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PLANNING REPORT

Affordable Housing Midpoint Realistic Opportunity Review Report and Review of Very Low-Income Housing Requirements Lopatcong Township, Warren County, New Jersey

Prepared for:
Township of Lopatcong
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Purpose

Lopatcong Township's Settlement Agreement with Fair Share Housing Center (FSHC) requires that pursuant to N.J.S.A. 52:27D-313, the Township will prepare a Midpoint Realistic Opportunity Review and a review of the Township's very low-income housing requirements. The review shall provide a status report as to the Township's progress on the implementation of its Fair Share Plan. Pursuant to the Settlement Agreement, the review will be posted on its municipal website, with a copy provided to FSHC. Such posting shall invite any interested party to submit comments to the municipality with a copy to FSHC. Interested parties are invited to submit comments to the municipality regarding whether the compliance mechanisms continue to satisfy the municipality's affordable housing obligations or should be supplemented or revised. Any interested party may also by motion request a hearing before the court regarding these issues.

Relevant Background

Lopatcong Township adopted a Fair Share Plan on May 27, 2015. Lopatcong Township has since prepared a new Housing Element and Fair Share Plan in accordance with the Municipal Land Use Law (N.J.S.A. 40-55D-1et seq.), the Fair Housing Act (N.J.S.A. 52:27D-301et seq.), the affordable housing regulations of the New Jersey Department of Community Affairs (the Department) and a Settlement Agreement executed by Lopatcong Township and the Fair Share Housing Center on July 5, 2017. The Township's most recent Housing Element and Fair Share Plan were adopted on August 22, 2018. The Superior Court of NJ granted the Township a Final Judgement of Compliance and Repose on January 10, 2019. The Township continues to provide realistic opportunities for the development of affordable housing. The Township is committed to providing its fair share of affordable housing pursuant to the programs described in its Fair Share Plan and the Settlement Agreement executed with the Fair Share Housing Center.

The 2017 Settlement Agreement with the Fair Share Housing Center outlines Lopatcong's affordable housing obligations:

Table 1: Pre-credited Round Three Affordable Housing Obligation

Round three Fair Share Components	
Rehabilitation Share	3 units
Prior Round Obligation 1987-1999 (new construction)	56 units
Prospective Need 1999-2025 (new construction)	93 units
Fair Share Obligation	152 units

The programs / mechanisms identified by the Township to meet its future fair share obligations are presented in the Township's Fair Share Plan. The programs / mechanisms identified by the Township to meet its future fair share obligations include new construction, a rehabilitation program and inclusionary zoning.

Third Round Obligations

New Construction

Lopatcong Township's obligation is 152 units comprised of a 3 unit rehabilitation need (Present Need) and a new construction obligation of 149 affordable Units. The number of credits attributed to existing new construction development that is utilized to satisfy the 152-unit Third Round Obligation is 83, including rental bonuses. After application of credits for affordable units that have been built, including rental bonuses, the Township has a remaining Round Three fair share obligation of 69 units. The shortfall is addressed entirely with new construction located within the Sycamore Landing development.

Located in the MF I zone, Sycamore Landing is a 250 unit rental apartment project. Completed in 2018, the project includes 50 affordable units and is eligible for 25 rental bonus credits for a total of 75 credits. The completed project results in a 6-unit surplus of Affordable Housing credits that will be available for future rounds. (Fair Share Plan 8/22/18 / Table 2)

Rehabilitation Program

Lopatcong Township will fully satisfy its Third Round Obligation of 3 units with new construction credits (Fair Share Plan 8/22/18 / page 3) attributed to the Overlook at Lopatcong development. The Township has no deficient housing to rehabilitate to meet its round three rehabilitation share. The Township has allocated funds for a rehabilitation program. Funds will be made available for projects as needed.

Inclusionary Zoning – MFI /MFI II Zones

The MF I Multifamily Inclusionary Zone was adopted on December 30, 2009. MFI Multifamily Inclusionary Zone district provides for a minimum affordable housing set-aside of 25% for ownership units and 20% for rental units. At least 10% of the affordable units are to be affordable to households earning 30% or less of median income.

Also, as part of a settlement agreement with FSHC and Larken Associates, its intervenor the Township agreed to create a second inclusionary zoning district. The MF I II Multifamily Inclusionary Zone was adopted on December 6, 2017. The district provides for a minimum affordable housing set-aside of 25% for ownership units and 20% for rental units. At least 13% of the affordable units are to be affordable to households earning 30% or less of median income. Thirty-seven percent of the affordable units shall be affordable to households with a gross

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household income above 30% and up to 50% of the regional median income. Fifty percent of the affordable units shall be available to households with a gross income in excess of 50% but less than 80 % of the regional median income.

