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THIRD ROUND
HOUSING ELEMENT AND FAIR SHARE PLAN

Borough of Hampton, Hunterdon County

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Adopted June 7, 2010

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EXECUTIVE SUMMARY

This third round housing element and fair share plan has been prepared for Hampton Borough, Hunterdon County in accordance with the 2008 revised rules of the New Jersey Council on Affordable Housing ("COAH") at *N.J.A.C.* 5:96 et seq. and *N.J.A.C.* 5:97 et seq. In addition, as Hampton Borough includes Highlands Preservation Areas and is thus under the jurisdiction of the New Jersey Highlands Water Protection and Planning Council ("Highlands Council"), the Borough's affordable housing plan components were reviewed for consistency with the Highlands Regional Master Plan ("Highlands RMP"). This third round housing element and fair share plan was also guided by COAH's August 12, 2009 Guidance for Municipalities that Conform to the Highlands Regional Master Plan as well as the August 2009 Highlands Council "Module 3: Housing Element and Fair Share Plan Instructions".

This Plan will serve as the foundation for the Borough's petition to COAH for substantive certification by June 8, 2010. The Plan will also be submitted to the Highlands Council by June 8th. In addition to petitioning COAH for substantive certification, the Borough will also simultaneously be filing a motion in Superior Court to have a 1988 prior round settlement agreement vacated due to changed conditions.

There are three components to a municipality's affordable housing obligation: the rehabilitation share, the prior round obligation and the third round obligation. As assigned by COAH with the third round growth share obligation adjusted by the Highlands, the Borough's cumulative affordable housing obligations are as follows:

- Rehabilitation Share: 2 units
- Prior Round Obligation: 2 units
- Third Round Growth Share Obligation: 7 units (Highlands RMP Adjusted Growth Projection, as described below)

The Borough will contract with an experienced affordable housing administrative entity to operate a rehabilitation program to satisfy its rehabilitation obligation. The two-unit prior round obligation will be satisfied by a two-unit accessory apartment program. The seven-unit third round obligation will be satisfied by a four-unit accessory apartment program and a four-bedroom group home on the Lumberyard Property.

AFFORDABLE HOUSING IN NEW JERSEY

Introduction to COAH

In its landmark 1975 decision referred to now as "*Mount Laurel I*", the New Jersey Supreme Court ruled that developing municipalities have a constitutional obligation to provide a realistic opportunity for the construction of low and moderate income housing.[1] In its 1983 "*Mount Laurel II*" decision, the Supreme Court extended the obligation to all municipalities, designated the State Development Guide Plan or any successor State Plan as a critical touchstone to guide the implementation of this obligation and created an incentive for private developers to enforce the "*Mount Laurel* doctrine" by suing municipalities which are not in compliance.[2]

In 1985, the Fair Housing Act ("FHA") (*N.J.S.A.* 52:27D-310) was adopted as the legislative response to the *Mt. Laurel* court decisions. The FHA created the Council on Affordable Housing as the administrative alternative to the Courts. COAH is responsible for establishing housing regions, estimating low and moderate income housing needs, setting criteria and guidelines for municipalities to determine and address their fair share numbers, and reviewing and approving housing elements and fair share plans.

Municipalities have the option of filing their adopted and endorsed housing elements and fair share plans with COAH and petitioning for COAH's approval, known as "substantive certification". Municipalities that opt to participate in the COAH certification process are granted a measure of legal protection against exclusionary zoning litigation. By petitioning, COAH allows a municipality to maximize control of its planning and zoning options in addressing its affordable housing obligation. Similarly, under the FHA, a municipality can apply to the Superior Court for a Final Judgment of Compliance and Repose, which is the judicial equivalent of COAH's grant of substantive certification.

Under the Municipal Land Use Law ("MLUL"), a municipal Planning Board must adopt the housing element as part of the Master Plan. COAH's process also requires the governing body to endorse the housing element by resolution. In addition, the governing body's resolution requests that COAH review the housing element and fair share plan along with supporting documents for substantive certification action. Once the municipality's housing element and fair share plan have been granted substantive

[1] Southern Burlington NAACP v. Borough of Mt. Laurel, 67 NJ 151 (1975)
[2] Southern Burlington NAACP v. Borough of Mt. Laurel, 92 NJ 158 (1983)

certification by COAH, the municipality's zoning ordinance enjoys a presumption of validity against any lawsuits challenging it.

COAH's First and Second Round Methodology

The FHA empowered COAH to create criteria and guidelines for municipalities to determine and address their respective fair share numbers. In response, COAH established a formula for determining municipal affordable housing obligations for the six-year period between 1987 and 1993 (*N.J.A.C.* 5:92-1 et seq.), which became known as the "first round." That formula was superseded by the 1994 COAH regulations (*N.J.A.C.* 5:93-1.1 et seq.) which recalculated a portion of the 1987-1993 affordable housing obligation for each municipality and computed the additional municipal affordable housing need from 1993 to 1999; this 12 year cumulative period from 1987 through 1999 is known as the "second round."

COAH's Third Round Methodology

On December 20, 2004, COAH's first version of the third round rules became effective. At that time the third round was defined as the time period from 1999 to 2014 condensed into an affordable housing delivery period from January 1, 2004 through January 1, 2014. The third round rules marked a significant departure from the methodology utilized in COAH's two prior rounds. Previously, COAH assigned an affordable housing obligation as an absolute number to each municipality. These third round rules implemented a "growth share" approach that linked the production of affordable housing with future residential and non-residential development within a municipality. Each municipality was required to project the amount of residential and nonresidential growth that would occur during the period 2004 through 2014. Then municipalities were required to provide one affordable unit for every 8 market rate housing units developed and one affordable unit for every 25 jobs created (expressed as non-residential building square footage).

