

# The Borough of Wanaque 2016 Fair Share Plan Housing Element

March 11, 2016

A document setting forth evidence showing the ongoing commitment to provide affordable housing opportunities in the Borough of Wanaque, Passaic County, New Jersey and establishing a Fair Share Plan.

- Vacant Land Adjustment.
  - Inclusionary zoning efforts.
  - Creation of affordable housing.
  - An analysis of population, household income and other economic factors.
  - Statutory and regulatory compliance.
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## Abstract:

This document is being submitted in support of the declaratory judgement filed by the Borough of Wanaque in response the March 10, 2015 New Jersey Supreme Court decision mandating court intervention in municipal affordable housing requirements. This report will definitively show that no vacant land exists within the zoning jurisdiction of the Borough of Wanaque for the construction of new housing. This is termed a vacant land adjustment to municipal affordable housing obligations, found at N.J.A.C. 5:93-4.1. This regulation requires the Borough to demonstrate that no land exists to meet any reasonable development potential. This has been done. Within Wanaque the Highlands protection area includes 5,155 acres of undevelopable land all of which is environmentally sensitive and considered a protected Highlands area. The exclusion of these lands from the developable land inventory is consistent with N.J.A.C. 5:93-4.2 (d) 2. A maximum of fifty four acres of land could potentially be developed within the Borough of Wanaque. The most appropriate use of this land is commercial inasmuch as the property is in a commercial zone adjacent to Interstate Route 287. Within these fifty four (54) acres) there exists wetlands and other environmental constraints on the property indicating a developable area of approximately thirty eight (38) acres. The fifty four acres (more probably thirty eight acres) of potentially developable property is .009%, or less than 1%, of the total land area of 5,923 acres of the Borough. Five percent of the total land area of the Borough is 296 acres which is the maximum allowable developable land amount for a municipality to qualify for a vacant land exclusion ("adjustment"). Therefore, the lack of vacant land in Wanaque justifies the exclusion from past affordable housing obligations. However, the Borough will continue to pursue affordable housing opportunities. The following document must be read and considered in its entirety, and not in summary form.

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## Second DRAFT-Wanaque 2016 FSP.

**1. Introduction.** The New Jersey Fair Housing Act, N.J.S.A. 52:27D-301 et. seq, (“FHA”) requires municipalities to prepare a Housing Element to achieve the objective of identifying affordable housing opportunities in a municipality. The Municipal Land Use Law, N.J.S.A. 40:55D-28, (“MLUL”), stipulates that a Housing Element of the municipal master plan be structured to achieve the objective of access to affordable housing to meet present and prospective housing needs of a municipality, with particular attention to low and moderate income housing, and shall incorporate elements hereinafter described.

This Fair Share Plan (the “Plan”) identifies Wanaque’s realistic development potential (“RDP”) and unmet need or demand for affordable housing. This Plan proposes a modified COAH Round Two and present affordable housing obligation of zero as hereinafter described. This Plan also identifies opportunities for the production of affordable housing which reasonably can be met in addressing prospective need. This Plan proposes, for each component of the obligation, mechanisms for the achievement of the municipality’s fair share, or stated another way, the realistic opportunity for the provision of housing affordable to low and moderate income households.

This Housing Element and Fair Share Plan is submitted to the court as is the previously submitted Plan, dated May 2010, having been submitted to the New Jersey Council On Affordable Housing (“COAH”) pursuant to a resolution adopted by the Wanaque Mayor and Council on May 15, 2009. This Fair Share Plan was part of the Round Three COAH process.

The Borough of Wanaque also successfully participated in the Round Two COAH having its petition filed on December 19, 1996, certified by COAH on October 3, 2001 and was effective through December 20, 2005. The Round Three COAH process ensued thereafter.

During the applicability of the COAH process substantive certification of affordable housing efforts was granted meaning that the Borough of Wanaque would be protected from exclusionary zoning lawsuits and builders remedy lawsuits. Therefore, participating in the COAH process, which technically is voluntary, is an incentive to municipalities to avoid protracted legal action.

On July 7, 2015 Wanaque made application to the court by filing the required Declaratory Judgement to take advantage of the transition period available to those towns participating in the COAH process.

The Borough of Wanaque will demonstrate in this Plan its continued constitutional and statutory compliance with its affordable housing responsibilities and thereby achieve protection from exclusionary zoning actions. This 2016 Fair Share Plan is also being presented with additional evidence to the court to demonstrate that Wanaque indeed provides housing opportunities which are affordable. This evidence uses the methodologies from the first and second round of COAH regulations (“Round Two”) and supplements them with data individualized to Wanaque as suggested is required in the March 10, 2015 Supreme Court decision.<sup>1</sup> Perhaps more importantly this report presents practical data as we present additional amplifications on the methodologies used by COAH much like the expert amplifications cited in the various affordable housing legal actions.

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<sup>1</sup> In the matter of the adoption of N.J.A.C. 5:96 and 5:97 by the New Jersey Council on Affordable Housing.

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2. Wanaque Affordable Housing Zoning Controls. The Borough of Wanaque (“Borough” or “Wanaque”) has a total land area of 9.253 square miles, 5,923 acres, of which 1.2 square miles or 768 acres, 13.0%, of the land area of the Borough is subject to local zoning control.<sup>2</sup> The remaining 87% of the land area, 5,155 acres, is subject to New Jersey Highlands regulations where the zoning and development of the lands located within the Highlands area is controlled by the New Jersey Highlands Water Protection and Planning Council (“Highlands Council”).

Notwithstanding these state imposed zoning and land use restrictions the Borough is committed to promoting affordable housing opportunities in the Borough. Section 4 of this FSP details the Borough’s inclusionary housing ordinances.

Clear evidence of this commitment is the zoning, acquisition and funding of providing supportive and special needs housing as defined in N.J.A.C. 5:97-1.4. This important project is located in Block 313, Lot 2 (just to the east of Ringwood Avenue on Hagstrom Boulevard) and will provide residential support services to between six and twelve young adults who are disabled. This project was authorized by the Borough Council on June 11, 2012 upon adoption of ordinance number 16-0-12.

3. Highlands Act Zoning Restrictions. On December 10, 2012 the Borough of Wanaque Council adopted ordinance number 21-0-12 implementing the provisions of the Highlands Water Protection and Planning Act. (“Highlands Act,” N.J.S.A. 13:20-1 et seq.)<sup>3</sup> This ordinance satisfies the goals and provisions of the Highlands Regional Master Plan (“RMP”) while focusing future development in the Wanaque Town Center, also known as the Haskell Center, an area appropriate for redevelopment in the Borough. This redevelopment is limited by the Center’s fully developed nature and proximity to vital water resources. To be clear: the lands located in the Highlands area are not available for development without specific approval from the Highlands Council.

Attached as Exhibit 1 is a map, dated November 2013 depicting the Highlands designated areas and the town center.<sup>4</sup> This map includes the roadway system and tax block identifiers.

The following diagrams, maps, indicate the position of the town center and the environmentally sensitive surrounding, including the Wanaque Reservoir. The Wanaque Reservoir supplies water to several municipalities including Bloomfield, Clifton, Glen Ridge, Kearny, Montclair, Newark, Passaic, and Paterson. Completed in 1928 the reservoir is an important part of the New Jersey Passaic Watershed. The reservoir includes 2,310 acres in Wanaque and Ringwood. Due to its Historical significance the reservoir is eligible for listing in the National Register of Historic Places. The environs surrounding the reservoir and its feeder rivers (the Wanaque River and Ramapo River tributaries) and streams are not eligible for development of any kind.

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<sup>2</sup> The Borough also has 1.263 square miles of water.

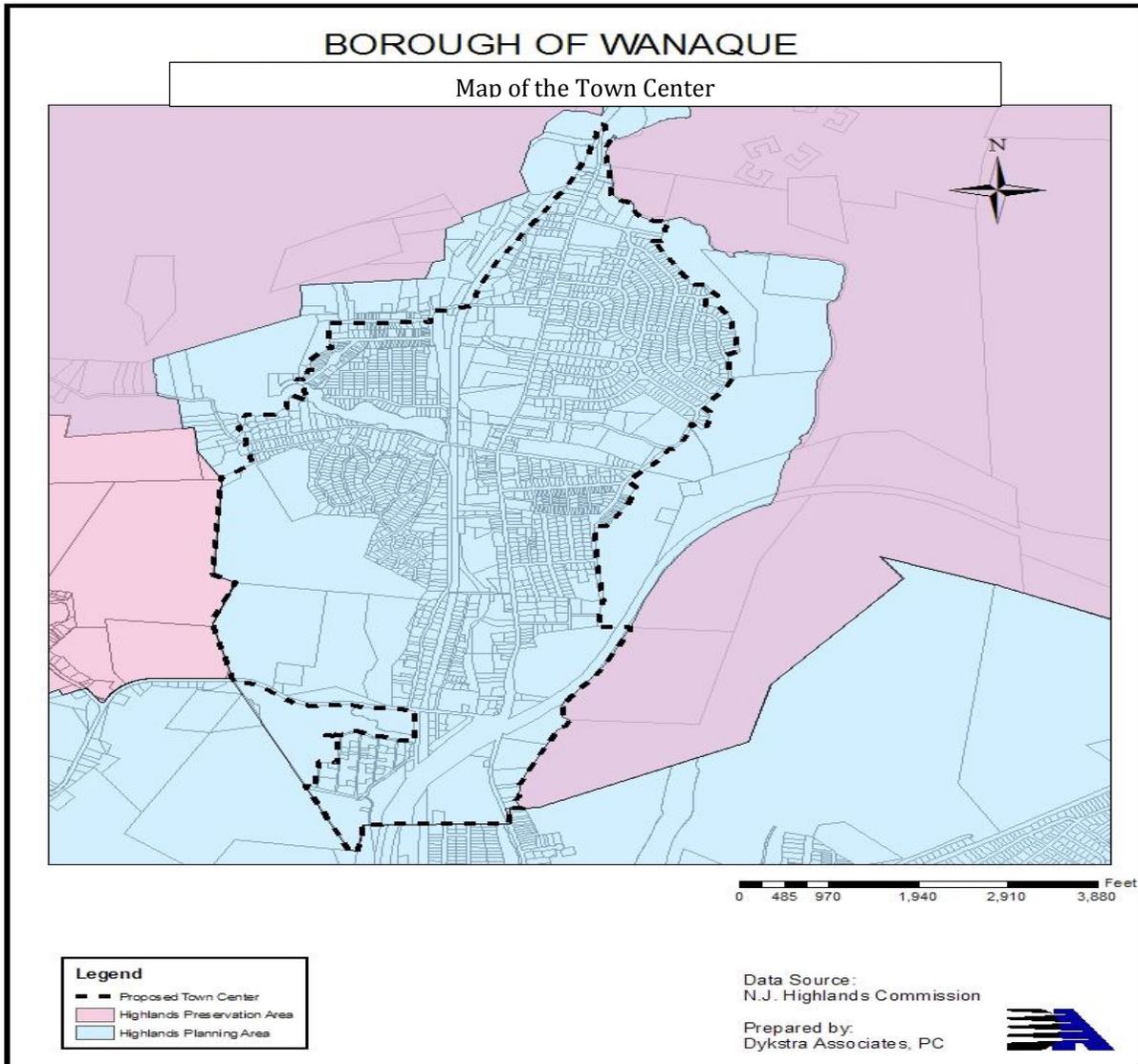
<sup>3</sup> The Highlands Act was signed into law in 2004. The Act establishes two general areas of protection; 1-the Preservation Area where exceptional natural resources exist and the Planning area where water and other natural resources require protection. Hence, the Borough’s ordinance designates the Highlands Protection areas while recognizing the designated town center.

<sup>4</sup> The center is also referred to as the designated center and Haskell Town Center.

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The only development that may reasonably be undertaken is redevelopment in the town center which is fully developed and has a scarcity of water resources.

Diagram 1.



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The following diagram (aerial) depicts the road system in the Haskell Designated Center and the Highlands surroundings.

Diagram 2.

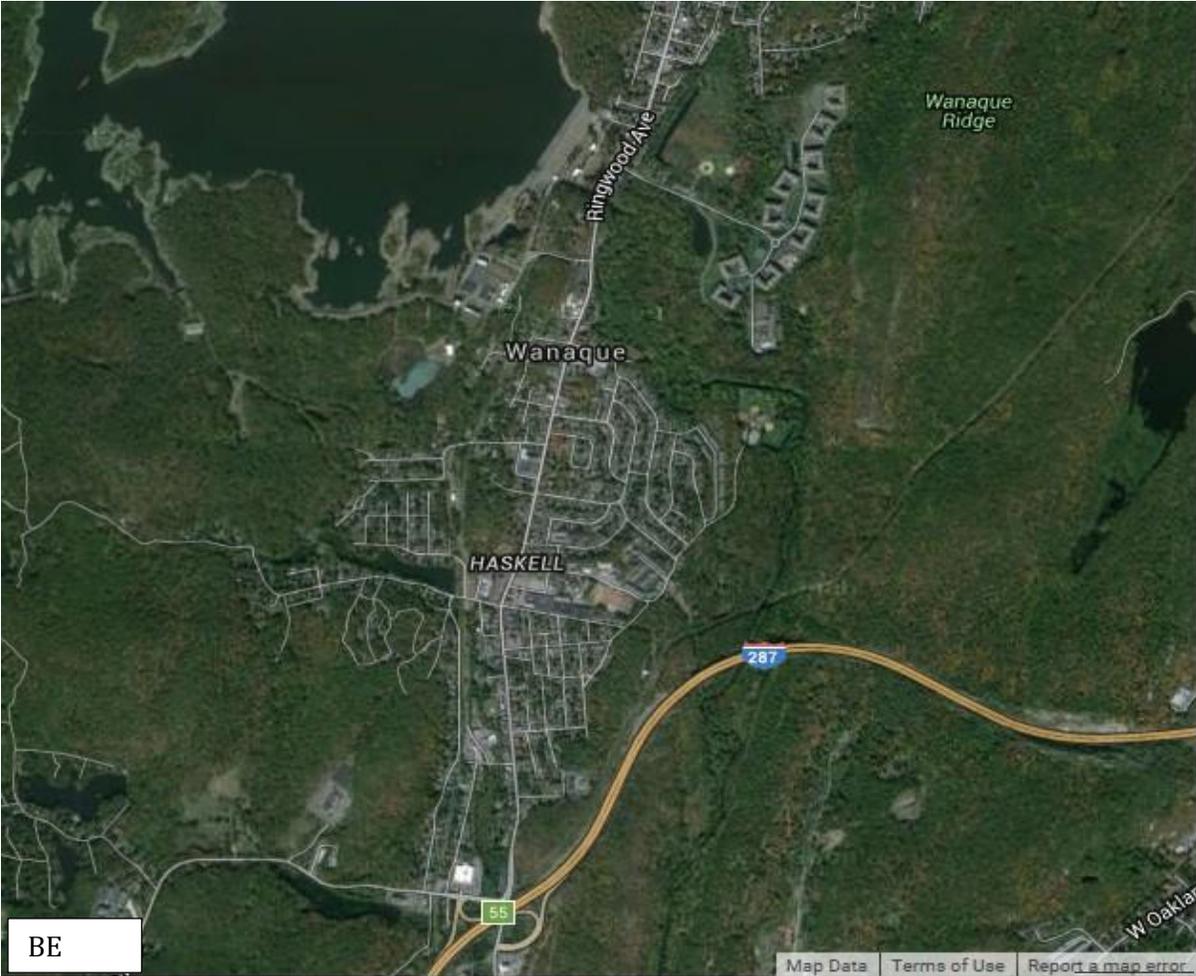


Diagram 3.

