

Borough of Far Hills

Amended Housing Plan Element and Fair Share Plan July 2019

For the Third Round 2018-2025

As per the October 15, 2018 Settlement Agreement Entitled:

AGREEMENT TO RESOLVE ISSUES BETWEEN THE BOROUGH OF FAR HILLS, MELILLO EQUITIES, AND FAIR SHARE HOUSING CENTER CONCERNING THE BOROUGH'S MOUNT LAUREL FAIR SHARE OBLIGATIONS AND THE MEANS BY WHICH THE BOROUGH SHALL SATISFY SAME.

Public Hearing: *July 1, 2019*

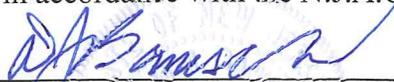
Adopted by Far Hills Planning Board: July 1, 2019

Endorsed by Far Hills Borough Council: July 8, 2019

Prepared by the Borough of Far Hills Planning Board

In consultation with Banisch Associates, Inc.
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The original of this report was signed and sealed
in accordance with the N.J.A.C. 13:41-1.3



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7-9-2019

July 9, 2019

Housing Element and Fair Share Plan
Borough of Far Hills, Somerset County NJ
July 2019

Introduction / Overview

The Borough of Far Hills first addressed its affordable housing obligations through Superior Court action of the Honorable Eugene D. Serpentelli in the 1980's which resulted in construction of the Polo Club neighborhood in Far Hills including 125 homes, of which 25 of the units are affordable housing. Following that decision, the Borough of Far Hills first petitioned the NJ Council on Affordable Housing (COAH) on June 5, 2000 and received second round substantive certification from COAH on February 7, 2001. The Borough's second round affordable housing obligation that was assigned by COAH was 37 new construction units, which were addressed in the Borough's certified second round fair share plan. The Borough's 2001 six-year certification from COAH was set to expire on February 7, 2007.

Pursuant to COAH's initially-adopted third round rules, Far Hills Borough adopted its third round fair share plan on January 9, 2007, prior to the anticipated expiration of the Borough's second round certification, which was set to expire on February 7, 2007. The 2007 Plan fully satisfied Far Hills Borough's then Third Round (2004-2014) affordable housing obligation in accordance with N.J.A.C. 5:94-1 et seq. Subsequent to the Borough petitioning COAH for 3rd Round substantive certification, the NJ Appellate Division stayed action on all petitions for substantive certification and ordered COAH to revise its initially adopted third round rules and address a series of flaws that the Court found to exist as a result of challenges brought by builders and affordable housing advocates.

After an extended process of revised rule-making, which included a series of rule publications and comment solicitation on proposed revised rules, COAH finally, in September of 2008, adopted revised rules (N.J.A.C. 5:97-1 et seq., or "Chapter 97") to guide municipalities in the preparation of their Housing Plan Elements and Fair Share Plan (HPE/FSP). Once the rules finally became effective through publication in the New Jersey Register on October 20, 2008, municipalities under COAH's jurisdiction were given a deadline of December 31, 2008 to repetition for third round substantive certification in accordance with COAH's substantially and very recently revised rules. Under the terms of a memorandum of understanding (MOU) between COAH and the Highlands Council, the Borough of Far Hills adopted a second Third Round HPE/FSP and petitioned COAH for Third Round substantive certification in June of 2010.

Before COAH acted on the Borough's 2010 HPE & FSP and petition for Round 3 substantive certification, the Appellate Division overturned the second iteration of COAH's Third round Rules in In re Adoption of N.J.A.C. 5:96 and 5:97, which was decided on October 8, 2010.

On September 26, 2013, the NJ Supreme Court's invalidated all COAH's 2008 regulations and COAH again attempted revised rule-making in 2014 with a new proposed Chapter 99 that was intended to cure the deficiencies identified by the Court in 2013, however, COAH never adopted proposed Chapter 99 because the agency's membership deadlocked in a 3-3 vote to approve the revised regulations in October 2014.

Recognizing that COAH no longer functioned as the Legislature had intended in the Fair Housing Act as an administrative remedy available for municipalities to address their Mount Laurel constitutional obligations, the NJ Supreme Court ruled in March of 2015 that municipalities would have to demonstrate their constitutional compliance with affordable housing obligations in the Courts.

In July 2015, Far Hills Borough entered the Court process by filing a declaratory judgment action with the Superior Court in accordance with the procedures set forth by the Supreme Court in March 2015. The Borough entered the Court process to bring itself under the jurisdiction of the Court in order to facilitate voluntary compliance with its Round 3 affordable housing obligations. That process involved two and one-half years of negotiations with interested parties, an intervener in the Borough's declaratory judgment action, and presentations at Borough Council public meetings to (1) determine the Borough's Third Round affordable housing obligations; and (2) identify the means by which the Borough would address its Mount Laurel obligations.

On October 15, 2018, the Borough of Far Hills entered into a settlement agreement entitled "AGREEMENT TO RESOLVE ISSUES BETWEEN THE BOROUGH OF FAR HILLS, MELILLO EQUITIES, AND FAIR SHARE HOUSING CENTER CONCERNING THE BOROUGH'S MOUNT LAUREL FAIR SHARE OBLIGATIONS AND THE MEANS BY WHICH THE BOROUGH SHALL SATISFY SAME" ("Settlement Agreement"). The Settlement Agreement resolves the Borough's Court litigation by identifying the Borough's Third Round Mount Laurel obligations and the Borough's Fair Share Plan to address those obligations.

This amended Third Round HPE/FSP addresses the statutory requirements for a Housing Plan Element in accordance with N.J.S.A. 40:55D-28.b.(3) and identifies the Borough's Fair Share Plan in accordance with the Borough's Settlement Agreement.

In accordance with the Settlement Agreement, the Borough's Third Round Mount Laurel obligations are identified, as follows:

- (1) Far Hills' Rehabilitation obligation: 4 units;
- (2) Far Hills' "Prior Round" obligation is 38 units; and
- (3) Far Hills' allocation of the Round 3 regional need (gap period (1999-2015) and prospective need (2015-2025) is 75 units.

As such, this amended third round Housing Plan Element and Fair Share Plan (HPE/FSP) addresses the rehabilitation obligation, the Prior Round obligation, the third

round (Round 3) obligation. This amended HPE/FSP details the manner in which Far Hills will address its affordable housing obligations in accordance with the October 15, 2018 Settlement Agreement.

