

# Borough of Rumson Affordable Housing Plan and Settlement Agreements

January 14, 2020



# Welcome

- Affordable Housing Planning Team
  - Mayor Joe Hemphill
  - Councilman John Conklin
  - Administrator Tom Rogers
  - Borough Engineer David Marks
  - Borough Planner Kendra Lelie
  - Plus other professionals including:
    - Borough Attorney
    - Affordable Housing Attorney
    - Real Estate Development Expert

# Presentation Overview

- Affordable Housing History – General and Borough Specific
- What is Affordable Housing?
- Planning for Affordable Housing under Court jurisdiction
- Affordable Housing Obligation
- Satisfaction of the Obligation – General and Borough Specific
- Settlement Agreement Details
- Next Steps + Summary
- Questions

# Affordable Housing in Rumson

- Compliant for 30 years – Immune from Builder’s Remedy Suit
- Adopted Affordable Housing Plans since 1995
- 2015 – Court oversight vs. State Agency (COAH)
- July 2015 – Declaratory Judgment Motion filed by Borough to maintain immunity
- 2015 – Fair Share Housing Center (FSHC) is intervener
- 2017 – Yellow Brook Developer is intervener
- 2015/2017-Present – Confidential court negotiations
- December 2019 – Court accelerates deadlines for Settlement or Trial

# Historical Context

1975

Mount Laurel I

Each municipality has a **constitutional obligation** to provide affordable housing

1983

Mount Laurel II

Builders Remedy  
Municipal obligations  
Court approves Housing Plans

1985

Fair Housing Act

COAH created to administer FHA

1986 - 2014

COAH

COAH administered the FHA and promulgated first, second and third round rules

# Third Round History

2004 - 2013

## 3<sup>rd</sup> Round Rules

"Growth share" rules are adopted twice and overturned

2013

## Supreme Court Decision

Invalidated methodology  
Ordered new rules to be adopted

2014

## COAH Fails to Adopt

COAH fails to adopt 3<sup>rd</sup> round rules

2014

## FSHC Motion

Fair Share Housing Center (FSHC) files motion to compel the State to adopt rules

2015

## Mount Laurel IV

Supreme Court transfers approval of housing plans to Courts

# Court Driven Next Steps

- Court Approved Neighborhood Meetings
- General Public Meeting
- Agreements signed/returned to Court no later than Jan 17<sup>th</sup>
- Fairness Hearing with the Court on March 12<sup>th</sup>
- Ordinances and Housing Plan Updates introduced in April
- Ordinances and Housing Plan Adopted in May
- Borough Compliance Hearing with Court on July 12th
- Developer goes thru Planning Board after JOR

# Who Qualifies for Affordable Housing?

Based on 2019 Regional Median Income in  
Mercer, Monmouth & Ocean Counties

Maximum Household Income				
	1 Person	2 Person	3 Person	4 Person
Median	\$72,165	\$82,474	\$92,783	\$103,092
Moderate	\$57,732	\$65,979	\$74,226	\$82,474
Low	\$36,082	\$41,237	\$46,392	\$51,546
Very Low	\$21,649	\$24,742	\$27,835	\$30,928

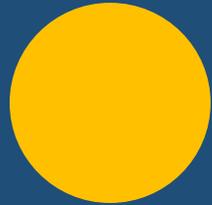
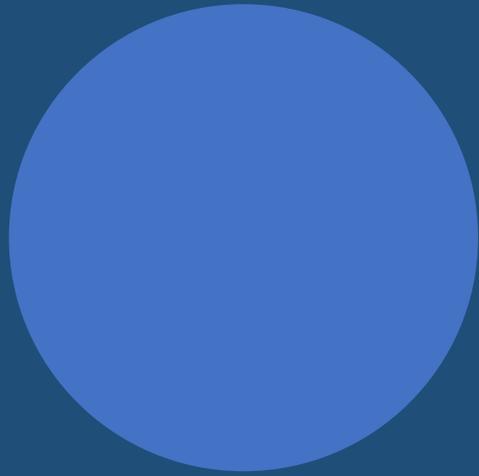
# What is Affordable Housing?

## Affordable Home Sales Prices (Illustrative Low to Moderate)

- One-bedroom: \$124,000 - \$152,000
- Two-bedroom: \$152,000 - \$186,000
- Three-bedroom: \$179,000 - \$217,000

## Affordable Rents (Illustrative Very Low to Moderate)

- One-bedroom: \$580 - \$1,160
- Two-bedroom: \$695 - \$1,390
- Three-bedroom: \$800 - \$1,600