The Wanaque Reservoir.



4. Inclusionary Zoning. With this background, as (re)development opportunities arise in the Center, the Borough has been aware of its obligation to comply with affordable housing edicts arising from the New Jersey Fair Housing Act (“FHA”). (Please refer to Figure 13.)

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The FHA requires a state agency, specifically the Council on Affordable Housing, to assign the local “fair share” of moderate and low income housing to each municipality, N.J.S.A. 52:27D-301 et seq.<sup>5</sup>

The Borough has enacted the inclusionary zoning provisions of its ordinances and has actively pursued affordable housing opportunities as later described. The following is an abstract from the revised general ordinances (“RGO”) of the Borough of Wanaque pertaining to the zoning for affordable housing, RGO §114-14.7 establishes the Affordable Housing Overlay Zone.

“A. Purpose. The purpose of this section is to establish an overlay district to provide a realistic opportunity for the Borough of Wanaque to meet its unmet low- and moderate-income housing need, as required by the Council on Affordable Housing.

B. Lands to be included. The following tracts of the Borough are hereby included in the RD-3 Affordable Housing Overlay District: Block 423, Lots 28, 30-45; Block 428, Lots 1-4, 6, 8, 10, 13, 13.01, 14.01 and 14.06; Block 444, Lots 1-25; Block 445, Lots 1-69 and Block 446, Lots 1-5.”

RGO §114-14.10 AH-1, AH-2 and AH-3 Affordable Housing Districts.

“Lands to be included: AH-1 (Block 307, Lots 2, 5); AH-2 (Block 240, Lot 14) and AH-3 (Block 468, Lots, 1-3; Block 269, Lots 1 and 2; Block 470, Lots 1-10; Block 471, Lots 1-11; Block 472, Lots 1-7; and Block 473, Lots 1, 2, and 3).

A. Purpose. The purpose of this section is to establish those land use provisions necessary to satisfy the low- and moderate-income-housing obligation of the Borough of Wanaque.”

These ordinances indicate the aggressive affordable housing policy of the Borough.

RGO §114-63 Affordable Housing Obligation.

A. This article is intended to assure that low- and moderate-income units (“affordable units”) are created with controls on affordability over time and that low- and moderate-income households shall occupy these units. This article shall apply except where inconsistent with applicable law.

B. The Wanaque Borough Planning Board has adopted a Housing Element and Fair Share Plan pursuant to the Municipal Land Use Law at N.J.S.A. 40:55D-1 et seq. The Fair Share Plan has been endorsed by the governing body. The Fair Share Plan describes the ways Wanaque shall address its fair share for low- and moderate-income housing as determined by the Council on Affordable Housing (COAH) and documented in the Housing Element.

C. This article implements and incorporates the Fair Share Plan and addresses the requirements of N.J.A.C. 5:97, as may be amended and supplemented.

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<sup>5</sup> The New Jersey Supreme Court, through its rulings in *South Burlington County NAACP v. Mount Laurel*, 67 N.J. 151 (1975) and *South Burlington County NAACP v. Mount Laurel*, 92 N.J. 158 (1983), has determined that every municipality in a growth area has a constitutional obligation to provide through its land use regulations a realistic opportunity for a fair share of its region's present and prospective needs for housing for low and moderate income families.

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D. Wanaque shall file monitoring reports with COAH in accordance with N.J.A.C. 5:96, tracking the status of the implementation of the Housing Element and Fair Share Plan. Any plan evaluation report of the Housing Element and Fair Share Plan and monitoring prepared by COAH in accordance with N.J.A.C. 5:96 shall be available to the public at the Borough Municipal Building, Municipal Clerk's office, 579 Ringwood Avenue, Wanaque, New Jersey, or from COAH at 101 South Broad Street, Trenton, New Jersey, and on COAH's website, [www.nj.gov/dca/affiliates/coah](http://www.nj.gov/dca/affiliates/coah).

Upon adoption of this 2016 Fair Share Plan by the Wanaque Planning Board and endorsement by the Wanaque governing body this Plan will be enforceable under these ordinance provisions. The subsequent sections of the RGO stipulate the terms and conditions of the Borough's affordable housing obligations and procedures relating thereto.

The Borough of Wanaque also has a development fee pursuant to ordinance RGO §72 established at 1.5% of assessed value in order to establish a fund for the "sole purpose of providing low and moderate income housing". (RGO §72-4 C.)

5. Affordable Housing Obligation Background. In Section 6 of this report the history of affordable housing in New Jersey is reviewed including the Fair Housing Act and the Council on Affordable Housing. The notion that municipalities must build affordable housing is not based in the FHA or any other formal edict.

The FHA states, at N.J.S.A. 52:27D-311, 9 d.: "Nothing in P.L. 1985, c. 222 (C52:27D-301 et al.) shall require a municipality to raise or expend municipal revenues in order to provide low and moderate income housing". The municipal obligation to build affordable housing is better characterized as an assigned number based on estimated population growth and the increase in affordable housing demand from such growth. This is directly related to the regional population growth share. Briefly, the judicial policy of the State of New Jersey is that a municipality must provide affordable housing to accommodate a regional share, not simply a local share alone.<sup>6</sup>

The FHA and COAH regulations developed out of court decisions addressing affordable housing arising from the reprehensible exclusionary zoning practices employed by municipalities in the State of New Jersey prior to the adoption of the FHA in 1985.

Briefly, municipalities would zone significant areas of a municipality containing large residential parcels and would have limited, if any, smaller more affordable building lots.

As an example, a municipality would have 1.5 or 2.0 acre zoning in its residential district and would have a commercial or central business district, to the exclusion of smaller building lots and "more" affordable homes.

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<sup>6</sup> A municipality's present need and prospective need, relating to affordable housing, is calculated by summing the municipal indigenous need and the municipal share of the appropriate housing region's reallocated present need and prospective need. (N.J.A.C. 5:93-2.1.) The regulations note that the end product of this process is the municipal calculated need. The municipal share of the reallocated need results from the need to generate affordable housing arising out of urban aid cities. These cities are densely populated and generally have older properties many of which are in distress. Passaic County has three urban aid cities: Clifton, Paterson, and Passaic.

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If this condition were to persist and zoning relief not granted by the local board of adjustment then a builder would file an exclusionary zoning action with the courts so as to coerce the municipality into permitting the building of several residential units on these larger lots.

The builder would purchase a 1.5 acre lot with an aging single family residence valued at a hypothetical value of \$500,000. The builder would then apply to the municipal board of adjustment for a variance to construct eighteen (18) homes on the subject property each valued at \$180,000, a total project value of \$3,240,000. The builder would have total project cost of \$2,750,000 generating a gross profit of \$490,000.<sup>7</sup> Thus, the developer in this example would almost double his money (a \$490,000 profit on an initial investment of \$500,000, without interest costs).<sup>8</sup>

The exclusionary zoning legal actions brought against a municipality would become known as “builder’s remedy lawsuits”. When a municipality complied with the FHA and COAH regulations through certification of its fair share plan by COAH then a municipality would receive protection from an exclusionary zoning action, or builder’s remedy lawsuit(s). The fair share plan shall be adopted in concert with the housing element of the master plan, N.J.S.A. 52:27D-309 a.<sup>9</sup>

The pre-existing Round Three Wanaque Housing Element and Fair Share Plan were adopted by the Wanaque Planning Board on March 17, 2010 and endorsed by the Mayor and Council. This Plan is attached as Exhibit 2. The Borough made application on June 8, 2010 for third round certification and went through each aspect of the COAH certification process. The application, also known as a petition, was deemed complete on September 15, 2010.

Not so fast; one year later Governor Christie “abolished” the Council on Affordable Housing effective August 29, 2011. This left Wanaque and over 300 other municipalities in New Jersey in a quagmire. The New Jersey Department of Community Affairs at the time stated: “The Governor ... believes every person in New Jersey is entitled to a safe and decent place to live, but that housing and land use decisions should be made locally. The transfer of the functions of COAH to the DCA will enable that; and, we believe, will reduce the bureaucratic log-jam and frustration that has chilled housing development for the last few years,” they added. “(t)he Department of Community Affairs will work with municipalities on affordable housing, not against them.”

Interesting for sure, but this type of action on the part of each branch of state government has led to a mess where well intentioned people do not know how to deal with unreasonable or unclear edicts.

The court then invalidated the growth share aspects of the round three regulations and COAH was in a state of suspension, with Wanaque never receiving final Round Three certification.<sup>10</sup> The Borough is a participating municipality as defined by the court.

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<sup>7</sup> This illustration assumes a gross building area of 1,000 square feet per unit at a construction cost of \$125 per square foot. This totals \$2,250,000 plus the land cost of \$500,000, yielding a total project cost of \$2,750,000.

<sup>8</sup> This example also illustrates the “density” bonus aspects of affordable housing, COAH.

<sup>9</sup> An important aspect of the builder’s remedy requirement is that if a town does not have a compliant Fair Share Plan then a builder may enter a legal action indicating that he is willing and able to build residential units with a twenty percent affordable unit set-aside.

<sup>10</sup> It is important to indicate that the Borough of Wanaque did have its Round Three COAH spending plan approved.

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The potential filing of a builder's remedy lawsuit or the threat of a lawsuit in non-exclusionary zoning issues is noteworthy.

By having a calculated affordable housing obligation, as opposed to an assignment of a target number within the confines of the FHA, a builder may file a legal action to build affordable units even where exclusionary zoning does not exist. This potential builder's remedy action is intended to coerce a municipality to meet its affordable housing "obligation".

Therefore, it is necessary for municipalities to obtain the protection of COAH as a prophylactic from such builder's remedy lawsuits.<sup>11</sup> Once again, this is the purpose to file for COAH certification.

In crafting its regulations in 1994 COAH grouped the state's counties into six housing regions. Wanaque and Passaic County is located in the northeast region-Region 1. The principle behind the regions regarding affordable housing is to take into account the mobility of the population within a large geographical area. The principle is founded on the premise that individuals will locate to an affordable area (municipality) within the region and not be confined to the municipality or county in which they were raised.

Nowhere in the many writings on the subject of regional affordable housing is the fragmented nature of municipal incorporations discussed. New Jersey has 565 municipalities many of which were carved out of related larger townships and cities. Examples abound from Branchville and Stanhope in Sussex County to Netcong and Boonton Borough in Morris County to Englewood Cliffs and Bogota in Bergen County. We could provide many more. It is important to indicate that the regional aspect of affordable housing compliance emanated from the Mount Laurel I case where the urban renewal efforts of Camden in the late 1960's led surrounding suburban municipalities (such as Mount Laurel) to inappropriately use exclusionary zoning techniques to prevent displaced individuals to relocate to Mount Laurel from Camden.

The implications of municipal fragmentation in New Jersey on affordable housing is clear: duplication of services leading to higher property taxes, inconsistent zoning from town to town and inconsistent neighborhoods. All of these promote higher housing costs and disparate standards of living between localities.

The Borough of Wanaque has no direct obligation to physically build affordable housing and given its ongoing sensitivity to inclusionary zoning the likelihood of a builder's remedy action as previously described is remote as to the residential zoning districts located within the Borough's jurisdiction. Moreover, virtually no vacant land exists in the Borough.

The Highlands Water Protection and Planning Council ("Highlands Council") has its own affordable housing policy stipulated in a statement entitled "MEMORANDUM OF UNDERSTANDING BETWEEN THE HIGHLANDS WATER PROTECTION AND PLANNING COUNCIL AND THE COUNCIL ON

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<sup>11</sup> This process is costly requiring expert and legal fees and an investment in time to explain the subject of affordable housing.

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AFFORDABLE HOUSING” governing affordable housing development in the Highlands area, dated October 30, 2008, Exhibit 3 attached.

### 6. Water and Sanitary Sewer Limitations.

A. Water- is supplied to Borough of Wanaque properties, including the town center, by the Borough of Wanaque through three wells (Haskell, Meadowbrook and Midvale). The Borough purveys water from these three water wells and has a bulk purchase contract with the Passaic Valley Water Commission (PVWC) for 1.0 MGD so as to ensure more than sufficient water supply. The aforesaid NJDEP Firm Capacity shows a water capacity of 1.660 MGD. The estimated peak daily water demand of 1.523 MGD. This is a difference of only .137 MGD (137,000 GPD) or 8.2% of total Firm Capacity. The Borough operates within the water firm capacity limits of the NJDEP, a simple but onerous parameter for small (mostly municipal) water systems to meet.

B. Wastewater (sanitary sewer) - the Borough of Wanaque is partially covered by the Wanaque Valley Regional Sewer Authority-Wastewater Management Plan and Sewer Service Area. The regional sewer authority operates the Wanaque wastewater treatment plant.