(1) Satisfaction of the 4-unit Rehabilitation Obligation: The Borough has a 4-unit rehabilitation obligation, and shall satisfy that obligation as follows:

- (a) The Borough shall participate in the Somerset County CDBG Rehabilitation Program to secure funding to rehabilitate four substandard residential units occupied by income-eligible households.
- (b) If for some reason, the Somerset County CDBG Rehabilitation Program cannot provide funding to rehabilitate four substandard units, the Borough shall appropriate funding from the Borough's affordable housing trust fund to pay for rehabilitation of two substandard units occupied by income-eligible households.
- (c) If it is found that there are no substandard housing units occupied by income-eligible households, the Borough may seek an adjustment to the rehabilitation obligation by application to the Court on notice to and with opportunity to respond by all parties to this agreement, Which shall be documented through a structural conditions survey conducted in accordance with accepted standards for a housing survey as indicated in N.J.A.C. 5:93-5.2 Appendix C.

(2) Satisfaction of the 38-unit Prior Round (1987-1999) Obligation: The Borough has a 38-unit Prior Round obligation, that it will satisfy as follows:

Project	Units	Family	Rental	A-R	Rental Bonus	Units & Bonuses
(a) Polo Club (Sunnybranch Rd.) gen. public for-sale	8	8	-	-	-	8
(b) Dumont Road Apts. (25 Dumont) AR/rental	6	0	6	6	-	6
(c) Hotz Apts. (8-10 Peapack Rd) gen. public rental	5	5	5	-	5	10
(d) Melillo (220 Route 202) gen. public rental	5	5	5	-	5	10
(d) Melillo (220 Route 202) Age-restricted rental (AR/rental)	4	0	4	4	-	4
TOTALS:	28	18	20	10	10	38

Compliance parameters¹:

¹ The Borough's Settlement Agreement conforms to the provisions of N.J.A.C. 5:93-1 et seq., which are COAH's last set of rules that survived judicial scrutiny in their entirety. As such the "compliance

- Rental: 10 rental units required (25%) vs. 18 rental units provided (47%);
- Age-restricted: 9 AR permitted (25%) vs. 10 Age-restricted units provided (26%) (the parties agree this is acceptable because no AR are provided in the Third Round so still cumulatively under 25%); and
- Bonus: 10 rental bonus permitted (25%) vs. 10 rental bonuses (25%).

The following is a summary of the affordable units identified in the table above that will address Far Hills Borough's Prior Round obligation of 38 affordable units:

- 8 Polo Club Units (Block 6.28, various lots), Sunnybranch Road: 8 for-sale units that are part of a 25-unit existing for-sale family affordable housing project that was built as a Court-ordered 125-unit inclusionary development.
 - *Total of 8 credits toward the Prior Round obligation.*
- 6 Dumont Road Apartments (Block 15, Lot 1.02), 25 Dumont Road: 6 age- restricted rental apartments (existing) (the parties acknowledge that two apartments have been occupied by tenants who do not meet the age restriction but who are income qualified, on which the Borough agrees to not enforce the age restriction as to the present tenants, with the anticipation that future tenants may revert to being age-restricted).
 - *Total of 6 credits toward the Prior Round obligation.*
- 5 Hotz Apartments (Block 13, Lots 2 & 3), 8 & 10 Peapack Road - 5 rental apartments available to the general public will be created at two adjacent sites, 8 & 10 Peapack Road as part of a 7-unit proposed rental project of affordable rental apartments available to the general public. The project involves reconfiguration of existing market- rate rental apartments and conversion of two one-story non-residential office/commercial buildings to affordable residential apartments. Far Hills Borough will amend zoning and enter into a developer's agreement with Hotz to permit the conversion of existing non- residential floor area to rental housing and for the development of a total of 7 affordable rental units on the two lots. The bedroom and affordability mix will conform to UHAC requirements and as outlined in this agreement. There will be no displacement of current occupants, however, current occupants may qualify as affordable households, provided that the 30 year deed restriction period shall begin upon the first occupancy by a tenant income qualified pursuant to UHAC after affirmative marketing. The project earns 5 bonus credits for rental units available to the general public toward the Borough's Prior Round obligation.
 - *Total of 10 credits (5 units and 5 rental bonus credits) toward*

parameters” identified here conform to the minimum rental unit obligation of 25%, the maximum number of age-restricted units of 25%, and the maximum number of “rental bonus credits” available toward satisfying the Prior Round obligation.

the Prior Round obligation.

- Melillo Inclusionary Site (Block 5, Lot 4), 220 Route 202 - Melillo will develop a total of 134 units, including 105 townhouse for-sale market-rate units, 25 affordable apartments available to the general public and 4 affordable age-restricted apartments in this inclusionary project. The specific terms and specifications for this inclusionary development shall be substantially consistent with the development identified in the Concept Plan and Project Submission attached hereto and made a part hereof as **Exhibit A**, prepared by Melillo Equities (Melillo) and authorized by Mayor and Council on October 9, 2018.
 - *Total of 14 credits (9 units, 5 rental bonus credits) toward the Prior Round obligation.*

NOTE: *Since the October 2018 Settlement Agreement, it has been determined that the 105 market-rate units in this inclusionary project shall be age-restricted units. Age restrictions for dwelling unit occupancy will include the placement of restrictive covenants, in a manner satisfactory to the Borough Attorney and Planning Board Attorney, on the deeds to the market-rate units in the development, to ensure that occupancy will be limited to at least one member of the household 55 years of age or older with no children under 19 years of age in permanent residence, pursuant to the Federal Fair Housing Act. This change will be memorialized by Mayor and Council upon adoption of this Plan and resubmission of an amended concept plan and project submission by Melillo Equities.*

3. 75-unit Round 3 (1999-2025) Obligation: The Borough has a 75-unit Round 3 obligation, including the Gap (1999-2015) and Prospective Share (2015-2025) obligations assigned by the Court. The Borough will satisfy the 75-unit obligation assigned by the Court with the following projects that yield a total of 76 units and rental bonus credits to satisfy the Round 3 obligations:

Project	Units	Family	Rental	V L- I	Rental Bonus	Units & Bonuses
(a) Polo Club (Sunnybranch Rd.) gen. public for-sale	17	17	0	0	0	17
(b) Matheny Group Home (46 Peapack Road) Supportive & Special Needs	8	0	8	8	8	16
(c) Hotz Apts. (8-10 Peapack Rd) gen. public rental	2	2	2	1	2	4
(d) Melillo (220 Route 202) gen. public rental	20	20	20	3	9	29
(e) Accessory Apartment program	10	0	10	2	0	10
TOTALS:	57	39	30*	12**	19	76

* Total in this column would be 40 rental units including 10 accessory apartments, which are not included in compliance parameter analysis below.