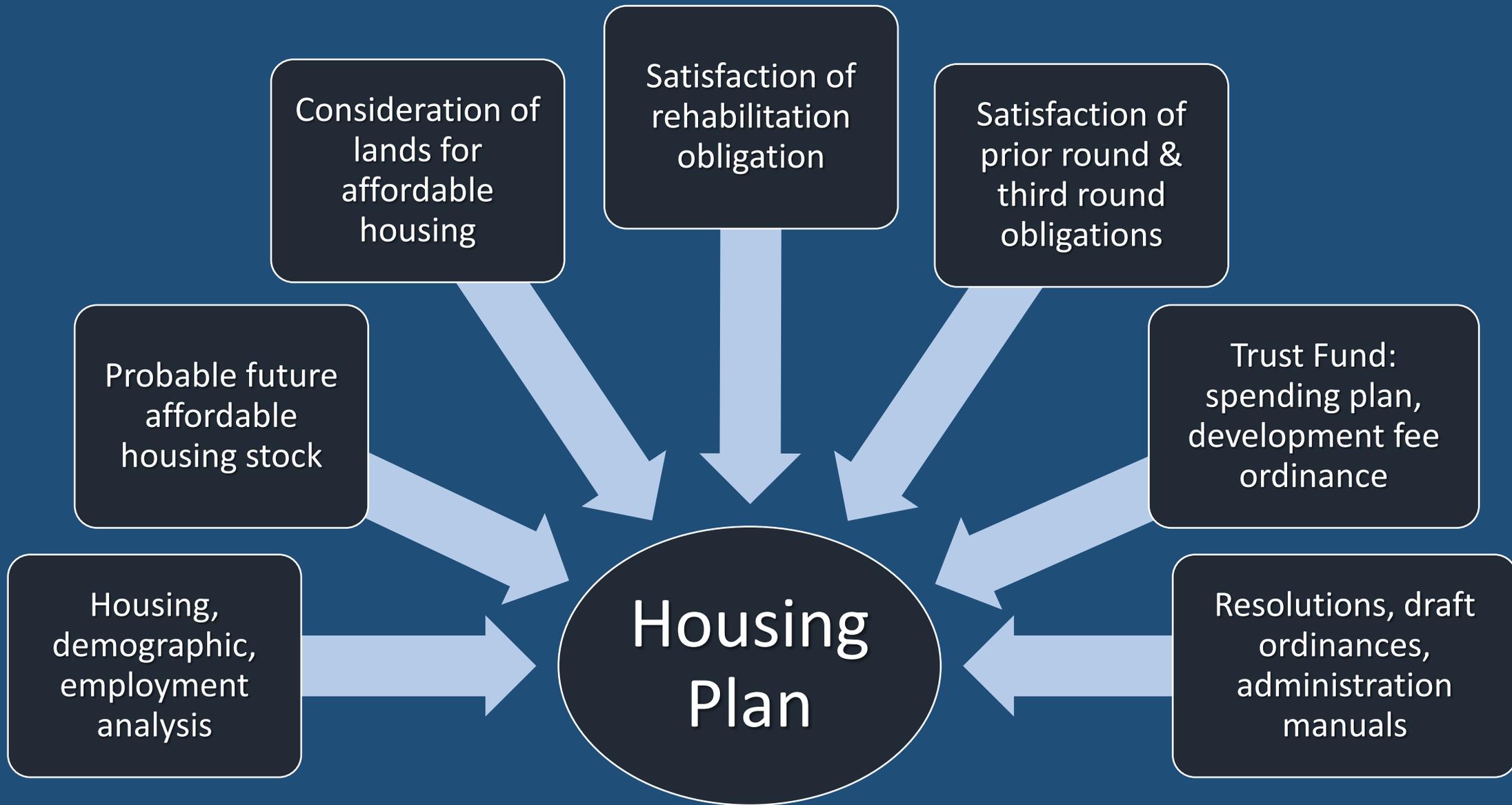


Smart Growth Concepts  
Protect Community Character  
Reduce Impact on Neighborhoods and Borough

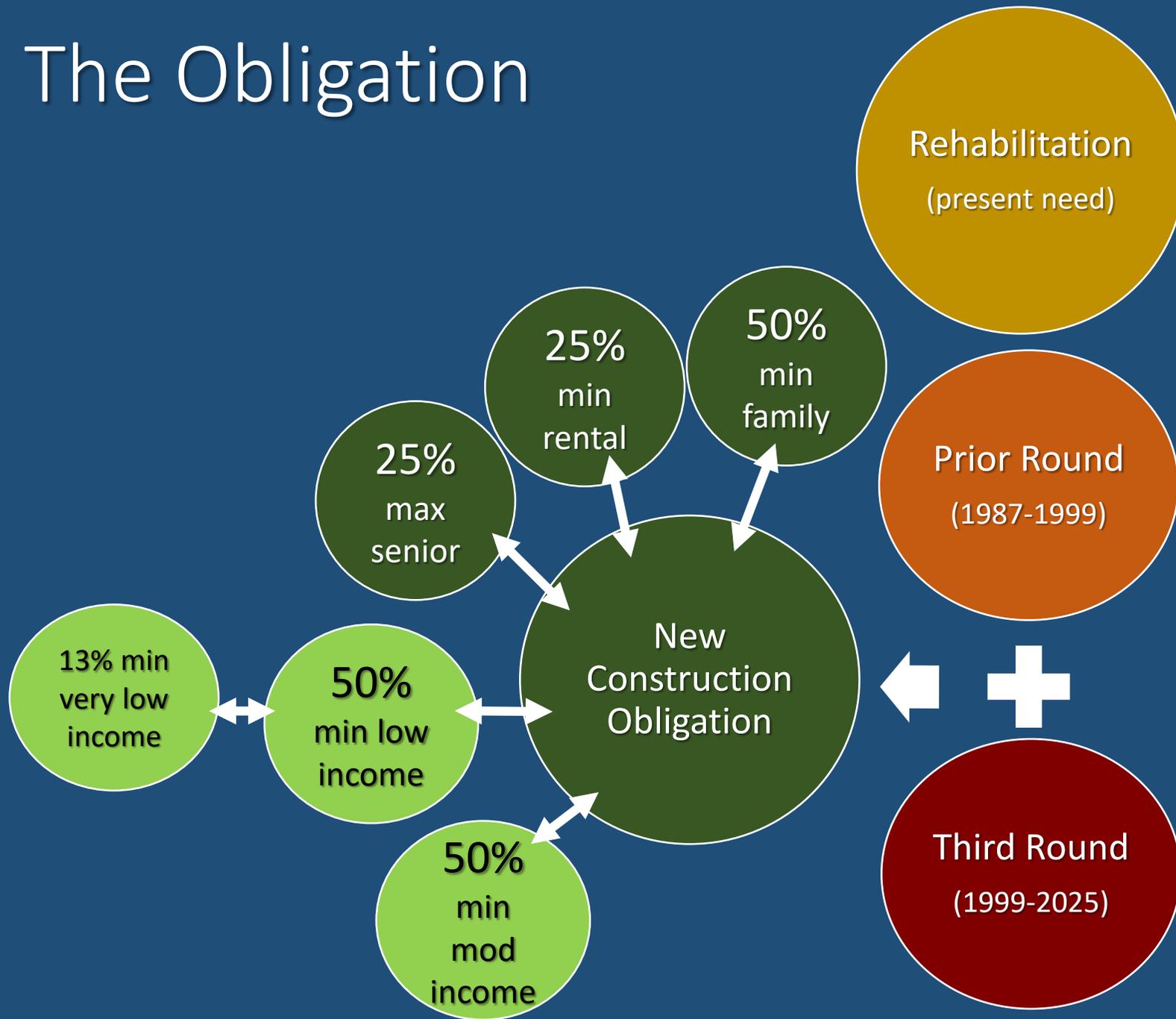
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## Land Use Goals