However, in a unanimous decision in January 2007, the New Jersey Appellate Court invalidated key aspects of COAH's third round rules. The Court ordered COAH to propose and adopt amendments to its rules to address the deficiencies identified by the Court. COAH's revised rules, effective on June 2, 2008 as well as a further rule revision, adopted September 22, 2008 and effective on October 20, 2008, provide residential development and job projections for the third round (which was expanded to encompass

the years 2004 through 2018). Additionally, COAH revised its ratios to require one affordable housing unit for every four market rate housing units developed and one affordable housing unit for every 16 jobs created, still expressed as non-residential building square footage. As discussed below, municipalities within the Highlands that are conforming with the Highlands RMP are required to use the aforementioned affordable housing ratios; however, they may elect to utilize either COAH's household and employment projections or the projections based on the Highlands RMP build-out under Module 2.

Municipalities must set forth in the Housing Element and Fair Share Plan how they intend to accommodate the projected affordable housing obligation. However, COAH's substantive rules also require that a municipality provide a realistic opportunity for affordable housing in proportion to its actual growth during the third round as expressed in permanent certificates of occupancy issued for residential and nonresidential development.

Highlands Regional Master Plan

In 2008, Hampton Borough began the process of preparing a third round housing element and fair share plan to address COAH's revised third round rules at *N.J.A.C.* 5:96 et seq. and 5:97 et seq., which became effective on June 2, 2008. During the same time period, the Borough reviewed the Highlands RMP and initiated conversations regarding participation in the Highlands RMP conformance process.

On September 5, 2008, Governor Corzine issued Executive Order #114 to coordinate actions between COAH and the Highlands Council. The Executive Order directed the Highlands Council to work with COAH and the Department of Environmental Protection ("DEP") to establish a framework for municipalities in the Highlands to provide for a realistic opportunity for affordable housing while also conforming to the Highlands RMP.

In response to the Executive Order, in October, 2008, COAH and the Highlands Council entered into a Memorandum of Understanding (MOU) that outlined the structure of the relationship between COAH and the Highlands Council. Among other items, the MOU provided for joint determinations of the suitability of affordable housing sites. Additionally, the MOU identified a process for developing revised growth projections for Highlands municipalities that are consistent with the RMP. Under the

MOU, the projections created under this process would serve as the basis for allocating third round growth share obligations to municipalities in the Highlands.

Pursuant to the MOU, COAH granted waivers from the December 31, 2008 petition submission deadline established in its rules at *N.J.A.C.* 5:96-16.2(a) for Highlands municipalities that submitted: 1) a Notice of Intent in accordance with the Highlands Council's Plan Conformance Guidelines; and 2) submitted an adopted resolution notifying COAH of its intent to petition COAH no later than December 8, 2009. COAH also imposed a scarce resource order for all municipalities in the Highlands that are under COAH jurisdiction in order to preserve scarce land, water, and sewer capacity for the production of affordable housing. Hampton Borough accepted the December 8, 2009 extension.

On August 12, 2009, COAH again extended the deadline for municipalities in the Highlands Region to petition for substantive certification from December 8, 2009 to June 8, 2010. COAH also adopted Guidance for Municipalities that Conform to the Highlands Regional Master Plan, and granted a waiver from COAH's regulations that outlined how a municipality may calculate its projected growth share obligation. Instead, COAH permitted a municipality to base its third round growth share obligation on projections completed under the Highlands Module 2 build-out analysis. On August 20, 2009, the Highlands Council issued additional instructions on completing a housing element and fair share plan.

Recent Efforts at Affordable Housing Reform

On July 17, 2008 Governor Corzine signed P.L.2008, c.46 (also known as the "Roberts Bill" after NJ Assembly Speaker Joseph Roberts), which amended the Fair Housing Act in a number of ways. Key provisions of the bill included the following:

- Established a statewide 2.5% nonresidential development fee instead of a nonresidential growth share delivery for affordable housing;
- Eliminated regional contribution agreements; and
- Requirement for 13% of affordable housing units and 13% of all units funded by the Balanced Housing Program and the Statewide Affordable Housing Trust Fund to be restricted to very low income households (30% or less of median income).

COAH has not yet promulgated rules to effectuate the "Roberts Bill". COAH's 2008 revised third round rules were again challenged and the Appellate Division heard oral

arguments in late 2009. A decision is expected in 2010. In addition, on July 27, 2009, Governor Corzine signed P.L. 2009, c. 90 "NJ Economic Stimulus Act of 2009", which instituted a moratorium on the collection of non-residential affordable housing development fees.

On February 9, 2010, new Governor Chris Christie signed Executive Order No. 12. This Order established a five-member Housing Opportunity Task Force which was charged with reviewing the effectiveness of the Fair Housing Act, COAH and COAH's regulatory structure in meeting the constitutional obligations under the *Mount Laurel* doctrine. The Executive Order also ordered COAH to refrain from continuing to process applications for substantive certification or from otherwise implementing the third round rules during the Housing Opportunity Task Force's 90-day review period. On February 19, 2010, the Appellate Division issued a stay on the portion of the Executive Order that prevented COAH from processing applications and implementing its third round rules. On March 20, 2010, Governor Christie issued Executive Order No. 20, which rescinded Executive Order No. 12.

