008 which included a draft Amended Housing Element and Fair Share Plan and an executed escrow agreement between COAH, the Borough and Unity Bank concerning the Borough's affordable housing trust fund. However, in February of 2009, COAH advised Highland Park that the submission did not satisfy the criteria for a petition for substantive certification as set forth in the revised Third Round Rules and, therefore, the Borough was no longer under COAH's jurisdiction.

Prior to the Borough's adoption of an Amended Housing Element and Fair Share Plan, American Properties filed a builder's remedy suit on August 14, 2009. A consent order entered by the Honorable Philip Lewis Paley on April 6, 2010 stipulated that the Borough's Zoning and Land Use Regulations were not in compliance with the *Mount Laurel* doctrine. A second builder's remedy lawsuit was filed against the Borough by River Road, LLC on December 20, 2010.

Notwithstanding the stipulation of noncompliance, opportunities for low-cost and affordable housing in Highland Park over a number of decades are evident. As indicated by the existing restricted affordable housing in the Borough as well as with

the on-going rehabilitation programs, Highland Park has provided many opportunities for very-low, low and moderate-income households to live in the Borough.

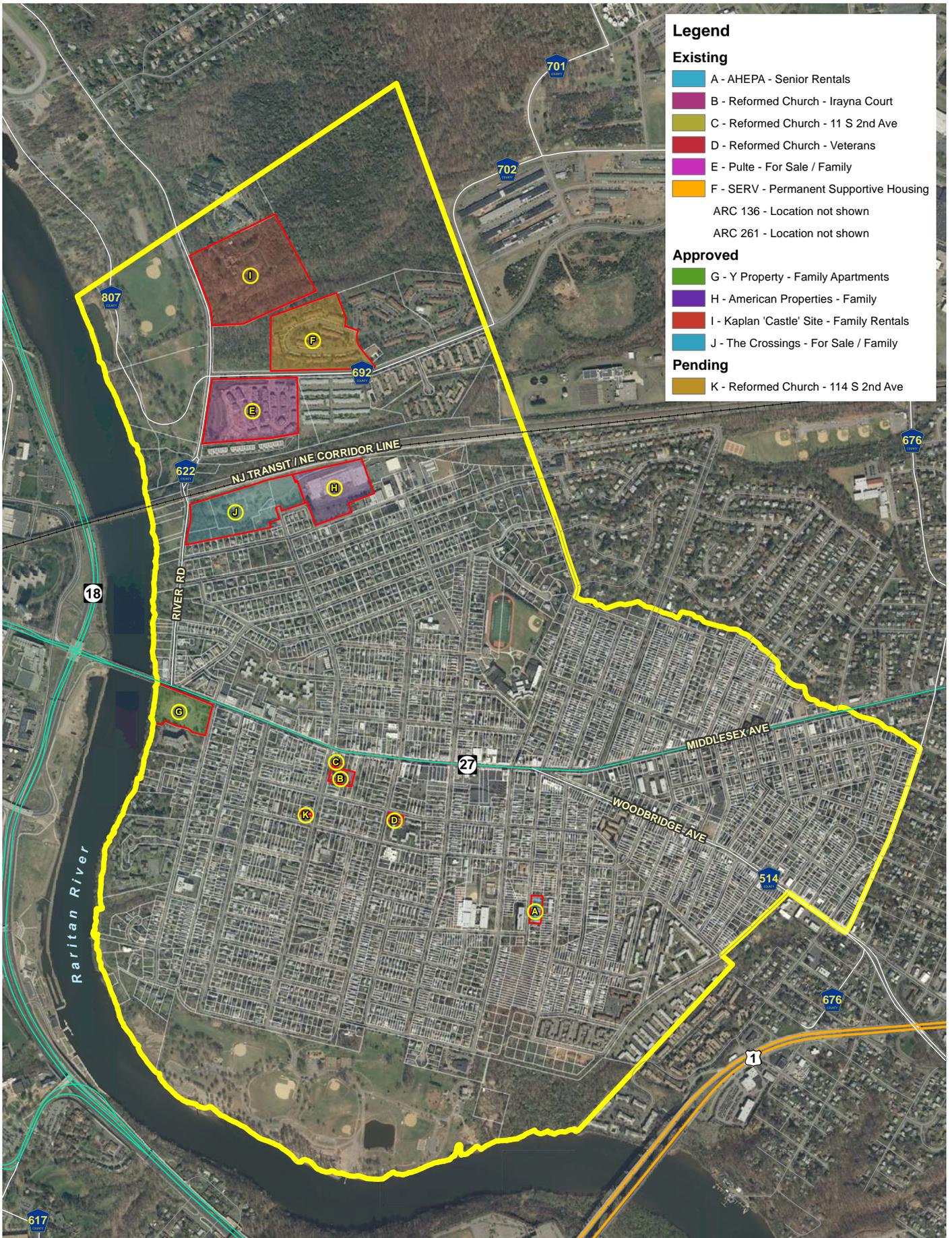
The Borough established a fund (via an initial \$525,000 bond) for a new rehabilitation program which is administered by Community Grants, Planning and Housing (CGP&H), an experienced administrator of affordable housing programs. This rehabilitation program is targeted for both home owners and renters who are of low or moderate income. It supplements an on-going program of rehabilitating public housing units through the Highland Park Housing Authority.

In addition, the Borough has the following existing, occupied affordable units: three permanent supportive living affordable housing facilities: Irayna Court (6 units); 11 South Second Avenue (1 unit); and 100 South Third Avenue (11 units of Veterans Supportive Living Housing) and two existing group homes on 136 Exeter Street and 261 South 6<sup>th</sup> Avenue. There are also 56 age-restricted affordable units (AHEPA, 239 South 6<sup>th</sup> Avenue) and family for-sale three-bedroom affordable units in the Pulte Homes development (Overlook at Highland Park).

The Borough recently approved two inclusionary developments including River Road's "The Crossings at Highland Park" that requires the construction of 5 affordable units (this development is under construction) and a variance for the "Y" (Highland Cliffs, LLC) property that provides for the construction of two (2) more affordable units and a fractional in-lieu of affordable housing payment.

Finally, two additional inclusionary developments are proposed, including 6 affordable units as part of the settlement agreement between the Borough and American Properties as well as 30 affordable family rentals proposed on Kaplan's

“Castle” Property. In addition, the Reformed Church expects to close in June on another property using HUD Home funding which will provide 3 affordable bedrooms for low income tenants.



**Legend**

**Existing**

- A - AHEPA - Senior Rentals
- B - Reformed Church - Irayna Court
- C - Reformed Church - 11 S 2nd Ave
- D - Reformed Church - Veterans
- E - Pulte - For Sale / Family
- F - SERV - Permanent Supportive Housing
- ARC 136 - Location not shown
- ARC 261 - Location not shown

**Approved**

- G - Y Property - Family Apartments
- H - American Properties - Family
- I - Kaplan 'Castle' Site - Family Rentals
- J - The Crossings - For Sale / Family

**Pending**

- K - Reformed Church - 114 S 2nd Ave

Aerial Orthophotography Source: NJGIN - New Jersey 2012 High Resolution Orthophotography

This map was developed using New Jersey Department of Environmental Protection Geographic Information System digital data, and Middlesex County Geographic System digital data, but this secondary product has not been verified by NJDEP, nor Middlesex County, and is not state- nor county-authorized.



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## **Housing Stock and Demographic Analysis**

Due to the elimination of the long form of the U.S. Census, there was limited initial release of data from the 2010 U.S. Census broken down to the municipal level. The limited municipal data included total population, total housing units and the units occupied and vacant. The census long form which had provided information on housing characteristics has been replaced by the American Community Survey (ACS) which has ongoing collection of information from a sample of the population. The survey is based on a rolling average as new information is gathered and is presented in three to five year periods. Thus, data from the 2007-2011 ACS is utilized to produce population, demographic and housing unit estimates. U.S. Census data from 2000 can be utilized for information not provided by the 2010 U.S. Census or by the ACS. Prior to plan adoption, the Borough will add any additional data which may have been released in the interim.

### Housing Stock Inventory

In 2010, there were 6,203 total housing units in Highland Park Borough of which 328 or 5.3% were vacant units, see Table 4.a. By comparison, in 2000, there were 6,071 housing units in the Borough of which 172 or 2.9% were vacant. Of the 5,849 occupied units in 2009-2013, 43% were owner occupied and 57% were rented. Highland Park's 57% proportion of rental housing is quite high as compared to Middlesex County (34%) and the State of New Jersey (34%). Table 4.b., Housing Units by Occupancy Status, illustrates this occupancy status in 2010.

**Table 4.a. Housing Units, 2010.**

	Housing Units
Occupied	5,875
Vacant	328
Total	6,203

*Source: 2010 US Census*

**Table 4.b. Housing Units by Occupancy Status, 2009-2013.**

	Housing Units	Owner Occupied	Renter Occupied
Occupied	5,705	2,349	3,356
Vacant	323	-	-
Total	6,028	-	-

*Source: 2009-2013 American Community Survey 5-Year Estimates, DP04*

About 39.5% of the total housing stock in 2013 consists of single-family detached units. Single-family attached (townhouses) make up 2.7% of the total housing stock. Housing units in buildings containing 3 or more units comprised 46.1% of all the housing units in 2013, with the majority of these units (1,542 units) in structures with 5 or more units. See Table 5, Housing Units by Number of Units in Structure

for a detailed explanation of all of the housing units in the Borough between 2009-2013.

**Table 5. Housing Units by Number of Units in Structure, 2009-2013.**

Number of Units	Total Units
1, Detached	2,382
1, Attached	164
2	701
3 or 4	1,239
5 to 9	245
10 to 19	297
20 to 49	1,000
50 or more	0
Mobile Home	0
Other	0
Total	6,028

Source: 2009-2013 American Community Survey 5-Year Estimates, DP04

Table 6, Building Permit Data illustrates that single-family housing units represent approximately 40% of the total number of building permits issued between 2000 and 2014.

**Table 6. Building Permit Data, 2000-2014**

Year	Single-Family Units	Multi-family	Mixed Use	Total
2000	59	0	0	59
2001	0	0	0	0
2002	4	0	0	4
2003	1	0	0	1
2004	8	0	60	68
2005	5	0	4	9
2006	3	0	0	3
2007	2	0	0	2
2008	2	0	0	2
2009	0	0	0	0
2010	20	0	0	20
2011	64	0	0	64
2012	3	1	0	4
2013	2	0	0	0
2014	26	0	0	0
Total	199	1	64	236

*Note: Single-Family House defined as "A house with one dwelling unit includes semi-detached and row houses if the units are separated by a ground to roof party wall. Does not include mobile homes." Sources: New Jersey Department of Community Affairs, Construction Reporter, Housing Units Authorized by Building Permits for New Construction, 2000-2014; and Technical Notes. Accessed: May 15, 2015.*

*<http://lwd.dol.state.nj.us/labor/lpa/industry/bp/bpcnty/technote.htm>*

Table 7, Housing Units by Age, illustrates the age of the Borough’s housing stock. Forty-one percent (41%) of the Borough’s housing stock was constructed prior to 1949. From 1950 to 1980, the Borough developed rapidly by adding approximately 2,645 housing units representing approximately 44% of the Borough’s current housing stock. From 1980-2010, the Borough added 918 housing units representing 15.3% of the current housing stock.

**Table 7. Housing Units by Age, 2009-2013.**

Year Built	Total Units	Percent
2010 or later	11	0.2%
2000 - 2009	222	3.7%
1990 - 1999	283	4.7%
1980 - 1989	402	6.7%
1970 - 1979	697	11.6%
1960 - 1969	858	14.2%
1950 - 1959	1,090	18.1%
1940-1949	350	5.8%
1939 or earlier	2,115	35.1%
Total	6,028	100%

*Source: 2009-2013 American Community Survey 5-Year Estimates, DP04*

Table 8.a., Housing Units by Number of Rooms, shows 25.9% have between one (1) and three (3) rooms; 45% of the housing stock has between four (4) and six (6) rooms; and 29.1% has seven (7) or more rooms. The data from this and other tables including Table 8.b. Housing Units by Number of Bedrooms indicate that the housing stock in the Borough is, on average, small to moderate in size.