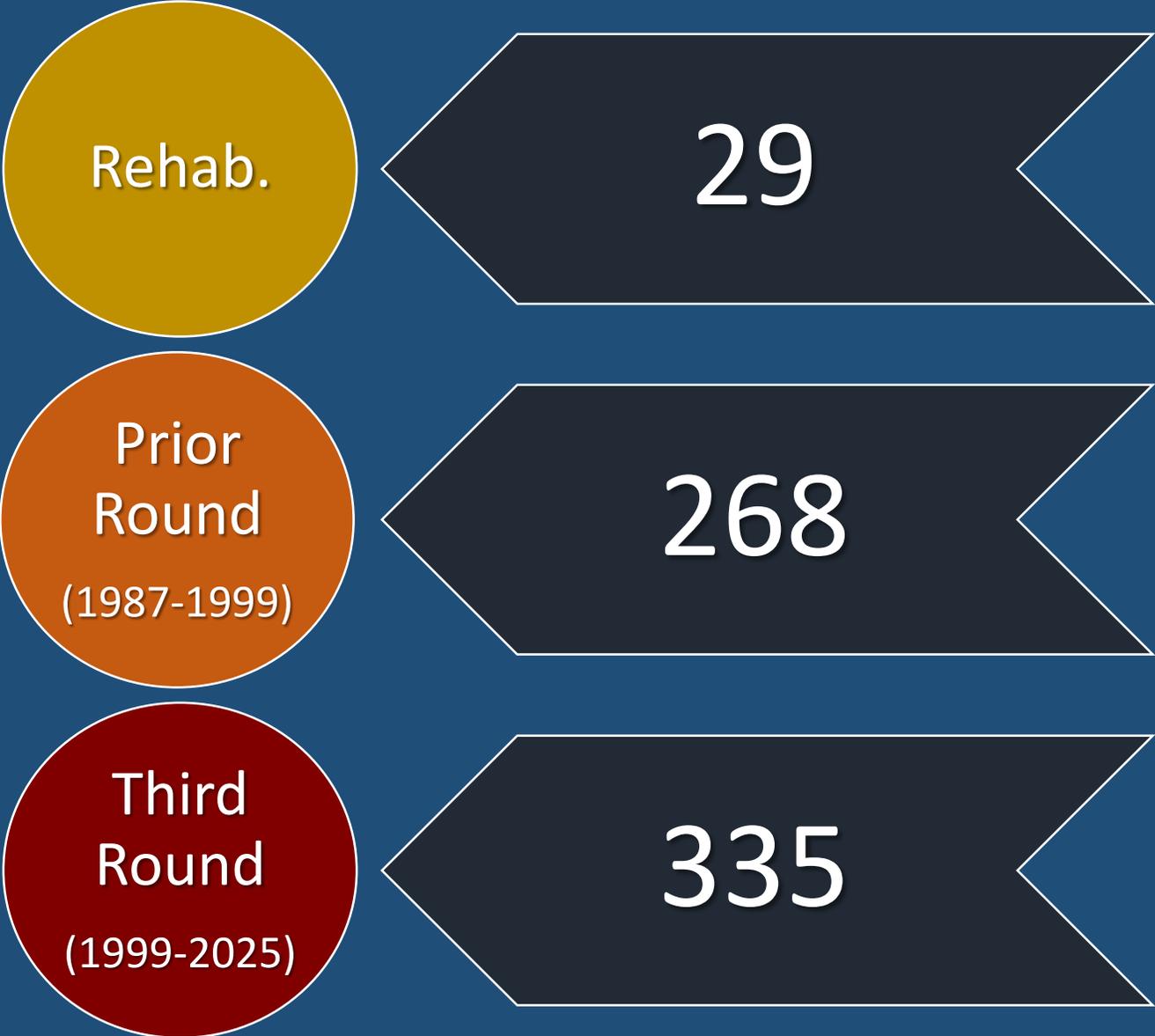
# Master Plan Housing Element/Fair Share Plan



# The Obligation



# Rumson's Obligation



# Satisfying the Obligation – Part I (Rehab)

Rehabilitation: 29

- County Program - homeownership
- Borough Program – rental units
- 10-year deed restriction