** Total would be 14 Very low-income units including 2 very low-income accessory apartments, not included in the compliance parameter analysis below.

Third Round Compliance parameters:

- 39 family units required (50%) vs. 39 family units provided (50%);
- 19 rental required (25%) vs. 30 rental units provided (39%), 40 if accessory apartments included (52%);
- 10 family rental units required vs. 22 family rental units provided (29%);
- 10 Very low-income required (13%) vs. 12 very low-income provided (16%); and
- 19 rental bonuses allowable (25%) vs. 19 rental bonuses (25%).

(a) 17 Polo Club Units (Block 6.28, various lots) on Sunnybranch Road that are existing units and part of the 25-unit Polo Club project referenced in paragraph 2.(a) above.

- 17 units toward the Third Round obligation.

(b) 8 Matheny School/Hospital group home bedrooms (Block 8, Lot 1), 46 Peapack Road: 8-bedroom group home for persons with special needs to be constructed on Borough-owned Block 8, Lot 1, consisting of 1.22-acres. The land will be subdivided into three lots and donated by the Borough for the construction of two (2) 4-bedroom special needs group homes. A total of 8 units of credits and 8 rental bonus credits for a total of 16 units and credits are applied to the Borough's Third Round affordable housing obligation.

- 16 credits (8 units and 8 rental bonus credits) toward the Third Round obligation.

(c) 2 Hotz Apartments (Block 13, Lots 2 & 3), 8 & 10 Peapack Road as per 2.(c) above - 2 rental apartments available to the general public will be created at two adjacent sites, 8 & 10 Peapack Road as part of a 7-unit proposed rental project of affordable rental apartments available to the general public. The project involves reconfiguration of existing market-rate rental apartments and conversion of two one-story non-residential office/commercial buildings to affordable residential apartments.

4 credits (2 units and 2 rental bonus credits) toward the Third Round obligation.

(d) 20 Melillo affordable rental apartments available to the general public as part of the inclusionary project described in 2.(d) above to be constructed on Block 5, Lot 4 located at 220 Route 202, including 3 very low-income rental apartments available to the general public. 20 affordable apartments and 9 rental bonus credits.

- 29 credits (20 units and 9 bonus credits) toward the Third Round obligation.
- (e) 10 Accessory Apartments - the Borough of Far Hills will create an accessory apartment program to create a total of 10 accessory apartments, including 5 low-income apartments, of which 2 will be very low-income accessory apartments and 5 will be moderate-income accessory apartments.
- 10 credits toward the Third Round obligation.

These five projects will produce a total of 57 units and 19 bonus credits for a total of 76 units and rental bonus credits to address the Borough's Round 3 obligation of 75 units. The Borough's October 2018 Settlement Agreement with FSHC stipulates that the Borough may add affordable housing credits by producing affordable housing or creating additional realistic opportunities for affordable housing in addition to the units to be produced by the five projects listed above without returning to the Court for approval. Under those circumstances, FSHC will not unreasonably withhold approval of affordable housing credits that may be produced by the Borough either through the production of actual units or creation of additional realistic opportunities for affordable housing during the Third Round.

Proposed Sites are Approvable, Available, Developable and Suitable:

Site 2.(c) & 3.(c) above: Hotz Apartments site is approvable, available, developable and suitable – This project is located at the corner of DeMun Place and Peapack Road (CR512) in Far Hills village. The site is currently developed with two office buildings, and a residential dwelling that includes two apartments. The nonresidential office buildings will be converted to rental apartments and the two existing apartments will be reconfigured to provide a total of 7 rental apartments, 5 of which will address a portion of the Prior Round obligation and the remaining 2 units will address a portion of the Round 3 obligation. The site is fully developed with existing buildings, driveways and parking and the buildings are served by existing public water and sewer utilities and may therefore be redeveloped as proposed. The site is available inasmuch as Hotz Development Co. has agreed to reconfigure development of the site as part of this Plan and the Borough has agreed to subsidize a portion of the development cost pertaining to additional sewer service needed for the additional residential units. Hotz Development Co. will own and maintain the buildings after the residential conversions are completed. The Borough will amend local ordinances to permit the residential development contemplated, therefore the site is approvable. The site is suitable for affordable housing because the site is situated in Far Hills village, it is unencumbered by environmental constraints and is situated within the village where commercial services, recreation and transportation are within easy walking distances from the site. On-street parking on DeMun Place will be provided to address of the parking requirements, which is suitable given the

nonresidential character of adjacent development on DeMun Place, a local street, were the Borough will permit on-street parking by ordinance to accommodate this development.

Site 2.(d) & 3.(d) above: Melillo Equities site is approvable, available, developable and suitable – the Melillo Equities site, Block 5, Lot 4, is situated on Route 202 approximately .75 miles north and east of the Far Hills railroad station and is 42.3 acres in area, of which approximately 20 upland acres will be developed for the proposed inclusionary housing development. It is acknowledged that in order for Melillo to construct its Inclusionary Development of 134 units, including 29 affordable units (21.4%), Melillo will be required to obtain any and all necessary and applicable agreements, approvals, and permits from all relevant public entities and utilities. As set forth in the Settlement Agreement, the Borough agrees to cooperate with Melillo's efforts to obtain all required approvals and permits from all relevant public entities and utilities for the Development. The Planning Board understands the intent of this Settlement Agreement is to develop the site in accordance with the concept plans attached hereto. Local zoning will be amended to accommodate the proposed development. The site is suitable for the development proposed because there is ample upland area on the Block 5, Lot 4 to accommodate the 134 units of inclusionary development proposed. Route 202 is a main thoroughfare that provides access to the regional road network including I-287, County and local roads that provide access to nearby commercial services and employment centers situated locally in Bedminster Township, Bernards Township and Bridgewater Township and more intensely developed employment centers located to the north. The location on Route 202 is suitable for the level of traffic that will be generated by this development and the Far Hills NJ Transit rail station is situated approximately .75 miles south of the site on Route 202.

