



Helping Communities to Help Themselves



Lunch and Learn: Affordable Housing Calculations and Reporting

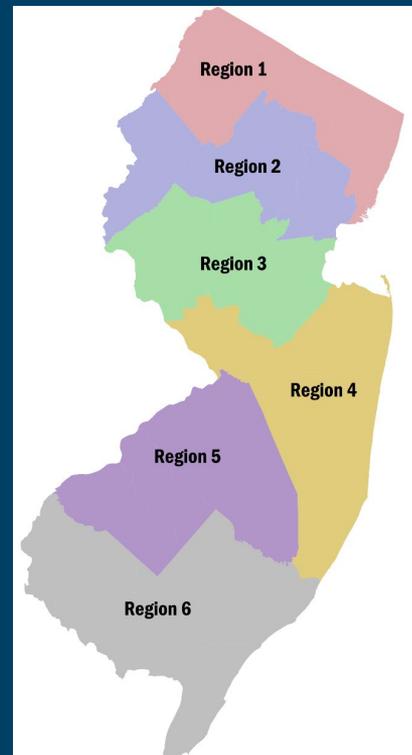
Two Types of Obligations

- The affordable housing law establishes two sets of obligations for municipalities:
- **Present Need** - Deficient housing units occupied by low- and moderate-income (LMI) households in the region. Often addressed by housing rehabilitation programs.
 - Applies to all municipalities
 - 70% is overcrowded LMI occupied housing that is over 50 years old. 30% is LMI occupied housing lacking complete plumbing or kitchen facilities
- **Prospective Need** – Housing needed to meet the needs of additional LMI households over the next 10 years. Often addressed by new housing production
 - 47 urban municipalities (Qualified Urban Aid) are exempt and excluded from the calculation (8.3% of towns)

Housing Regions

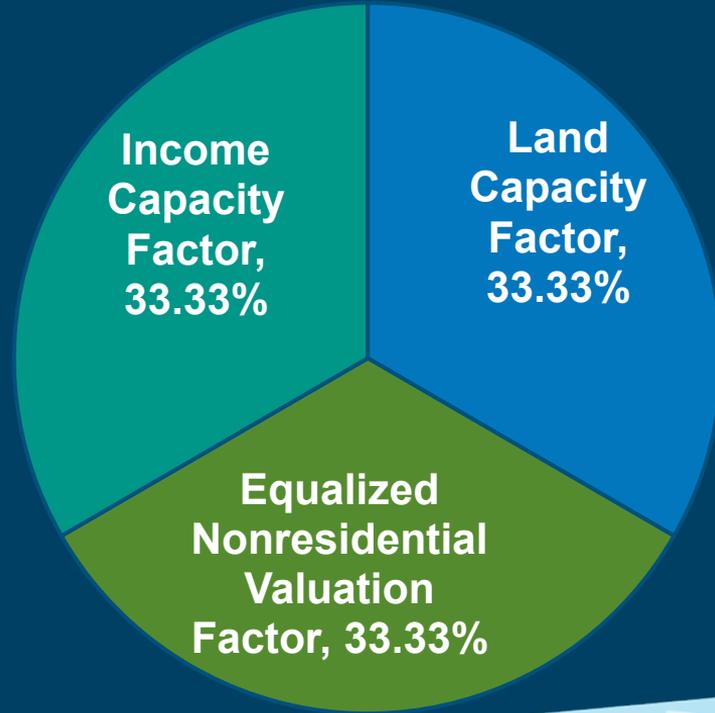
Prospective Need obligations are allocated by State Housing Regions:

- Region 1- Bergen, Hudson, Passaic, Sussex
- Region 2 – Essex, Morris, Union, Warren
- Region 3 – Hunterdon, Middlesex, Somerset
- Region 4 – Mercer, Monmouth, and Ocean
- Region 5 – Burlington, Camden, and Gloucester
- Region 6 – Atlantic, Cape May, Cumberland, and Salem



Prospective Need Calculation

- Average three factors into an average allocation factor for each municipality
- Multiply the average allocation factor by regional prospective need to get each municipality's obligation
- Calculate the 1,000 unit/20% cap (towns can use capped PN in their plans)
- Cap each municipality's obligation at the lesser of 1,000 or 20% of households



Land Capacity Analysis

- Limited only to PA1, PA2, PA3, Centers, Conforming Highlands ECZ & Centers, Non-Conforming Highlands Sewer Service Areas, Pinelands RGA and Pinelands Towns
- Start with potentially vacant land based on LU/LC
- Remove Road R.O.W.
- Remove developed lands based on MOD-IV
- Remove constrained lands
- Remove building permits issued
- Remove parcels based on Assessor notes

A4 Formula Changes – 4th Round vs. 3rd Round

1) Regional Prospective Need Calculated Differently

- 3rd Round: NJDOL Population Projection converted to LMI households using Census microdata (138,471 units)
- 4th Round: 40% of 2010-2020 household growth (84,698 units, 39% decrease)