# Realistic Development Potential (RDP)

RDP – 51 Units

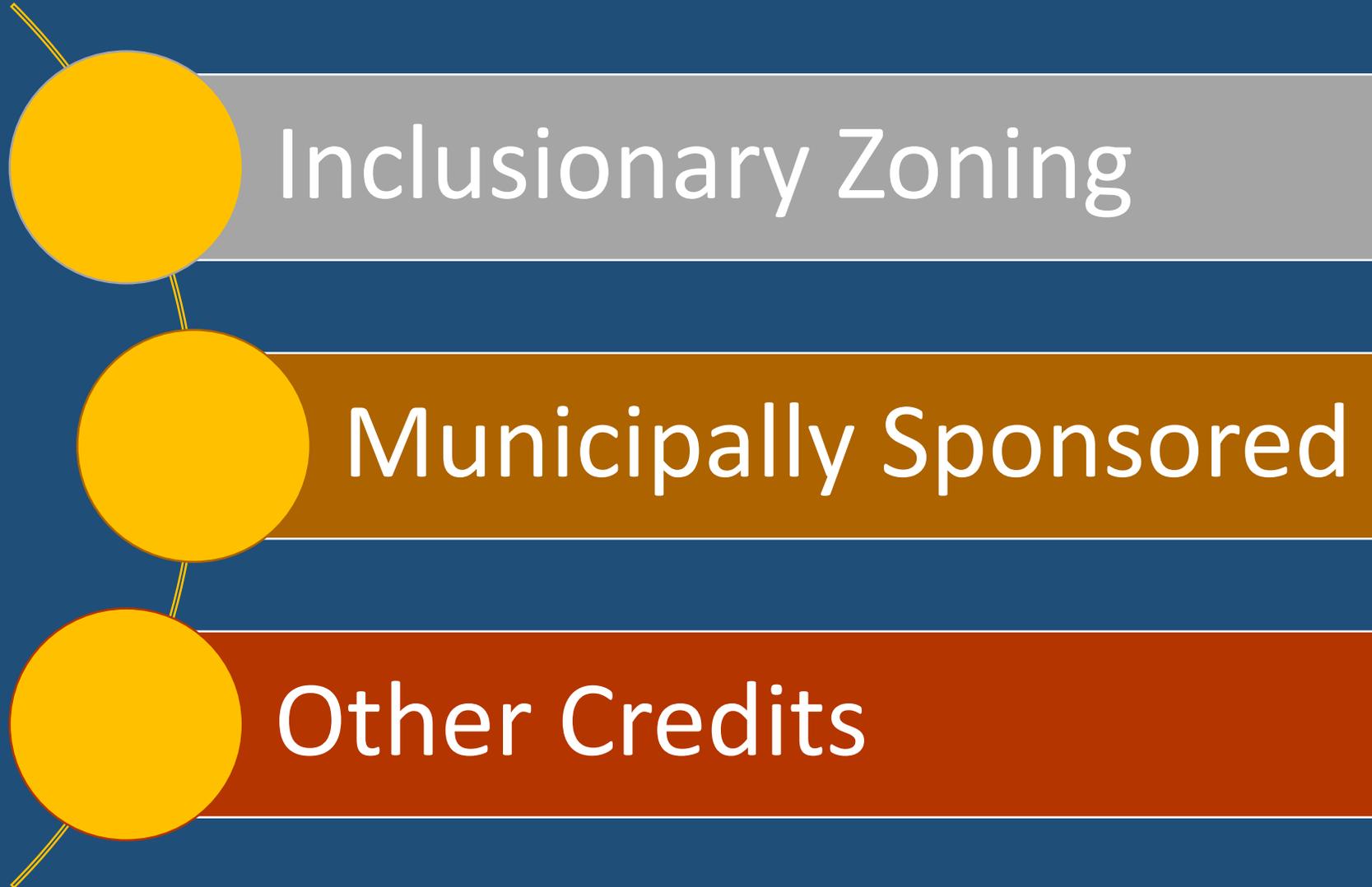
Downward Adjustment to Reflect Lack of Developable Land

- Theoretical exercise
- Identify “vacant and developable” lands
- Calculate potential capacity for affordable housing
- Identified “vacant and developable” lands are not required to be used for affordable housing
- Areas that provide “redevelopment opportunities” but a suitability analysis must be made

Unmet Need – 552 Units - Difference between RDP and obligation

(603 (Prior and Third Round Obligation) – 51 (RDP) =552)

# Satisfying the Obligation



# Satisfying the Obligation

## What?

Zoning that requires market rate (MR) residential development to include affordable housing (AH).

## Why?

To create mixed income opportunities that would not otherwise be created.



## Benefits

- Developer responsibility
- Integrated affordable housing

## Challenges

- Increased densities, units and land area
- Base set-aside (15-20%)  
5 MR units = 1 AH is required

# Satisfying the Third Round Obligation

- **Market-to-Affordable**
- Supportive/Special Needs Housing
- 100% Affordable Development
- Rental Bonus Credits



## Benefits

- Use of existing housing stock
- Integrated throughout Borough
- Remedy for vacant homes

## Challenges

- Cost based on market conditions
- Credit Cap
- Management of rental units

# Satisfying the Third Round Obligation

- Market-to-Affordable
- Supportive/Special Needs Housing
- 100% Affordable Development
- Rental Bonus Credits



## Benefits

- Fulfills Large Need
- Infill Housing
- Credits by Bedroom

## Challenges

- Increasing Costs

# Satisfying the Third Round Obligation

- Market-to-Affordable
- Supportive/Special Needs Housing
- **100% Affordable Development**
- Rental Bonus Credits



## Benefits

- Economies of scale
- Federal/State Funding
- Bonus credits for rental – 2 for 1
- Municipal control

## Challenges

- Concentrated of AH units
- Funding is not guaranteed

# Satisfying the Third Round Obligation

- Market-to-Affordable
- Supportive/Special Needs Housing
- 100% Affordable Development
- Rental Bonus Credits – 2 for 1
  - Special Needs Bedrooms
  - Family Rental



# Satisfying the Obligation – Part II (RDP)

RDP: 51 units

- Existing Affordable Housing Units (5)
- Market to Affordable – existing (2) and proposed (9) units
- 100% Affordable, Special Needs Municipally + Developer Sponsored Projects (16 rental, 8 special needs bedrooms)
- Rental Bonus = 13 credits