Site 3.(b) above: Matheny School group homes will be constructed at 46 Peapack Road in Far Hills village, across the street from the Fair Hills Fairgrounds. The site (Block 8, Lot 1) is 1.22 acres in area, contains an existing single-family dwelling and was purchased by the Borough for affordable housing purposes. The site is available from the Borough and will be subdivided into three lots. Two lots will be deeded to Matheny: Proposed Lot 1.02 is .7145 acres (31,122 sq. ft.), triangular shaped and has a developable area with dimensions of approximately 65' deep on the north; 175' on the west along Peapack Road; 111' on the south x 175' along the NJ Transit r-o-w on the north (.36-acres); and Proposed Lot 1.03 is .2252-acres (9,810 sq. ft.) and right-angle trapezoid shaped with 80' of frontage on Peapack Road and an average depth of approximately 122'. Remainder Lot 1.01 containing the existing single-family dwelling is .2845-acres (12,392 sq. ft.) and will be used by the Borough for affordable housing purposes. The building envelopes and proposed setbacks for all three lots are consistent with the existing single-

family small lot development pattern of the Far Hills village neighborhoods adjacent to the site, which render the sites suitable for the two group homes. Zoning will be amended to make the sites approvable consistent with an affordable housing overlay designation in the Master Plan. The parcels are upland, served by public water and sewer, free of environmental constraints and are therefore developable.

Statutory Contents of the Housing Plan Element

This Housing Plan Element and Fair Share Plan acknowledges the Borough's Court-approved Settlement Agreement that fully addresses Far Hills Borough's cumulative affordable housing obligations for 1987 – 2025 as required in the Supreme Court's March 2015 decision that established the Court process for municipalities to address their Mount Laurel obligations. This Plan responds to the following statutory and regulatory requirements for a municipal Housing Plan Element and Fair Share Plan:

1. The Municipal Land Use Law (MLUL) at N.J.S.A. 40:55D-28.b.(3), identifies the requirements for a Housing Plan Element in the municipal Master Plan, as follows.

(3) A housing plan element pursuant to section 10 of P.L.1985, c.222 (C.52:27D-310), including, but not limited to, residential standards and proposals for the construction and improvement of housing; (see below)

2. The New Jersey Fair Housing Act as prescribed in the MLUL, and noted above; and
3. The regulatory framework established at N.J.A.C. 5:93-1 et seq.

At N.J.S.A. 52:27D-310.1a. – f., the New Jersey Fair Housing Act outlines the mandatory components for a Housing Plan Element, which include an inventory and projection of the municipal housing stock; an analysis of the demographic characteristics of the Borough's residents; and, a discussion of municipal employment characteristics.

Far Hills Borough's Round 3 Fair Share Plan utilizes the Borough's limited opportunities for new affordable housing production within the Borough's utility service areas in the village and calls for new inclusionary development outside of the village that will require extension of utilities. The Borough's Round 3 obligations determined through the Court process well exceed those identified by COAH for Far Hills in the Third Round rules that did not survive judicial scrutiny. The magnitude of obligation identified through the Court process resulted in the need for a location to address the largest segment of the Round 3 obligations outside of the Borough's traditional population center.

This plan includes a mix of affordable housing types, including proposed affordable rental housing available to the general public, proposed supportive / special needs housing for disabled persons, existing and proposed rental housing for the elderly and existing for-sale housing available to the general public. The Borough's Fair Share Plan maximizes the use of bonus credits to achieve its affordable housing obligations. As such, the Borough's plan for new development responds to Master Plan objectives to minimize disruption of the Borough's existing community character while at the same time fully address affordable housing obligations, which thereby protects the Borough's ability to maintain the integrity of its zoning and essential character.

The affordable housing compliance techniques and proposals identified in this Plan are generally consistent with the objective of maintaining existing community character and the fundamental principles in the Land Use Plan. However, zoning ordinance amendments will be needed to allow for increased density to permit creation of affordable family rental and age-restricted rental housing and for supportive and special needs housing identified in the Borough's October 2018 Settlement Agreement and this Fair Share Plan. This Fair Share plan responds to and has been prepared and adopted in accordance with the M.L.U.L. statutory provisions for a Housing Plan Element.

NJ Fair Housing Act

At *N.J.S.A 52:27D-310.1.a.*, the Fair Housing Act calls for “*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, . . .*”. These requirements of the Fair Housing Act are addressed in Appendix A of this plan.

At *N.J.S.A 52:27D-310.1.b.*, The Fair Housing Act calls for “*A projection of the municipality's housing stock, including the probable future construction of low and moderate income housing, for the next ten years, taking into account, but not necessarily limited to, construction permits issued, approvals of applications for development and probable residential development of lands*”;

Projected municipal housing stock for the next ten years includes the several components of development identified in this Fair Share Plan to address the municipal Mount Laurel obligations, including:

1. Matheny group homes on Block 8, Lot 1, which are two four-bedroom units to be constructed at 46 Peapack Road – two (2) multi-family dwelling units;
2. Hotz Development Co. apartment construction on Block 13, Lots 2 & 3 at 8 & 10 Peapack Road, which will consist of 7 affordable rental apartments – seven (7) affordable units;
3. Melillo Equities development on Block 5, Lot 4 located at 220 Route 202, which will consist of 134 dwelling units, of which 29 will be affordable rental housing, 25 of which will be affordable rental apartments available

to the general public and 4 of which will be restricted to occupancy by the elderly – 105 market-rate units; 25 affordable rental units available to the general public; four (4) age-restricted rental units;

- a. Redevelopment of 39 Dumont Road (Block 15, Lot 3), 43 Dumont Road Block 15, Lot 4), and 45 Route 202 (Block 15, Lot 5, including the mixed use redevelopment of the Union Hook and Fire Company (39 Dumont Road) and the two existing frame buildings occupying 43 Dumont and 45 Route 202, which will consist of 7,900 sq. ft. of ground floor retail and 10 one bedroom rental apartments with maximum height of 2-1/2 stories and 38.5’ – ten (10) .