**Table 8.a. Housing Units by Number of Rooms, 2009-2013.**

Rooms	Number of Units	Percent
1	96	1.6%
2	211	3.5%
3	1,253	20.8%
4	1,287	21.4%
5	591	9.8%
6	832	13.8%
7	665	11.0%
8	397	6.6%
9+	96	11.5%
Total	6,028	100%
Median Rooms	4.8	

Source: 2009-2013 American Community Survey 5-Year Estimates, DP04

**Table 8.b. Housing Units by Number of Bedrooms, 2009-2013.**

Bedrooms	Number of Units	Percent
no bedroom	122	2.0%
1	1,819	30.2%
2	1,457	24.2%
3	1,510	25.0%
4	778	12.9%
5 or more	342	5.7%
Total	6,028	100%

Source: 2009-2013 American Community Survey 5-Year Estimates, DP04

Tables 9 and 10, Housing Values, show that the median housing values in the Borough of Highland Park increased 100% between 2000 (\$183,300) and 2013 (\$366,000). During this time, the median value in Middlesex County increased by 111% (from \$168,500 to \$330,000). In 2013, only 94 or 4% of owner occupied housing units in the Borough had a housing value of less than \$150,000.

**Table 9. Housing Values, Owner Occupied, 2000.**

Housing Value	Number	Percent
Less than \$50,000	20	1.0%
\$50,000-\$99,999	121	5.8%
\$100,000-\$149,999	499	24.1%
\$150,000-\$199,999	564	27.2%
\$200,000-\$299,999	558	26.9%
\$300,000-\$499,999	278	13.4%
\$500,000-\$999,999	27	1.3%
\$1,000,000 or more	6	0.3%
Total	2,073	100%
2000 Median Value	\$183,300	

Source: 2000 U.S. Census

**Table 10. Housing Values, Owner Occupied, 2009-2013.**

Housing Units	Number	Percent
Less than \$50,000	55	2.3%
\$50,000-\$99,999	9	0.4%
\$100,000-\$149,999	30	1.3%
\$150,000-\$199,999	79	3.4%
\$200,000-\$299,999	475	20.2%
\$300,000-\$499,999	1,240	52.8%
\$500,000-\$999,999	420	17.9%
\$1,000,000 or more	41	1.7%
Total	2,349	100%
2013 Median Value	\$ 366,000	

*Source: 2009-2013 American Community Survey 5-Year Estimates, DP04*

In 2010, the Borough of Highland Park’s median gross contract rent was virtually identical to that of the County (\$1,261 v. \$1,265). See Table 11, Comparison of the Borough of Highland Park and Middlesex County, Monthly Rental Costs. Approximately 7% of the rental units reported in Highland Park had a monthly rental cost below \$500, whereas 5.8% of the rental units in Middlesex County were below \$500.

**Table 11. Comparison of the Borough of Highland Park and Middlesex. County  
 Monthly Rental Cost, 2009-2013**

Monthly Rent	Number in Borough	Percent in Borough	Number in County	Percent in County
Less than \$200	63	1.9%	750	0.8%
\$200-\$299	17	0.5%	2,002	2.2%
\$300-\$499	151	4.6%	2,558	2.8%
\$500-\$749	126	3.8%	3,037	3.3%
\$750-\$999	286	8.7%	11,117	12.0%
\$1,000-\$1,499	1,859	56.4%	44,523	48.0%
\$1500 or more	795	24.1%	28,822	31.1%
No Rent Paid	59		2,300	
Total	3,297	100%	92,809	100%
Median Rent	\$ 1,261		\$ 1,265	

Source: 2009-2013 American Community Survey 5-Year Estimates, DP04

See Table 12, Selected Quality Indicators, indicates certain characteristics of the existing housing stock in Highland Park.

**Table 12. Selected Quality Indicators, Occupied Housing Stock, 2009-2013.**

	Lacking Complete Plumbing	Lacking Complete Kitchen Facilities
No. Units	0	32

Source: 2009-2013 American Community Survey 5-Year Estimates

**General Population Characteristics**

The population of the Borough of Highland Park increased dramatically up until 1970 with decreased growth after 1970 through 2010. The growth rate from 1950 to 1960 was 13.7%, from 1960 to 1970 was 30.2%, from 1970 to 1980 was -6.9%, from 1980 to 1990 was -0.8%, from 1990 to 2000 was 5.4% and from 2000 to 2010 remained steady with a loss of only 17 people. (Table 13, Population Growth).

**Table 13. Population Growth.**

	1950	1960	1970	1980	1990	2000	2010
Borough of Highland Park	9,721	11,049	14,385	13,396	13,279	13,999	13,982
Middlesex County	264,872	433,856	492,474	595,893	671,780	750,162	809,858

Source: 1950, 1960, 1970, 1980, 1990, 2000, 2010 US Census

The age profile of the Borough’s population did not change dramatically between 2000 and 2010. The fastest growing age cohort is 55-64 while the greatest decline is in the 35-44 age group. See Table 14, Age Distribution, for additional detail.

**Table 14. Age Distribution, 2000 – 2010.**

Age Group	2000	Percent	2010	Percent	Percent Change
Under 5	836	6.0%	814	5.8%	-0.2%
5-14	1,736	12.4%	1,651	11.8%	-0.6%
15-24	1,708	12.2%	1,917	13.7%	1.5%
25-34	2,805	20.0%	2,652	19.0%	-1.0%
35-44	2,382	17.0%	1,945	13.9%	-3.1%
45-54	1,782	12.7%	1,824	13.0%	0.3%
55-64	1,078	7.7%	1,560	11.2%	3.5%
65-74	783	5.6%	787	5.6%	0%
75+	889	6.4%	832	6.0%	-0.4%
Totals:	13,999	100%	13,982	100%	-0.1%

Source: 2000 and 2010 US Census

### Household Characteristics

A household is defined by the U.S. Census Bureau as those persons who occupy a single room or group of rooms constituting a housing unit; however, these persons may or may not be related. As a subset of households, a family is identified as a group of persons including a householder and one or more persons related by blood, marriage or adoption, all living in the same household. In 2010 there were 5,875 households in the Borough, with an average of 2.38 persons per household and 3,266 families with an average of 3.10 persons per family.

**Income Characteristics**

Persons residing in Highland Park have on average higher family incomes but lower household incomes than those in Middlesex County. Median income in 2010 in the Borough was \$73,789 for households and \$103,000 for families. Comparable figures for the County were \$79,596 for households and \$93,519 for families. Tables 15.a., Household Income by Income Brackets and 15.b. Family Income by Income Brackets, further illustrates these findings by noting the number of households and families in each of the income categories in the Borough.

**Table 15.a. Household Income by Income Brackets, 2009-2013.**

	Households	Percent
Less than \$10,000	312	5.5%
\$10,000-\$14,999	268	4.7%
\$15,000-\$24,999	570	10.0%
\$25,000-\$34,999	348	6.1%
\$35,000-\$49,999	539	9.4%
\$50,000-\$74,999	831	14.6%
\$75,000-\$99,999	682	12.0%
\$100,000-\$149,999	1,115	19.5%
\$150,000-\$199,999	440	7.7%
\$200,000 +	600	10.5%
Total:	5,705	100%
Median Income:	\$73,789	

*Source: 2009-2013 American Community Survey 5-Year Estimates, DP03*

**Table 15.b. Family Income by Income Brackets, 2009-2013.**

	Families	Percent
Less than \$10,000	60	1.9%
\$10,000-\$14,999	96	3.0%
\$15,000-\$24,999	186	5.9%
\$25,000-\$34,999	147	4.6%
\$35,000-\$49,999	238	7.5%
\$50,000-\$74,999	471	14.8%
\$75,000-\$99,999	321	10.1%
\$100,000-\$149,999	790	24.9%
\$150,000-\$199,999	342	10.8%
\$200,000 +	523	16.5%
Total:	3,174	100%
Median Income:	\$103,000	

Source: 2009-2013 American Community Survey 5-Year Estimates, DP03

However, approximately 36% of households within the Borough of Highland Park have incomes less than \$50,000.

The Census data does not provide a breakdown of household income by household size, consequently it is not possible to calculate the percentage of households in the Borough which are of low or moderate income. Based on COAH's Year 2014 median household income for the Hunterdon/Middlesex/Somerset region of \$73,500 for the smallest-sized household of one person, the moderate-income threshold (maximum) for this household size was \$58,800 (80% of \$73,500).

The percentage of persons and households below the poverty level, as defined by the 2010 U.S. Census, equates to 11.5% of all Borough residents and 7.2% of persons in

families which is generally higher when compared to 8.5% of all the Middlesex County residents and 5.9% of persons in families which were below the poverty level.

### EMPLOYMENT CHARACTERISTICS

Table 16, Distribution of Employment by Industry, shows the distribution of employment by industry for employed Borough residents. The two industries that capture the largest segments of the population were the education, health and social services industry at 40.9% and professional, scientific, management, administrative and waste management services at 13%.

**Table 16. Distribution of Employment by Industry, Borough Residents, 2009-2013.**

Sector Jobs	Number	Percent
Agriculture, Forestry, Fishing and Hunting, and Mining	9	0.1%
Construction	221	3.0%
Manufacturing	504	6.9%
Wholesale Trade	51	0.7%
Retail Trade	613	8.4%
Transportation and Warehousing, and Utilities	214	2.9%
Information	402	5.5%
Financing, Insurance, Real Estate, Renting, and Leasing	343	4.7%
Professional, Scientific, Management, Administrative, and Waste Management Services	957	13.0%
Educational, Health and Social Services	3,003	40.9%
Arts, Entertainment, Recreation, Accommodation and Food Services	499	6.8%
Public Administration	221	3.0%
Other	304	4.1%
Total:	7,341	100%

Source: 2009-2013 American Community Survey 5-Year Estimates, DP03

Table 17, Employment by Occupation, identifies the occupations of employed persons. While Borough residents work in a variety of industries, 67.7% of employed residents work in management, professional and related occupations and 15.1 % are employed in sales and office occupations and another 10.1% in service.

**Table 17. Employment by Occupation, Borough of Highland Park, 2009-2013.**

Sector Jobs	Number	Percent
Management, Business, Science and Arts	4,968	67.7%
Service	744	10.1%
Sales and Office	1,110	15.1%
Natural Resources, Construction, and Maintenance	235	3.2%
Production, Transportation, and Moving	284	3.9%
Total	7,341	100%

Source: 2009-2013 American Community Survey 5-Year Estimates, DP03

The N.J. Department of Labor tracks covered employment throughout the state. Covered employment data includes only those jobs for which unemployment compensation is paid. By definition it does not cover the self-employed, unpaid family workers, most part-time or temporary employees, and certain agricultural and in-home domestic workers. See Table 18, Covered Employment, 2013, for additional detail.

**Table 18. Covered Employment, 2013**

Year	Highland Park	Middlesex
2013	2,716	421,301

Source: New Jersey Department of Labor and Workforce Development, *Municipal Annual Report by Sector (NAICS based)*. Data is as of 2013, which is the most current data available at the municipal level.

Health care/social assistance and other services were the largest sectors of in-town employment, with 511 and 342 jobs respectively. Table 19, Covered Employment by Sector, provides additional detail.