The Governor's Executive Order No. 20 coincided with the release of the report prepared by the Housing Opportunity Task Force on March 20, 2010. In the report, the Task Force recommended that the Governor revisit COAH's original growth share methodology, reinstate the use of regional contribution agreements and eliminate prior round obligations. To date, the Christie Administration has not advanced the recommendations outlined in the Task Force's report.

In addition to affordable housing reform activities in the Executive branch, the legislature has introduced a number of pieces of legislation aimed at reforming affordable housing in New Jersey. The most notable is Senate Bill No. 1, known as "S-1", which would abolish COAH and completely restructure the State's affordable housing operation. Despite all of this uncertainty about the future of COAH, the Borough must proceed with its compliance with the current COAH regulations, which require the Borough to petition for third round substantive certification by June 8, 2010 in order to be under COAH's jurisdiction and therefore be protected from builder's remedy lawsuits.

A municipality's third round fair share plan must address (1) its rehabilitation share, (2) the prior round obligation and (3) the COAH-projected third round growth share obligation or the Highlands projections based on actual growth through 2008 and the Highlands RMP build-out for Module 2. The rehabilitation share is the estimated number of existing substandard housing units in a municipality that are occupied by low

or moderate income households, as determined by COAH (Appendix B. to *N.J.A.C.* 5:97). The prior round obligation is a municipality's adjusted second round new construction component brought forward to the third round (Appendix C. to *N.J.A.C.* 5:97). Third round housing plans must document how existing or proposed affordable housing units satisfy this prior round obligation.

As stated above, the third round obligation is based on growth projections for the period of 2004 and 2018. Municipalities within the Highlands that are conforming with the RMP are required to use the aforementioned affordable housing ratios. Hampton Borough has elected to utilize the Highlands RMP Adjusted Growth Projections. A more detailed explanation of how the third round growth share obligation is established is described later in the plan.

Affordability Requirements

Affordable housing is defined under New Jersey's Fair Housing Act as a dwelling, either for sale or rent that is within the financial means of households of low or moderate income as measured within each housing region. Hampton Borough is in COAH's Region 3, which includes Hunterdon, Somerset and Middlesex counties. Moderate–income households are those earning between 50% and 80% of the regional median income. Low-income households are those with annual incomes that are between 30% and 50% of the regional median income. With changes to the law in July of 2008, COAH has also created a very low-income category, which is defined as households earning 30% or less of the regional median income.

Through the Uniform Housing Affordability Controls ("UHAC") at *N.J.A.C.* 5:80-26.3(d) and (e), COAH requires that the maximum rent for a qualified unit be affordable to households that earn no more than 60% of the median income for the region. The average rent must be affordable to households earning no more than 52% of the median income. The maximum sale prices for affordable units must be affordable to households that earn no more than 70% of the median income. The average sale price must be affordable to a household that earns no more than 55% of the median income.

The regional median income is defined by COAH using the federal Department of Housing and Urban Development ("HUD") income limits on an annual basis. In the spring of each year HUD releases updated regional income limits which COAH reallocates to its regions. It is from these income limits that the rents and sale prices for affordable units are derived. See Tables 1 through 3 for additional information. Table 1

provides the 2009 Income Limits for Region 3, however, COAH has published figures for up to eight person households; the most common figures have been supplied here. Income limits are updated annually and are available from COAH. The sample rents in Table 2 are net figures and account for an illustrative utility allowance.

Table 1. 2009 Income Limits for Region 3

Household Income Levels	1 Person Household	2 Person Household	3 Person Household	4 Person household	5 Person Household
Moderate Income	$56,056	$64,064	$72,072	$80,080	$86,486
Low Income	$35,035	$40,040	$45,045	$50,050	$54,054
Very Low Income	$21,021	$24,024	$27,027	$30,030	$32,432

Source: COAH 2009 Regional Income Limits

Table 2. Sample 2009 Affordable Rents for Region 3

Household Income Levels	1 Bedroom Unit Rent	2 Bedroom Unit Rent	3 Bedroom Unit Rent
Moderate Income at 60%	$1,026	$1,226	$1,411
Low Income at 46%	$763	$911	$1,046
Very Low Income at 30%	$463	$551	$630

Source: COAH Illustrative 2009 Low and Moderate Income Rents for New Construction and/or Reconstruction

Table 3. Sample 2009 Affordable Sale Prices for Region 3

Household Income Levels	1 Bedroom Unit Purchase	2 Bedroom Unit Purchase	3 Bedroom Unit Purchase
Moderate Income at 70%	$118,243	$141,892	$163,964
Low Income at 50%	$84,459	$101,351	$117,117
Very Low Income at 30%	$50,676	$60,811	$70,270

Source: COAH Illustrative 2009 Low & Moderate Income Sales Prices for New Construction

Housing Element and Fair Share Requirements

In accordance with the MLUL, found at *N.J.S.A.* 40:55D-1, et seq., a municipal Master Plan must include a housing element as the foundation for the municipal zoning ordinance. Pursuant to the FHA, a municipality's housing element must be designed to provide access to affordable housing to meet present and prospective housing needs, with particular attention to low and moderate income housing. The housing element must contain at least the following, as per the FHA at *N.J.S.A.* 52:27D-310:

- 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;
- 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 trends;
- An analysis of the municipality's demographic characteristics, including, but not necessarily limited to, household size, income level, and age;
- An analysis of the existing and probable future employment characteristics of the municipality;
- A determination of the municipality's present and prospective fair share of low and moderate income housing and its capacity to accommodate its present and prospective housing needs, including its fair share of low and moderate income housing; and

- A consideration of the lands 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.