During the recent past and since the Great Recession of 2008-2009, the pace of new residential development in the municipality has been nearly nonexistent, the Borough anticipates no significant amount of additional residential other than that which is required to address Court-assigned Mount Laurel obligations. The Fair Share Plan calls for a total of 153 dwelling units, of which 38 residential units will be affordable housing units.

Since 2000, there have been a total of 17 dwelling units that have received certificates of occupancy. According to the NJ Department of Community Affairs, Housing Units Certified Since 2000 are as follows:

Far Hills – Residential Units – Certificates of Occupancy
2000-2018

2000 – 5	2005 – 2	2010 – 1	2015 – 0
2001 – 1	2006 – 0	2011 – 0	2016 – 0
2002 – 2	2007 – 0	2012 – 0	2017 – 0
2003 – 2	2008 – 1	2013 – 0	2018 – 0
2004 – 1	2009 – 2	2014 – 0	

The Fair Housing Act calls for “*An analysis of the municipality's demographic characteristics, including but not necessarily limited to, household size, income level and age*” (N.J.S.A 52:27D-310.1.c.) and “*An analysis of the existing and probable future employment characteristics of the municipality*” (N.J.S.A 52:27D-310.1.d.). These analyses are provided in Appendix A.

N.J.S.A 52:27D-310.1.e., the Fair Housing Act calls for “*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.*”

In accordance with the Borough’s October 2018 Settlement Agreement with Fair Share Housing Center, the Borough’s Round 3 Mount Laurel obligations are identified, as follows:

1. Far Hills' "Rehabilitation" obligation is 4.

2. Far Hills' "Prior Round" obligation is 38.
3. Far Hills' allocation of the Round 3 regional need (gap period and prospective need) is 75.

In accordance with the Settlement Agreement, "Far Hills and FSHC agree that Far Hills does not accept the basis of the methodology or calculations proffered by FSHC's consultant, David N. Kinsey, PhD, P.P., F.A.I.C.P. The Parties agree to the terms in this agreement solely for purposes of settlement of this action. Although the Borough does not accept the basis of the methodology or calculations proffered by FSHC's consultant, FSHC contends, and is free to take the position before the court, that the 75-unit obligation should be accepted by the court because it is based on the Prior Round methodology and reflects the statutory 20 percent cap (as has been recognized in COAH's Prior Round regulations as an interpretation of N.J.S.A. 52:27D-307 as applied to the Borough's Third Round fair share obligations."

N.J.S.A 52:27D-310.1.f. 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.

Of the three new construction sites identified in this plan, two require development of previously undeveloped land, including the Matheny Group Homes and the Melillo Equities sites. These are discussed in the section above entitled "Proposed Sites are Approvable, Available, Developable and Suitable"

Four additional sites were considered by Far Hills Borough prior to selection of the Melillo Equities site (Block 5, Lot 4) for inclusionary development and affordable housing construction, including:

1. Block 15, Lots 1.01, 4 & 5 – Two of these parcels are included as subsidiary development parcels to Block 5, Lot 4 that is identified in the Borough's Settlement Agreement for a 134-unit inclusionary development including 29 affordable units. Block 15, Lot 1.01 is not included. The proposed development required subsurface parking to accommodate the level of development proposed and would have resulted in a significant density and traffic impacts on the existing low-density village neighborhoods. It was determined that the site selected (Block 5, Lot 4) was preferred due to limited impacts on adjacent rural development and its location on the State highway, which was determined to be better suited to accommodate the level of development proposed.
2. Block 19, Lot 1, located at 1 Liberty Corner Road and consisting of approximately 187 acres was advanced by the property owner and a developer for inclusionary development. The site includes environmental constraints

including surface water courses, wetlands, wetland transition areas. In addition, the site includes several existing dwellings, farm buildings and proposed site access to Liberty Corner Road. The proposed inclusionary development was for 113 for-sale units including 89 market-rate attached market-rate homes and 24 affordable units. For-sale affordable units are not needed for the Borough to address Round 3 compliance parameters. The site is not included in a wastewater service area and would require an extension of water and sewer lines. This site was determined to be less desirable to address Mount Laurel obligations than the site identified in this plan (Block 5, Lot 4) due to a combination of factors including environmental constraints, traffic, existing development on site and the type of affordable housing proposed.

3. Block 23, Lot 1, 180 Douglas Road, is located at the corner of Douglas Road and Liberty Corner Road adjacent to Bernards Township and consisting of 18.85 acres and was advanced by a contract purchaser for a 91-unit inclusionary development project including 20 affordable rental units and 71 market-rate townhouse units. Douglas Road is a local residential road. The site is situated adjacent to I-287 and the affordable units in the inclusionary development were proposed in closest proximity to I-287 of all of the residential units proposed in the development. The site is not included in a wastewater service area and would require an extension of utilities to serve the proposed development, including an extension for both water and sewer lines. The site was determined to be less desirable for affordable housing development than the site the Borough selected (Block 5, Lot 4) based on traffic and local roadway impacts anticipated with the density of development proposed. Lastly, the proposed developer lost property interests to the site and hence abandoned the project; thus was no longer an option for the Borough.
4. Block 16, Lot 2, is 63 Peapack Road and a municipally-owned site that consists of 4.95 acres. It is forested, includes wetlands that occupy slightly more than one-half of the site and includes floodplain within a substantial portion of the wetlands. The parcel was donated to the Borough for a public purpose prior to 2000. It is situated adjacent to the North Branch of the Raritan River, the Far Hills Fairgrounds open space and an existing residential neighborhood consisting of single-family detached dwellings. The parcel's dimensions are approximately 200' x 1,000' with approximately 200' of road frontage along Peapack Road. The parcel extends approximately 1,000' from Peapack Road to the North Branch. Approximately one-half of the site is wetlands and floodplain areas that cannot be developed. The remaining approximately 2.5 acre portion of the parcel with development potential also includes isolated wetlands. Borough has considered and retains consideration of this site for municipally sponsored affordable housing development; however, has determined that the proposals thus far reviewed are less desirable based on site considerations such as environmental constraints, stormwater drainage, on and off-site parking impacts, and potential height impacts to neighboring residential properties; as well as financial requirements of the Borough.