**Table 19. Covered Employment by Sector, 2013**

	Employment					Wages	
	March	June	Sept.	Dec.	Average	Annual	Weekly
Private Sector Municipality Total	2,144	2,107	2,074	2,176	2,102	\$38,774	\$746
Agriculture, forestry, fishing and hunting	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Construction	42	43	50	44	44	\$62,724	\$1,206
Manufacturing	33	27	19	28	27	\$38,364	\$738
Wholesale trade	2	2	6	8	4	\$58,116	\$1,118
Retail trade	300	306	315	323	309	\$34,973	\$673
Transportation and warehousing	12	14	13	15	13	\$14,984	\$288
Information	-	-	-	-	-	-	-
Finance and insurance	46	43	42	44	43	\$49,053	\$943
Real estate and rental and leasing	145	163	158	163	157	\$42,701	\$821
Professional and technical services	252	240	243	240	243	\$74,386	\$1,431
Management of companies and enterprises	-	-	-	-	-	-	-
Administrative and waste services	111	104	106	116	108	\$23,656	\$455
Educational services	-	-	-	-	-	-	-
Health care and social assistance	517	502	507	517	511	\$37,694	\$725
Arts, entertainment, and recreation	17	16	15	15	15	\$20,616	\$396
Accommodation and food services	139	168	143	145	147	\$17,145	\$330
Other services, except public admin.	339	335	355	367	342	\$27,239	\$524
Unclassified entities	60	40	17	27	34	\$29,977	\$576
Local Government Education Total	273	273	250	273	236	\$64,693	\$1,244
Federal Government Municipality Total	-	-	-	-	-	-	-
State Government Municipality Total	-	-	-	-	-	-	-
Local Government Municipality Total	417	412	392	414	378	\$59,564	\$1,145
<b>Total Covered Employment</b>	<b>2,834</b>	<b>2,792</b>	<b>2,716</b>	<b>2,863</b>	<b>2,716</b>	<b>-</b>	<b>-</b>

Source: New Jersey Department of Labor and Workforce Development, Annual Municipal Sector Data. Data from 2013 are the most current data broken down by industry available at the municipal level. Data have been suppressed (-) for industries with few units or where one employer is a significant percentage of employment or wages of the industry.

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## **ECONOMIC DEVELOPMENT POLICIES**

Given Highland Park's limited tax base, economic development, particularly revitalization of the downtown is key to sustained economic vitality. The Borough has taken steps to meet its economic development goals. Economic policies are coordinated through the Highland Park Redevelopment Authority and the Main Street Highland Park nonprofit organization that manages the business improvement district where there is much focus for revitalization and job creation.

Economic development efforts are concentrated in the improvement of streetscape aesthetics, the encouragement of mixed uses and the creation of a marketing program that attracts and retains business in the downtown. The awning and façade program provides an opportunity for commercial property owners and business owners to revitalize their buildings and storefronts by upgrading their facades. Flexible zoning and design standards provide opportunities for residential units on upper floors in the downtown. Programs focused on attracting and retaining business offer pertinent demographic information to prospective businesses, provide guidance in the approval process, technical assistance and training seminars.

## **CONSIDERATION OF LANDS APPROPRIATE FOR AFFORDABLE HOUSING**

Consistent with smart growth principles, the Borough has chosen to intersperse affordable housing throughout existing multi-family and single-family residential neighborhoods in proximity to N.J. Transit bus service and the central business district. These areas of the Borough provide the greatest number of employment opportunities and services. N.J. Transit bus service provides mass transit connections to North Brunswick, New Brunswick, Edison and Woodbridge. N.J. Transit Bus Route 814 provides direct service from Raritan Avenue to jobs and

educational institution to the east (Middlesex County College) and west (Rutgers University and DeVry College of Technology). The N.J. Transit Bus Route 810 provides service from Raritan Avenue to jobs, goods and services to the east (Woodbridge Center and Menlo Park Malls) and to the west (downtown New Brunswick).

The Borough has determined that inclusionary zoning (providing a density bonus for a residential development whereby the provision of market rate units subsidizes the provision of affordable housing units) is an appropriate way to address a portion of its fair share obligation. The Borough reached settlements of litigation with River Road and American Properties for higher density residential inclusionary developments to address a future third round affordable housing obligation with family affordable units.

On May 7, 2013 the Borough adopted an inclusionary zoning ordinance for the “Castle” property on River Road. The zoning permits a density of 12 dwelling units per acre with a 15% affordable housing obligation which can be constructed either on or off-site. As of the date of this plan, the owner/developer (Kaplan) proposes to construct the affordable housing units on-site as family affordable rental units.

The only other land which has been proposed for inclusionary development is Block 47, Lots 27-75, a 4.2 acre tract in the southeastern portion of the Borough between residential lots which front on South Fifth and South Seventh Streets. While the tract is vacant, it is not well suited to inclusionary development due to documented contamination associated with historic fill, challenging topography, close proximity to neighboring single family detached houses along both sides of the tract, a stream and drainage easement which runs through the tract and continues east to the

Raritan River, and mature woods which would need to be removed in order to develop the tract.

The Borough analyzed its fair share affordable housing obligations and has prepared this plan to address its third round rehabilitation share and a future third round new construction fair share. The Borough has a zero-unit prior round obligation. Highland Park has a right to select among any of the available COAH compliance options to best meet its fair share responsibilities.

#### **Availability of Existing and Planned Infrastructure**

The Borough has infrastructure capacity to address any future third round fair share obligation. The Borough owns and administers the infrastructure for both public water and public sewer through its Department of Public Works and Utilities, according to Don Rish, Superintendent of the Department. Public water is purchased for the Borough from the Middlesex Water Company. Capacity and nearby infrastructure exists to provide public water to address the Borough's approved and proposed affordable housing developments according to Robert Fullager, the Borough's licensed water operator. (Please See the Exhibit B to the Fair Share Plan for a letter from Middlesex Water Company regarding infrastructure). Sanitary sewerage disposal for Highland Park is handled by the Middlesex County Utilities Authority (MCUA) in Sayreville. The MCUA discharges treated effluent into the Raritan Bay. The Borough's affordable housing obligation, as well as any market rate units associated with it, will be adequately served with public sewer capacity provided by the Middlesex County Utilities Authority, according to a discussion with Kevin Aiello of the MCUA. Mr. Aiello noted that the MCUA is permitted a capacity of 147 million gpd while it currently uses approximately 105-110 million gpd. Lastly, the four (4) proposed and adopted

inclusionary developments are in the County's wastewater management plan and water quality management plan according to Mirah Becker of the Middlesex County Planning Department.

## **BOROUGH OF HIGHLAND PARK'S AFFORDABLE HOUSING OBLIGATION**

Since the Borough's Prior Round Obligation is zero (0) this plan is focused on addressing the Rehabilitation Obligation and securing credits toward the as yet unspecified Third Round Obligation.

### **Rehabilitation Obligation**

The rehabilitation obligation is defined as the number of deficient housing units occupied by low and moderate income households within a municipality (*N.J.A.C. 5:93-1.4*). COAH calculates this figure using indices such as overcrowding of units constructed prior to 1950 (this date was revised to 1960 in COAH's proposed rules), incomplete kitchen facilities, incomplete plumbing facilities and the estimated number of low and moderate income households in the municipality. In 2008 COAH calculated the Borough's rehabilitation obligation to be 75 units in *N.J.A.C. 5:97 Appendix B*.

However, in its proposed rules (*N.J.A.C. 5:99 Appendix B*) COAH calculated each municipality's Rehabilitation Share based on a methodology which was similar to that of the first and second but with four adjustments. This methodology set the Borough's Rehabilitation Share at 55 units as of 2014. The trial courts have not yet indicated whether they will accept the rehabilitation methodology proposed (but not actually adopted) by COAH. Also, COAH proposed to bring the municipal Rehabilitation Share forward from 2010 (the year of the Census) to 2014 (the anticipated year of adoption).

The Courts will also have to determine whether the Rehabilitation Share will be calculated as of 2010, 2014 or the year (presumably 2015) of adoption. The year selected will not only affect the amount of the Rehabilitation Share, it will likely also set the starting date for any credits which municipalities may receive for completed rehabilitation projects.

The Fair Share Housing Center, which has been the primary advocacy organization regarding the Third Round rule-making process, has not objected to COAH's proposed rehabilitation methodology. This may be indicative of an acceptance by all parties - including the trial courts - of the COAH Rehabilitation Share. This will be determined as the trial courts commence managing the Declaratory Judgment applications by municipalities in July of 2015.

### **Prior Round Obligation**

The prior round obligation can be defined as the municipality's cumulative 1987 through 1999 affordable housing obligation (N.J.A.C. 5:97-1.4). This time period corresponds to COAH's first and second rounds of affordable housing compliance. COAH has calculated the Borough of Highland Park's prior round obligation to be 0 units (Appendix C to N.J.A.C. 5:93).

### **Third Round Obligation**

As indicated in the first section of this Housing Element, the Third Round Obligation for municipalities has not yet been determined. Deciding on a methodology for quantifying regional housing need and allocating it to the constituent municipalities in each region will likely be the first challenge for the trial courts as they implement the March 10, 2015 N.J. Supreme Court decision.

However, it is still worthwhile to document the “new construction” credits to which the Borough is entitled so they can be applied to the Third Round Obligation whenever it is determined. Due to the lack of certainty with regard to the Third Round rules no attempt has been made to calculate bonuses nor compliance with age-restricted caps or rental unit minimum thresholds. These aspects of compliance can all be determined once the rules are finalized.

## **BOROUGH OF HIGHLAND PARK’S AFFORDABLE HOUSING PLAN**

### **Satisfaction of the Rehabilitation Obligation**

In addressing its rehabilitation share, the Borough has participated in and continues to participate in a number of rehabilitation programs including the Middlesex County rehabilitation program, a prior Neighborhood Preservation (“NPP”) rehabilitation program funded by the NJ Department of Community Affairs (“DCA”), as well as the past and current housing rehabilitation efforts of the Highland Park Housing Authority. In addition, the Borough recently executed a contract with Community Grants Planning and Housing (“CGP&H”) to administer a new rehabilitation program in the Borough.

COAH’s rehabilitation crediting rules at *N.J.A.C. 5:97-4.5* are addressed including counting rehabilitations completed after April 1, 2000, units rehabilitated up to the applicable code, average capital costs of at least \$8,000 (units completed before June 2, 2008) or \$10,000 (units completed on or after June 2, 2008), experienced administrator, affordability controls of at least six (6) years for units completed on or after April 1, 2000 and before December 20, 2004 and of at least 10 years for units completed on or after December 20, 2004, and the repair or replacement work on a major system for units completed on or after June 2, 2008.

### Middlesex County Program

Documentation from the Middlesex County Housing and Community Development Department indicates the ongoing participation of the Borough in the County's rehabilitation program. Nineteen municipalities including Highland Park participate in the County's program. The County provided a copy of the Borough's initial 1993 participation agreement, a copy of the Borough's 1993 resolution of participation, as well as a copy of the most recent 2011 participation agreement that covers years 2012 to 2014. In addition, the County program officials confirmed that two (2) units were rehabilitated in the Borough after April 1, 2000 as shown on the completed rehabilitation form. The two (2) units were completed after April 1, 2000, were below code and raised to code, have perpetual life liens, had average hard costs of \$20,275 per unit and the participants were low income (refer to the Exhibit C for the County participation agreements and the County rehabilitation form).

### Highland Park Housing Authority Rehabilitation Program

From discussions with Donna Brightman, Executive Director of the Highland Park Housing Authority, Ms. Brightman and Sandy Niemiec, the immediate past Executive Director, both confirmed and supplied documentation on the Housing Authority's ongoing rehabilitation efforts on the existing 123 affordable housing units in the Borough. The Housing Authority units include 24 family rental units at Park Terrace which were built in 1961 and 99 senior rental units at the Samuel J. Kronman building built in 1977, located across the street from or next to the Highland Park Borough municipal building, respectively. Although not eligible for new construction credit as the units were constructed prior to April 1, 1980, the rehabilitation work on the Housing Authority units is eligible to address the Borough's rehabilitation share.