In addition, pursuant to COAH regulations (*N.J.A.C.* 5:97-2.3), the housing element and fair share plan must address the entire third round cumulative (1987-2018) affordable housing obligation consisting of the rehabilitation share, any remaining balance of the prior round obligation and the third round obligation. COAH's regulations require the following documentation to be submitted with the housing element and fair share plan:

- The minimum requirements of the FHA listed above (*N.J.S.A.* 52:27D-310);
- Household and employment projections created by COAH;
- Municipal rehabilitation, prior round and third round obligations;
- Descriptions of any credits intended to address any portion of the fair share obligation, including all information required by *N.J.A.C.* 5:97-4;
- Descriptions of any adjustments to any portion of the fair share obligation, including all information required by *N.J.A.C.* 5:97-5;
- Descriptions of any mechanisms intended to address the prior round obligation, the rehabilitation share and the third round obligation;
- An implementation schedule with a detailed timetable that demonstrates a "realistic opportunity" for the construction of affordable housing, as defined by *N.J.A.C.* 5:97-1.4.
- Draft and/or adopted ordinances necessary for the implementation of the mechanisms designed to satisfy the fair share obligation;
- A demonstration that existing zoning or planned changes in zoning provide adequate capacity to accommodate any proposed inclusionary developments, pursuant to *N.J.A.C.* 5:97-6.4;
- A demonstration of existing or planned water and sewer capacity sufficient to accommodate all proposed mechanisms;
- A spending plan, pursuant to *N.J.A.C.* 5:97-8.10;
- A map of all sites designated by the municipality for the production of low and moderate income housing;

- A copy of the most recently adopted Master Plan and, where required, the immediately preceding adopted Master Plan;
- A copy of the most recently adopted zoning ordinance;
- A copy of the most up-to-date tax maps; and
- Any other information required by *N.J.A.C.* 5:97 or requested by COAH or the Superior Court.

HAMPTON BOROUGH'S AFFORDABLE HOUSING HISTORY

In 1985, Jacob Haberman brought a builder's remedy lawsuit against the Borough of Hampton. The subject of the lawsuit was Block 23, Lot 1 and Block 24, Lot 2. The total tract is 144 acres; however Valley Road bisects the site with Block 23, Lot 1 on the north side of Valley Road and Block 24, Lot 2 on the south side. The Settlement Agreement acknowledged that the Borough had a zero unit new construction obligation and a 27 unit indigenous obligation, now commonly referred to as the rehabilitation obligation. The Court invalidated the Borough's Land Use Ordinance for failure to provide an adequate opportunity for the construction of law and moderate income housing. While that court order was on appeal, the parties entered into a Settlement Agreement in 1988.

The Settlement Agreement allowed Haberman to construct a project which included 300 housing units, up to 6,000 square feet of commercial space and renovation of the existing barn to serve as a community center. Furthermore, the Settlement Agreement required that the 300 housing units be located on the southern part of tract, Block 24, Lot 2. The Settlement Agreement stipulated that rather than constructing affordable housing on-site, Haberman would make a $270,000 contribution to the Borough's affordable housing trust fund. This funding was to be allocated to the Borough's rehabilitation program. In addition, Haberman was to contribute $730,000 for improvements to the Borough's water system, and was required to make other specified improvements to the Borough's infrastructure. The proposed Land Use Ordinance amendment included as part of the Settlement Agreement required Haberman to design and construct a sewage treatment system for the development. The Borough amended its Land Use Ordinance as required by the terms of the Settlement Agreement. Haberman, however, never developed the tract. Based on changes in the law during the twenty-two years of inaction by Haberman, the Borough will be filing a motion in Superior Court to vacate the Settlement Agreement, as the development site is located in the Highlands Preservation Area and is inconsistent with the Highlands Act and Regional Master Plan.

GOALS AND OBJECTIVES

In furtherance of the Borough's efforts to ensure sound planning, this Plan is consistent with the Highland RMP's goals and objectives pursuant to Hampton Borough's Initial Assessment report, which was submitted to the Highlands Council on January 8, 2009. The Borough's housing element and fair share plan is consistent with the following goals, objectives, and policies related to Housing and Community Facilities identified in the RMP:

1. Market-rate and affordable housing sufficient to meet the needs of the Highlands Region within the context of economic, social and environmental constraints;

2. Establish a region-wide, comprehensive approach to addressing housing needs in the Highlands Region, serving all age groups, income levels and mobility options;

3. An interagency partnership with COAH in support of the achievement of both the resource protection requirements of both the RMP and the municipal constitutional obligation, in "growth areas" to provide a realistic opportunity for the construction of a fair share of affordable housing for low and moderate income households;

4. Preserve and monitor existing stocks of affordable housing;

5. Promote where appropriate and permitted by the Land Use Capability Zone affordable housing within new residential and mixed use development, redevelopment, or adaptive reuse projects;

6. To require that conforming municipalities implement both the resource protection requirements of the RMP along with the New Jersey Supreme Court's doctrine, in its Mount Laurel decisions, that every municipality in a "growth area" has a constitutional obligation to provide through its land use regulations, sound land use, and long range planning, a realistic opportunity for a fair share of its region's present and prospective needs for housing for low and moderate income families;

7. To require that conforming municipalities update and adopt a housing element, fair share plan, and implementing ordinance(s) to reflect current conditions and resource protection requirements of the RMP; and,

8. Conforming municipalities, through housing plans, will evaluate and provide for alternate mechanisms to address affordable housing obligations where RMP

resource protection standards restrict the ability of planned but not built sites to be developed for affordable housing.