Far Hills Borough's amended Third Round Housing Plan Element and Fair Share Plan identifies affordable housing proposals and techniques that the Borough has identified to address its Third Round Fair Share Plan. Planning initially focused on limited opportunities for affordable housing development within the Borough's designated sewer service areas. Because of the limited sewer service area and the nearly built-out character of the service area, opportunities for new construction of affordable housing are likewise limited. Therefore, one site was selected to accommodate substantial inclusionary development that will require extension of utilities, but is situated on State Highway Route 202, which seems best capable of supporting increased traffic volumes than other sites considered to address the most substantial portion of the Borough's sizeable Mount Laurel obligation assigned to it through the Court process.

APPENDIX A

Inventory of Municipal Housing Units

The primary sources of information for the inventory of the Borough's housing stock are the 2010 U.S. Census Summary File 1 and the U. S. Census Bureau 2013 American Community Survey 5-Year Estimates (herein ACS).

Many of the datasets used in this analysis reflect the traditional 2010 Census data, however as of 2010, certain data is no longer reported through the decennial census and is instead released through the American Community Survey 1-, 3- and 5-year estimates. These sets are used particularly for physical housing characteristics. Because of the new data reporting methods, some differences in table totals may occur.

Table 1 identifies the units in a structure by tenure; as used throughout this Plan Element, "tenure" refers to whether a unit is owner-occupied or renter-occupied. According to the ACS, Far Hills Borough had 407 housing units, of which 381 (93.6%) were occupied. While the Borough largely consisted of one-family, detached dwellings (62.9% of the total), there were 146 units in attached or multi-family structures. The Borough had a relatively low percentage of renter-occupied units, 17.6%, compared to 22.0% in Somerset County and 34.4% in the State.

Table 1: Units in Structure by Tenure

Units in Structure	Total Units	Vacant Units	Occupied Units		
			Total	Owner	Renter
1, detached	256	18	238	208	30
1, attached	78	0	78	68	10
2	6	0	6	0	6
3 or 4	33	8	25	14	11
5+	29	0	29	19	10
Other	0	0	0	0	0
Mobile Home	5	0	5	5	0
Total	407	26	381	314	67

Source: 2013 ACS 5 year estimates DP-04 and B25032

Table 2 indicates the year housing units were built by tenure, while Table 3 compares the Borough to Somerset County and the State for the same data. 33.7% of the Borough's housing stock was built between 1990 and 1999, with another 28.5% built before 1940. While 17.9% of renter-occupied units were built in the 1960s, only 3.5% of owner-occupied units were built during this period.

Table 2: Year Structure Built by Tenure

Year Built	Total Units	% of Total	Vacant Units	Occupied Units		
				Total	Owner	Renter
2010 or later	0	0.0	0	0	0	0
2000 - 2010	39	9.6	0	39	36	3
1990 – 1999	137	33.7	0	137	113	24
1980 – 1989	11	2.7	0	11	11	0
1970 – 1979	21	5.2	0	21	18	3
1960 – 1969	23	5.7	0	23	11	12
1950 – 1959	39	9.6	9	30	23	7
1940 – 1949	21	5.2	0	21	18	3
Pre-1940	116	28.5	17	99	84	15

Source: 2013 ACS 5 year estimates DP-04 and B25036

Table 3 compares the year of construction for all dwelling units in the Borough to Somerset County and the State. Far Hills had a larger percentage of units built in the 1990s, and prior to 1940 than did the County or State, and a smaller percentage of units built between during each ten-year period from 1940 to 1989.

Table 3: Comparison of Year of Construction for Borough, County, and State

Year Built	%		
	Far Hills Borough	Somerset County	New Jersey
2010 or later	0.0	0.4	0.4
2000 – 2010	9.6	9.9	9.6
1990 – 1999	33.7	17.9	8.9
1980 – 1989	2.7	19.5	11.7
1970 – 1979	5.2	11.2	13.0
1960 – 1969	5.7	12.9	14.0
1950 – 1959	9.6	12.0	15.8
1940-1949	5.2	5.4	8.6
Pre- 1940	28.5	10.8	18.0
Median Year	1972	1978	1965

Source: 2013 ACS 5 year estimates DP-04 and B25035

The 2010 Census documented household size in occupied housing units by tenure, and the number of bedrooms per unit by tenure; these data are reported in Tables 4 and 5, respectively. Table 4 indicates that a larger percentage of renter-occupied units (40.7%) than owner-

occupied units (24.8%) were 1-person households. Table 5 indicates that the majority of the Borough's housing units (58.2%) had 2 or 3 bedrooms, and that the larger housing units tended to be owner-occupied, with 50.7% of owner-occupied units having four bedrooms or more, as compared to 9.3% of renter-occupied units.

Table 4: Household Size in Occupied Housing Units by Tenure

Household Size	Total Units	Owner-occupied Units	Renter-occupied Units
1 person	107	72	35
2 persons	121	103	18
3 persons	66	46	20
4 persons	50	41	9
5 persons	21	18	3
6 persons	10	10	0
7+ persons	1	0	1
Total	376	290	86

Source: 2010 U.S. Census, SF-1.

Table 5: Number of Bedrooms per Unit by Tenure

Number of Bedrooms	Total Units	(%)	Occupied Units		
			Total	Owner	Renter
No bedroom	0	0.0	0	0	0
1 bedroom	24	5.9	16	6	10
2 bedrooms	112	27.5	105	81	24
3 bedrooms	107	26.3	105	80	25
4 bedrooms	87	21.4	78	73	5
5+ bedrooms	77	18.9	77	74	3

Source: 2013 ACS 5 year estimates DP-04 and B25042

Table 6 compares the Borough's average household size for all occupied units, owner-occupied units, and renter-occupied units to those of the County and State. The Borough's average household size for all units was lower than that of the County and State.

Table 6: Average Household Size for Occupied Units for Borough, County, and State

Jurisdiction	All Occupied Units	Owner-occupied units	Renter-occupied units
Far Hills Borough	2.44	2.52	2.20
Somerset County	2.71	2.80	2.43
New Jersey	2.68	2.79	2.47

Source: 2010 U.S. Census, SF-1

The distribution of number of bedrooms per unit is shown in Table 7. The Borough had considerably fewer units with no or one bedroom than both the County and the State.