In a letter report dated October 29, 2012, the Court's special master, Elizabeth McKenzie, PP, AICP, stated that her experience with a similar housing authority program in Princeton Township "supports the notion that this type of rehabilitation

program is not only credit worthy but satisfies COAH's requirement that a rehabilitation program be available to rental units as well as owner-occupied units".

Highland Park Borough Housing Authority documentation includes Capital Fund Program Final Budget Reports for the years 2000 through 2012. A total of \$1,296,632.30 has been expended on renovating the 123 Highland Park Housing Authority units for an average expenditure of \$10,541 per unit (refer to the Exhibit D for a memorandum from Mary Beth Lonergan with a listing of the capital amounts expended each year).

The COAH requirement for either 6- or 10-year liens is met as these Housing Authority units will remain affordable units for the long-term. As confirmed by the Housing Authority officials, the tenants are all very low-, low- or moderate-income individuals or households.

The rehabilitation work on these existing rental units satisfies the COAH requirement that rehabilitation programs accommodate rental units as well as owner-occupied units. As discussed below, the Borough's new rehabilitation program administered by CGP&H is also open to rental units.

At least one major system was repaired or replaced for all 123 units since April 1, 2000. Scott Luthman, Borough Construction Official, confirmed that the Housing Authority pulled Borough building permits for the rehabilitation work and confirmed that the roofs of both the family and senior Housing Authority units were brought up to code through repair or replacement since April 1, 2000. The roof at the senior building was replaced in 2005 and a new heating system installed. The roofs on the family townhouse units were replaced in 2010 and furnaces, siding and water heaters were also replaced in the family units in 2010.

### Borough NPP Rehabilitation Program

The Borough previously administered an NPP rehabilitation program. William Popko, Program Manager in the Division of Housing and Community Resources at DCA and former NPP Program Administrator at DCA, provided documentation confirming the completed rehabilitation units in the Borough of Highland Park. As the Borough has exceeded its COAH-assigned 75-unit rehabilitation share with 123 units rehabilitated under the auspices of the Housing Authority, the Borough reserves the right to submit documentation on the NPP program at a later date if necessary.

### New Borough Rehabilitation Program (CGP&H)

The Borough has also recently begun a new rehabilitation program that is administered by CGP&H, an experienced affordable housing rehabilitation program administrator. The Borough adopted Resolution 4-12-133 on April 3, 2012 appointing CGP&H to administer the rehabilitation program and issued a \$525,000 bond ordinance to fund the program. This new rehabilitation program was implemented in July 2012 and a significant number of applications were received by the program administrator and are being processed. The program is open to both renter-occupied and owner-occupied units. According to Randall Gottesman, President of CGP&H, fully-forgivable loans are provided to income-eligible owners of single and multifamily units, while zero percent interest loans are available to investor-owned multifamily residents. With existing rehabilitation credits far in excess of the Borough's third round rehabilitation share based on COAH's analysis of the 2000 Census, the Borough anticipates that all rehabilitations completed through this new program will help the Borough address any new rehabilitation obligation that may be assigned the Borough based on the 2010 Census. All of COAH's requirements are addressed in the Borough's rehabilitation program manual prepared by CGP&H (refer to the Exhibit E for the Borough's resolution and rehabilitation program manual).

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## **Conclusion – Rehabilitation**

As indicated above; the Rehabilitation Obligation for the Third Round will be established by the trial court. The factors which COAH utilized in the First and Second Rounds for determining the Rehabilitation Obligation were very similar to those utilized by COAH in the rules proposed for adoption in 2014. The trial court will not only establish the number of units which constitute the Borough's Rehabilitation Obligation, it will set the standards for crediting these units as well. Examples of these standards are when the work was completed, whether it brought the unit up to code and how much it cost to do so.

The Borough will be entitled to rehabilitation credit for units which qualify under the standards adopted by the trial court. Units which were completed prior to 2010 may not be eligible for credit if the Rehabilitation Obligation is premised upon the 2010 Census. However, two existing programs - the Borough's Rehabilitation Program (CGP&H) and the Housing Authority Rehabilitation Program – are sufficient to address the Borough's Rehabilitation Obligation regardless of the starting date and other standards which the trial court may set.

The Borough's Rehabilitation Program is currently structured to conform to the current standards for rehabilitation credit. If the trial court should revise those standards the Borough's Program will be adjusted as necessary to maintain consistency.

Similarly, the Housing Authority will continue to apply annually to the federal government (the U.S. Department of Housing and Urban Development) for capital improvement funds to renovate the 123 rental units for which it is responsible. While the federal funding in any single year has not been sufficient to qualify the Housing Authority's units for rehabilitation credit, the funding over a number of years during the Third Round may qualify.

## THIRD ROUND PROSPECTIVE FAIR SHARE

The Borough has a number of existing, approved and proposed affordable housing units to address its unspecified Third Round fair share obligation (see Borough-wide affordable housing site map). The units consist of senior affordable rentals, special needs and supportive housing, and family affordable sale and rental units. In order to address COAH's general regulations governing new construction units, the affordable units must have been constructed or reconstructed after April 1, 1980, must have minimum 30-year affordability controls, must have at least half of the units affordable to low-income households, and must be administered by an experienced affordable housing administrative agent. The earliest eligible affordable housing units Highland Park were completed in 1987 with the balance after that date. All of the units established in the Borough have 30-year affordability controls (except for the three group homes which have 15 or 20-year renewable CAFU state funding), all have at least half low-income units and at least 17 units are restricted to occupancy by very low-income residents and all are administered by an experienced affordable housing administrative agent.

### Existing Affordable Units

#### AHEPA Senior Affordable Rentals

There is an existing 56-unit senior affordable rental housing complex in Highland Park known as AHEPA. The complex is located at 239 South 6<sup>th</sup> Avenue (Block 46/Lots 12, 13, 15-21) (see affordable housing site map). This complex was developed by AHEPA Highland Park, LLC, through Low Income Housing Tax Credit financing as well as NJ Balanced Housing funds, Middlesex County HOME funds and HMFA financing. The senior affordable rental units at AHEPA are administered by Conifer, Inc. Charles Lewis, Vice President at Conifer, submitted all of the required crediting documentation including a community fact sheet, deed restriction, copy of the certificate of occupancy and affordability controls (refer to Exhibit F for crediting documentation).

The AHEPA senior rentals received a certificate of occupancy (“c.o.”) on November 8, 2001. There is one (1) superintendent’s unit that is not counted in the total of 56 affordable units. All of the affordable units serve a low income population and have 30-year affordability controls. There are 48 one-bedroom units (including one for the superintendent) and nine (9) two-bedroom units.

**[56 senior affordable rental units]**

#### ARC of Middlesex County

Shari White of the ARC of Middlesex County described the two existing group homes that the ARC of Middlesex County owns and administers in Highland Park Borough. Her agency received capital funding from the state to purchase the units. A copy of a letter from Janel Winter, Director of Housing and Resource Development of the Division of Developmental Disabilities (DDD) of DHS, confirms that the ARC of Middlesex County received state funding. An ARC representative provided a completed copy of COAH’s rehabilitation crediting form. The two existing group homes include a four-bedroom group home located at 136 Exeter Street (Block 117/Lot 31) and a five-bedroom group home located at 261 South 6<sup>th</sup> Avenue (Block 46/Lots 27 and 28). DDD provided copies of the current state licenses for both group homes. Borough Construction Official Scott Luthman provided a copy of a deed showing that the ARC Raritan Valley Unit originally purchased the five-bedroom group home at 261 S. 6<sup>th</sup> Avenue on January 7, 1987 and stated that a c.o. was issued on September 10, 1987. Mr. Luthman also provided a deed showing that ARC of Middlesex County purchased the group home at 136 Exeter Street on October 28, 2002 and stated that a c.o. was issued on August 19, 2003 (see Exhibit G for state funding letter, group home licenses, deeds, c.o.’s and a copy of COAH’s supportive and special needs housing survey for both group homes).

**[Nine (9) group home bedroom rental credits]**

### Pulte – Overlook at Highland Park

There are nine (9) existing family affordable for-sale units (out of a total of 82 units) constructed by Pulte as part of an inclusionary development known as Overlook at Highland Park (see Borough-wide affordable housing site map). The Borough Zoning Board approved the inclusionary development on December 14, 2009 and all nine (9) units received certificates of occupancy on either February 7, 2011 or September 30, 2011. There are five (5) low income units and four (4) moderate income units. All of the affordable units have three (3) bedrooms providing affordable housing for larger families. The units have 30-year affordability controls. HAS serves as the experienced affordable housing administrative agent, initially through an agreement with Pulte and now through an agreement with the Borough.

Based on a conversation with James Mullen, Esq., Pulte Group, the following required documentation showing credit eligibility was provided (refer to Exhibit H for all crediting documentation):

- Affordable unit inventory;
- Overall restrictive covenant as well as deeds with affordable housing restrictions for all nine (9) units;
- Copies of each c.o.; and
- Pulte agreement and current Borough agreement with HAS.

**[Nine (9) family affordable for-sale credits]**

### Irayna Court – Reformed Church

The Reformed Church Housing Corporation (“Reformed Church”) received Borough approval on January 22, 2007 for the creation of six (6) permanent supportive affordable housing units at Irayna Court, 21 South 2<sup>nd</sup> Avenue (Block 22/Lot 29.01) in Highland Park (see affordable housing site map). Irayna Court was financed through \$1.5 million of Special Needs Trust Funds approved on October 24, 2007 by the HMFA. The units received a certificate of occupancy on September 3, 2008 and have 30-year affordability controls. The six (6) units are reserved for very low income adults that have aged out of the foster care system. The very low-

income requirement is set forth in the Special Needs Housing Trust Fund Grant Agreement, Deed Restriction and Regulatory Agreement. Middlesex Interfaith partners with the Reformed Church to provide supportive services with a 24-hour/7 day per week on-site supervisor. The residents must be enrolled in college or a GED program and seeking employment. Reverend Seth Kaper-Dale, President of the Reformed Church Housing Corporation, supplied complete crediting documentation including a copy of the Special Needs Housing Trust Fund Grant Agreement, Deed Restriction and Regulatory Agreement, a copy of the c.o., as well as a copy of COAH's supportive and special needs housing survey (refer to Exhibit I for the crediting documentation).

**[Six (6) permanent supportive very low-income affordable rental housing units]**

11 S. 2<sup>nd</sup> Ave. - Reformed Church

The Reformed Church also established a single permanent supportive affordable housing unit at 11 S. 2<sup>nd</sup> Avenue (Block 22/Lot 31) in the Borough through Special Needs Trust Funds totaling \$331,594 which were approved by HMFA on November 20, 2008 (see affordable housing site map). The Special Needs Trust Funds provided capital costs for the acquisition and moderate rehabilitation of a two-bedroom single-family home into a three-bedroom housing unit. The unit received a certificate of occupancy on October 17, 2008. The three-bedroom unit is reserved for a low-income household and has 30-year affordability controls. Complete crediting documentation was supplied including a copy of the Special Needs Housing Trust Fund Grant Agreement, Deed Restriction and Regulatory Agreement, a copy of the c.o., as well as a copy of COAH's supportive and special needs housing survey (refer to Exhibit J for the crediting documentation).

**[1 (one) permanent supportive affordable rental housing unit]**

SERV Licensed Supervised Apartments

SERV Behavioral Health System, Inc. leases 9 apartments in the Forest Glen Village apartment complex: 1-4, 17, and 34-37 Forest Glen (Block 189, Lot 8.01) and operates them as permanent supportive housing. While there is no deed restriction on these

rental units, each unit began continuous operation as permanent supportive housing between 1995 and 1998. Each apartment contains two bedrooms with two beds in each room occupied by two unrelated individuals, nearly all of whom are on SSI or SSD or have Medicaid and/or Medicare. All of these units receive operational funding from the New Jersey Department of Human Services and are licensed by the Division of Mental Health Services (refer to Exhibit K for crediting documentation).