A4 Formula Changes – 4th Round vs. 3rd Round

2) Secondary Sources of Supply and Demand Eliminated in 4th Round (conversions and demolitions)

- 3rd Round added an additional 31,355 units to the 138,471

3) Changes to Weights in the Land Capacity Analysis

- Highlands Planning Area, State-designated sewer service area, Highlands municipality that is not a Highlands-conforming municipality weighted at 1 in 4th Round compared to 0 in 3rd Round

Data Differences – 4th Round vs. 3rd Round

4) Updated Qualified Urban Aid Municipality List

- 5 towns lose status (Monroe Twp. Gloucester County, Brick, Penns Grove, Phillipsburg, Neptune Twp.)
- 6 towns gain status in 4th round (Bergenfield, Cliffside Park, Nutley, Harrison, Kearny, Glassboro)

5) 2015-23 Changes in Commercial & Industrial Ratables

- Towns with bigger % increases than their regions will have higher obligations

Data Differences – 4th Round vs. 3rd Round

6) 2015-22 Changes in Household Incomes

- Towns with bigger income gains than their regions will have higher obligations

7) Reductions in Vacant, Developable Land

- Towns that lost less vacant land at a slower rate than their regions will have higher obligations

Present Need by Region

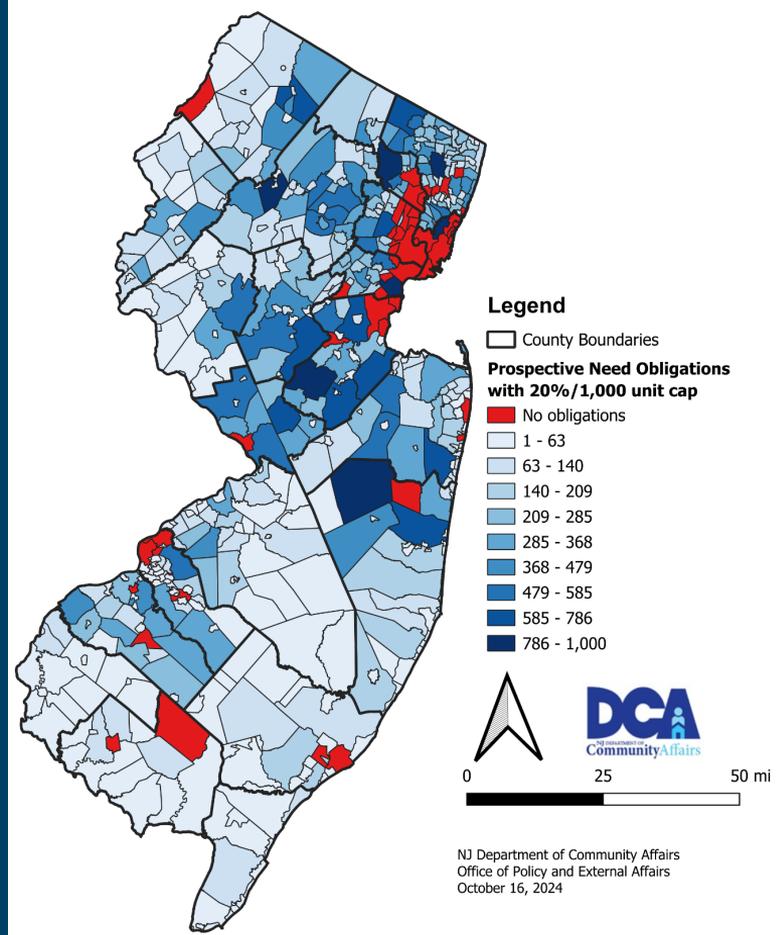
Housing Region	2025-35 Regional Present Need
1 (Bergen, Hudson, Passaic, Sussex)	23,741
2 (Essex, Morris, Union, Warren)	18,547
3 (Hunterdon, Middlesex, Somerset)	7,073
4 (Mercer, Monmouth, and Ocean)	6,721
5 (Burlington, Camden, and Gloucester)	5,927
6 (Atlantic, Cape May, Cumberland, Salem)	3,401
TOTAL	65,410

Prospective Need by Region

Housing Region	2025-35 Regional Prospective Need
1 (Bergen, Hudson, Passaic, Sussex)	27,743
2 (Essex, Morris, Union, Warren)	20,506
3 (Hunterdon, Middlesex, Somerset)	11,604
4 (Mercer, Monmouth, and Ocean)	13,822
5 (Burlington, Camden, and Gloucester)	9,134
6 (Atlantic, Cape May, Cumberland, Salem)	1,889
TOTAL	84,698*

*80,819 with 1,000/20% cap

Prospective Need Obligations (with 1,000/20% Cap)