With the exception of 25 residences located in Ringwood all of the wastewater treated at the plant is generated from and allocated to Wanaque. The entire Wanaque Town Center is part of the sewer service area. The March 31, 2013 engineer’s Reference should be made to the October 4, 2004 SSA Map prepared by Purcell Associates. The wastewater reports provided to the Highlands Council in June 2013 shows the permitted wastewater capacity of 1.25 MGD with a remaining wastewater capacity of .303181 MGD (303,181 GPD) or 24.3%.

7. Vacant Land. On a practical basis no vacant land exists within the zoning jurisdiction of Wanaque, the portion of the Borough limited to the delineated town center, for the construction of new housing.<sup>12</sup> The premise for the vacant land adjustment is found at N.J.A.C. 5:93-4.1 where the Borough is required to demonstrate no land exists to meet any reasonable development potential. The Highlands area includes 5,155 acres of undevelopable land all of which is environmentally sensitive and considered a protected Highlands area. The exclusion from the developable land inventory is consistent with N.J.A.C. 5:93-4.2 (d) 2. This regulation excludes from developable land inventory located in environmentally sensitive areas.

The zoning of all pre-existing parcels, located with the Highlands protection area and the designated center, has been established and all “actual” residential lots have been determined.<sup>13</sup>

In 2013 the Borough of Wanaque undertook a parcel by parcel review of developable lands and found that a maximum of fifty four acres of land could potentially be developed. However, this land has significant environmental constraints.

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<sup>12</sup> An aerial parcel map showing the fully developed designated center area of Wanaque not in the Highlands area has been prepared and submitted to the Wanaque Planning Board and to the court as evidence of the vacant land and RDP in Wanaque.

<sup>13</sup> The entirety of the town center boundary is either environmentally constrained (the east boundary) or is located adjacent to the Highlands protection area.

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These commercial properties are predominately located in the Union Avenue area at Block 400 (Lots 11, 11.01, 11.02, 12 and 13) near Interstate Route 287.<sup>14</sup> This area has been identified as a future retail/hotel redevelopment area consistent with the companion property to the southwest of the site. There exists wetlands and other environmental constraints on this property indicating a developable area of approximately 38 acres.

An additional five plus (5+) acre site exists at Block 430, Lot 1 and is the only remaining site included in the Round Three 2010 Fair Share Plan as potentially developable. However, it is not realistic to assume this will be developed without significant cost to demolish the rock outcrop the property is located on.

The fifty four acres (more probably thirty eight acres) of potentially developable property is .009%, less than 1% of the total land area of 5,923 acres of the Borough is vacant and potentially developable. Five percent of the total land area is 296 acres, less than 54 acres in all of Wanaque is developable. This is the factual foundation for the Borough's vacant land adjustment.

Recently, three redevelopment projects in the Borough have produced thirty-two (32) affordable units and a \$50,000 affordable housing contribution. Of these units twenty (26) have either been built or are under construction. This includes the repurposing of the former Candle Factory, Block 432, Lot 36 and Lot 38 and the contaminated U.S. Aluminum site, Block 435, Lot 5 and Lot 5.01. The Candle Factory was included as a potential developable property in the 2010 FSP. It is now fully developed with twenty percent (20%) COAH qualified homes. The U.S. Aluminum site was a proactive effort by the Borough to clean up this property and protect the residential neighborhood to the south.

The Borough has affordable housing zoning districts located within the boundaries of its fully developed zoning jurisdiction. Please refer to the Wanaque Zoning Map, dated May 2001.

8. Housing Stock and Population Trends. The Borough is not a wealthy town. As evidence of this we only need to look at the average residential property value, \$247,893, versus an average residential property value of \$343,573 in all of New Jersey.

The Wanaque fair share plan and housing element must take into account population trends. This is because the premise of new housing need, or demand, is based on population growth and from this growth is the resulting growth in new households. Therefore, the current edict requires that new affordable housing must be built as new households are created. This premise pre-supposes that new households cannot find housing in the marketplace.<sup>15</sup>

The start of the projection of affordable housing "need" or demand, including future demand, is an estimate of population growth. The 2001 amendment to the FHA requires a ten year population

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<sup>14</sup> Block 400, Lot 10 is the Passaic County Community College Wanaque Academic Center, this is 37.91 acres.

<sup>15</sup> Throughout the affordable housing doctrine in New Jersey is the assumption that the marketplace does not produce affordable housing. This is not always so, especially as it relates to workforce type housing generated mostly through multi-family apartment development. An excellent example of this is the Rhinesmith redevelopment project.

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growth estimate.<sup>16</sup> The New Jersey Department of Labor Workforce Development projects a population increase of 482,626 in year 2015, from 8,791,894 to 9,274,520 in 2025.

This is an increase of 5.5%.<sup>17</sup> Household growth nationally has held in the 600,000-800,000 range since 2008 less than half of the growth rate of prior decades.<sup>18</sup>

The next step would be to estimate the headship rate. Headship in this context is defined as a new head of household. This is the rate at which a new member of the (adult) population would become the head of a new household. As new members of age categories arise new households will be formed.

A critical piece of data often overlooked when analyzing the rate of household creation is the fact that more than one-half of the adults aged 25-34, the household formation age, earning at least \$45,000 are forming their own households while those earning less than \$15,000 are not.<sup>19</sup>

Next the process requires the definition of low and moderate income. Moderate income is defined as between 80% and 50% of median income with low income being defined as less than 50% of median household income with very low income being defined as less than 30% of household income.

To show the relationship between median household income and property values a regression model calculating the correlation between the two variables was developed using five-hundred sixty four municipalities located in New Jersey.<sup>20</sup> Median household income is a strong indicator of housing value with a correlation of .7395 (the closer to 1.0 the better the predictor of one variable to another). What is interesting in this data is that nine outlier numbers having higher significantly higher residential values than median household income.

Wanaque has an average residential property value of \$247,893 in 2014. The average residential property value in Passaic County was \$241,254 in 2014. The regression and correlation analysis indicated in Diagram 4 includes the entire State of New Jersey. The results show that statewide there are twenty-one (21) outlier municipalities having a residential value greater than \$1,000,000. Again, these are municipalities which have a higher average residential property value than predicted by median household income. This is due to accumulated household wealth being deployed to pay for high valued residences.

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<sup>16</sup> N.J.S.A. 52:27D-307c. (1).

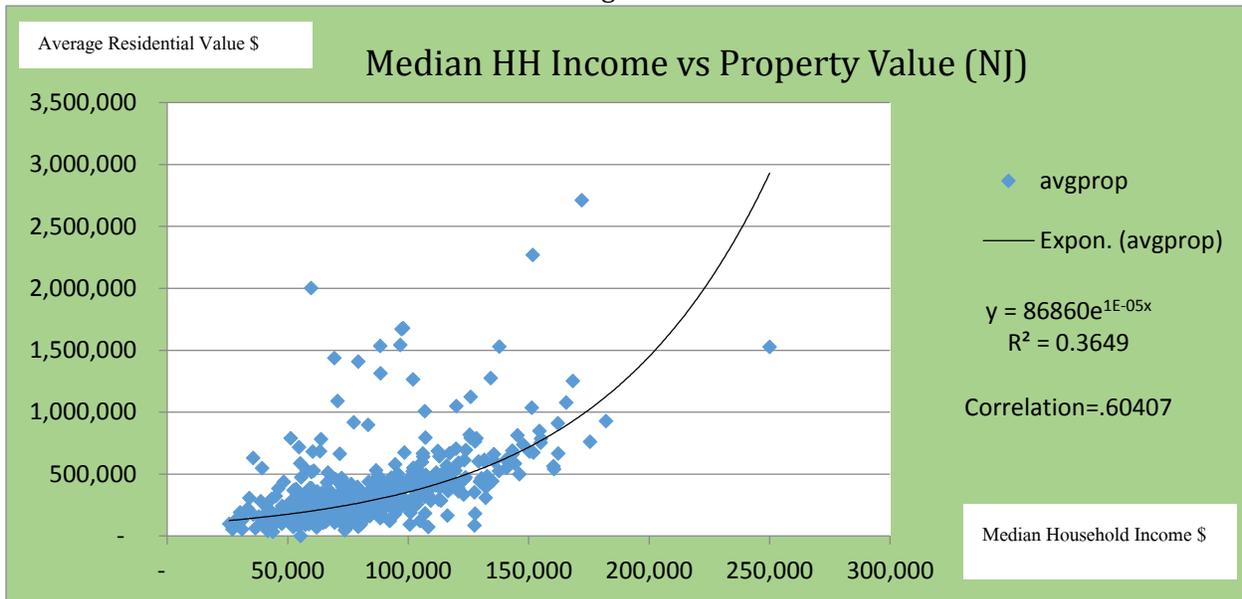
<sup>17</sup> The number of residents living in group quarters such as prisons, college dormitories, etc.

<sup>18</sup> Reference #1, page 15.

<sup>19</sup> Ibid, page 15.

<sup>20</sup> Regression analysis is a statistical tool used to investigate the relationship between variables. In this case we show the effect of median household income on residential property values. To research this issue the investigator assembles data on the underlying variables of interest and employs regression to estimate the quantitative effect of the causal variables upon the variable that they influence. The investigator also typically assesses the "statistical significance" of the estimated relationships, that is, the degree of confidence that the true relationship is close to the estimated relationship. Regression techniques have long been central to the field of economics and statistics.

Diagram 4.



It is interesting that the correlation between household income and residential property value is not as strong statewide as it is in individual counties.<sup>21</sup> This is probably due to the number of outlier municipalities in specific counties, such as found in Bergen County. If these outliers, and a few others below the curve were excluded the correlation would be significantly greater than .70.

While many COAH writings are based on calculating an affordable housing “obligation” for municipalities the premise of this report and the housing stock model presented herein requires us to show how each town in New Jersey has historically shaped its housing stock. Given the direct correlation between household income and property value the objective is to determine how “affordable” each municipality is compared to the remaining municipalities in New Jersey, regarding access to affordable housing.

It is important to keep in mind this premise is relied on by COAH, and is a premise of the FHA. The key question is: does the housing market generate affordable housing? And, if so, where do the affordable homes exist? The results of the study presented in this report indicate the premise that affordable housing does not exist in New Jersey is not as strong as the COAH writings may indicate.

The following figure shows the average residential vales of municipalities by value range and the number of municipalities in the state.

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<sup>21</sup> This is based on additional research conducted by the authors.

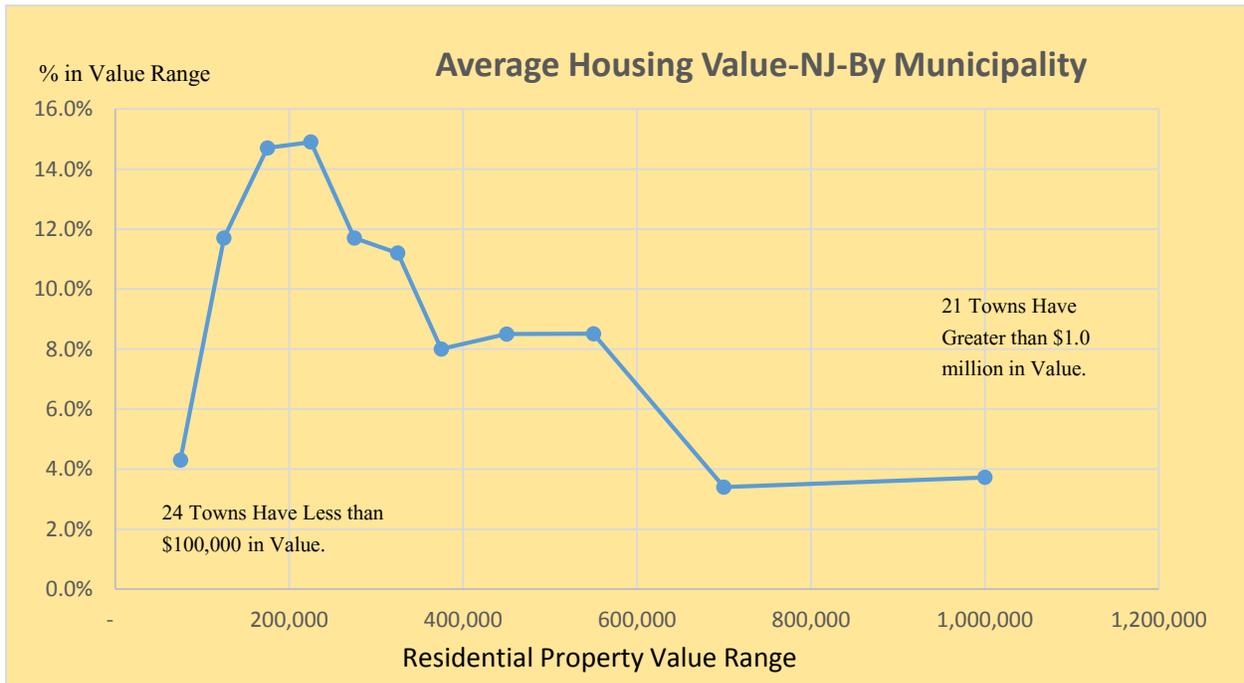
Figure 1.

Average Property Value-Range (\$)	# of Municipalities in Range	% in Range
1,000,000 +	21	.037
700,000-999,999	19	.034
500,000-699,000	48	.085
400,000-499,000	48	.085
350,000-399,000	45	.08
300,000-349,000	63	.112
250,000-299,000	66	.117
200,000-249,000	84	.149
150,000-199,000	83	.147
100,000-149,999	63	.117
Less than 100,000	24	.043
<b>Total</b>	<b>564</b>	<b>1.00</b>

Note: Winfield has been left off the data distribution.

The data inputted into the regression and correlation model indicates that almost one-half (45.6%) of residences in New Jersey have a value (on average) of \$299,999 or less. The following Diagram (chart) depicts the data distribution of residential values in the State of New Jersey.

Diagram 5.



The average 2014 residential property value in New Jersey is \$343,573 using the models' data set.