**[18 permanent supportive very low-income affordable rental housing units]**

#### Veterans' Supportive Housing – Reformed Church

Lastly, the Reformed Church reconstructed a former church into 11 veterans' permanent supportive affordable housing units at 101 S. Third Avenue (Block 32/Lot 1) (see affordable housing site map). Highland Park Borough approved the reconstruction efforts on June 22, 2009 and HMFA approved funding on February 9, 2010. The Special Needs Housing Trust Fund Grant Agreement, Deed Restriction and Regulatory Agreement set forth the very-low income requirement as well as the 30-year affordability controls. The 11 very-low income units received a certificate of occupancy on December 23, 2011 and consist of 10 efficiencies and one (1) two-bedroom unit for homeless and/or disabled veterans. Complete crediting documentation was supplied including a copy of the Special Needs Housing Trust Fund Grant Agreement, Deed Restriction and Regulatory Agreement, a copy of the c.o., as well as a copy of COAH's supportive and special needs housing survey (refer to Exhibit L for crediting documentation).

**[11 permanent supportive very low-income affordable rental housing units]**

## Approved Affordable Units

### Y Property (Highland Cliffs, LLC): Block 1, Lot 1.01

The Highland Park Board of Adjustment approved a residential development on the Y Property (Block 1/Lot 1.01) on October 22, 2012 for the development of 23 townhouse units of which two (2) units will be affordable to low and moderate income households. The 4.51 acre site is located at the southwest corner of South Adelaide Avenue and Raritan Avenue and will accommodate a net density of 11.2 units per acre (see affordable housing site map). The developer will also provide a payment for 0.3 affordable units towards the Borough's affordable housing trust fund (refer to Exhibit M for the resolution of approval).

### **[2 approved affordable units]**

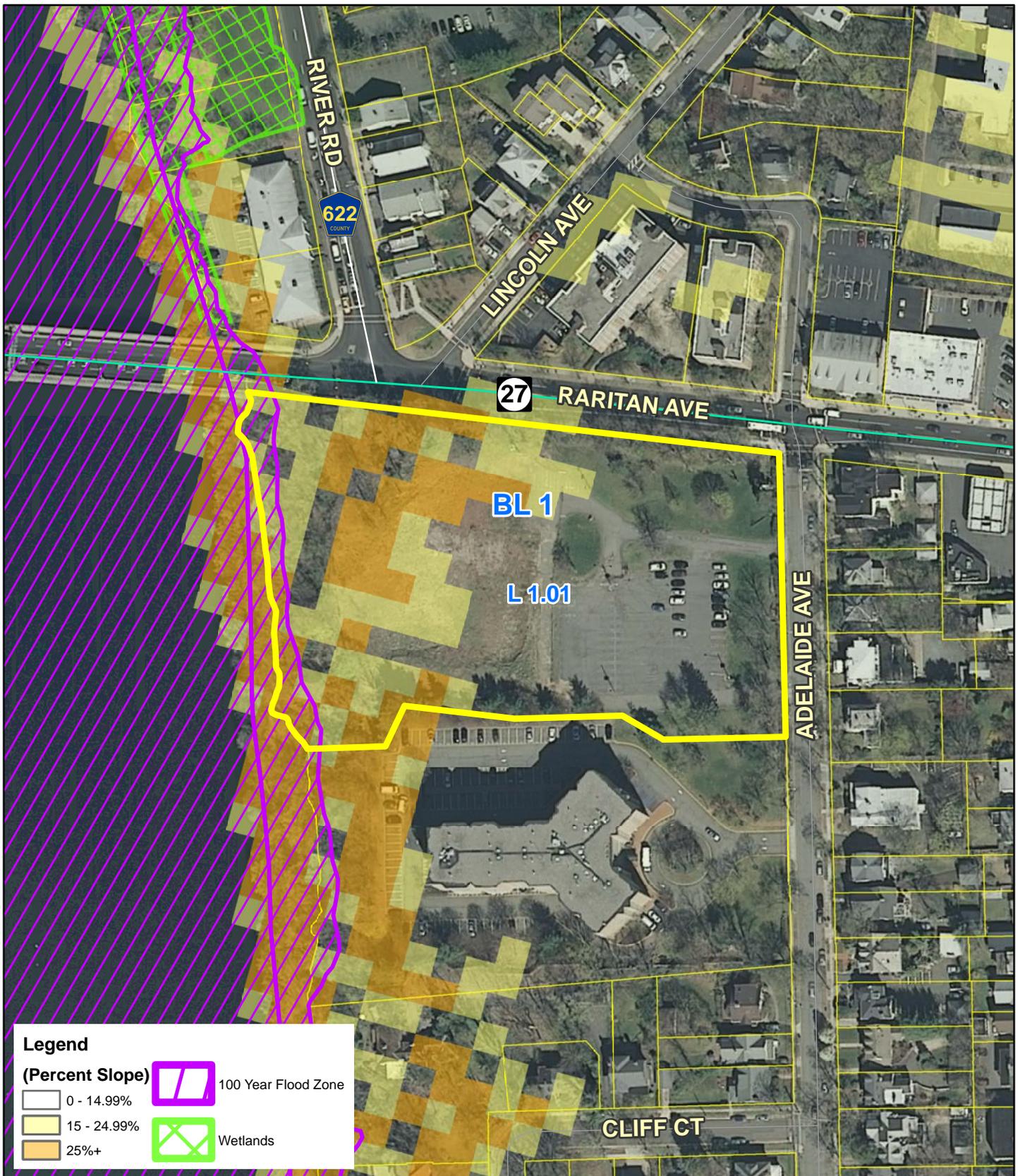
The proposed inclusionary development addresses COAH's criteria set forth in N.J.A.C. 5-97-6 and more specifically the criteria listed in N.J.A.C. 5:97-6.4:

- *All sites shall meet the site suitability criteria set forth in N.J.A.C. 5:97-3.13:*
  - ✓ *The site is adjacent to compatible land uses and has access to appropriate streets. The site has a clear title and no legal encumbrances which would preclude its development as an inclusionary development.*
  - ✓ *The site is adjacent to compatible land uses and has access to appropriate streets. The site has frontage and access from South Adelaide Avenue and only frontage on Raritan Avenue (Route 27). Surrounding properties include apartment complexes, single-family residences, and commercial uses.*

- ✓ *Adequate sewer and water capacity is available.* The site is located within the Borough’s approved sewer service area and the site has adequate sewer service capacity through the Middlesex County Utilities Authority system. Adequate water capacity exists to serve the project.
  
- ✓ *The site can be developed in accordance with R.S.I.S.* Development of the site was approved consistent with the Residential Site Improvement Standards, N.J.A.C. 5:21-1 et seq.
  
- ✓ *Development of the site is consistent with the State Development and Redevelopment Plan (“State Plan”) and the rules and regulations of all agencies with jurisdiction over the site.* The adopted 2001 State Plan places the site in the “Metropolitan Planning Area, Planning Area 1”, which is the preferred location for municipalities to address their fair share obligation per COAH’s rules.
  
- ✓ *The site will comply with all applicable environmental regulations.* The site contains steep slopes down towards the Raritan River. While the approved buildings encroach on the required 100 foot buffer from this feature, the Zoning Board granted a conditional use variance from this requirement. After the site’s previous building, a 3-story YMHA, was demolished in 2006, a “no further action” letter was obtained from NJDEP.
  
- ✓ *The site will not impact any historic or architecturally important sites and districts.* According to Borough Planner Allen Schetel, a historical

survey was completed on the property but did not find any historic or architecturally important sites.

- *Affordable housing set-asides.* Pursuant to the October 22, 2012 Board of Adjustment resolution granting variance approval, the applicant will provide two (2) on-site affordable housing units and make a contribution to the Borough's affordable housing trust fund equivalent to .3 affordable units. Because the third round rules are in flux, Highland Park's future fair share obligation was unknown at the time of the application approval. However, the Zoning Board considered the set-aside adequate for the project.
- *The affordable units must comply with N.J.A.C. 5:97-9 and UHAC.* The affordable units will comply with the required affordability controls.



This map was developed using New Jersey Department of Environmental Protection Geographic Information System digital data, but this secondary product has not been verified by NJDEP and is not state-authorized.

Parcel Source: NJGIN Tax Parcels for Middlesex County 2013



# Y Property Site

Block 1, Lot 1.01

Highland Park Borough, Middlesex County, NJ June 2015

Clarke Caton Hintz



Architecture

Planning

Landscape Architecture

Kaplan “Castle” Site: Block 189, Lot 4

The Kaplan tract is a 16.33 acre parcel located on Block 189, Lots 4 with access to River Road (see affordable housing site map). The property is currently in the RMT-H zoning district which permits multi-family mid-rise residential apartment units at a density of 12 dwelling units per acre with a 15% set aside for low and moderate income units. The Highland Park Planning Board approved the construction of 196 rental units on October 23, 2014 (memorialized on January 8, 2015), including 15 low and 15 moderate income family rental units with 30 year deed restrictions, for a total of 30 affordable family units. The RMT-H zone requires the affordable units be developed in accordance with COAH’s rules including bedroom distribution, 50% (15 units) low and 50% (15 units) moderate income unit split, provision of very low affordable housing units (four units), 30-year deed restrictions and the provision of an experienced administrative agent (refer to Exhibit N for resolution of approval).

**[30 affordable family rental housing credits]**

The proposed inclusionary development addresses COAH’s criteria set forth in N.J.A.C. 5:97-6 and more specifically the criteria listed in N.J.A.C. 5:97-6.4:

- *All sites shall meet the site suitability criteria set forth in N.J.A.C. 5:97-3.13:*
  - ✓ *The site has a clear title and is free of encumbrances which preclude development of affordable housing.* According to Jason Kaplan, the developer, the site has a clear title and no legal encumbrances which would preclude its development as an inclusionary housing project.