# Satisfying the RDP (Realistic Development Potential)

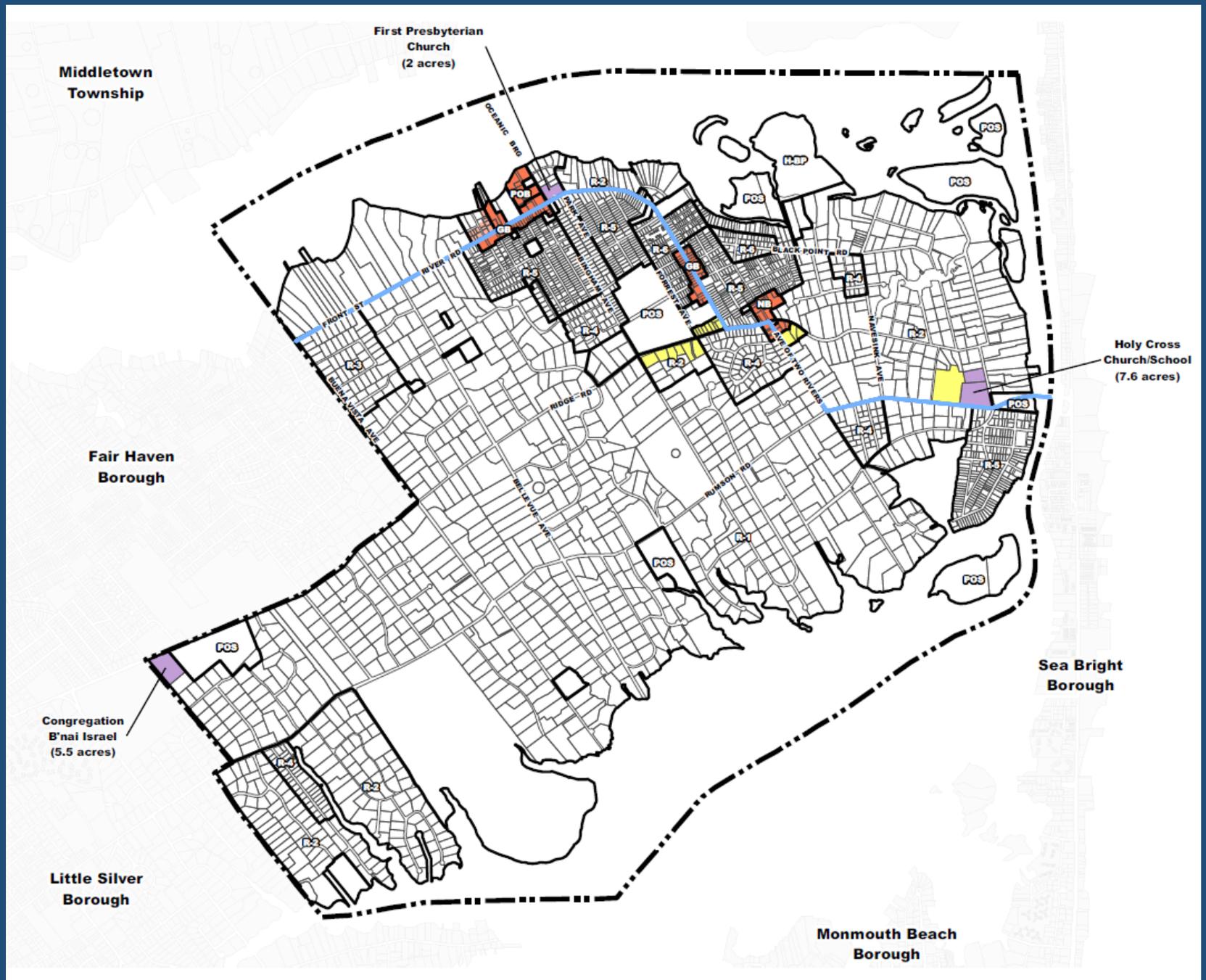
Compliance Mechanisms	Credits	Bonuses	Total
<b>51 RDP Third Round Obligation (1999-2025)</b>			
<b>Market to Affordable</b>			
Completed	2		2
Proposed	9		9
<b>Inclusionary Development - Complete</b>			
Washington Street (family rental)	1	1	2
Lafayette Mews (family rental)	2	2	4
<b>100% Municipally Sponsored</b>			
Carton Street: BCUW (4 SN beds + 10 family rentals)	14	10	24
Proposed Site: BCUW (4 SN beds + 6 senior rentals)	10		10
Total Credits Provided	38	13	51
		Balance	0
<b>Micro-requirements</b>	<b>Required</b>		<b>Provided</b>
<i>Min. Total Family- 50% of obligation-surplus-bonus</i>	19		19
<i>Min. Very Low Required - 13% of units developed after 7/17/20</i>	5		5
<i>Min. Very Low Family Required- 50% of Total VL</i>	3		3
<i>Min. Total Rental - 25% of obligation</i>	13		19
<i>Min. Family Rental - 50% of total rental</i>	7		13
<i>Maximum Senior - 25% of obligation</i>	12		6

# Satisfying the Obligation – Part III (Unmet Need)

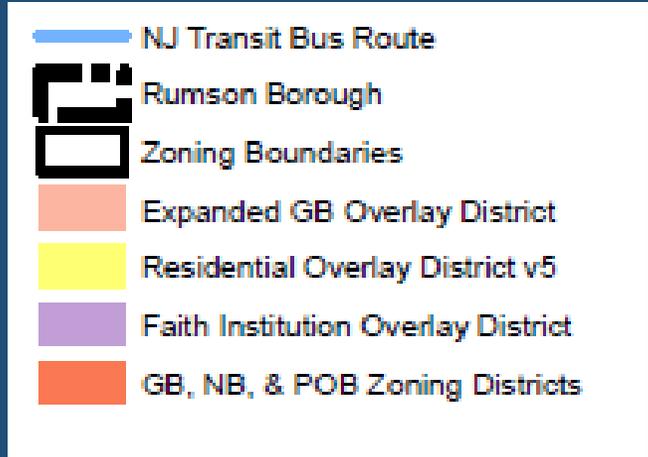
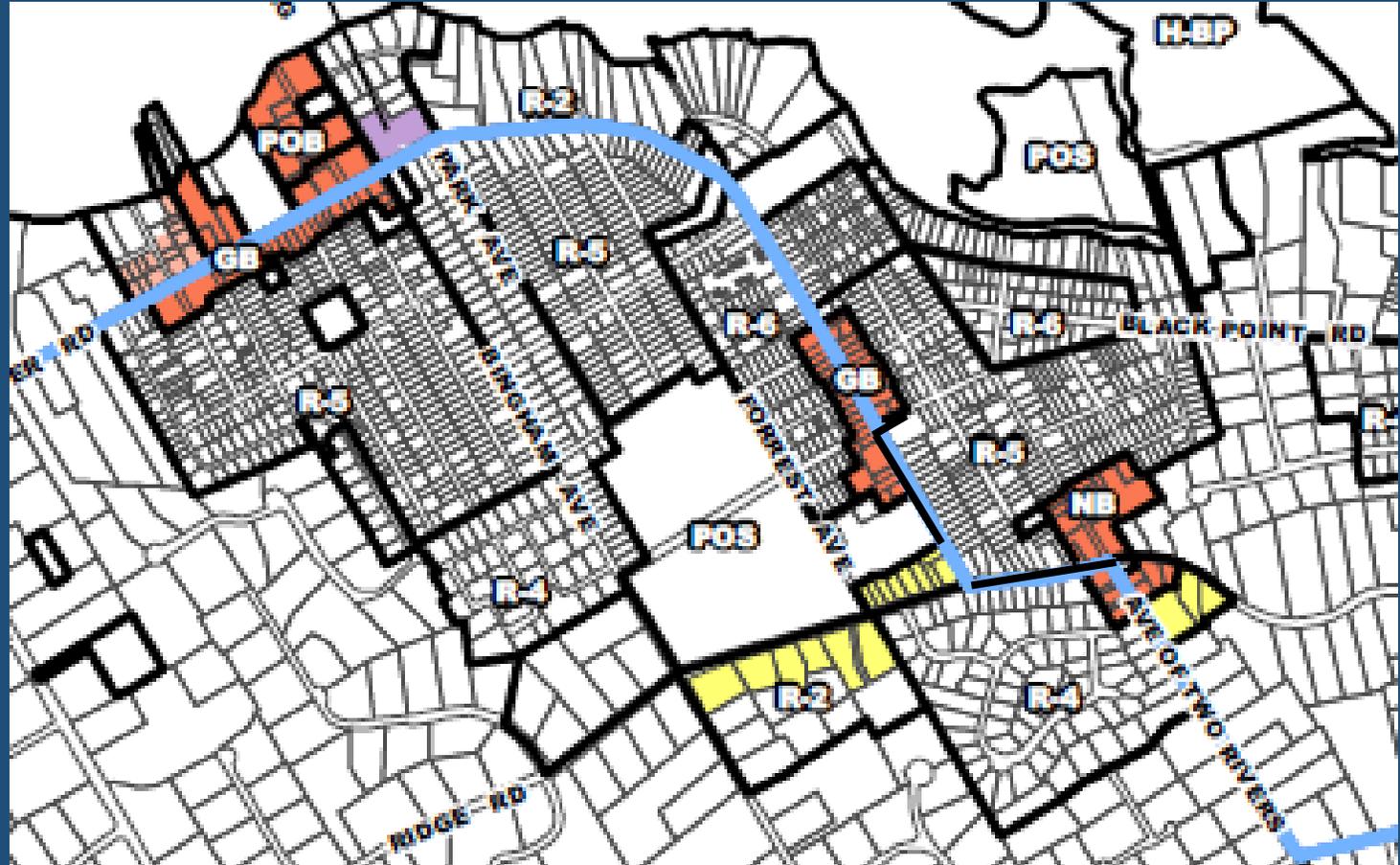
Unmet Need: 552