## Second DRAFT-Wanaque 2016 FSP.

The next step in the model is to develop an affordability index using a hypothetical current mortgage payment.<sup>22</sup> The hypothetical mortgage payment is assumed for a term of thirty (30) years at a fixed interest rate of 4.5%, for 100% of the average residential value. This would equate to a fair (to the high side) hypothetical mortgage payment. Using the COAH standard of 30% of median income as the typical housing percentage (mortgage/rent cost) the result is that only one hundred fifty-six (156), 27.7%, of the municipal housing stock exceeds the housing cost standard. This can be looked at as an affordability indicator.

Of these one hundred fifty-six (156) towns fifty-nine (59) have an average residential value greater than \$500,000. Atlantic City is the only municipality in this group having an average residential value under \$200,000. Many of the remaining are located along the Jersey Shore (Somers Point, Lakewood, and West Wildwood among others). This means that 72.3% of municipalities in New Jersey have an average residential property value which is affordable to its residents. When the towns with significantly high residential values, greater than \$500,000, are excluded from the calculation then only 17.2% of towns have residential property values exceeding 30% of the hypothetical mortgage example, and 82.8% of municipalities have accessible housing.<sup>23</sup>

The model also takes into account moderately affordable households where 80% of the median household income is used as a measure of a household's reduced ability to pay for housing. In this data set three hundred thirteen one (313) municipalities in New Jersey, 55.5%, have a residential property value which would cause the hypothetical mortgage payment to exceed 30% of moderate household income. However, this number includes one hundred thirteen (113) municipalities having an average residential property value greater than \$400,000. This means that only two hundred (200), 35.5%, municipalities in New Jersey have an average residential value which would cause the hypothetical mortgage payment to exceed 30% of moderate household income, or have a value greater than approximately 120% of the statewide average residential value.

Some notable exceptions to this exists, West Windsor, Oakland, Branchburg and Summit, a disparate group, have a moderate household hypothetical mortgage cost burden of less than 30% (of 80% of household income). Many other examples exist.

Accordingly, two hundred and fifty one (251) municipalities have residential values which accommodate moderate income households. This is 45.5% of the municipalities located in New Jersey.

The next step would be to examine low income households and their ability to pay for housing costs in New Jersey. Low income is defined as 50% of median household income. By this measure four hundred fifty one (451) municipalities have residential values which would cause stress to a low income household, again using the 30% of 50% of household income as the measure.

However, one hundred three (103), municipalities, 18.2%, have average residences that are "affordable" to low income households.

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<sup>22</sup> The 2014 average residential property value is taken from the State of New Jersey Division of Local Government Services data base.

<sup>23</sup> The model also tests for the cost of rent which tracks well with our hypothetical mortgage example.

## Second DRAFT-Wanaque 2016 FSP.

**This data and the model results show that affordable housing has been built and incorporated into the housing stock of a wide range of municipalities in New Jersey. Housing and homeownership is available to moderate income households and a significant number of jurisdictions have a housing stock which provide current, market driven (including COAH and NJHMFA projects) affordable housing opportunities.**

The model also generates those municipalities having a residential property value greater than 120% of the county average. One hundred fifty-five (155) municipalities fall in this category. Only one municipality is excluded because it is an urban aid city. This means that 27.3% of municipalities have an average residential value significantly greater than the county norm. This result fits neatly into the prior model result where 27.7% of the municipalities in New Jersey have a housing cost factor which causes stress, by exceeding 30% of household income. Exhibit 4 depicts those municipalities that have an average residential property value greater than twenty percent (20%) of the county average.

This also means that over 80% of the municipalities have a reasonably affordable housing stock and should have no obligation to look back in terms of a necessity to build “retroactive” affordable housing.

However, an ongoing demonstration to fulfill future affordable housing demand as the population of New Jersey increases is paramount to maintaining access to affordable housing. Moreover, the model results are clear regarding those municipalities which have been positioned to shape a high value housing stock indicating that future development in these jurisdictions should help off-set the cost of very low income households throughout the State of New Jersey.

9. The New Jersey Housing Mortgage Finance Agency (NJHMFA). This state agency provides affordable housing assistance to New Jersey residents, including low and very low income residents. The NJHMFA also provides support for tax credit financing of the construction of low cost housing and has been successful in financing and creating many affordable housing opportunities in New Jersey.

The NJHMFA provides housing assistance in many forms; to families, municipalities and developers. Developers can apply for a competitive tax credit program, a dollar-for-dollar tax credit applied to federal income which is taxable for affordable housing investments. This tax credit program was created under the Tax Reform Act of 1986 that gives incentives for the utilization of private equity in the development of affordable housing for low income households.

The NJHMFA has successfully sponsored many successful projects and is one of the most respected affordable housing public sponsors in the U.S.

The NJHMFA sponsors projects to be undertaken by developers for (1) new construction and (2) the cost of rehabilitating an existing building. The financing is preferable and if not funded by tax exempt bonds, developers may receive a maximum annual tax credit allocation based on a rate which is generally 9% of the project's eligible basis. The cost of acquiring an existing building (but not the land), and projects financed in whole or in part with tax-exempt bonds, are eligible for a credit of approximately 3% to 4% annually. This financing structure provides developers with a significant incentive to participate in the affordable housing market.

## Second DRAFT-Wanaque 2016 FSP.

Municipalities in New Jersey should be encouraged to broaden their participation in the NJHMFA and encourage developers to contribute to the NJHMFA for the purpose of sponsoring affordable housing projects.<sup>24</sup>

10. Median Household Income. The following figures depict household income data using the 2010-2014 American Community Survey of the United States Census Bureau. Some data may have a different source and is noted.

{Please See Next Page.}

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<sup>24</sup> The conclusion here is that many municipalities have historically shaped their housing stock to the needs of their residents or prospective residents. The dialogue between affordable housing advocates and municipal representatives should take this into account. From a policy perspective it appears reasonable that as new households are created through market housing demand that a significant share of new housing be accessible to moderate and low income households. However, to assume some sort of historical obligation exists on the part of municipalities to provide affordable housing to households potentially created as early as 1987 is counterintuitive. Of course, if a municipality has shunned their fair share responsibilities, characterized by exclusionary zoning tactics, then the courts should address those municipalities appropriately.

**Second DRAFT-Wanaque 2016 FSP.**

The following figure depicts the 2014 COAH published median household income brackets by region of the State of New Jersey.

**Figure 2.**  
COAH Household Income Ranges-2014 (Based on 2013 Data.)

		1 Person	*1.5 Person	2 Person	*3 Person	4 Person	*4.5 Person	5 Person	6 Person	7 Person	8 Person
<b>Region 1</b>	<i>Median</i>	\$59,095	\$63,317	\$67,538	\$75,980	\$84,422	\$87,799	\$91,176	\$97,930	\$104,683	\$111,437
Bergen, Hudson, Passaic and Sussex	<i>Moderate</i>	\$47,276	\$50,653	\$54,030	\$60,784	\$67,538	\$70,239	\$72,941	\$78,344	\$83,747	\$89,150
	<i>Low</i>	\$29,548	\$31,658	\$33,769	\$37,990	\$42,211	\$43,899	\$45,588	\$48,965	\$52,342	\$55,719
	<i>Very Low</i>	\$17,729	\$18,995	\$20,261	\$22,794	\$25,327	\$26,340	\$27,353	\$29,379	\$31,405	\$33,431
<b>Region 2</b>	<i>Median</i>	\$63,430	\$67,961	\$72,492	\$81,553	\$90,614	\$94,239	\$97,864	\$105,113	\$112,362	\$119,611
Essex, Morris, Union and Warren	<i>Moderate</i>	\$50,744	\$54,369	\$57,993	\$65,242	\$72,492	\$75,391	\$78,291	\$84,090	\$89,890	\$95,689
	<i>Low</i>	\$31,715	\$33,980	\$36,246	\$40,777	\$45,307	\$47,120	\$48,932	\$52,556	\$56,181	\$59,806
	<i>Very Low</i>	\$19,029	\$20,388	\$21,747	\$24,466	\$27,184	\$28,272	\$29,359	\$31,534	\$33,709	\$35,883
<b>Region 3</b>	<i>Median</i>	\$73,500	\$78,750	\$84,000	\$94,500	\$105,000	\$109,200	\$113,400	\$121,800	\$130,200	\$138,600
Hunterdon, Middlesex Somerset	<i>Moderate</i>	\$58,800	\$63,000	\$67,200	\$75,600	\$84,000	\$87,360	\$90,720	\$97,440	\$104,160	\$110,880
	<i>Low</i>	\$36,750	\$39,375	\$42,000	\$47,250	\$52,500	\$54,600	\$56,700	\$60,900	\$65,100	\$69,300
	<i>Very Low</i>	\$22,050	\$23,625	\$25,200	\$28,350	\$31,500	\$32,760	\$34,020	\$36,540	\$39,060	\$41,580
<b>Region 4</b>	<i>Median</i>	\$64,830	\$69,461	\$74,091	\$83,353	\$92,614	\$96,319	\$100,023	\$107,432	\$114,841	\$122,250
Mercer, Monmouth and Ocean	<i>Moderate</i>	\$51,864	\$55,568	\$59,273	\$66,682	\$74,091	\$77,055	\$80,018	\$85,946	\$91,873	\$97,800
	<i>Low</i>	\$32,415	\$34,730	\$37,046	\$41,676	\$46,307	\$48,159	\$50,012	\$53,716	\$57,421	\$61,125
	<i>Very Low</i>	\$19,449	\$20,838	\$22,227	\$25,006	\$27,784	\$28,896	\$30,007	\$32,230	\$34,452	\$36,675
<b>Region 5</b>	<i>Median</i>	\$57,050	\$61,125	\$65,200	\$73,350	\$81,500	\$84,760	\$88,020	\$94,540	\$101,060	\$107,580
Burlington, Camden and Gloucester	<i>Moderate</i>	\$45,640	\$48,900	\$52,160	\$58,680	\$65,200	\$67,808	\$70,416	\$75,632	\$80,848	\$86,064
	<i>Low</i>	\$28,525	\$30,563	\$32,600	\$36,675	\$40,750	\$42,380	\$44,010	\$47,270	\$50,530	\$53,790
	<i>Very Low</i>	\$17,115	\$18,338	\$19,560	\$22,005	\$24,450	\$25,428	\$26,406	\$28,362	\$30,318	\$32,274
<b>Region 6</b>	<i>Median</i>	\$51,085	\$54,734	\$58,383	\$65,681	\$72,979	\$75,898	\$78,817	\$84,656	\$90,494	\$96,332
Atlantic, Cape May, Cumberland and Salem	<i>Moderate</i>	\$40,868	\$43,787	\$46,707	\$52,545	\$58,383	\$60,719	\$63,054	\$67,725	\$72,395	\$77,066
	<i>Low</i>	\$25,543	\$27,367	\$29,192	\$32,841	\$36,490	\$37,949	\$39,409	\$42,328	\$45,247	\$48,166
	<i>Very Low</i>	\$15,326	\$16,420	\$17,515	\$19,704	\$21,894	\$22,769	\$23,645	\$25,397	\$27,148	\$28,900

**Second DRAFT-Wanaque 2016 FSP.**

The following is a breakdown of the income brackets by percent of household.

Figure 3.

INCOME AND BENEFITS (IN 2014 INFLATION-ADJUSTED DOLLARS)	New Jersey		Passaic County		Wanaque	
Total households	3,188,498	3,188,498	162,097	162,097	4,156	4,156
Less than \$10,000	172,623	5.4%	13,023	8.0%	121	2.9%
\$10,000 to \$14,999	121,595	3.8%	8,245	5.1%	90	2.2%
\$15,000 to \$24,999	258,445	8.1%	15,413	9.5%	161	3.9%
\$25,000 to \$34,999	248,678	7.8%	15,466	9.5%	334	8.0%
\$35,000 to \$49,999	336,137	10.5%	18,308	11.3%	469	11.3%
\$50,000 to \$74,999	509,599	16.0%	24,701	15.2%	603	14.5%
\$75,000 to \$99,999	406,137	12.7%	19,150	11.8%	713	17.2%
\$100,000 to \$149,999	546,533	17.1%	25,164	15.5%	816	19.6%
\$150,000 to \$199,999	276,523	8.7%	12,068	7.4%	561	13.5%
\$200,000 or more	312,228	9.8%	10,559	6.5%	288	6.9%
Median household income (dollars)	72,062	(X)	59,513	(X)	85,373	(X)
Mean household income (dollars)	98,286	(X)	81,138	(X)	98,129	(X)

Source: U.S. Census Bureau American Community Survey 2014.

We can now determine the moderate, low and very low household income thresholds in the Borough. In Wanaque moderate income is calculated at \$68,298 in 2014 dollars. Low income is calculated at \$42,687 and very low income is calculated at \$25,612.

**Second DRAFT-Wanaque 2016 FSP.**

Figure 4 shows the residential value ranges for the pertinent jurisdictions. This is another indicator that the dense residential zoning, age of housing stock and relatively low household income have created affordable housing opportunities in the area of Wanaque not located in the Highlands area.

Figure 4.

Comparison of Housing Value ("Cost") Statistics									
Housing Value (Cost) Bracket	Value of Residential Units	United States		New Jersey		Passaic County		Wanaque	
	Owner occupied units	75,075,700	% of total	2,091,065	% of total	87,790	% of total	3,457	% of total
50,000	Less than \$50,000	6,758,685	9.0%	51,380	2.5%	2,050	1.6%	122	3.5%
99,999	\$50,000 to \$99,999	11,667,301	15.5%	60,954	2.9%	1,042	0.9%	32	0.9%
149,999	\$100,000 to \$149,999	12,050,742	16.1%	107,809	5.2%	2,430	1.5%	74	2.1%
199,999	\$150,000 to \$199,999	11,404,296	15.2%	196,319	9.4%	4,637	2.1%	154	4.5%
299,999	\$200,000 to \$299,999	13,773,829	18.3%	503,148	24.1%	21,726	9.7%	1,184	34.2%
399,000	\$300,000 to \$499,999	11,725,843	15.6%	739,117	35.3%	43,027	44.5%	1,732	50.1%
751,000	\$500,000 to \$999,999	6,141,492	8.2%	369,223	17.7%	12,262	33.0%	147	4.3%
1,100,000	\$1,000,000 or more	1,553,512	2.1%	63,115	3.0%	616	6.7%	12	0.3%
	Median (dollars)	176,700	100.0%	327,100	100.0%	451,400	100.0%	312,000	99.90%
	Average Residential Value-2014	n/a		343,573		241,254		247,893	

The data in Figure 4 above indicates pattern of the income data in Figure 3 showing the typical (median) residence is 30% more affordable in Wanaque than in Passaic County. (\$451,400-\$312,000=\$139,400.) The average residential values in Figure 3 are taken from the New Jersey Division of Local Government Services Property Tax Table-2014.