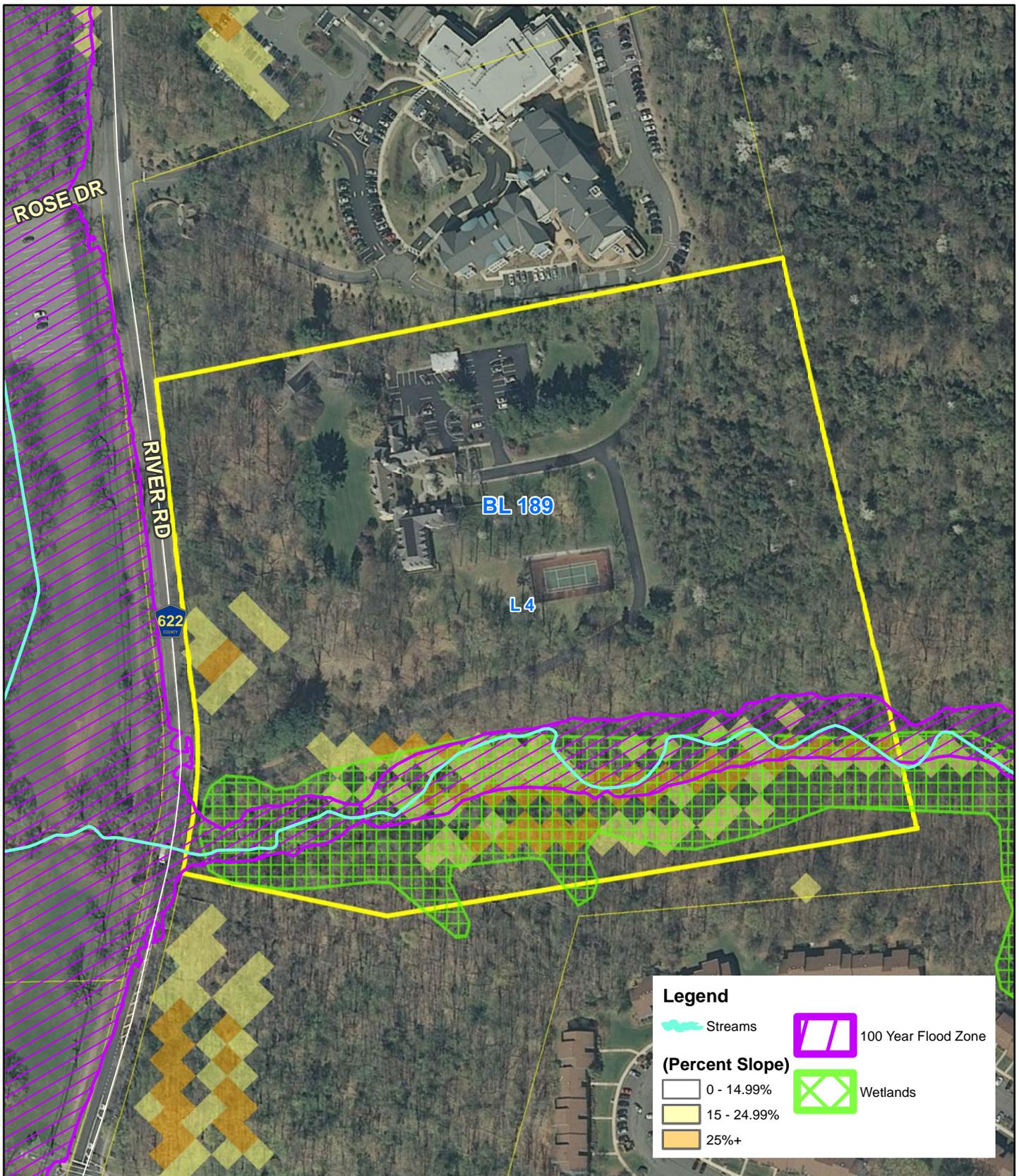
- ✓ *The site is adjacent to compatible land uses and has access to appropriate streets.* The site has approximately 730 feet of frontage along River Road. Surrounding uses include the Francis E. Parker Memorial Home (a continuing care facility) to the northwest, active recreational fields to the southwest, multi-family residential to the southeast and wooded open space to the northeast.
- ✓ *Adequate sewer and water capacity is available.* The site is located within the Borough’s approved sewer and water service area and, as previously discussed, the site has adequate sewer service capacity through the Middlesex County Utilities Authority system and adequate water capacity through the Middlesex Water Company. Water infrastructure exists along River Road to service the site. Although the site is located in a sewer service area, this area of the Borough may require the sewerage to be treated by the adjacent Piscataway system.
- ✓ *The site can be developed in accordance with R.S.I.S.* Development of the site will be consistent with the Residential Site Improvement Standards, N.J.A.C. 5:21-1 et seq.
- ✓ *Development of the site is consistent with the State Development and Redevelopment Plan (“State Plan”) and the rules and regulations of all agencies with jurisdiction over the site.* The adopted 2001 State Plan places the site in the “Metropolitan Planning Area, Planning Area 1”, which is the preferred location for municipalities to address their fair share obligation per COAH’s rules. Although the areas to the south and east of the site are designated as critical environmental areas

(open space), the proposed development will not infringe or impact on these critical environmental areas.

- ✓ *The site will comply with all applicable environmental regulations.* There are wetlands, floodplain and steep slopes located along the southern property boundary which are associated with Cedar Creek, a tributary of the Raritan River. Pursuant to conditions in the Planning Board Resolution, the development will comply with applicable regulations. The Board did grant environmental variances for slope disturbance and retaining wall height and found that the development is exempt from the Stream Corridor Protection and Riparian Buffer Ordinances.
- ✓ *The site will not impact any historic or architecturally important sites and districts.* The Kaplan property is not listed on the National or State registry and is not located adjacent to lands of historic importance and therefore will not impact any historic or architecturally important sites. While the existing building on the site has a unique architectural character, the developer intends to preserve the existing building as part of the development project. The site is listed as an archeological site of high potential in the 2012 Highland Park Environmental Resource Inventory.
- *The site will permit minimum presumptive densities and presumptive maximum affordable housing set-asides.* The development will produce a maximum of 196 dwelling units representing a density of 12 units per acre. The set-aside is thirty (30) units or fifteen (15) percent for affordable housing units.

- *Inclusionary zoning should provide sufficient incentives for the provision of affordable housing and meeting at least one of the following conditions:*
  - ✓ *The zoning provides for the presumptive densities and set-asides as indicated above. Please refer to the previous criteria explanation.*
  
- *Bulk standards should reflect a decrease in lot size and lot width. The adopted zoning ordinance for the site permits mid-rise residential apartment structures.*
  
- *Inclusionary ordinances should require the construction of affordable units on site or alternatively, the ordinance may permit the option of providing units elsewhere in the municipality. The units will be constructed on-site as affordable family rentals.*
  
- *Inclusionary ordinances should require the affordable housing units built as a percentage of market rate units in accordance with N.J.A.C. 5:97-6.4(d). The ordinance specifies that 100% of the affordable units must be constructed prior to 90% of the market-rate units. In addition, the developer must adhere to all of the earlier phasing requirements per the Borough's fair share ordinance.*
  
- *Inclusionary ordinances should require, to the extent feasible, the integration of the affordable units with the market rate units. The Borough's fair share ordinance complies with this criterion.*

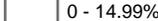
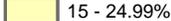
- *Inclusionary ordinances require the same heating source for the affordable and market rate units and have access to the same community amenities. The Borough's fair share ordinance complies with these criteria.*
  
- *Inclusionary ordinances should require that the first floor of all townhouse dwelling units and other multistory dwelling units comply with N.J.A.C. 5:97-3.14. The Borough's fair share ordinance complies with these criteria.*
  
- *The affordable units must comply with N.J.A.C. 5:97-9 and UHAC. The ordinance requires the affordable units to comply with the required UHAC affordability controls. The developer must adhere to the 2008 statutory requirements for 13% of the 30 affordable units or four (4) units to be available as very low income rentals at 30% of the regional median income. This provision of four (4) very low-income rentals will not reduce the developer's ability to attain an average rent of 52% of the regional median income as permitted by COAH's rules.*



This map was developed using New Jersey Department of Environmental Protection Geographic Information System digital data, but this secondary product has not been verified by NJDEP and is not state-authorized.

Parcel Source: NJGIN Tax Parcels for Middlesex County 2013

**Legend**

-  Streams
-  100 Year Flood Zone
- (Percent Slope)**
-  0 - 14.99%
-  15 - 24.99%
-  25%+
-  Wetlands



# Kaplan "Castle" Site

Block 189 Lot 4

Highland Park Borough, Middlesex County, NJ June 2015

Clarke Caton Hintz 

Architecture

Planning

Landscape Architecture

American Properties: Block 170, Lots 5 & 6

The American Properties tract is located north of the River Road property (The Crossings at Highland Park) and west of Cleveland Avenue. It is bounded by the NJ Transit/Amtrak Railroad's Northeast Corridor Line on the west, Janeway Avenue to the south, existing single-family residential development to the east and industrial/office use to the north. The 7.5 acre parcel located on Block 170, Lots 5 & 6 has access to Cleveland Avenue and Janeway Avenue. The site slopes down from Cleveland Avenue toward the rail line and is not environmentally constrained by wetlands, flood hazard area, steep slopes or Category One streams. However, it is a previously disturbed Brownfields industrial site which has undergone extensive and continuing clean up efforts. The developer is obligated to remediate the property in accordance with the standards for safe residential use as adopted by the NJ Department of Environmental Protection. A N.J. Transit bus stop is a little over a half mile from the corner of North Second Avenue and Jackson Avenue to 3<sup>rd</sup> Avenue and Raritan Avenue.

The development of this site is the product of a "builder's remedy" lawsuit filed by American Properties in 2009. The Plaintiff and the Borough entered into settlement discussions which resulted in a settlement agreement approved by the Court on February 17, 2015 (refer to Exhibit O for settlement agreement). The proposed settlement agreement includes the following:

- The provision of up to 110 for-sale units;
- Units shall be multifamily attached units, townhouse style units or a mix of both;
- Up to six (6) of the 110 units shall be set aside as affordable units (three low-income and three moderate-income);

- All necessary steps will be taken to ensure the units are creditworthy under applicable regulations and Affordable Housing Laws including bedroom distribution;
- A set aside of least 5% will be maintained if fewer than 110 units are developed;
- Affordable units shall be interspersed among the market-rate units in a manner acceptable to the Planning Board;
- The expense of any infrastructure studies the Planning Board may require is the responsibility of the developer;
- Architectural elevations and site sections depicting the height of the proposed structures as compared to the height of the neighboring properties shall be provided;
- If development is approved by the Planning Board as a for-sale project and later converted to a rental project as permitted in the Settlement Agreement, the developer is permitted to construct no more than 110 rental units with a set aside of six (6) affordable units (3 low income units and 3 moderate income units) provided that at least five (5) percent of the total units are affordable of which 50 percent of those units be restricted to low income units;
- If development is approved by the Planning Board as a rental project as permitted in the Settlement Agreement, the developer is permitted to construct no more than 100 rental units with a set aside of five (5) affordable units (3 low income units and 2 moderate income units) provided that at least five (5) percent of the total units are affordable of which 50 percent of those units be restricted to low income units;

- If the development becomes a rental project, the developer has the obligation to build up to twelve (12) for-sale townhouse units along the property frontage on Cleveland Avenue; these units will be counted toward the maximum 95 market rate units to be constructed; and
- All costs related to the administrative tasks associated with the affordable units including affirmative marketing, pricing, deed restrictions and enforcing UHAC regulations shall be covered by the developer. The affordable units will be administered by an experienced affordable housing administrative agent retained by the developer.

Pursuant to the settlement agreement, the Borough's proposed zoning would permit a maximum of 110 dwelling units which reflects a gross density of 14.7 units per acre and a set aside of up to six (6) units or 5 percent for low and moderate income households.