Table 7: Percentage of All Units by Number of Bedrooms

Jurisdiction	None or one	Two or Three	Four or More
Far Hills Borough	5.9%	53.8%	40.3%
Somerset County	11.8%	54.6%	33.6%
New Jersey	17.8%	58.0%	24.2%

Source: 2013 ACS 5 year estimates DP-04

In addition to data concerning occupancy characteristics, the 2010 Census includes a number of indicators, or surrogates, which relate to the condition of the housing stock. These indicators are used by the Council on Affordable Housing (COAH) in calculating a municipality's deteriorated units and indigenous need. The surrogates used to identify housing quality, in addition to age (Pre-1940 units in Table 2), are the following, as described in COAH's rules.

- Persons per Room 1.01 or more persons per room is an index of overcrowding.
- Plumbing Facilities Inadequate plumbing is indicated by either a lack of exclusive use of plumbing or incomplete plumbing facilities.
- Kitchen Facilities Inadequate kitchen facilities are indicated by shared use of a kitchen or the non-presence of a sink with piped water, a stove, or a refrigerator.

Table 8 compares the Borough, County, and State for some of the above indicators of housing quality. The Borough had no units with inadequate plumbing or inadequate kitchen facilities, and a lower percentage of units with overcrowding than the County and State.

Table 8: Housing Quality for Borough, County, and State

Condition	%		
	Far Hills Borough	Somerset County	New Jersey
Overcrowding	0.8%	1.8%	3.5%
Inadequate plumbing	0.0%	0.3%	0.4%
Inadequate kitchen	0.0%	0.8%	0.8%

Note: The universe for this table is occupied housing units.

Source: 2013 ACS 5 year estimates DP-04

The last factors used to describe the municipal housing stock are the assessed housing values and gross rents for residential units. In 2009-2013, the median residential housing value was \$756,100 (Table 9) with most of the Borough's housing stock valued at more than \$500,000.

Table 9: Value of Residential Units

Value	Number	%
Less than \$50,000	0	0.0
\$50,000 to \$99,999	10	3.2
\$100,000 to \$149,999	5	1.6
\$150,000 to \$199,999	6	1.9
\$200,000 to \$299,999	6	1.9
\$300,000 to \$499,999	56	17.8
\$500,000 to \$999,999	114	36.3
\$1,000,000 or more	117	37.3
Median (dollars)	\$756,100	

Source: 2013 ACS 5 year estimates DP-04

Table 10 indicates that in 2009-2013 the majority (73.6%) of renter-occupied units rented for more than \$1,000 per month, with 47.8% renting for more than \$1,500 per month.

Table 10: Gross Rents for Specified Renter-Occupied Housing Units

Contract Monthly Rent	Number	%
Less than \$200	0	0.0
\$200 to \$299	0	0.0
\$300 to \$499	0	0.0
\$500 to \$749	16	23.9
\$750 to \$999	3	4.5
\$1,000 to \$1,499	16	23.9
\$1,500 or more	32	47.8

No Cash Rent	0	--
Median (contract rent)	\$1,466	

Source: 2013 ACS 5 year estimates DP-04

The data in Table 11 indicate that 41.8% of renter households earned less than \$49,999, and half of these households were paying more than 30% of their income for rent. On the other end of the spectrum, 44.8% of renter households earned more than \$75,000 per year and all of these households were paying less than 25% of their income for rent. A figure of 30% is considered the limit of affordability for rental housing costs.

TABLE 11: Household Income by Gross Rent as a Percentage of Household Income

Income	Number of Households	Percentage of Household Income					
		0 – 19.99%	20 – 24.9%	25 – 29.9%	30 – 34.9%	35% +	Not computed
< \$10,000	0	0	0	0	0	0	0
\$10,000 – 19,999	0	0	0	0	0	0	0
\$20,000 – 34,999	12	0	0	2	7	3	0
\$35,000 -- 49,999	16	0	7	5	0	4	0
\$50,000-- 74,999	9	0	0	0	6	3	0
\$75,000 -- 99,999	3	0	3	0	0	0	0
\$100,000 or more	27	18	9	0	0	0	0

Source: 2013 ACS 5 year estimates B25074

Analysis of Demographic Characteristics

As with the inventory of the municipal housing stock, the primary sources of information for the analysis of the demographic characteristics of the Borough's residents are the 2010 U.S. Census and the U.S. Census Bureau 2013 American Community Survey 5-year estimates. The data from these sources provide a wealth of information concerning the characteristics of the Borough's population.

The 2010 Census indicates that the Borough had 919 residents, or 60 more residents than in 2000, representing a population increase of approximately 7.0%. The Borough's 7.0% increase in the 2000's compares to a 8.7% increase in Somerset County and a 4.5% increase in New Jersey.

The age distribution of the Borough's residents is shown in Table 12. There were more males than females in the 0-4, 20-34 and 55-69 age categories, with females predominating in all other age groups.

Table 12: Population by Age and Sex

Age	Total Persons	Male	Female
0 – 4	51	29	22
5 – 19	185	80	105
20 – 34	93	50	43
35 – 54	298	145	153
55 – 69	185	93	92
70 +	107	47	60
Total	919	444	475

Source: 2010 U.S. Census, SF-1.

Table 13 compares the Borough to the County and State by age categories. The principal difference among the Borough, County, and State occurs in the 20-34 age group, where the Borough had a smaller proportion (10.1%) than both the County (15.8%) and the State (18.8%). The Borough had a higher percentage in the 55-69 and 70+ age groups than both the County and the State.

Table 13: Comparison of Age Distribution for Borough, County, and State (% of persons)

Age	Far Hills Borough	Somerset County	New Jersey
0 - 4	5.5%	5.9%	6.2%
5 - 19	20.1%	21.1%	19.9%
20 - 34	10.1%	15.8%	18.8%
35 - 54	32.4%	32.8%	29.8%
55 - 69	20.1%	15.8%	15.9%
70 +	11.6%	8.6%	9.5%
Median	45.5	40.2	39.0

Source: 2010 U.S. Census, SF-1.

Table 14 provides the Census data on household size for the Borough, while Table 15 compares household sizes in the Borough to those in Somerset County and the State. The Borough had a higher percentage of 1- and 2-person households, and a lower percentage of 4- and 5-person households than both the County and the State.