Development Fees

Lopatcong Township has projected that its Affordable Housing Trust Fund will have more funds than needed to complete its third round affordable housing obligation. The Township proposed to reserve the excess funds for development of affordable units exceeding its obligation. The Township would consider the reestablishment of a Rehabilitation Program, Affordability Assistance Program, Accessory Apartment Program and contributions of funds toward the development of affordable housing projects.

These programs remain in the development stage. The administrator of the Township's Affordable Housing efforts has retired. At this time the position of Affordable Housing Administrator is unfilled. The Township Council has begun the process to establish a search committee with the responsibility of establishing the qualifications for the position and seek applicants for the position. Work on the various program will continue with the appointment of a new administrator.

Trust Fund Information

The Lopatcong Township's Spending Plan projected revenues for the Affordable Housing Trust Fund of approximately \$610,638 for the period from January 2018 to December of 2020. Expenditures during the same period were estimated at \$161,598. During the period from 1/1/2018 to 5/31/2020 the Trust Fund collected \$604,315 in revenue against expenditures for professional services of \$11,098.

Revenue Summary

Type of Income	7/1/2015 to 12/31/2017	1/1/2018 to 5/31/2020	Totals
Development Fees	\$121,851.61	\$108,912.83	\$230,764.44
Berry Plastics		\$239,324.35	\$239,324.35
Interest Earned	\$1,354.50	\$20,100.50	\$21,455.00
Community Hope Development Account Closed		\$235,977.47	\$235,977.47
Totals	\$123,206.11	\$604,315.15	\$727,521.26

Expenditure Summary

Type of Expenditure	7/1/2015 to 12/31/2017	1/1/2018 to 5/31/2020	Totals
Administration	\$4,034.22	\$11,098.49	\$15,132.71

The Lopatcong Township Spending Plan was approved on August 16, 2017. Projected Revenues and Expenditures were estimated between January 1, 2018 and December 31, 2024. (See Table 1 Lopatcong Township Affordable Housing Trust Fund; Spending Plan - dated: 8/16/17)

The Affordable Housing Trust Fund projected revenues continue to exceed the funds needed to complete the Township's third round affordable housing obligations. The Township is considering funding a rehabilitation program for low or moderate income households to request a loan or grant for rehabilitation of a deficient unit through 2025. The Township is also considering entertaining proposals for development of affordable units within group homes and offer other financial assistance to non-profits if needed.

Review of Very Low-Income Housing Requirements

Very low income housing means housing affordable according to federal Department of Housing and Urban Development or other recognized standards for home ownership and rental costs and occupied or reserved for occupancy by households with a gross household income equal to 30% or less of the median gross household income for households of the same size within the housing region in which the housing is located. The 2017 Settlement Agreement provides that 13% of all units referenced in the Fair Share Plan, with the exception of units constructed and units subject to preliminary or final site plan approval as of July 1, 2008 to be very low-income units, with half of the very low-income units being available to families. To address the need to provide very low-income housing opportunities the Township has enacted two inclusionary zoning districts that include provisions requiring the construction of very low-income units.

The MFI Multifamily Inclusionary Zone adopted in 2009 provides that at least 10% of the affordable units are to be affordable to households earning 30% or less of median income for COAH Region 2. Sycamore Landing is a rental apartment development containing 250 units. Completed in 2018 the development has provided 50 affordable apartments of which 7 units or 14% have been set aside for very low-income families. The seven units are comprised of 3 / one bedroom units, 3 / two bedroom units and 1 / three bedroom unit.

To address affordable housing obligations that may accrue to the years beyond the end of Round Three and as a requirement of the 2017 Settlement Agreement, the Township created the MFI II Multifamily Inclusionary Zone. Adopted in 2017 the ordinance provides that at least 13% of the affordable units are to be affordable to households earning 30% or less of median income for COAH Region 2. Autumn Ridge at Lopatcong is a 198 rental apartment project of which 50 units will be age restricted. The Planning Board approved the development in 2018 and the project is currently under construction. When completed in October of this year, the development will provide 40 affordable apartments of which at least 6 units or 13% will be set aside for very low-income families.

Conclusion

Lopatcong Township has enacted ordinances and taken measures necessary to implement the Township's Fair Share Plan and Settlement Agreement with the Fair Share Housing Center as approved by the Court. The Township has fully satisfied its Round 3 Affordable Housing obligations and created a surplus of Affordable Housing that will be available for future rounds. The Township will continue to create realistic opportunities for affordable housing to meet the future needs of its community and region.