HOUSING STOCK AND DEMOGRAPHIC ANALYSIS

Housing Stock Inventory

In 2,000, there were 574 housing units in Hampton, of which 15 or 2.6% were vacant. Of the 559 occupied units, 66.5% were owner occupied and 33.5% were rented. Table 4, Housing Units by Occupancy Status, illustrates the occupancy status in 2000.

Table 4. Housing Units by Occupancy Status, 2000.

	Housing Units	Owner Occupied	Renter Occupied
Occupied	559	372	187
Vacant	15		
Total	574		

Source: 2000 US Census

Single family detached homes comprise 64.3% of Hampton Borough's total housing stock and 90.0% of all owner occupied units. The Borough is home to 177 multi-unit structures, which account for 30.8% of all housing units. Of the multi unit structures, 42.9% have 2 units and 20.9% have 10 to 19 units. See Table 5, Housing Units by Number of Units in Structure for a detailed explanation of the housing units in 2000.

Table 5. Housing Units by Number of Units in Structure, 2000.

Number of Units	Owner Occupied	Rental	Vacant	Total
1, Detached	330	28	11	369
1, Attached	3	7	2	12
2	20	54	2	76
3 or 4	3	23	0	26
5 to 9	3	18	0	21
10 to 19	0	37	0	37
20 to 49	0	17	0	17
50 or more	0	0	0	0
Mobile Home	11	5	0	16
Other	0	0	0	0
Total	370	189	15	574

Table 6, Housing Units by Age, below depicts the aging of the Borough's housing stock. The median year of construction for units in Hampton Borough is 1961, with 34.5% being built prior to 1939. Less than 20% of the total housing stock was constructed after 1980.

Table 6. Housing Units by Age, 2000.

Year Built	Total Units	Percent	Owner Occupied	Renter Occupied	Vacant
1999- March 2000	0	0.0%	0	0	0
1995-1998	6	1.0%	6	0	0
1990-1994	18	3.1%	18	0	0
1980-1989	90	15.7%	57	33	0
1970-1979	106	18.5%	46	58	2
1960-1969	78	13.6%	44	34	0
1950-1959	36	6.3%	29	7	0
1940-1949	42	7.3%	22	20	0
1939 or Before	198	34.5%	148	37	13
Total	574	100.0%	370	189	15
Median Year Built	1961		1955	1969	

Source: 2000 US Census

Hampton Borough boasts a diverse housing stock in terms of its size. Housing units with six rooms are the most prevalent, accounting for 20.7% of the total housing stock. In a close second, units with five rooms make up 17.2% of all units. While the housing stock varies in sizes, only 15.2% of all units have three rooms or fewer. See Table 7, Housing Units by Number of Rooms for additional information.

Table 7. Housing Units by Number of Rooms, 2000.

Rooms	Number of Units	Percent
1	4	0.7%
2	4	0.7%
3	79	13.8%
4	82	14.3%
5	99	17.2%
6	119	20.7%
7	90	15.7%
8	43	7.5%
9+	54	9.4%
Total	574	100.0%

Source: 2000 US Census

Tables 8 and 9, Housing Values, show that the median housing value in Hampton increased by $12,400 from $152,400 in 1990 to $164,800 in 2000. The 2000 median housing value in Hunterdon County was $245,000, which exceeded the Borough's median by $80,200. In addition, Hampton's median housing value increased by 7.5% between 1990 and 2000, which was less than half of the County's growth rate of 16.2%.

Table 8. Housing Values, Owner Occupied, 1990.

Value	Housing Units	Percent
Less than $50,000	1	0.3%
$50,000-$99,999	33	10.8%
$100,000-$149,999	112	36.7%
$150,000-$199,999	121	39.7%
$200,000-$249,000	27	8.9%
$250,000-$299,999	9	3.0%
$300,000-$399,999	2	0.7%
$400,000-$499,999	0	0.0%
$500,000 or more	0	0.0%
Total	305	100.0%
1990 Median Value	$152,400	

Source: 1990 US Census

Table 9. Housing Values, Owner Occupied, 2000.

Value	Housing Units	Percent
Less than $50,000	6	1.6%
$50,000-$99,999	30	8.1%
$100,000-$149,999	117	31.6%
$150,000-$199,999	127	34.3%
$200,000-$249,000	56	15.1%
$250,000-$299,999	11	3.0%
$300,000-$399,999	19	5.1%
$400,000-$499,999	0	0.0%
$500,000 or more	4	1.1%
Total	370	100.0%
2000 Median Value	$164,800	

Source: 2000 US Census

Lower value units under $150,000, of particular concern for affordable housing, made up 41.3% of the total number of housing units in Hampton Borough. This data from the 2000 Census is a self-reported value. Past studies have noted that this value tends to be under reported because of the respondent's uncertainty about how the data will be used.

Table 10, Comparison of Hampton and Hunterdon County Gross Monthly Rental Cost, tabulates the differences in the gross costs of rental housing between Hampton Borough and Hunterdon County. In 2000, Hampton's median gross monthly rental cost was $543, $324 less than the County median of $867.