Table 14: Persons in Household

Household Size	Total Units
1 person	107
2 persons	121
3 persons	66
4 persons	50
5 persons	21
6 persons	10
7+ persons	1
Total	376

Source: 2010 U.S. Census, SF-1.

Table 15: Comparison of Persons in Household for Borough, County, and State (% of households)

Household Size	Borough	County	State
1 person	28.5%	23.3%	25.2%
2 persons	32.2%	29.6%	29.8%
3 persons	17.6%	18.1%	17.4%
4 persons	13.3%	17.7%	15.7%
5 persons	5.6%	7.3%	7.2%
6 persons	2.7%	2.6%	2.7%
7 or more persons	0.2%	1.5%	1.9%
Persons per household	2.44	2.71	2.68

Source: 2010 U.S. Census, SF-1.

Table 16 presents a detailed breakdown of the Borough's population by household type and relationship. There were 791 persons (86.1%) in family households in the Borough and 128 persons (13.9%) in non-family households; a family household includes a householder living with one or more persons related to him or her by birth, marriage, or adoption, while a non-family household includes a householder living alone or with non-relatives only.

Table 16: Persons by Household Type and Relationship

	Total
In family Households:	791
Spouse	219
Child	275
In Non-Family Households:	128
Male householder:	50
Living alone	44
Not living alone	6
Female householder:	67
Living alone	63
Not living alone	4
In group quarters:	0
Institutional	0
Non-institutional	0

Source: 2010 U.S. Census, SF-1.

Table 17 provides income data for the Borough, County, and State. The Borough's per capita and median incomes were higher than those of both the County and the State.

Table 17: Income for Borough, County, and State

Jurisdiction	Per Capita Income	Median Income	
		Households	Families
Far Hills Borough	\$84,565	\$106,875	\$124,625
Somerset County	\$47,803	\$99,020	\$117,393
New Jersey	\$36,027	\$71,629	\$87,347

Source: 2013 U.S. Census ACS 5 Year Estimates DP-03

Table 18 addresses the lower end of the income spectrum, providing data on poverty levels for persons and families. The determination of poverty status and the associated income levels is based on the 2013 cost of an economy food plan and ranged from an annual income of \$11,770 for a one-person family to \$40,898 for an eight-person family (three-person family is \$20,090). Many federal programs, including food stamps, use the economy food plan as the determining guideline.

According to the data in Table 18, the Borough had proportionately fewer persons qualifying for poverty status than the State, but more than the County.

Table 18: Poverty Status for Persons and Families for Borough, County, and State (% with 2009-2013 income below poverty)

Jurisdiction	Persons (%)	Families (%)
Far Hills Borough	6.1	5.0
Somerset County	5.0	3.5
New Jersey	10.4	7.9

Source: 2013 ACS 5 year estimates DP-03

The ACS includes a vast array of additional demographic data that provide insights into an area's population. For example, Table 19 provides a comparison of the percent of households who moved into their current residence in 1999 or earlier; this is a surrogate measure of the mobility/stability of a population. The data indicate that the percentage of Borough residents residing in the same house as in 1999 is lower than that of the County and State.

Table 19: Comparison of Place of Residence for Borough, County, and State

Jurisdiction	Percent living in same house in 1999
Far Hills Borough	36.6%
Somerset County	41.0%
New Jersey	40.2%

Source: 2013 ACS 5 year estimates DP-04

Table 20 compares the educational attainment for Borough, County, and State residents over age 25. The data indicate that Borough residents are highly educated, with 95.5% having obtained a high school diploma or higher and 63.2% having achieved a bachelor's degree or higher.

Table 20: Educational Attainment for Borough, County, and State Residents
(Persons 25 years and over)

Jurisdiction	Percent (%) high school graduates or higher	Percent (%) with bachelor's degree or higher
Far Hills Borough	95.5	63.2
Somerset County	93.2	51.2
New Jersey	88.1	35.8

Source: 2013 ACS 5 year estimates DP-02

The ACS also provides data on the means of transportation which people use to reach their place of work. Table 22 compares the Census data for the Borough, County, and State relative to driving alone, carpooling, using public transit, and using other means of transportation. The Borough, like the County and State, had a relatively high percentage of workers who drive alone. Of the 9.6% of workers who resided in the Borough and used other means of transportation to reach work, 8.2% worked from home.

Table 21: Means of Transportation to Work for Borough, County and State Residents
(Workers 16 years old and over)

Jurisdiction	Percent who drive alone	Percent in carpools	Percent using public transit	Percent using other means
Far Hills Borough	74.4	9.0	7.0	9.6
Somerset County	78.2	8.5	4.9	8.3
New Jersey	71.9	8.4	10.8	8.9

Source: 2013 ACS 5 year estimates DP-03

The ACS also provided information on resident employment by industry. 19.7% of employed residents worked in professional, scientific, and management, and administrative and waste management services. 14.9% worked in finance and insurance, and real estate and rental and leasing. Other industries employing many Borough residents were educational services, health care and social assistance, retail trade and manufacturing.

Table 22: Employment by Industry

Industry	Persons	%
Civilian employed population 16 years and over	517	--
Agriculture, forestry, fishing and hunting, and mining	3	0.6
Construction	27	5.2
Manufacturing	65	12.6
Wholesale trade	26	5.0
Retail trade	69	13.3
Transportation and warehousing, and utilities	0	0.0
Information	16	3.1
Finance and insurance, and real estate and rental and leasing	77	14.9
Professional, scientific, and management, and administrative and waste management services	102	19.7
Educational services, and health care and social assistance	72	13.9
Arts, entertainment, and recreation, and accommodation and food services	51	9.9
Other services, except public administration	7	1.4
Public administration	2	0.4

Source: 2013 ACS 5 year estimates DP-03

According to the ACS, the percentage of Borough residents in the labor force was lower than that of the County and State. The Borough had a lower rate of unemployment than both the County and the State.

Table 23: Labor Force and Employment

Jurisdiction	Percent in Labor Force	Employed	Unemployed
Far Hills Borough	64.1	60.0	4.1
Somerset County	69.5	64.5	5.0
New Jersey	66.6	59.7	6.7

Source: 2013 ACS 5 year estimates DP-03