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We next analyze the remaining 18% of households which pay rent. The following figure depicts the monthly rent numbers.

Figure 5.

GROSS RENT	United States		New Jersey		Passaic County		Wanaque	
Occupied units paying rent	No. Units	% of Total	No. Units	% of Total	No. Units	% of Total	No. Units	% of Total
Less than \$200	618,429	1.6%	16,139	1.5%	1,026	0.9%	0	0.0%
\$200 to \$299	1,248,924	3.3%	33,354	3.1%	1,884	1.7%	0	0.0%
\$300 to \$499	2,984,207	7.8%	40,968	3.9%	3,138	2.8%	0	0.0%
\$500 to \$749	8,358,370	21.8%	74,052	7.0%	3,332	3.0%	33	5.4%
\$750 to \$999	9,291,346	24.2%	189,219	17.9%	11,898	10.7%	27	4.4%
\$1,000 to \$1,499	10,067,165	26.3%	431,058	40.7%	48,224	43.4%	305	49.8%
\$1,500 or more	5,768,176	15.0%	274,301	25.9%	41,719	37.5%	247	40.4%
Median (dollars)	904		1,172		1,334		1,404	
<b>Total</b>	<b>38,336,617</b>	<b>100.0%</b>	<b>1,059,091</b>	<b>100.0%</b>	<b>111,221</b>	<b>100.0%</b>	<b>612</b>	<b>100.0%</b>

**Second DRAFT-Wanaque 2016 FSP.**

**11. Housing Element (MLUL) Requirements.** As previously indicated the FHA and MLUL require municipalities to adopt a housing element that addresses the municipal present and prospective housing need, with particular attention to low and moderate income housing. The municipal housing element shall contain at least the following:

1. 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. The 2010-2014 American Community Survey (ACS) published by the U.S. Census indicates the number of housing units by year built.<sup>25</sup>

Figure 6.  
Wanaque

Year Built	Number	% of Total
Built 2010 or later	55	1.3%
Built 2000 to 2009	1,126	26.1%
Built 1990 to 1999	239	5.5%
Built 1980 to 1989	269	6.2%
Built 1970 to 1979	699	16.2%
Built 1960 to 1969	437	10.1%
Built 1950 to 1959	606	14.1%
Built 1940 to 1949	293	6.8%
Built 1939 or Earlier	584	13.6%
Total	4,308	100.0%

Over one-third (34.4%) of the Borough's housing stock is considered aged, being built prior to 1960. These homes are typically modest one-family homes.

Figure 7.

Rooms per Residential Unit	Units
1 room	0
2 rooms	0
3 rooms	221
4 rooms	501
5 rooms	779
6 rooms	1,533
7 rooms	541
8 rooms	330
9 rooms or more	403
Total Units	4,308
Total Occupied Units	4,156

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<sup>25</sup> All data is sourced from the 2010-2014 American Community Survey (ACS) published by the U.S. Census unless otherwise indicated. (Some of the U.S. and state data is taken from the 2009-2013 ACS.)

Figure 8.

HOUSING OCCUPANCY	New Jersey		Passaic County		Borough of Wanaque	
Total housing units	3,572,138	3,572,138	176,210	176,210	4,308	4,308
Occupied housing units	3,188,498	89.3%	162,097	92.0%	4,156	96.5%
Vacant housing units	383,640	10.7%	14,113	8.0%	152	3.5%
Homeowner vacancy rate	1.7	(X)	1.4	(X)	0.9	(X)
Rental vacancy rate	6.5	(X)	5.5	(X)	0.0	(X)

The following figure shows the number of substandard homes in Wanaque. This is the basis for the rehabilitation requirements of the FHA.

Figure 9.	
Description	No. Units
Lacking Plumbing Facilities	40
Lacking Kitchen Facilities	
No telephone Service Available*	24
Units with greater than 1.0 occupants per room	24

\*Note: this is a specific affordable housing criteria for rehabilitation.

The 2014 proposed COAH regulations indicate a rehabilitation share of 125. For clarity purposes we will assume all (125) of these units are qualifying affordable units.

The following figure depicts the number of residential units in Wanaque by units in structure. It is important to note that 42.3% of the units are located in attached units, with 20% of the housing stock built in a configuration of twenty or more units in a building. This is another example where dense development has made multi-family uses more predominate leading to the affordable indicators noted in Figure 4.

Figure 10.

UNITS IN STRUCTURE	Wanaque, NJ		Passaic County, NJ	
		%		%
Total housing units	4,308	%	176,210	%
1-unit, detached	2,487	57.7%	74,019	42.0%
1-unit, attached	415	9.6%	8,783	5.0%
2 units	462	10.7%	39,373	22.3%
3 or 4 units	6	0.1%	16,672	9.5%
5 to 9 units	20	0.5%	11,330	6.4%
10 to 19 units	48	1.1%	8,723	5.0%
20 or more units	870	20.2%	16,664	9.5%
Mobile home	0	0.0%	551	0.3%
Boat, RV, van, etc.	0	0.0%	95	0.1%

**Second DRAFT-Wanaque 2016 FSP.**

Of the 4,156 occupied housing units, 3,457 are owner occupied (or owned and sub rented) and 612 are renter occupied.

Figure 11.

GROSS RENT AS A PERCENTAGE OF HOUSEHOLD INCOME (GRAPI)-2014 ACS								
GROSS RENT	United States		New Jersey		Passaic County		Wanaque	
Occupied units paying rent	No. Units	% of Total	No. Units	% of Total	No. Units	% of Total	No. Units	% of Total
Less than 15.0 percent	4,355,942	11.6%	113,951	32.8%	6,141	8.8%	0	0.0%
15.0 to 19.9 percent	4,515,103	12.1%	122,076	14.9%	6,345	9.1%	28	4.6%
20.0 to 24.9 percent	4,671,489	12.5%	127,123	9.8%	7,249	10.4%	41	6.7%
25.0 to 29.9 percent	4,328,624	11.6%	115,244	8.0%	6,804	9.8%	138	22.5%
30.0 to 34.9 percent	3,403,489	9.1%	92,810	6.7%	6,389	9.2%	88	14.4%
35.0 percent or more	16,178,004	43.2%	466,150	27.8%	36,827	52.8%	317	51.8%
Total	37,452,651	100.0%	1,037,354	100.00%	69,755	100.0%	612	100.00%

Figure 12.

SELECTED MONTHLY OWNER COSTS AS A PERCENTAGE OF HOUSEHOLD INCOME (SMOCAPI)								
Mortgage	United States		New Jersey		Passaic County		Wanaque	
Occupied units paying mortgage	No. Units	% of Total	No. Units	% of Total	No. Units	% of Total	No. Units	% of Total
Less than 20.0 percent	18,028,668	36.4%	386,004	17.9%	13,228	21.7%	567	24.7%
20.0 to 24.9 percent	7,959,603	16.1%	225,936	15.4%	8,462	13.9%	318	13.9%
25.0 to 29.9 percent	5,944,989	12.0%	193,353	13.2%	7,930	13.0%	281	12.2%
30.0 to 34.9 percent	4,210,179	8.5%	149,724	10.2%	5,993	9.8%	274	11.9%
35.0 percent or more	13,426,164	27.1%	510,488	34.8%	25,256	41.5%	856	37.3%
Total	49,569,603	100.1%	1,465,505	99.9%	60,869	99.90%	2,296	100.00%

A total of 1,150 units have no mortgage. Many of these are rented ("or sub-rented").

2. A projection of the municipality's housing stock, including the probable future construction of low and moderate income housing for the next six (6) years taking into account, but not necessarily limited to, construction permits issued, approvals of applications for development and probable residential development of lands.

A total of 162 units (households created) have been built in the past three years in Wanaque. This includes 26 affordable units, all homeowner occupied. In addition, a workforce residential rental project was approved in 2011 and recently "re-approved" for 29 units. Finally, the Borough has pro-actively pursued the special needs housing at Block 313. The following figure shows these projects.

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Figure 13.

Year	Project	Total Units	Affordable Units
2013	Parkside at Wanaque-432, Lots 36 and 38	86	18
2015-2016	Lakeland Village-Block 435, Lots 5 and 5.01	76	8
Pending-2016	Rhinesmith-Block 231, Lot 10 and 11	29	
2012-2017	Special Needs-Block 313, Lot 2	6-12	6-12
Total		197-203	32-38

Notes: Parkside is also referred to as the “Candle Factory”. Lakeland Village is also referred to as the U.S. Aluminum site. Rhinesmith is contributing \$50,000, or 1.5%, of assessed value to the borough for affordable housing rehabilitation purposes.

Only two other potential projects exist. The first is located at Block 430, Lot 1. This is a 5.7 +/- acre parcel with environmental constraints (an elevated rock outcrop). The property was previously hoped to include fifty (50) residential units. Due to the site constraints this project is not economically feasible.<sup>26</sup> The second is the previously mentioned commercial project located at Block 400 near the intersection with Interstate 287.

Figure 14.

Population Trend	
Census Date	Population
1920	2,916
1930	3,119
1940	3,143
1950	4,222
1960	7,126
1970	8,636
1980	10,025
1990	9,711
2000	10,266
2010	11,116
Est. 2014	11,447

Household size was 2.66 persons per household in 2010 in Wanaque, versus an estimated 2.46 in the 2010-2014 ACS (see Figure 15).<sup>27</sup> The prospect for future population growth is limited. Figure 13 shows the major development having occurred in the past few years including new units which represent households located in the designated town center.

<sup>26</sup> A proposal for thirty five (35) market units is being designed. An affordable component will be required if this comes to fruition.

<sup>27</sup> The average family size was 3.45 in Passaic County and 3.07 in Wanaque in 2010.

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We estimate a maximum of 470 new residents living in these units, with adequate provisions made for access to affordable housing in each of the respective projects.

**Household Demographics:**

Figure 15.

Description of Household	No. of Units
Total Households <sup>1</sup>	4,018
Family Households	3,027
Married couple householder	4,164
Other householder	1,260
Non-Family	2,599
Households with persons under 18	2,359
Households with persons over 65	2,632
Average household size	2.46
Occupants per room-1 person/room	98.5%
1-Occupied Housing units	

Figure 16.

2010-2014 ACS:	Wanaque		Passaic County	
Age Range	No. Persons	% of total	No. Persons	% of total
Under 5 years	452	4.0%	34,814	6.9%
5 to 9 years	445	4.0%	33,514	6.6%
10 to 14 years	486	4.3%	34,708	6.9%
15 to 19 years	724	6.4%	36,085	7.1%
20 to 24 years	478	4.3%	36,958	7.3%
25 to 34 years	1,453	12.9%	67,130	13.3%
35 to 44 years	1,125	10.0%	67,482	13.4%
45 to 54 years	1,578	14.0%	72,618	14.4%
55 to 59 years	882	7.8%	32,265	6.4%
60 to 64 years	850	7.6%	26,303	5.2%
65 to 74 years	1,540	13.7%	34,913	6.9%
75 to 84 years	913	8.1%	19,112	3.8%
85 years and over	317	2.8%	9,501	1.9%
Total-2014 est.	11,243	100.0%	505,403	99.9
Median age (years)	48.4		36.4	
18 years and over	9,549	79.4%	376,613	75.1%
21 years and over	9,056	76.3%	352,818	70.4%
60 years and over	3,188	25.4%	85,721	17.1%
65 years and over	2,770	18.2%	60,324	12.0%
Under 18 years	1,694	15.1%	128,790	25.5%

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The following Figure depicts the population breakdown by age based on the 2010 census.

Figure 17.

Wanaque	2010 Census	
	# of Persons	Percent
Under 5	580	5.2%
5-19	1,949	18.5%
20-24	537	4.8%
25 – 29	603	5.4%
30 - 44	2,066	18.6%
45 - 54	1,769	10.7%
55 - 59	786	5.6%
60 - 64	807	6.1%
65 - 74	1,138	11.5%
75 - 84	654	6.3%
85 & over	227	1.2%
Total	11,116	100.0%
Under 18	2,294	20.6%
Over 65	2,019	18.2%
Passaic County	2010 Census	
Under 5	34,247	6.8%
5-19	106,148	21.2%
20-24	36,025	7.2%
25 – 29	33,501	6.7%
30 - 44	102,287	20.4%
45 - 54	73,115	14.6%
55 - 59	30,182	6.0%
60 - 64	25,397	5.1%
65 - 74	31,850	6.4%
75 - 84	19,463	3.9%
85 & over	9,011	1.8%
Total	501,226	100.0%
Under 18	124,613	24.9%
Over 65	60,324	12.0%

4. An analysis of the existing and probable future employment characteristics of the municipality;

The following figure shows the employment category those employed in Wanaque as well as New Jersey and Passaic County. Figure 18 shows the year end 2014 labor force numbers and

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employment data. While the Borough encourages redevelopment in the designated town center limited employment prospects are apparent.

Figure 18.