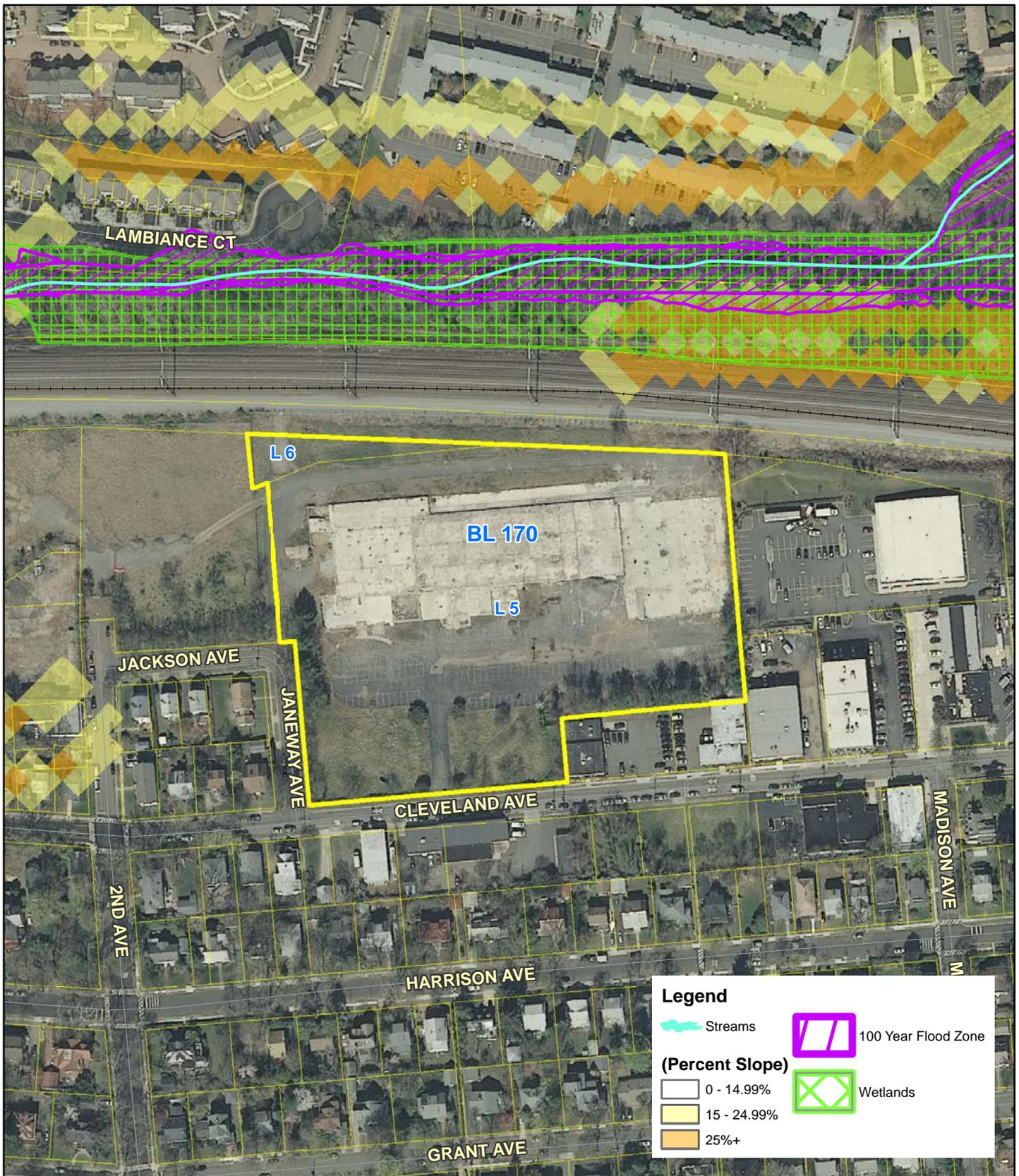
**[6 affordable housing credits]**

The proposed inclusionary development addresses COAH's criteria set forth in N.J.A.C. 5:97-6 and more specifically the criteria listed in N.J.A.C. 5:97-6.4:

- *All sites shall meet the site suitability criteria set forth in N.J.A.C. 5:97-3.13:*
  - ✓ *The site has a clear title and is free of encumbrances which preclude development of affordable housing.* According to Ron Shimanowitz, Esq., the site has a clear title and there are no material legal encumbrances which would preclude its development as an inclusionary development project.

- ✓ *The site is adjacent to compatible land uses and has access to appropriate streets.* The site has approximately 385 feet of frontage along Cleveland Avenue and 240 feet of frontage along Janeway Avenue. Surrounding uses include existing single-family housing to the south and southwest, a proposed multi-family inclusionary development to the west and industrial/office use to the north. The site is located on the south side of the Amtrak rail line and existing residential developments are located immediately to the north of the Amtrak rail line, including Pulte's Overlook inclusionary development.
- ✓ *Adequate sewer and water capacity is available.* The site is located within the Borough's approved sewer service area and, as previously discussed, the site has adequate sewer service capacity through the Middlesex County Utilities Authority system. Adequate water capacity exists to serve the project.
- ✓ *The site can be developed in accordance with R.S.I.S.* The site can be developed consistent with the Residential Site Improvement Standards, N.J.A.C. 5:21-1 et seq.
- ✓ *Development of the site is consistent with the State Development and Redevelopment Plan ("State Plan") and the rules and regulations of all agencies with jurisdiction over the site.* The adopted 2001 State Plan places the site in the "Metropolitan Planning Area, Planning Area 1", which is the preferred location for municipalities to address their fair share obligation per COAH's rules.

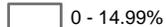
- ✓ *The site will comply with all applicable environmental regulations.* There are no wetlands, floodplains, steep slopes or Category One streams on the site.
- ✓ *The site will not impact any historic or architecturally important sites and districts.* The site is not identified as having any historic or architecturally important resources and will not impact the historic district in Highland Park as the district is not located adjacent to the site.
- *Affordable housing set-asides.* The development will produce a maximum of 110 for-sale or converted rental dwelling units representing a density of 14.7 units per acre or 100 initial rental units representing a density of 13.3 units per acre. The set-aside is six (6) units or five (5) percent of for-sale or converted rental units and five (5) units or 5% of units developed as rental housing from the outset.
- *Inclusionary ordinances should require the construction of affordable units on site or alternatively, the ordinance may permit the option of providing units elsewhere in the municipality or providing an in lieu payment for the entire or fractional portion of the required affordable units.* The units will be constructed on site.
- *The affordable units must comply with N.J.A.C. 5:97-9 and UHAC.* The affordable units will comply with the required affordability controls.
- *Inclusionary ordinances should require that the first floor of all townhouse dwelling units and other multistory dwelling units comply with N.J.A.C. 5:97-3.14.* The Borough's fair share ordinance complies with these criteria.



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Parcel Source: NJGIN Tax Parcels for Middlesex County 2013

**Legend**

-  Streams
-  100 Year Flood Zone
- (Percent Slope)**
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-  15 - 24.99%
-  25%+
-  Wetlands



# American Properties Site

Block 170, Lots 5 & 6

Highland Park Borough, Middlesex County, NJ June 2015

Clarke Caton Hintz 

Architecture

Planning

Landscape Architecture

River Road: “The Crossings at Highland Park”  
Block 181, Lots 25-30 and Block 172, Lot 2

The River Road tract is located on the north side of River Road and west of Cleveland Avenue. It is bounded by the NJ Transit/Amtrak Railroad’s Northeast Corridor Line on the west, River Road to the south, residential development and North Second Avenue and Jackson Avenue to the east and the American Properties tract to the north (see affordable housing site map). The 10.47 acre parcel located on Block 181, Lots 25-30 and Block 172, Lot 2 is a previously disturbed Brownfields industrial site that has undergone extensive clean-up efforts. The site has access to River Road and the corner of North Second Avenue and Jackson Avenue. Although the southeast corner of the site contains some steep slopes, the site is free of other environmental constraints as it is not in a flood hazard area and wetlands are not present. There is the need for ongoing groundwater monitoring and clean-up and radon is present in Highland Park and therefore mitigation is necessary for all new residential construction. The N.J. Transit bus stop is a little over a half mile from the corner of North Second Avenue and Jackson Avenue to 3<sup>rd</sup> Avenue and Raritan Avenue. The development of the River Road site is the product of a “builder’s remedy” lawsuit filed by the Plaintiff. The Plaintiff and the Borough entered into settlement discussions which resulted in a settlement agreement reviewed by the Special Master in a report dated October 29, 2012. The court order approving the settlement was dated January 4, 2013 and included the following conditions (see Exhibit Q for the approved settlement order):

- Construction is underway on up to 94 for-sale units which are permitted on site;
- Units shall be a mix of single family housing, and/or townhouse units, and/or attached townhouses with flats;

- Five of the 94 units shall be set aside as affordable units (three low and two moderate);
- All necessary steps will be taken to ensure the units are creditworthy under applicable regulations and Affordable Housing Laws including bedroom distribution;
- A set aside of least 5.31% will be maintained if fewer than 94 units are developed;
- Affordable units shall be interspersed among the market-rate units in a manner acceptable to the Planning Board; and
- All costs related to the administrative tasks associated with the affordable units including affirmative marketing, pricing, deed restrictions and enforcing UHAC regulations shall be covered by the developer.

Pulte, a developer, executed a contract with River Road HP, LLC on June 18, 2012 and closed on the site in the spring of 2014. The Borough's adopted zoning permits a maximum of 94 dwelling units which reflects a gross density of 8.9 units per acre and a set aside of five (5) affordable for-sale units or 5.31 percent for low and moderate income households. The Planning Board approved the residential development on June 20, 2013 which will include three low and two moderate income affordable housing units pursuant to the settlement agreement. The affordable units will include one (1) one-bedroom unit, three (3) two-bedroom units and one (1) three-bedroom unit in accordance with the settlement agreement.

**[5 family for-sale affordable housing credits]**

The proposed inclusionary development addresses COAH's criteria set forth in N.J.A.C. 5:97-6 and more specifically the criteria listed in N.J.A.C. 5:97-6.4:

- *All sites shall meet the site suitability criteria set forth in N.J.A.C. 5:97-3.13:*
  - ✓ *The site has a clear title and is free of encumbrances which preclude development of affordable housing.* Jim Mullen, Esq., attorney for Pulte, confirmed that the site has a clear title and no legal encumbrances which would preclude its development as an inclusionary development.
  - ✓ *The site is adjacent to compatible land uses and has access to appropriate streets.* The site has approximately 450 feet of frontage along River Road with an additional access onto the corner of North Second Avenue and Jackson Avenue. Surrounding uses include single-family housing to the south and southwest. The site is located on the south side of the Amtrak rail line and existing residential developments are located immediately to the north of the Amtrak rail line, including Pulte's Overlook inclusionary development.
  - ✓ *Adequate sewer and water capacity is available.* The site is located within the Borough's approved sewer service area and, as previously discussed, the site has adequate sewer service capacity through the Middlesex County Utilities Authority system. Adequate water capacity exists to serve the project. Sewer and water infrastructure is adjacent to the site. The Planning Board resolution of approval requires the provision of a looped water system in the development.
  - ✓ *The site can be developed in accordance with R.S.I.S.* Development of the site was approved consistent with the Residential Site Improvement Standards, N.J.A.C. 5:21-1 et seq., with some minor

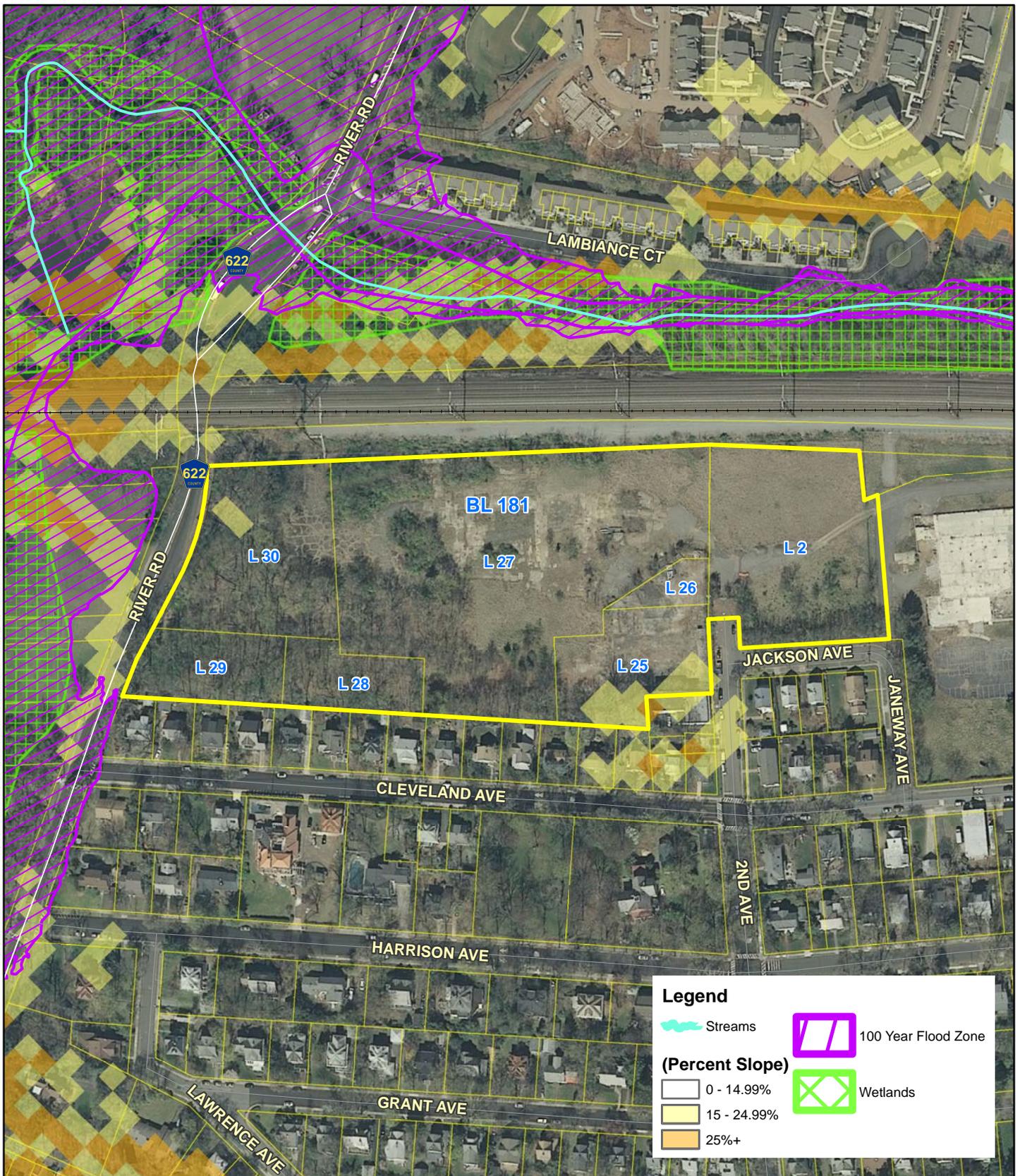
deviations including providing sidewalks on both sides of proposed roadways (Mia Drive, Shep Drive, Hudson Circle and Kiersten Drive), minimum center line radius, minimum curb radii, minimum K-value for sag curves and maximum grade (Wayside Road).