Table 10. Comparison of Hampton and Hunterdon County, Gross Monthly Rental Cost*

Monthly Rent	Number in Hampton	Percent	Number in Hunterdon	Percent
$0-$99	0	0.0%	13	0.4%
$100-$149	7	3.8%	45	0.3%
$150-$199	7	3.8%	56	0.7%
$200-$249	13	7.0%	51	0.7%
$250-$299	13	7.0%	46	0.9%
$300-$349	11	5.9%	63	0.9%
$350-$399	13	7.0%	86	1.1%
$400-$449	6	3.2%	71	1.9%
$450-$499	13	7.0%	97	2.3%
$500-$549	11	5.9%	157	4.7%
$550-$599	18	9.7%	157	7.5%
$600-$649	8	4.3%	264	8.4%
$650-$699	5	2.7%	332	8.6%
$700-$749	3	1.6%	522	10.3%
$750-$799	11	5.9%	487	7.8%
$800-$899	12	6.5%	1,022	13.9%
$900-$999	13	7.0%	811	10.5%
$1000-$1249	12	6.5%	1,058	12.0%
$1,250-$1,499	9	4.9%	476	3.6%
$1,500-$1,999	0	0.0%	328	2.6%
$2,000 +	0	0.0%	120	0.8%
Total	185	100.0%	6,262	100.0%
Median Rent	543		867	

**Includes only those units with cash rents.*
Source: 2000 US Census

In the year 2000, Hampton had zero housing units that lacked complete plumbing facilities and three units that were overcrowded (defined as having 1.01 or more persons per room). It should be noted that overcrowding is often associated with substandard housing due to overuse of facilities. Overcrowded housing is often occupied by lower income households who share space to save on housing costs. These households may not be able to afford to maintain the home, leading to deteriorated conditions. See Table 11, Selected Quality Indicators.

Table 11. Selected Quality Indicators, Occupied Housing Stock, 2000.

	Overcrowded	Lacking Complete Plumbing	Combined Overcrowded and Lacking Complete Plumbing
No. Units	3	0	0

Source: 2000 US Census

General Population Characteristics

Hampton's population increased between 1970 and 1980 from 1,386 to 1,614, and then declined to 1,515 residents in 1990. Hampton rebounded slowly in 2000 when the Borough's population grew by 2.0% or 31 residents. Hunterdon County's population increased at substantially faster rates than Hampton Borough, adding 13.2% between 1990 and 2000. See Table 12, Population Growth for additional detail.

Table 12. Population Growth 1990-2000.

	1970	1980	Percent Change	1990	Percent Change	2000	Percent Change
Hampton	1,386	1,614	16.5%	1,515	-6.1%	1,546	2.0%
Hunterdon County	69,718	87,361	25.3%	107,776	23.4%	121,989	13.2%

Source: 1980, 1990, 2000 US Census

In 2000, individuals between the ages of 35 and 44 made up the largest age bracket in Hampton Borough, representing 16.4% of the total population. The number of residents between the ages of 45 and 54 spiked between 1990 and 2000, increasing by 46.4% from 153 individuals in 1990 to 224 in 2000. In contrast, the number of residents between the ages of 25 and 34 declined by 28.1% between 1990 and 2000. See Table 13, Age Distribution for additional detail.

Table 13. Age Distribution, 1990 – 2000.

Age Group	1990	Percent	2000	Percent	Percent Change
Under 5	130	8.6%	126	8.2%	-3.1%
5-14	219	14.5%	213	13.8%	-2.7%
15-24	194	12.8%	227	14.7%	17.0%
25-34	299	19.7%	215	13.9%	-28.1%
35-44	252	16.6%	253	16.4%	0.4%
45-54	153	10.1%	224	14.5%	46.4%
55-64	110	7.3%	118	7.6%	7.3%
65-74	92	6.1%	88	5.7%	-4.3%
75+	66	4.4%	82	5.3%	24.2%
Total	1515	100.0%	1546	100.0%	
Median Age			34.7		

Source: 1990 and 2000 US Census

Household Characteristics

A household is defined by the U.S. Census Bureau as those persons who occupy a single room or group of rooms constituting a housing unit; however, these persons may or may not be related. By comparison, a family is identified as a group of persons including a householder and one or more persons related by blood, marriage or adoption, all living in the same household. In 2000, there were 559 households in Hampton, with an average of 2.58 persons per household and an average of 3.20 persons per family.

Table 14, Households by Household Type, breaks down the different household types. In 2000, families made up 67.6% of all households in Hampton, with married couples comprising 78.8% of all family households. Of the married couples, there was a very close division between those with children (51.7%) and those without children (48.3%). The Borough also was home to 155 one-person households, which accounted for 27.7% of all households.

Table 14. Households by Household Type, 2000.

	Number of Households	Percent
Family Households (2+ Person Households)	378	67.6%
Married Couple with Children	154	27.5%
Married without Children	144	25.8%
Other Family Household	80	14.3%
Non Family Households (2+ Person Households)	26	4.7%
Male Household without Children	14	2.5%
Female Household without Children	12	2.1%
1-person household:	155	27.7%
Male householder	61	10.9%
Female householder	94	16.8%
Total Households	559	100.0%

Source: 2000 US Census

Income & Employment Characteristics

In 2000, persons residing in Hampton Borough had on average significantly lower incomes than in Hunterdon County as a whole. The 2000 median household income in Hampton Borough was $51,111 for households and $79,888 for families. Comparable figures for the County were $79,888 for households and $91,050 for families.

Table 15, Household Income by Income Brackets, further illustrates these findings by noting the number of households in each of the income categories. Within the Borough, 82.5% of all households had incomes under $100,000. The largest income bracket, comprising 17.3% of all Borough households, was the group that earned between $50,000 and $74,999 per year.

Table 16. Household Income by Income Brackets, 2000.