OCCUPATION	New Jersey		Passaic County		Wanaque	
Civilian employed population 16 years and over	4,235,089		228,233		5,602	
Management, business, science, and arts occupations	1,722,379	40.70%	73,673	32.30%	2,363	42.20%
Service occupations	710,670	16.80%	40,947	17.90%	597	10.70%
Sales and office occupations	1,056,127	24.90%	56,891	24.90%	1,570	28.00%
Natural resources, construction, and maintenance occupations	306,736	7.20%	16,141	7.10%	523	9.30%
Production, transportation, and material moving occupations	439,177	10.40%	40,581	17.80%	549	9.80%
<b>INDUSTRY</b>						
Civilian employed population 16 years and over	4,235,089	4,235,089	228,233	228,233	5,602	5,602
Agriculture, forestry, fishing and hunting, and mining	13,701	0.30%	327	0.10%	3	0.10%
Construction	235,821	5.60%	12,410	5.40%	418	7.50%
Manufacturing	366,432	8.70%	29,460	12.90%	380	6.80%
Wholesale trade	145,450	3.40%	8,616	3.80%	226	4.00%
Retail trade	474,440	11.20%	28,788	12.60%	741	13.20%
Transportation and warehousing, and utilities	242,152	5.70%	13,573	5.90%	256	4.60%
Information	121,100	2.90%	5,030	2.20%	189	3.40%
Finance and insurance, and real estate and rental and leasing	365,497	8.60%	15,974	7.00%	471	8.40%
Professional, scientific, and management, and administrative and waste management services	540,734	12.80%	25,142	11.00%	684	12.20%
Educational services, and health care and social assistance	1,002,887	23.70%	52,398	23.00%	1,399	25.00%
Arts, entertainment, and recreation, and accommodation and food services	350,495	8.30%	18,763	8.20%	496	8.90%
Other services, except public administration	190,576	4.50%	10,907	4.80%	186	3.30%
Public administration	185,804	4.40%	6,845	3.00%	153	2.70%
<b>CLASS OF WORKER</b>						
Civilian employed population 16 years and over	4,235,089	4,235,089	228,233	228,233	5,602	5,602
Private wage and salary workers	3,429,937	81.00%	191,904	84.10%	4,630	82.60%
Government workers	599,894	14.20%	26,152	11.50%	789	14.10%
Self-employed in own not incorporated business workers	200,083	4.70%	10,033	4.40%	183	3.30%

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5. A determination of the municipality's present and prospective fair share for low and moderate income housing and its capacity to accommodate its present and prospective housing needs, including its fair share for low and moderate income housing. The following figures shows the 2014 median income number in Wanaque and applies this number to expected rent amounts and mortgage amounts.<sup>28</sup>

Figure 19.

Wanaque Household Income Data	Median Income 2014 ACS	30%- Very Low Income	50% Low Income	80% Moderate Income
Household Income Level	\$85,373	\$25,612	\$42,687	\$68,298
Housing Cost Level-30% of Income Level		\$7,684	\$12,806	\$20,487
Households Meeting MI Bracket		372	381	724
Households Meeting Affordable MI Bracket				1,477
Total Affordable Units Prior to New Units.				1,477

Note: See Figure 3 and Figure 4 for the number of units and brackets.

As indicated in Figure 4, 382 housing units in Wanaque are valued less than \$199,999. If these properties were to be hypothetically purchased by an indigenous or incoming household the majority of these units would be considered “very affordable”, having a calculated monthly mortgage payment of \$984, \$11,806 annually, or less. An additional 1,184 units are valued less than \$299,999. These units have a calculated monthly mortgage payment of less than \$1,476. By definition these are affordable housing units. The total of these units is 1,566 (382+1,184) which conforms to the statistical estimate of 1,477 indicated in Figure 19.

The following figure is a model extension used to calculate the affordability of current owner occupied residences in Wanaque. The U.S. Census housing value range (or bracket) from Figure 4 is compared to the U.S. Census Bureau median income brackets in Figure 3. A hypothetical monthly and annual mortgage payment is calculated using the census housing value financed (mortgaged) at 100% using a 4.5% interest rate for a thirty year mortgage term. This model is used to calculate the number of affordable residences located today in Wanaque.

**This model forms the basis of a waiver of Second Round affordable housing requirements as indicated in N.J.A.C. 5:92-4.5. (At (b) 1.)**

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<sup>28</sup> The 2010 FSP examined this calculation but noted that “(i)t is difficult ...to determine how many units were affordable.... To make this calculation properly would require and analysis of income limits, interest rates, and taxes.” We have done this analysis.

Figure 20.

From Figure 3. Housing Value {Cost} Bracket	Housing Value (Cost) Bracket	Computed Monthly Mortgage Payment	Annual Mortgage Payment	% of Income {Bracketed}.	30% of Income Bracket	% Wanaque Median Income Bracket-From Figure 2.
50,000	1	\$ 246	\$ 2,952	19.7%	\$ 4,500	5.1%
99,999	2	\$ 492	\$ 5,903	23.6%	\$ 7,500	3.9%
149,999	3	\$ 738	\$ 8,855	23.6%	\$ 9,780	8.0%
199,999	4	\$ 984	\$ 11,806	18.9%	\$ 18,750	18.5%
299,999	5	\$ 1,476	\$ 17,710	20.2%	\$ 26,250	15.8%
399,000	6	\$ 1,963	\$ 23,554	18.8%	\$ 37,500	23.6%
751,000	7	\$ 3,694	\$ 44,334	25.3%	\$ 52,500	3.5%
1,100,000	8	\$ 5,411	\$ 64,936	32.5%	\$ 66,000	6.9%
	NJ Median Residence	\$ 1,609	\$ 19,310	27.0%	\$ 21,489	
	NJ Average Residence	\$ 1,455	\$ 17,466	18.0%	\$ 29,168	
	Passaic County Median Residence	\$ 2,221	\$ 26,647	32.2%	\$ 24,839	
	Passaic County Average Residence	\$ 2,295	\$ 27,543	23.8%	\$ 34,785	
	Wanaque Median Residence	\$ 1,855	\$ 22,261	31.0%	\$ 21,573	
	Wanaque Average Residence	\$ 1,506	\$ 18,073	20.8%	\$ 26,076	
The median and average housing costs are taken from the U.S. Census Bureau and State of New Jersey property tax data base.						
The monthly mortgage payment is an example of a payment on a 100% loan to value at 4.5% for a 30 year term.						

To be clear: 17% of all homeowner occupied housing units are affordable in Wanaque. In addition an additional 18.5% are moderately affordable, this is 35.5% of the total housing stock in Wanaque. This is the foundation of the principle of credits without controls and filtering, where individuals from outside Wanaque may choose to migrate to Wanaque because of “lower cost” housing, also known as “affordable housing”. This computation yields 1,434 residential housing units (4,156 x .345), again this conforms to our earlier estimate of 1,477 affordable housing units (and probably more) exist in Wanaque.

The use and description of filtering is provided in N.J.A.C. 5:93-2.1 (a). Filtering is the reduction in municipal need based on the recognition that the housing of low and moderate income households are partially met by sound housing units formerly occupied by higher income households. This (filtering) accounts for the upward mobility of households and the nature of the housing stock of a municipality. Filtering can also be extended to those individuals moving from one locality to another as they seek affordable housing.

The Wanaque housing market is flexible to the low side of median income households with accessibility provided in many types of housing (rental, owner occupied, two family, etc.). Wanaque currently has 1,519 affordable residential units built within its jurisdiction:

Figure 21.

Affordable Housing Category	# of Units
Recent TC Redevelopment	26
The Pulte-Reserve Units <sup>29</sup>	10
Existing Affordable Units	1,477 <sup>30</sup>
Special Needs Housing	6-12
Total	1,519-1,525

This represents approximately 37% of the occupied residences in Wanaque.

6. A consideration of the lands that are 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.

The open lands in Wanaque are limited to properties located in the Highlands area. Exhibit 1 includes the Wanaque Highlands Map, dated November 2013. The lands are in the Highlands protection area and subject to the Highlands Council zoning regulations.

12. The Borough of Wanaque Fair Share Plan. As previously mentioned this Housing Element and 2016 Fair Share Plan is being submitted to the court. The purpose is to demonstrate inclusionary zoning, demonstrate the accessibility provision of affordable housing in Wanaque and cement future affordable housing requirements to ensure continued compliance with the FHA. This is the foundation of our estimate of the realistic development potential (“RDP”) in Wanaque.

A. Rehabilitation. Figure 9 establishes the number of deficient units in Wanaque at between 84 and 125. The existing units require rehabilitation so as to better living conditions for the occupants. These deficient units total 125 without adequate facilities. Under the Round Three COAH regulations this is reduced by a factor due to the theory that these are not all affordable units.

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<sup>29</sup> These units are located at the “Powder Hollow” site also known as the Pulte project. In addition to the ten (10) unit age restricted affordable units built on this site the project contributed \$1,000,000 to the local affordable housing trust fund.

<sup>30</sup> The filtering process and credits for preexisting affordable housing units was also referred to as credits without controls.

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However, the Borough will accept the number of 125 as the rehabilitation share. A positive outreach effort must be made through the construction code office to identify the specific deficient properties.

The Borough of Wanaque will implement a housing rehabilitation program consistent with N.J.A.C. 5:93-5.2. Further the Borough will perform a Structural Conditions Survey for submission to the pertinent authority and will embark on an ambitious program of housing rehabilitation. This Structural Conditions Survey will be performed in accordance with the requirements of Round Two, Appendix C rules. Specifically, the Borough will, under the guidance of the Borough Administrator, inspect the structures and structural adequacy of the residences in the Haskell and Midvale areas of the municipality so as to: 1-determine the boundaries of an area in need of rehabilitation, and 2-to determine the structural deficiencies where investment is required to rehabilitate the residential unit with an objective of assisting those residents who have low and moderate incomes.

Exterior inspections will include “(1) foundation; (2) rails, steps, stairs, porch; (3) siding and walls; (4) windows and doors; (5) eaves, soffets, gutters, leaders; (6) roof and chimney; and (7) fire escapes. The foundation, siding and walls and roof and chimney are considered major systems. The remaining components are considered minor systems. Each system is to be ranked as good/excellent or fair/poor. Definitions are provided to guide the exterior inspection in Appendix A. If one major system is determined to be fair/poor, the structure and all housing units within it are considered substandard. If two or more minor systems are determined to be fair/poor, the structure and all, the units within the structure are considered substandard. The survey can be conducted from the street, and, in most cases, there will be no need to step on to the property. A view of the front of the structure, its two sides (one side of it is semi-detached) and a portion of the roof should provide sufficient information to complete the survey”.

The following provisions of Appendix C will be followed: “A municipality that chooses to rehabilitate units shall designate an entity to administer the rehabilitation program. The municipality may designate an employee to administer the program or may enter into an agreement for a governmental agency or private consultant to administer all or some of the program.”

Further: “(d) The municipality shall prepare a marketing plan for its rehabilitation program, subject to the Council’s approval. The rehabilitation program shall be marketed through a combination of some, though not necessarily all, of the following: brochures; posters in prominent locations; cable television and radio announcements; notices included in utility bills; notices in municipal tax bills; notices included in municipal publications; and informational meetings with welfare organizations, urban action community groups, personnel departments of local employers, social workers, civic and religious leaders, senior citizen groups and fraternal organizations.

(e) A municipality that chooses to administer a rehabilitation program shall maintain files on each program applicant. The files may be used in responding to monitoring requests and to protect the municipality against charges of irregularity. The files shall include:

1. The name of each applicant;
  2. If the applicant is not approved, the reasons for the disapproval;
- and
3. If the applicant is approved:
    - i. Proof of income eligibility (Federal tax return);
    - ii. The initial inspection by the building inspector;

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- iii. Bids by contractors;
- iv. The final contract to do the work;
- v. Progress reports;
- vi. A copy of the final inspection; and
- vii. The lien on the property.

(f) Rental units may not be excluded from a municipal rehabilitation program.

(g) The Council shall require six year controls on affordability on owner-occupied units and 10 year controls on affordability on rental units. The controls on affordability may be in the form of a lien filed with the appropriate property's deed. Rents in rehabilitated units may increase annually based on the standards in N.J.A.C. 5:93-9.15.

(h) A municipality that chooses to rehabilitate its rehabilitation component shall be responsible for funding its program. This requirement includes administrative and actual rehabilitation activities. A municipality shall provide \$2,000 per unit of its rehabilitation component towards administration and \$8,000 per unit for rehabilitation activity to total \$10,000 per unit of its rehabilitation component.

Given this requirement:

1. Municipalities shall provide sufficient dollars to fund one-third of the municipal rehabilitation component within one year of substantive certification. In each subsequent year of the substantive certification period, the municipality shall provide sufficient dollars to fund one-sixth of the municipal rehabilitation component.
2. Municipalities may rehabilitate substandard units that require less than \$8,000 of work, provided they also rehabilitate substandard units that require more than \$8,000 of work. Municipal rehabilitation activity shall average at least \$8,000 per unit for each two year period of substantive certification.
3. The Council may waive part or all of the funding required for administration if there is an agreement with an agency to administer the program at reduced cost.
4. Municipalities that seek a waiver from the \$8,000 rehabilitation standard may do so by presenting case studies documenting local housing conditions.

(i) Financing of rehabilitation programs shall be structured to encourage rehabilitation and continued occupancy. Low interest rates and forgivable loans are encouraged. Leveraging of private financing is also encouraged if the result is low interest loans that encourage rehabilitation. If a housing unit is sold prior to the end of the controls on affordability, at least part of the loan shall be recaptured and used to rehabilitate another housing unit.

(j) If the municipality structures a loan program to recapture money, recaptured money shall be used for another low and moderate income housing purpose or to repay a municipal bond issued to finance a low and moderate income housing activity.

(k) The municipality, as a condition of certification, shall develop a rehabilitation manual that complies with COAH's rules and summarizes the administration of the rehabilitation program. The manual shall include a copy of the lien to be used and shall describe:

1. The rehabilitation program's staff and their responsibilities;
2. Procedures for program marketing;
3. Eligible repairs and improvement;
4. The amount of money available for rehabilitation;
5. Financing terms;
6. Income qualification criteria;
7. Procedures for application intake;
8. Procedures for review and approval of work (such procedures should require interim inspection of work); and
9. The length of affordability controls.

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(I) Municipalities that administer rehabilitation programs shall complete annual monitoring reports required by the Council (See N.J.A.C. 5:93-12).

After reviewing the progress of rehabilitation activity, the Council may require technical assistance meetings to identify implementation techniques designed to increase rehabilitation activity. Failure to submit monitoring reports or respond to direction designed to increase rehabilitation activity may result in further Council action.”

The Borough must then determine a funding source to accomplish rehabilitation. The funding source will include development fee contributions, including the \$50,000 from the Rhinesmith project. Further, because of the fragile nature of much of the Borough’s existing housing stock an area in need of (residential) rehabilitation should be explored to help property owners maintain and fix up their properties.

To be clear: the Borough must specifically identify as many of these properties as possible and proceed to have community development, local housing trust, or other funding in place to assist the property owner (especially the owner occupied units) with correcting the housing deficiencies.