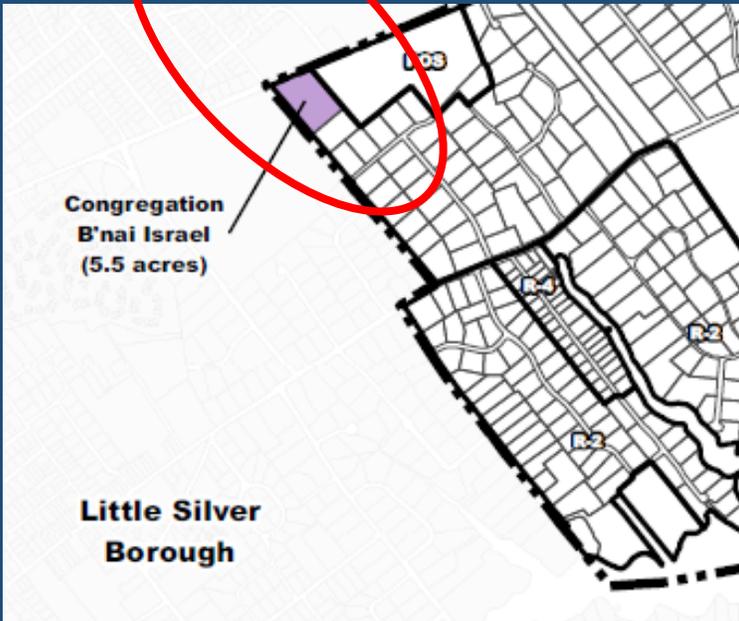
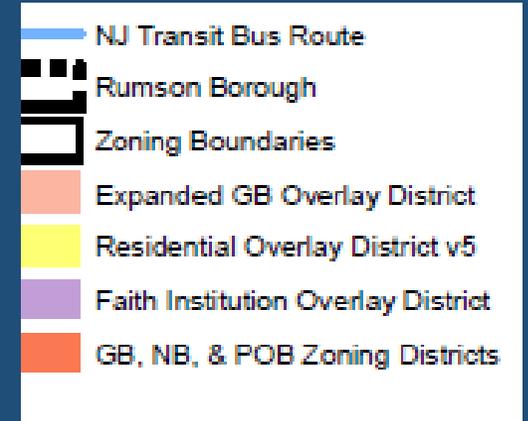
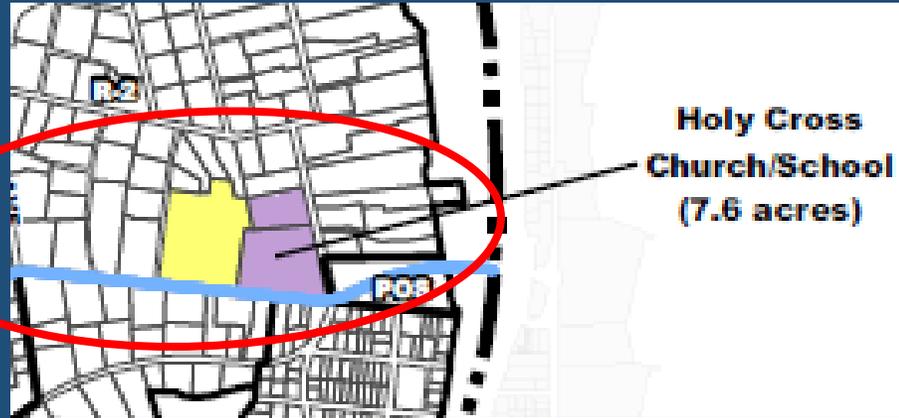
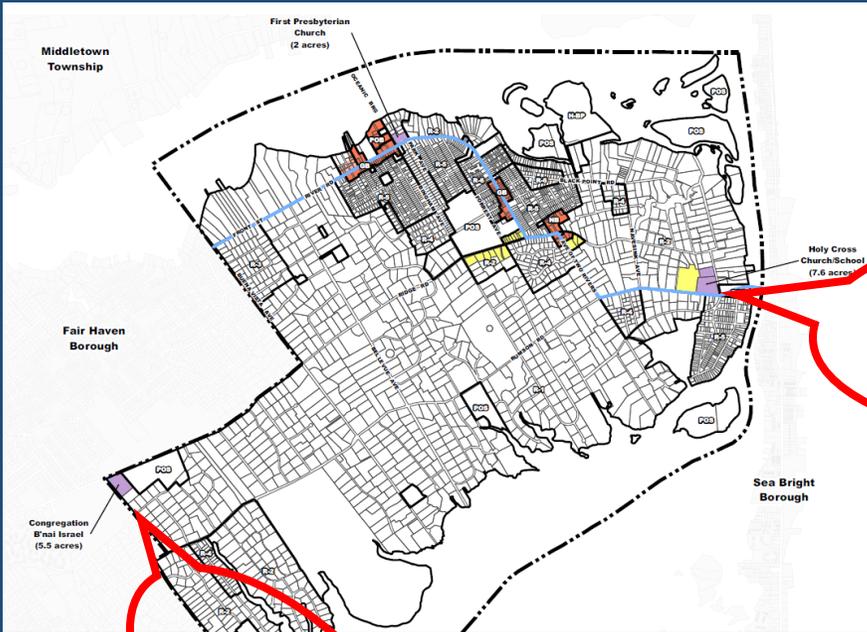
- Accessory Apartment Program - existing
- Existing and Proposed Overlay Zoning
- Development Fee Ordinance updated
- Mandatory Set-aside Ordinance