	Households	Percent
Less than $10,000	44	7.9%
$10,000-$14,999	42	7.6%
$15,000-$24,999	75	13.5%
$25,000-$34,999	40	7.2%
$35,000-$49,999	72	13.0%
$50,000-$74,999	96	17.3%
$75,000-$99,999	88	15.9%
$100,000-$149,999	78	14.1%
$150,000-$199,999	14	2.5%
$200,000+	5	0.9%
Total	554	100.0%
Median Income	$51,111	

Source: 2000 US Census

Table 16, Distribution of Persons and Households Below Poverty Level, shows that in Hampton, 8.0% of all residents and 6.9% of persons in families live below the poverty level as defined by the 2000 U.S. Census compared to 2.5% of individuals and 1.8% of persons in families in Hunterdon County.

Table 16. Percent Distribution of Persons and Households Below Poverty Level, 2000.

	Persons	Persons in Families
Hampton Borough	121	83
Hunterdon County	3,027	1,851

Source: 2000 US Census

Table 17, Distribution of Employment by Industry, shows the distribution of employment by industry for employed Hampton Borough residents. The education, health and social services sector employed the largest segment of the population, engaging 19.1% of the labor force. The retail sector followed in a close second with 14.0% of the population.

Table 17. Distribution of Employment by Industry, Employed Hampton Residents, 2000.

Sector Jobs	Number	Percent
Agriculture, Forestry, Fishing and Hunting, and Mining	5	0.7%
Construction	96	12.9%
Manufacturing	83	11.1%
Wholesale Trade	23	3.1%
Retail Trade	104	14.0%
Transportation and Warehousing, and Utilities	37	5.0%
Information	27	3.6%
Finance, Insurance, Real Estate, and Rental and Leasing	43	5.8%
Professional, Scientific, Management, Administrative, and Waste Management Services	74	9.9%
Education, Health and Social Services	142	19.1%
Arts, Entertainment, Recreation, Accommodation, and Food Services	30	4.0%
Public Administration	43	5.8%
Other Services (except public administration)	38	5.1%
Total	745	100.0%

Source: 2000 US Census

Table 18, Employment by Occupation, identifies the occupations of employed persons. While Hampton residents worked in a variety of industries in 2000, nearly 33.2% of Hampton's residents were employed in managerial, professional and related occupations. Residents working in sales and office occupations accounted for 24.8% of the employed population.

Table 18. Employment by Occupation, Employed Hampton Residents, 2000.

Sector Jobs	Number	Percent
Management Professional, and Related Occupations	247	33.2%
Service Occupations	130	17.4%
Sales and Office Occupations	185	24.8%
Farming, Fishing, and Forestry Occupations	2	0.3%
Construction, Extraction, and Maintenance Occupations	95	12.8%
Production, Transportation, and Materials Moving Occupations	86	11.5%
Total	745	100.0%

Source: 2000 US Census

The New Jersey Department of Labor tracks covered employment throughout the state. Covered employment data includes only those jobs for which unemployment compensation is paid. By definition it does not cover the self-employed, unpaid family workers, most part-time or temporary employees, and certain agricultural and in-home domestic workers. See Table 19, Covered Employment Estimates.

Table 19. Covered Employment Estimates, 2008

Year	Hampton	Hunterdon County
2008	1,014	46,983

Source: New Jersey Department of Labor, Division of Planning and Research, Office of Demographic and Economic Analysis, NJ Covered Employment Trends. Data are as of December 2003, which is the most current data available at the municipal level.

Construction and accommodation and food services are the two largest sectors of in-town employment, with 70 and 75 jobs respectively. Employment opportunities in the town are primarily in non-basic industries, or industries that service the internal needs of the municipality. See Table 20, Covered Employment Estimates by Sector, 2003, for additional information.

Table 20. Covered Employment Estimates by Sector, 2003

	Employment					Wages	
	March	June	Sept.	Dec.	Average	Weekly	Annual
Private Sector Municipality Total	526	547	579	616	559	$682	$35,457
Construction	59	66	80	70	70	$834	$43,377
Manufacturing	.	.	.	.	.	.	.
Wholesale trade	40	40	43	43	41	$875	$45,480
Retail trade	35	40	50	54	43	$355	$18,485
Transportation and warehousing	4	4	5	4	4	$632	$32,867
Information	.	.	.	.	.	.	.
Finance and insurance	.	.	.	.	.	.	.
Real estate and rental and leasing	.	.	.	.	.	.	.
Professional and technical services	24	28	24	19	24	$783	$40,724
Administrative and waste services	47	53	62	64	54	$849	$44,167
Educational services	.	.	.	.	.	.	.
Health care and social assistance	39	38	36	38	38	$788	$40,956
Arts, entertainment, and recreation	.	.	.	.	.	.	.
Accommodation and food services	75	75	75	75	75	$372	$19,366
Other services, except public administration	6	6	5	7	6	$786	$40,862
Unclassified entities	.	.	.	.	.	.	.
Government Municipality Total	59	60	58	61			
Federal Government Municipality Total	4	4	4	3	4	$892	$46,384
Local Government Municipality Total	55	56	54	58	54	$594	$30,909
Total Covered Employment	**585**	**607**	**637**	**677**			

Source:http://www.wnjpin.net/OneStopCareerCenter/LaborMarketInformation/mi14/mun/hun03.xls Data have been suppressed (.) for industries with few units or where one employer is a significant percentage of employment or wages of the industry. Industry/Government sectors with zero employment or wages have been removed in each municipality. Industry/Government data are North American Industry Classification System (NAICS) based.