### B. Prior Round Affordable Housing “Obligation”, or Unmet Need.

i. The 2010 FSP in Context. The 2010 Housing Element suggests that the Borough of Wanaque has a prior round (1987-1999) affordable housing obligation of 132 units.<sup>31</sup> However, the 2010 FSP notes the very limited amount of available land and the prospects for future development was limited. Moreover, the 2010 FSP was concerned with the growth share elements of COAH which were subsequently invalidated by the courts.

ii. Round Two Obligation. On October 3, 2001 COAH approved substantive certification of the Borough’s Round Two affordable housing program. It must be emphasized this certification occurred over two years prior to the enactment of the Highlands Act. The Round Two COAH fact summary sheet indicated a FSP “need” of 312 units.<sup>32</sup> Of this sum 37 were rehabilitation units and 24 were adjusted through a regional contribution agreement (“RCA”) with the City of Hoboken. This left an inclusionary zoning requirement of 251 units. COAH then identified 223 units to be built on the “Powder Hollow site”. The remaining “unmet” units (presumably 28 units) would be “addressed” through a “development fee ordinance.”<sup>33</sup> In Section 13 we calculate the specific unmet need remaining from Round Two.

iii. Powder Hollow and Pulte. Block 313, Lots 1, 6 and 8.01 comprises the Powder Hill site which was previously (prior to the year 2000) an industrial zoned site. The site was rezoned in 1999/2000 and up to 1,185 residential units were to be built upon the site. Of these units the local zoning called for sixty (60) affordable units. The developer was Pulte Lifestyle Communities. In one iteration the development potential was stated at 1,118.

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<sup>31</sup> See page 21 of the 2010 FSP.

<sup>32</sup> The original RDP was 98 units, as of September 29, 1998.

<sup>33</sup> See the attachment to the October 3, 2001 congratulatory letter from COAH to the Borough as to the approval of substantive certification, Round Two.

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It is important to note that in the year 2000 this site (Powder Hollow) was designated as a PA-1 (Planning Area-1) property while today it is part of the Highlands protected area.<sup>34</sup> Because Pulte had received site plan approval for sixty affordable units, as opposed to the COAH required 223 units, an affordable housing unit deficiency of 163 units was allegedly created. The way COAH maneuvered around this deficiency was to increase affordable housing density requirements on preexisting residential zoning districts and punt the issue.

Before delving into these maneuvers it is important to realize that the number of buildable units at the Pulte site then decreased from 1,185 to 755; a 430 unit decrease.

Thus, in gross terms, the number of then “required” COAH Round Two affordable units in Wanaque decreased from 237 to 151; a reduction of eighty six (86) units. (Twenty percent (20%) of the total number of buildable units at Powder Hollow.) This reduction in buildable area and the unit reduction occurred after the Borough receiving Round Two COAH substantive certification.

The sixty (60) affordable units at the Powder Hollow site were to be divided into three distinct portions. 1-built on-site, ten (10) units; 2-regional contribution agreement, thirty (30) units; and, 3-contribution to the local housing trust fund, twenty (20) units.<sup>35</sup> Each unit was to have a contribution of \$20,000, a total of \$1,000,000. (50 x \$20,000.) This sixty (60) unit Round Two prior obligation was thus satisfied by Pulte (a local affordable housing “need” or obligation). The ten units have been built and an increased affordable housing contribution of \$1,000,000 was deposited on July 9, 2007 into the local affordable housing trust.

13. Methodology-Calculation of the Unmet Obligation. The March 2015 Supreme Court decision requires us to examine the Round Two COAH affordable housing unit numbers. Tables 17 and 19 of the May 2001 Housing Plan Element and Fair Share Plan (FSP), the Round Two FSP, indicates that the Round Two affordable housing obligation was 275 new units and thirty seven (37) rehabilitation units.

The Borough entered into a regional contribution agreement (“RCA”) with the City of Hoboken so as to satisfy twenty four affordable units of the Borough’s affordable housing obligation.

During our research we determined that COAH and the 2001 FSP had earmarked 237 affordable units to be built at Powder Hollow. This was based on the previously mentioned initial realistic development potential (RDP) of 948 market units and 237 affordable units; a total of 1,185 units. However, only 755 units were able to be on the site. This reduction in the RDP at Powder Hollow results in a reduction of 86 affordable units required to be built, again using the Round Two rules. (1,185-755=430. 430x.20=86.) Therefore, during the period

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<sup>34</sup> The State Planning Commission classifies all land within its State Development and Redevelopment Plan (SDRP). The SDRP is a land use guideline and growth management plan that divides New Jersey into five (5) planning areas. New Jersey has invested in the public infrastructure necessary to support growth in Planning Areas 1 and 2.

<sup>35</sup> It is of importance to note that COAH actually computed the sixty (60) unit affordable housing requirement at Powder Hollow to be included in the zoning ordinance. The 400 acre tract had contaminated and environmentally constrained lands. Based on an inspection of the site by COAH it was ultimately determined that fifty (50) acres was developable. Using a density of six (6) residential units per acre the total number of buildable residential units was estimated to be three hundred (300). Twenty percent (20%) of this number is sixty (60). This number was then inserted, without explanation, into the Borough’s zoning ordinance and carried forward to the development site plan.

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following 1999/2000 the affordable housing obligation of the Borough of Wanaque was reduced by 86 units.

The following chart depicts the current status of the Borough’s Round Two affordable housing Unmet Need (“obligation”).

Diagram 6.

COAH Component	Number of Affordable Units
Fair Share from Second Round COAH Fact Sheet	312
Rehabilitation Component	37
Net to be built-Fair Share (Initial RDP)	275
RCA with Hoboken	24
Net	<b>251</b>
Adjustment to Pulte-Powder Hollow-(gap period)	<b>86</b>
Adjusted Round Two Fair Share (RDP)	<b>165</b>
Pulte Building and Contribution-Powder Hill	60
Town Center Redevelopment-Block 432, Lots 36 and 38 and Block 435, Lots 5 and 5.01.	26
Special Needs Housing-Block 313, Lot 2	6
Unmet Need-Net Remaining Units From Round Two	<b>73</b>
Vacant Land Adjustment- N.J.A.C. 5:99-5	73
Remaining Unmet Obligation (RDP)	<b>ZERO</b>
Add back: Highlands Disputed Properties:	
RSK Development (20 Mountain Avenue) Block 240, Lot 14	2
Mountain Lakes Estates and Lakeside Manor <sup>36</sup>	35
Rock Outcrop at Block 430, Lot 1	TBD

Notes: the special needs housing could include up to twelve (12) units.

The RSK site at Block 240 is in the Highlands protection area and is constrained. The rock outcrop at Block 430, Lot 1 if developed will include an affordable component.

The proposed Round Three COAH regulations (2014) indicate a prior affordable housing obligation in Wanaque of twenty seven units (27). This number matches up with the twenty six units physically built in the past two years (and under construction) in the Wanaque Town Center. Once again, we reiterate the limited amount of developable land which would make the obligation zero.

Throughout the plethora of COAH regulations and writings a concept of “internally consistent and intuitively correct” is reiterated and assumed. The prior round obligation is not intuitively correct in Wanaque. The concept of a COAH “obligation” to physically build housing is placed on whom? Not the municipality, especially if no exclusionary zoning exists, and the “obligation” does not fall on any builder or property owner.

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<sup>36</sup> See Section 13 of this report.

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It is also counterintuitive that a municipality somehow has an “obligation” to have residences built arising from alleged households formed as early as 1987.

Moreover, as shown in our model (Figure 1) municipalities in New Jersey have generally done a good job at creating an appropriate housing stock for their residents.

While Wanaque has an unmet need of 73 units, essentially remaining from Round Two, no prior round affordable housing obligation exists because of the lack of developable land (“vacant land”) within Wanaque. The Borough does recognize the necessity to continue to generate affordable housing opportunities.

### 14. Potential or Prospective Need.

A. Realistic Development Potential. The prospective need for affordable housing is difficult to estimate in a fully developed municipality. We have already detailed the fact that no vacant land exists. New housing estimates, for Region 1, is based on population projections and lack of certainty. Hypothetical new households do not exist because of the lack of developable space in New Jersey, especially in Region 1 where Wanaque is located. Indeed, in the Borough because of Highlands constraints limited development potential exists. The new construction site criteria of the proposed 2014 COAH regulations stipulated that municipalities shall designate areas that are suitable, within certain NJDEP infrastructure provisos (being located in a sewer service area (SSA) as an example).

Realistic development potential is defined under N.J.A.C.5:97-1.4 as “the portion of the prior round affordable housing obligation that can realistically be addressed with inclusionary development, as determined by the Council through a vacant land adjustment pursuant to N.J.A.C. 5:97-5.2”. As indicated in the following Paragraph D little vacant land exists for residential development.

However, the Borough must stipulate in this Fair Share Plan that it will support a twenty percent (20%) affordable housing inclusionary development requirement imposed on any future residential development in the Highlands area. The Borough shall also stipulate that all residential redevelopment projects in the Borough, specifically the fully developed town center, must either pay an affordable housing development fee contribution of 1.5% of assessed value or have a 10% affordable housing inclusionary component.

B. Vacant Land Adjustment. The 2013 vacant land analysis was updated in January 2016 for the Borough of Wanaque. Proposed regulation N.J.A.C. 5:99-5 sets forth what procedures need to be used to achieve a vacant land adjustment. As indicated in the Wanaque table of zoning no developable lots exist with the possible exception of the Union Avenue commercial site Interstate Route 287 at Block 400.

Moreover, very little unencumbered vacant land exists as is indicated on the attached maps (with tax block identifiers). (See Exhibits 1 and 1a.) Accordingly, the Borough takes the factual position that limited vacant developable land, less than 1% of the land area of Wanaque, exists within its zoning jurisdiction. This is significantly less than 5% of the land area of the Borough.

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C. Summary of the Borough of Wanaque 2016 FSP.

Wanaque 2016 Fair Share Plan	
Policy Statement: The Borough of Wanaque recognizes its ongoing obligation to provide access to affordable housing opportunities.	
Wanaque Affordable Housing requirements:	
1-Rehabilitation-	88-125 units
2-Prior Round Unmet Need "Prior Obligation"-	73 units- satisfied by the vacant land adjustment.
3-Prospective need-	<u>0 units</u> -due to lack of land.
TOTAL	161-198 units
Positive steps:	
1.-The Borough of Wanaque shall advocate that all future Highlands area residential projects approved by the Highlands Council, for the next ten year period, shall include 20% affordable units.	
2- The Borough shall also stipulate that all residential redevelopment projects in the Borough either have an affordable housing development fee contribution of 1.5% of assessed value or have a 10% affordable housing inclusionary component.	
3-The Borough of Wanaque will abide by its previously adopted inclusionary zoning ordinance. See RGO §21-20.3 Affordable Units Required for Residential Developments-	
a. Inclusionary Development.	
4-The Borough of Wanaque Administrator and code enforcement office will attempt to identify all substandard residential units and the Borough should apply for CDBG and other funding to turn around the conditions found in these residences.	
5-The Borough of Wanaque is undertaking the preliminary work to create an area in need of rehabilitation so as to assist property owners with financing code enforcement issue apparent in aging residences.	

15. Lakeside Manor and Mountain Lakes Estates. Any discussion of Wanaque land use must include a discussion of this project area (although separate sites the project components are linked by a common area and a single developer).

Lakeside Manor is designated as Block 200, Lot 8.09. Briefly, this residential project was approved in 1989 as a sixty four (64) unit multi-family attached residential dwellings (townhomes). This approval and project was then reduced to forty-seven (47) units in August 2000 because of property constraints.

Mountain Lakes Estates is a residential project designated as Block 200, Lots 8, 28, 29, 30 and 32. The site plan application was approved in 1988 for one-hundred fifty one (151) single family residential units. In April 2000 the project was reduced to one hundred twenty-eight (128) units.

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The total combined potential build-out is one hundred seventy five (175) residential units. Again, this property is located in the Highlands area. Today, or any time after March 2004 this project area would have generated thirty five (35) affordable units. These 35 affordable units would be part of the Highlands development approval and included in the Borough's RDP and affordable housing inventory.

In 2002 the developer abandoned construction of the project. However, litigation ensued as the developer sought to protect his development rights from the disapproval of the project by the New Jersey Highlands Council. The Highlands Council and NJDEP were under the impression that because the project was dormant the project approvals were no longer valid. On July 28, 2005 the developer filed a combined application for a Highlands Applicability Determination stipulating that these projects had site plan approval and NJDEP water and sewer permits approved before the March 29, 2004 cut-off date for applicability of the applied for Highlands Act exemption. The NJDEP denied the application partly because the sewer and water permits expired. Also, the NJDEP questioned the validity of the local site plan approvals. However, the Borough was not a party in the litigation.

On August 1, 2011 the Appellate Division issued a final decision in a challenge to the Highlands Act (N.J.S.A. 13:20-1 to -35) by the developer. The court overturned the decision of Highlands Council and NJDEP thereby ruling in favor of the developer that the project may proceed.

It is important to note that affordable housing was not raised in the pleadings in this litigation and was not part of the original site plan application approvals. This is allegedly because the application for development approvals preceded the COAH requirements.

The Borough has worked with the owner and a new developer of the Lakeside Manor project to have the project move forward in 2016. The project lands and infrastructure, including Stephens Dam, have been in a state of disrepair and partially finished for thirteen years. It is our opinion that should a new (not an amended) site plan be required to be filed that an affordable housing component at twenty percent (20%) of the total number of units must be provided on the project site.

16. The COAH Court Actions in Perspective. COAH was created in 1985 through state legislation to devise a method for municipalities to comply with the Fair Housing Act. The New Jersey Fair Housing Act was itself an outcome of the Mount Laurel group of cases now referred to as Mount Laurel I and Mount Laurel II.

If municipalities choose to grow, with a target or emphasis on suburban towns located in the PA-1 and PA-2 categories of the State Development and Redevelopment Plan, then affordable housing is needed to accommodate or supplement this growth.<sup>37</sup>

In 1986 COAH released the First Round rules (1987-1993) which required, or targeted, the production of 10,849 low and moderate-income homes per year statewide.