# Satisfying the Unmet Need: Overlay Zoning



# Satisfying the Unmet Need: Overlay Zoning





Satisfying the Unmet Need: Overlay Zoning

# Fair Share Housing Center (FSHC) Settlement Agreement

- State-wide Advocate for Low-and Moderate-Income Households
- Filed motion to strip Rumson's immunity in 2015
- Refused to settle unless settlement with developer occurred
- RDP = 51 vs. something more (Court driven #)
- Overlay zoning areas reduced

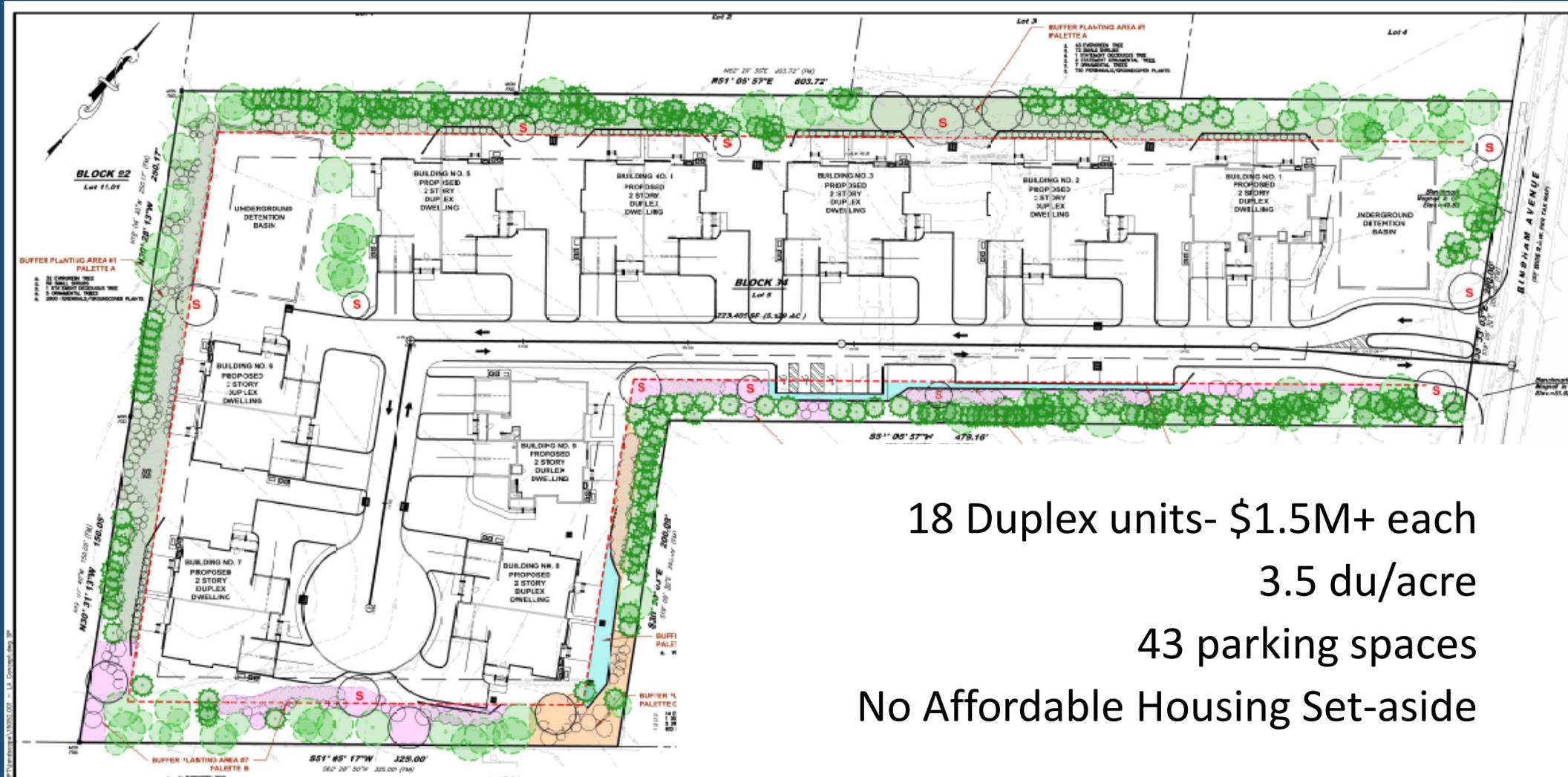
# Yellow Brook Developer Settlement Agreement

- Local Developer
- Filed motion in 2017 to become intervener
- Proposed 3 sites for development which increases RDP (38 vs. 51)
- Rumson did not pick these sites
- Court confidential negotiation goals/outcomes
  - Reduce density
  - Reduce # of units
  - More appropriate architectural product
  - Better buffers