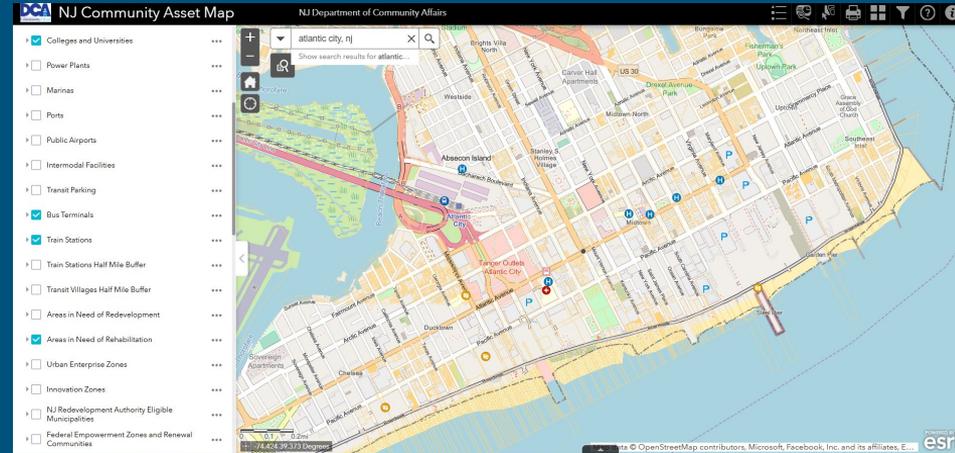
Affordable Housing Monitoring System

- P.L. 2024, Chapter 2 requires all municipalities to report affordable housing unit completion details and Affordable Housing Trust Fund revenues and expenditures
- This occurs through DCA's Affordable Housing Monitoring System:
https://ahms.dca.nj.gov/NJDCA_FHS_LIVE/Default.aspx
- The law requires that municipalities report their data by no later than **February 15, 2025**

Helpful Tools and Information

Community Asset Map

- Robust, interactive mapping tool that offers ability to identify and highlight community assets. Includes schools, colleges, hospitals, parks, parcel information, areas in need of redevelopment, walkability, and more.
- More information about the calculations and methodology can be found here:



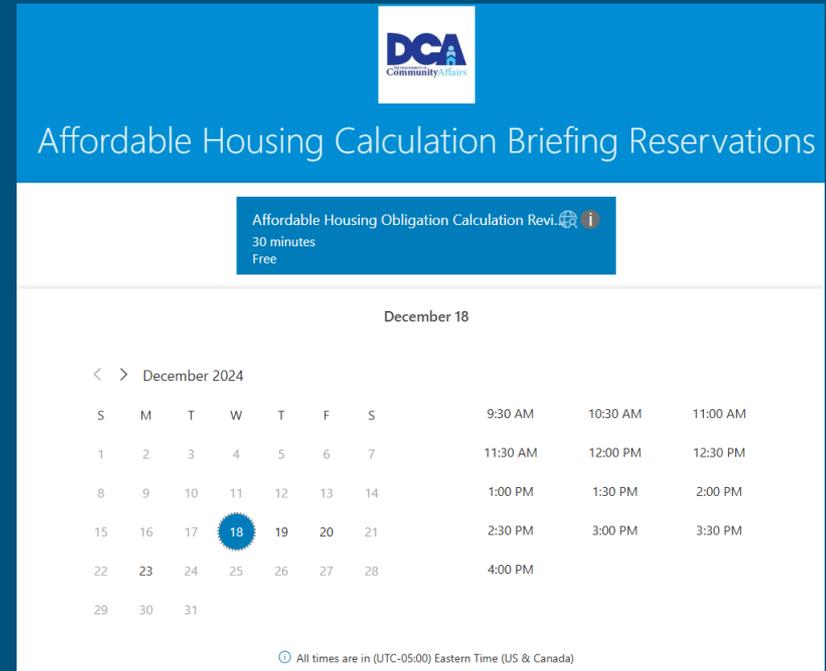
<https://www.nj.gov/dca/communityassetmap>

https://www.nj.gov/dca/dlps/4th_Round_Numbers.shtml



Individual Calculation Briefings

- Municipalities can sign up for **30-minute virtual meetings** with DCA professionals for an explanation of their individual affordable housing calculations at the following site:
- <https://outlook.office365.com/book/AffordableHousingCalculationBriefingReservations@SoNJ.onmicrosoft.com/>
- No more than three attendees, please



DCA
Community Affairs

Affordable Housing Calculation Briefing Reservations

Affordable Housing Obligation Calculation Revi.  
30 minutes
Free

December 18

< > December 2024

S	M	T	W	T	F	S	9:30 AM	10:30 AM	11:00 AM
1	2	3	4	5	6	7	11:30 AM	12:00 PM	12:30 PM
8	9	10	11	12	13	14	1:00 PM	1:30 PM	2:00 PM
15	16	17	18	19	20	21	2:30 PM	3:00 PM	3:30 PM
22	23	24	25	26	27	28	4:00 PM		
29	30	31							

ⓘ All times are in (UTC-05:00) Eastern Time (US & Canada)