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<sup>37</sup> See Southern Burlington County N.A.A.C.P. v. Borough of Mount Laurel (1975) N.J.S.C. 67 N.J. 151, 336 A.2d 713.

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In 1994 COAH released the Second Round rules (1993-1999) which required, or targeted, 6,465 low and moderate-income homes per year statewide.

The First and Second Round rules were generally upheld by courts against several legal challenges from municipalities and some from builders and public interest advocates. Advocates succeeded in 1993 in overturning one area of the rules, which allowed for a residency preference to limit the ability of people from outside of a town to move into “Mount Laurel” housing.

The 2008 COAH calculated state-wide affordable housing obligation was 115,666 new affordable units to be built through 2018.

On January 25, 2007, the Appellate Division sent COAH back to the drawing board, agreeing that the regulations “defied comprehension.” In their decision, the three judge panel found that the regulations violated the constitutional mandate of the Mount Laurel doctrine and the statutory requirements of the Fair Housing Act.

The court required a check on municipal discretion, writing that “if the municipalities with substantial amounts of vacant land and access to infrastructure can decide for themselves whether and how much to grow, it is highly likely that housing opportunity will fall far short of identified housing need.”<sup>38</sup>

This court decision jolted COAH, but further delayed affordable housing regulations as COAH missed the July 25, 2007 deadline, established by the Appellate Division, to adopt revised regulations.

COAH requested successive extensions along the way proposing regulations that were unconstitutional. After two more proposals, COAH’s complete Third Round regulations were finally adopted on October 20, 2008, with a July 2008 effective date.

In November 2012, the New Jersey Supreme Court heard arguments to eliminate the growth share obligation, part of the 2008 Third Round Regulations, which had previously been invalidated by the Appellate Division on October 8, 2010. The Supreme Court upheld the Appellate Division and remanded the regulations to COAH, to develop rules using the First Round and Second Round methodologies. In the meantime the Governor “abolished” COAH and moved to confiscate the COAH trust funds held by municipalities as of July 17, 2012.

The theory behind the trust fund taking was that the 2008 Third Round rules, much of which were invalidated by the court, required funds to be expended within four years of the implementation of the Third Round rules, which occurred on July 15, 2008.

On June 2, 2014 a new comprehensive set of COAH regulations were published in the New Jersey Register. (See N.J.A.C. 5:99 replacing N.J.A.C. 5:97.) These rules were actually thought of in the development community as the upcoming “law of the land” regarding affordable housing.

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<sup>38</sup> Editorially, the courts have thus inserted themselves into local governance and land use decision-making.

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Unfortunately, COAH was deadlocked in voting for final implementation of the regulations and the regulations were not adopted despite all of the research and work performed by the Center for Urban Policy Research at Rutgers University (“CUPR”) which was the foundation of the regulations.

From the counterintuitive prospective “need” calculations, to the uniform housing affordability controls (“U.H.A.C.”) COAH has become an unnecessarily complicated morass.<sup>39</sup> Being frustrated with the COAH process and on a motion in aid of litigant’s rights from the earlier Supreme Court decision, the court “took back” control over the FHA and municipal compliance thereto.

On March 10, 2015 the Supreme Court decided to authorize the trial courts to hear and decide actions addressing municipal compliance with their Mount Laurel obligations. The court required declaratory judgments be filed by each municipality seeking immunity from a builder’s remedy suit or other legal action regarding the Mount Laurel obligations. As previously indicated the Borough of Wanaque filed such declaratory judgment action. This Plan and report was prepared to support the declaratory judgment action.

The court, among other things, requires a new fair share plan be filed by each municipality seeking relief. In addition, the court requires proof that a municipality has complied with its constitutional obligations. Finally, COAH indicates that their programs (the regulations) has produced 109,557 new affordable units and 25,034 rehabilitated units. These numbers are under-mentioned in the various COAH writings.

### 17. Additional Evidence that the Borough of Wanaque complies with affordable housing edicts.

A. Urban Aid Cities. The fifty seven (57) urban aid cities located in New Jersey are generally exempt from COAH regulations. Heretofore their affordable housing need has been apportioned throughout their respective region. Wanaque has an estimated population of 11,447 in 2014. The Borough has 9.253 square miles of land. Only 13% of the land area is subject to local zoning control, where the majority of people live.

This means that in the 1.2 square miles subject to local zoning control there is a population density approximating the minimum of 6,000 persons per square mile. This is the first test to qualify for urban aid. It is not suggested that the Borough qualifies as an urban aid city but that the residents and buildings located in the Borough experience similar conditions as an urban aid city. In addition, less than 5% of the land located in Wanaque is available for development.

B. Property Taxes. Housing costs include mortgage and rent payments and importantly include annual property tax payments. Even renters are impacted by property taxes as the property owner transfers the tax burden to the renter.<sup>40</sup> Nowhere in the COAH writings is the subject of property tax burden mentioned. Property tax burden is an additional barrier to affordable housing.

New Jersey has the highest property tax burden in the U.S. and according to an October 2014 Monmouth University poll half of New Jersey residents say they want to leave the state.

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<sup>39</sup> N.J.A.C. 5:80-26.1 et seq. sets forth the Uniform Housing Controls in New Jersey.

<sup>40</sup> Please see reference number 5.

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The Monmouth poll found the state's high cost of living, especially the high property tax, being the primary reason for the poll result. The State of New Jersey has the highest property tax burden in the nation at \$3,971 per capita.

The average residence paid \$8,161 in property taxes in New Jersey in 2014. This represents 10% of median household income. In Passaic County the average owner occupied home paid \$9,572 in property taxes in 2014. This represents 18.6% of median household income. In Wanaque the average residence paid \$8,737 in 2014. This represents 10% of median household income.<sup>41</sup>

This is another indicator of housing affordability where, in Wanaque, prospective home purchasers will pay approximately 10% less in annual property tax payments in the typical Passaic County municipality.<sup>42</sup>

18. A Practical Approach to Providing Access to Affordable Housing. The following is an understandable affordable housing proposal for New Jersey. The proposal is based on extensive research. These regulations would be in effect for ten (10) years.

1-Every municipality located in New Jersey must have an inclusionary zoning ordinance identifying locations where residential properties may be accessible to households having 80% of median household income of the county in which the municipality is located. If no such locations exist this must be indicated in the ordinance.

2-A. All municipalities, except those classified as urban aid jurisdictions, shall ensure that any development application having four (4) attached residential units shall have unit number five be affordable, defined as accessible to those households having a median household income of 80% of county median household income, and a rent or mortgage payment no greater than 30% of household income. This will take the guess-work out of what to do with smaller projects which generally have a lower profit margin.

B. For every ten (10) units built thereafter (after unit number 14, 24, 34 etc.) one (1) additional affordable unit shall be built in the project.

C. For every five (5) affordable units built there shall be one (1) low income unit built in the project. This means 20% of all affordable units shall be low income. Low income shall be defined as 50% of county median household income. Where two bedroom units exist then a minimum of 50% of affordable units shall be two bedroom units. (No three bedroom restrictions or requirements shall exist, however, the local planning board may impose bedroom allowances or restrictions.)

D. For every three (3) detached residential units, or 7,500 of square feet of living space, to be built in any single family development included in a development application, there shall be one affordable unit built in the project, or in another location of the municipality, consistent with

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<sup>41</sup> The disparity of property taxes among New Jersey's 565 municipalities makes the regional modelling of COAH problematic at best. High municipal cost urban areas are starved for tax dollars as aging infrastructure and school facilities need massive investment. On the other hand suburban wealthy towns have school costs that drive property taxes, and while school costs are high the schools are generally "better" than in urban areas, taxes are nonetheless prohibitive. This leads to an imbalance of both housing affordability and quality public schools.

<sup>42</sup> Property taxes are a deduction from taxable federal income. This gives a disproportional tax "break" to higher income homeowners and allows them to reduce their tax burden as compared to lower income homeowners.

## Second DRAFT-Wanaque 2016 FSP.

paragraph 1A and 1C. The amount of square feet of living space shall be determined by the construction code official.

3-Any municipality having an average residential value of 120% greater than the pertinent county average, in any one of the three years preceding the year when a new development application is filed, a development fee of one-percent (1%) of total project costs as defined and certified pursuant to N.J.S.A. 40A:20-3 h, shall be levied. This development fee shall be applied to all new developments over four (4) attached units, or three (3) detached units (or 7,500 square feet of living space in developments having less than three units) and commercial properties.

The maximum required development fee shall be \$200,000 for any one development application unless an additional amount is levied by the local planning board.

This development fee shall be deposited with the New Jersey Housing Mortgage Finance Agency ("NJHMFA") or any county or municipal housing authority for the purpose of financing very low income housing which may be located in any municipality in New Jersey, including urban aid jurisdictions.

The NJHMFA etc. shall deploy these funds at their discretion to housing entities such as Habitat for Humanity or the Bergen County United Way so as to build very low income housing. No reporting requirement shall be imposed on any municipality of these contributed funds except as stipulated in paragraph 4. However, the receiving entity (NJHMFA) must clearly identify the sources and uses of funds in their annual report(s) and annual financial statements.

4-Municipalities shall report the number of development applications filed under these regulations on a new schedule to be incorporated into the annual user friendly municipal budget. This will be in a similar format to the tax abatement (PILOT) schedule included in the current user friendly budget.

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The above proposal brings clarity to the affordable housing issue. The court agrees that the current regulations are unintelligible. This proposal is clear. The proposal is understandable and will ensure access to affordable housing as each significant development application is proposed. The FHA will have to be modified but it will be straightforward. No prior "obligation" will exist except the orderly phase out of current COAH commitments.

Of course, those involved in the COAH cottage industry in New Jersey will be opposed to this type of proposal. Attorneys, planners, engineers, economists and others will have limited future COAH work. The millions of dollars being spent on litigation and COAH machinations will cease and we can all focus on improving schools and property tax reduction without the unnecessary noise of COAH but with real steps to build affordable housing. Yes, wishful thinking.

Wanaque is a good example of a municipality which is maturing and has a housing stock shaped for its residents and prospective residents based on affordability which is evidenced by small building lot sizes and modest housing prices, especially compared to sister Passaic County municipalities. Moreover, with 87% of the land area of Wanaque located in the Highlands area the prospects for development are virtually non-existent.

19. Summary: the following facts have been presented in support of the Borough of Wanaque 2015 Fair Share Plan and declaratory judgment filing.

## Second DRAFT-Wanaque 2016 FSP.

- 1-87% of the Borough of Wanaque is located in the Highlands area. The land in the Highlands area is zoned and controlled by the New Jersey Highlands Council. Site plan approval is granted by the Highlands Council for those properties located in the Highlands area.
- 2-Less than 1% of the land area of Wanaque can be even explored as developable.
- 3-The Borough of Wanaque has previously enacted strict inclusionary zoning regulations.
- 4-The Borough of Wanaque has dense residential zoning, especially in the town center.
- 5-The previous Wanaque Fair Share Plan was prepared in March 2010 and the Borough has been successfully participating in the COAH process. The Borough has Round Two substantive certification.
- 6-In 2014 Wanaque had an average residential property value of \$247,893. This is approximately the same as the Passaic County average, which has located in it three urban aid cities, Paterson, Passaic and Clifton. The median house was valued at approximately \$140,000 less in Wanaque than Passaic County (30% less).
- 7-Over one-third of the Wanaque housing stock is aged, built prior to 1960. (34.4%)
- 8-26 affordable units have been built in the Wanaque Town Center since 2013. Another 6-12 will be built in the special needs housing units at Block 313, Lot 2.
- 9-Wanaque has 1,594 affordable units, representing 37% of the existing housing stock.
- 10-Wanaque has limited vacant land upon which any housing, including affordable housing, may be built.
- 11-Because of the lack of vacant land in the Borough no prospective obligation (or need) to build affordable housing exists.
- 12-The Borough does have a rehabilitation assignment of between 88-125 units which needs to be addressed. The 2016 Fair Share Plan provides a plan of action through CDBG funding and potentially establishing an area in need of rehabilitation) to accomplish this.
- 13-The Borough of Wanaque has 1.2 square miles under its zoning jurisdiction and a population over 10,000 in this jurisdiction. This is similar to urban aid cities, which are generally exempt from COAH (but they are not exempt from inclusionary zoning requirements).
- 14-Wanaque has an average residential tax bill less than 8% of a typical Passaic County residence, making the already reasonably affordable house more affordable when compared to cohort municipalities in Passaic County.

20. References. So as to provide a thorough examination of the affordable housing issue the authors of this report have widely researched the issue. The following are references used in the report.

1. "The State of the Nation's Housing 2015", Joint Center for Housing Studies of Harvard University.
2. "The Definition of Affordable Housing: Concerns and Related Evidence, University of Arizona, Pivo, 2013.
3. "Using Public Land to Defray the Cost of Affordable Housing", Department of Housing and Urban Development, EDGE-Police Development and Research (PD&R), August 2015.
4. "A Blueprint for Addressing the Global Affordable Housing Shortage" McKinsey Global Institute, October 2014.
5. "Who Can Afford To Live In A Home? A look at data from the 2006 American Community Survey", US Census Bureau, Schwartz and Wilson.

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6. "What Affordable Housing Policies Make Sense for New Jersey" plansmartnj, Policy Briefing, Kinsey, October 2014.

7. "New Jersey Low and Moderate Income Housing Obligations for 1999-2025 Calculated Using The NJ COAH Prior Round (1987-1999) Methodology", Kinsey, April 2015.

8. "Property Taxes in the United States, the Tax Policy Center. Harris and Moore, November 2013.

9. The State of New Jersey Development and Redevelopment Plan(s), March 1, 2001. This includes the Technical Reference Document of 1988. The New Jersey Planning Commission promulgated the Plan.

EXHIBIT 1

Borough of Wanaque Zoning Maps.

**EXHIBIT 2**

Borough of Wanaque 2010 Fair Share Plan.

EXHIBIT 3

Highlands Affordable Housing Guidelines.

**EXHIBIT 4**

**NEW JERSEY MUNICIPALITIES WITH AN AVERAGE RESIDENTIAL VALUE  
GREATER THAN 20% OF THE COUNTY AVERAGE.**