# Inclusionary Zoning: Bingham Avenue Initial Development Proposal



# Inclusionary Zoning: Final Bingham Avenue Development Design



18 Duplex units- \$1.5M+ each

3.5 du/acre

43 parking spaces

No Affordable Housing Set-aside

# Bingham Avenue Comparison

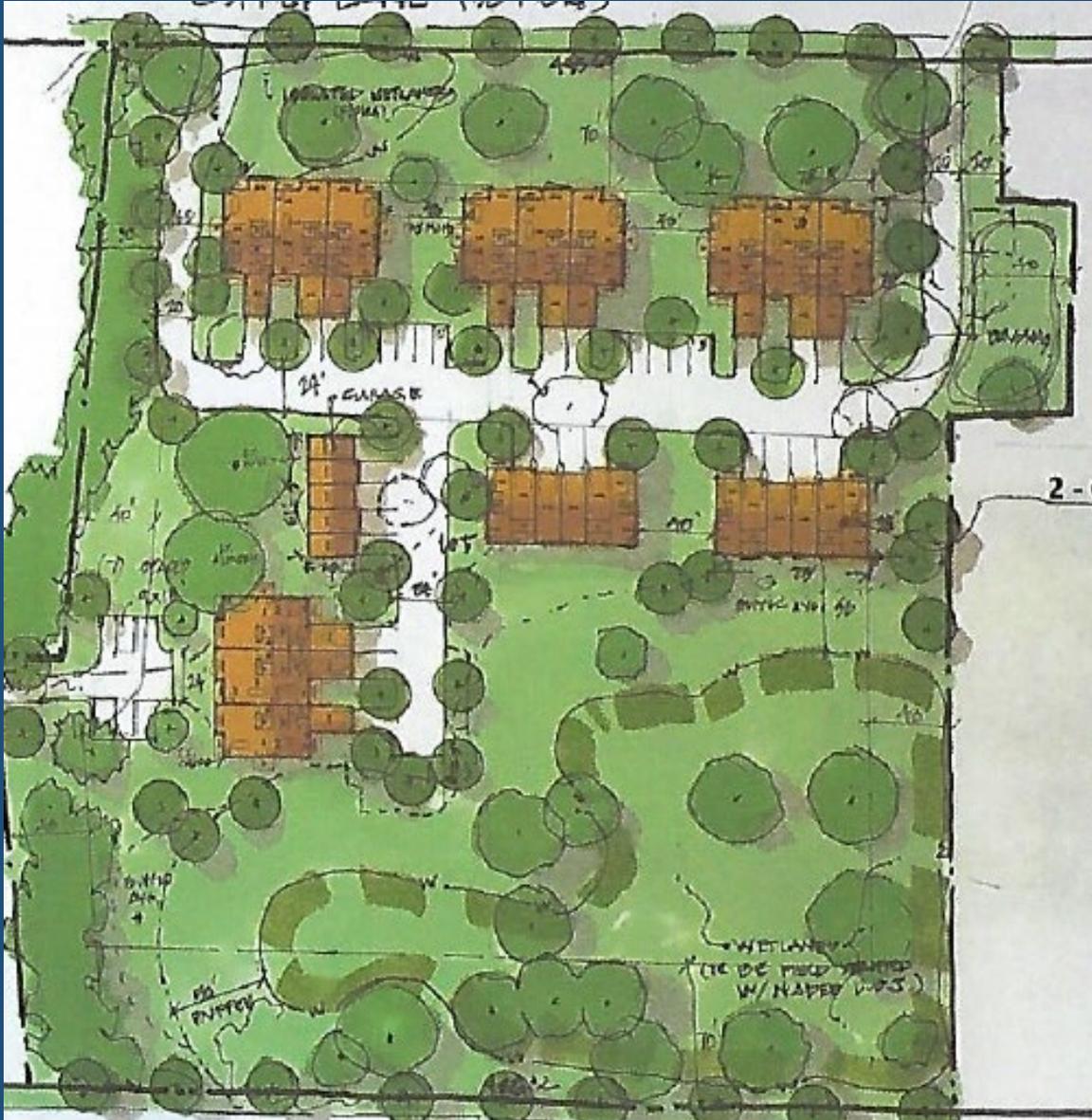
	Before	After
Units	56 Townhomes	18 Duplexes
Density per acre	11.5	3.5
Parking	95	43
Affordable Housing	12	0

# Inclusionary Zoning: Rumson Road Initial Development Proposal



76 Townhouse units  
13.1 du/acre  
114 parking spaces  
16 affordable housing units

# Inclusionary Zoning: Final Rumson Road Development Design



- 16 Triplex/Carriage House units
- \$1.2-\$1.7M each
- 2.75 du/acre
- 31 parking spaces
- No affordable housing set-aside

# Rumson Road Comparison

	Before	After
Units	76 townhomes	16 triplex/carriage house
Density per acre	13.1	2.75
Parking	114	31
Affordable Housing	16	0

# Carton Street Site



# Carton Street Site Initial Architectural Example





Satisfying the RDP:  
PROPOSED CARTON STREET RESIDENCE: 100% Family Affordable/Special Needs

# Yellow Brook Settlement Negotiations

## Rumson Rd/Bingham Ave

- Density: 300-400% decrease
- Unit Count: Bingham (38-unit decrease), Rumson (60-unit decrease) = 98 less units
- Unit type: Townhomes vs. Duplex/Triplex & Carriage Houses
- Parking reduction: 65% overall decrease
- Aesthetics/Design

## Carton Street

- Possession of property
- Hire AH Non-Profit Expert
- Aesthetics/Design
- Height Reduction
- Mix of Rental/Special Needs

# Court Driven Next Steps

- Court Approved Neighborhood Meetings
- General Public Meeting
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- Fairness Hearing with the Court on March 12<sup>th</sup>
- Ordinances and Housing Plan Updates introduced in April
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# Borough Affordable Housing Summary

- Continued Compliance with COAH + Court since 1995 with FSHC participation
  - Court takeover of Affordable Housing Process in 2015
  - Litigation Mode = Court Confidential Negotiations
- 
- FSHC (state-wide housing advocate) intervenes in 2015
  - Yellow Brook intervenes in 2017
    - Proposes 3 sites w/o Borough input
- 
- Settlement Agreements + Trial deadlines implemented by Court
  - Court Fairness + Compliance Hearing = JOR = Immunity until 2025

End