- ✓ *Development of the site is consistent with the State Development and Redevelopment Plan (“State Plan”) and the rules and regulations of all agencies with jurisdiction over the site.* The adopted 2001 State Plan places the site in the “Metropolitan Planning Area, Planning Area 1”, which is the preferred location for municipalities to address their fair share obligation per COAH’s rules.
  
- ✓ *The site will comply with all applicable environmental regulations.* There are no wetlands, floodplains, Category One streams on the site or in the immediate vicinity. Steep slopes are present in the southeast corner of the site. As indicated previously, the Brownfields site has undergone substantial clean-up and subsequent soil testing confirms the absence of contaminants in excess of NJDEP’s most stringent standards. The Planning Board conditioned the approval on the submission of a letter from the applicant’s environmental consultant acknowledging that the RAO and CEA issued by Dr. Berkowitz is reviewed and ultimately concludes that the property is permitted to be developed for residential uses and information relating to required monitoring, well removals or relocations or other site modifications required should be submitted to the Borough Engineer.

- ✓ *The site will not impact any historic or architecturally important sites and districts.* Although the site is not historic, it is located adjacent to a historic district and as such the proposed development of lower density single-family dwellings is consistent in scale to the older homes in the Cleveland Avenue neighborhood.
  
- *Affordable housing set-asides.* Pursuant to the court-approved settlement agreement, the development will produce a maximum of 94 dwelling units representing a density of 8.9 units per acre. The set-aside is five (5) units or 5.31 percent for affordable housing units. As indicated in the Special Master's report (October 29, 2012) on the settlement agreement, Ms. McKenzie acknowledges the small set-aside but provides three factors that support the reduced set-aside. Because the third round rules are in flux, Highland Park's future fair share obligation is unknown at the time of the settlement. Given the fact that the Borough does not have a prior round obligation and the quantity of rehabilitation credits, existing and approved affordable units, Highland Park stands with a potential surplus of credits without the proposed affordable housing developments. Finally, River Road was the second plaintiff in the litigation and would likely not have succeeded in proving a Builder's Remedy and therefore the settlement of five (5) affordable units represents a net benefit to the Borough's affordable housing program.
  
- *Inclusionary zoning should provide sufficient incentives for the provision of affordable housing and meeting at least one of the following conditions:*
  - ✓ *The municipality has submitted a fully executed agreement with the developer of the site.* The final settlement agreement was executed on

September 4, 2012 and the Order approving the settlement agreement was filed on January 4, 2013.

- *Inclusionary ordinances should require the construction of affordable units on site or alternatively, the ordinance may permit the option of providing units elsewhere in the municipality or providing an in lieu payment for the entire or fractional portion of the required affordable units. The five (5) affordable units will be constructed on site and will be located in the stacked townhouse buildings adjacent to Hudson Circle (refer to the approved Subdivision Plat for The Crossings at Highland Park).*
- *The settlement agreement requires the same heating source for the affordable and market rate units and access to the same community amenities.*
- *The Planning Board resolution requires that the first floor of all townhouse dwelling units and other multistory dwelling units comply with N.J.A.C. 5:97-3.14.*
- *The affordable units must comply with N.J.A.C. 5:97-9 and UHAC. The affordable units will comply with the required affordability controls.*



This map was developed using New Jersey Department of Environmental Protection Geographic Information System digital data, but this secondary product has not been verified by NJDEP and is not state-authorized.

Parcel Source: NJGIN Tax Parcels for Middlesex County 2013



# The Crossings at Highland Park

Block 181, Lots 25-30 and Block 172, Lot 2

Highland Park Borough, Middlesex County, NJ June 2015

Clarke Caton Hintz



Architecture

Planning

Landscape Architecture



### **Pending Affordable Units**

#### **114 South 2<sup>nd</sup> Avenue – Reformed Church**

The Reformed Church purchased a 2-family residential building at 114 South 2nd Avenue in June 2015. The Church's Property Manager, Jim Zarra, stated that the building will contain three (3) income-restricted bedrooms and the project is receiving \$225,000 from the Middlesex County HOME Investment Partnership Program. Melissa Bellamy with the County confirmed that the building will be deed restricted for 15 years to low income tenants.

**[Three (3) permanent supportive low income affordable rental housing units]**

### **Plan Summary**

In summary, the Borough has over 125 rehabilitation credits to address its previous rehabilitation obligation. In addition, the Borough is operating a locally-funded rehabilitation program for income qualified home owners and renters and the Housing Authority continues to make annual capital improvements to its 123 units through federal funding. The extent to which these units/programs will be credit-worthy will depend upon the standards for rehabilitation established by the trial courts.

Highland Park does not have a prior round new construction obligation. To address its unspecified Third Round fair share, the Borough has 110 existing affordable housing units and has approved or proposed 46 more for a total of 156 affordable housing units. The extent of credit which these 156 affordable units will generate toward the Borough's future fair share obligation will be determined by the applicable rules. For instance, the Borough anticipates receiving Third Round rental bonuses pending the new Third Round standards to be established by the trial courts.

<b>Highland Park Borough Existing, Approved and Proposed Affordable Housing Units</b>	<b>Affordable Units</b>
<i>Rehabilitation Share – To Be Determined</i>	TBD
Borough Rehabilitation Program	2
Highland Park Housing Authority Rehabilitation (2000- present)	123
<b>Rehabilitation credits subtotal (maximum)</b>	<b>125</b>
<i>New Construction Share</i>	
Prior Round	0
Third Round – <i>To Be Determined</i>	TBD
<i>Existing affordable credits</i>	
AHEPA – affordable senior rentals	56
ARC Group Homes - bedrooms	9
Pulte – affordable family for-sale units	9
Irayna Court – permanent supportive very low-income units	6
Reformed Church – 11 S. 2 <sup>nd</sup> Ave. - permanent supportive unit	1
Reformed Church – veterans’ permanent supportive very low-income units	11
SERV – permanent supportive very low-income units	18
<i>Approved affordable units</i>	
Y Property – plus a 0.3 in-lieu payment	2
American Properties – for-sale or rental units	6
Kaplan “Castle” Property – family rentals (including 4 very low)	30
River Road – family for-sale units	5
<i>Pending Affordable Units</i>	
Reformed Church – 114 South 2 <sup>nd</sup> Avenue	3
<i>Potential third round rental and other bonuses</i>	
Pending new regulations from the trial courts	TBD
<b>New Construction credits subtotal</b>	<b>156</b>

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### **Very Low Income Units**

Pursuant to the 2008 amendments to the Fair Housing Act, P.L. 2008, c.46, municipalities must provide very low income units equal to 13% of the future (third round) affordable housing units. The Borough of Highland Park has provided 17 existing very low income units and anticipates four (4) additional very low income family rentals at the Kaplan site. In addition, the Borough will satisfy its future very low income obligation once it is established by the trial courts.

### **Rental Units and Rental Bonuses**

Highland Park Borough has 83 existing affordable rental units including 56 affordable senior rentals and 30 supportive and special needs affordable rental units. Additionally, 30 affordable family rental units are proposed. The total of 116 existing and proposed affordable rental units will address the Borough's future Third Round rental obligation. The Borough also anticipates receiving third round rental bonuses, pending new the Third Round regulations.

### **COST GENERATION**

The Borough of Highland Park's Land Development Ordinance has been reviewed to eliminate unnecessary cost generating standards; it will provide for expediting the review of development applications containing affordable housing. Such expedition may consist of, but is not limited to, scheduling of pre-application conferences and special monthly public hearings for projects involving affordable housing. Furthermore, development applications containing affordable housing shall be reviewed for consistency with the Land Development Ordinance, Residential Site Improvement Standards (*N.J.A.C.* 5:21-1 et seq.) The Borough shall comply with COAH's requirements for unnecessary cost generating requirements, *N.J.A.C.*

5:97-10.2, procedures for development applications containing affordable housing, N.J.A.C. 5:97-10.3, and requirements for special studies and escrow accounts where an application contains affordable housing, N.J.A.C. 5:97-10.4.

## **MONITORING**

In accordance with N.J.A.C. 5:96-11, the Borough of Highland Park shall complete COAH's annual monitoring reports of the Borough's Affordable Housing Trust Fund, once funds are deposited, and of the affordable housing units and programs.

## **FAIR SHARE ORDINANCES AND AFFIRMATIVE MARKETING**

The Borough of Highland Park has prepared an Affirmative Marketing Plan and Fair Share Ordinance in accordance with COAH's substantive rules, N.J.A.C. 5:97-9, and the UHAC at N.J.A.C. 5:80-26. The Borough's Fair Share Ordinance will govern the administration of affordable units in the Borough as well as regulating the occupancy of such units. The Fair Share Ordinance (see draft in Appendix) covers the phasing of affordable units, the low/moderate income split, bedroom distribution, occupancy standards, affordability controls, establishing rents and sales prices, affirmative marketing, income qualification, the provision of very- low income units and the like. The costs of advertising and affirmative marketing of the affordable units (including the contract with an experienced Administrative Agent) shall be the responsibility of the developer, sponsor or owner, unless otherwise determined or agreed to by the Borough.

The affirmative marketing plan is designed to attract buyers and/or renters of all majority and minority groups, regardless of race, creed, color, national origin, ancestry, marital or familial status, gender, affectional or sexual orientation,

disability, age or number of children to the affordable units located in the Borough. Additionally, the affirmative marketing plan is intended to target those potentially eligible persons who are least likely to apply for affordable units and who reside in Housing Region #3, consisting of Somerset, Middlesex and Hunterdon counties.

The affirmative marketing plan includes regulations for qualification of income eligibility, price and rent restrictions, bedroom distribution, affordability control periods, and unit marketing in accordance with N.J.A.C. 5:80-26. All newly created affordable units will comply with the thirty-year affordability control required by UHAC, *N.J.A.C.* 5:80-26-5 and 5:80-26-11. This plan must be adhered to by all private, non-profit or municipal developers of affordable housing units and must cover the period of deed restriction or affordability controls on each affordable unit. The costs of implementing the affirmative marketing plan (i.e., the costs of advertising the availability of affordable units, contract with the Administrative Agent, etc.) are the responsibilities of the developers of the affordable units. This requirement will be included in the Borough's fair share ordinances and shall be a condition of any municipal development approval.