GROWTH TRENDS AND PROJECTIONS

The Borough will meet the Highlands RMP Adjusted Growth Projections for household and job growth during the third round (2004 through 2018), as discussed below.

Residential Trends and Projections

The number of housing units created in Hampton Borough fluctuated between 1996 and 2009, with the Borough issuing an average of 3 residential certificates of occupancy each year during this time. The Borough anticipates a drop in residential construction during COAH's third round period. This is due to a host of factors including the Borough's intent to conform to the Highlands RMP and the weak housing market.

According to the Highlands RMP Adjusted Growth Projections, Hampton Borough is expected to add 35 units, an average of 2.5 units per year between 2004 and 2018. Hampton Borough finds the Highlands RMP Adjusted Growth Projections for residential growth to be consistent with the Borough's projections, which were based on certificates of occupancy issued, units under construction, and projects that are approved, pending or anticipated before the planning board.

Non-residential Trends and Projections

Hampton Borough has experienced minimal non-residential growth since 1996, adding only 12,587 square feet of non-residential space between 1996 and 2009. Of the total 12,587 square feet, one storage facility accounts for approximately 33% of the total growth. Given the weak commercial market, the economic recession, and the Borough's intent to conform with the Highlands RMP, Hampton Borough does not anticipate substantial nonresidential construction during COAH's third round period.

Pursuant to the Highlands RMP Adjusted Growth Projections, Hampton Borough anticipates that it will add four jobs between 2004 and 2018. The Borough has the capacity to meet this projection during the third round period. Hampton Borough finds the Highlands RMP Adjusted Growth Projections for non-residential growth to be consistent with the Borough's projections, which were based on certificates of occupancy issued, non-residential square footage under construction, and projects that are approved, pending or anticipated before the Planning Board.

Capacity for Growth

To assess if Hampton Borough has the capacity to meet the Highlands RMP Adjusted Growth Projections, the Borough analyzed projected residential and non-residential growth through assessing development under construction, approved development and pending applications. The Borough also looked at potential for future growth based on historic trends and whether the development would be consistent with the Highlands RMP.

The analysis confirmed that the Borough has the capacity to meet the Highlands RMP Adjusted Growth Projections of 35 housing units and 4 jobs, and thus to address the Highlands RMP adjusted growth share obligation of 7 third round affordable units.

Availability of Existing and Planned Infrastructure

While the Borough has the capacity to meet COAH's projections, additional development beyond COAH's projected growth is minimized by Hampton's lack of sewer infrastructure. Hampton Borough is served by public water from Hampton Borough Water Company; however, the entirety of the Borough is served by individual septic systems. The Borough has adequate water capacity to meet the projections and the projections can be accommodated using individual septic systems.

Anticipated Land Use Patterns

Anticipated land use patterns include infill development and housing rehabilitation within the Borough's downtown. Additionally, the Borough anticipates the creation of accessory apartments through the Borough's sponsored accessory apartment program. Hampton anticipates very limited non-residential growth. Hampton's planned land use pattern will support the projections generated through the RMP build-out analysis, which was completed as part of Module 2 of Plan Conformance.

Borough Economic Development Policies

Hampton's economic development policies emphasize business retention, rather than expanded non-residential growth in Borough. The Borough will continue to support the existing businesses within the down town and Route 31 corridor. The economic development policies are consistent with the RMP projections for job growth in the Borough.

Constraints on Development

Hampton Borough is located within the jurisdiction of the Highlands Council, with 823 acres located within the Highlands Preservation Area and 134 acres in the Highlands Planning Area. Hampton has expressed its intent to conform to the Highlands RMP, which will significantly impact the level of residential and non-residential development in the Borough. Hampton's conformance with the RMP will not affect its ability to meet the Highlands RMP Adjusted Growth Projections. Moreover, the Borough's conformance with the RMP does impede Hampton's ability to meet its third round growth share obligation, as the Borough is relying on accessory apartments and a group home to meet its third round affordable housing obligation.

There are no known federal regulations that would hinder the development projected as part of the Borough's adopted third round housing element and fair share plan.

According to the Borough's Master Plan, there do not appear to be any constraints on development related to land ownership issues, i.e., the necessity to consolidate lots, small lots sizes, or isolated lot development. Thus, existing land ownership patterns in Hampton have been taken into account in the anticipated growth as detailed in the Borough's plan.

The Borough has a wealth of environmentally sensitive features, which reduces the amount of land suitable for development in Hampton. The Musconetcong River, which is designated a Wild and Scenic River and a Category One Waterway, traverses the northern portion of the Borough. Moreover, approximately 60.22 acres of land in Hampton are impacted by wetlands and 17.31 acres are located within the 100 year flood plain. The Highlands build-out model took environmental constraints into account in projecting residential and non-residential growth throughout the third round. To ensure that development does not adversely impact environmentally sensitive features, the Borough will rely on local, county and state review of applications for development.

According to NJ DEP data, there is one known contaminated site in Hampton. The contaminated site is not an affordable housing site and will not affect the Borough's ability to meet its affordable housing obligation.

CONSIDERATION OF LANDS APPROPRIATE FOR AFFORDABLE HOUSING

Hampton Borough has limited developable land that is appropriate for affordable housing. As was noted above, the Borough is home to a wealth of natural resources that require protection, including expansive agricultural lands, wetlands, trout streams, potable water reservoirs, aquifers, rivers, stream corridors, unique natural systems and habitats of threatened and endangered species. Furthermore, the entire municipality is located in the Highlands, with 83% of the total land area in the Highlands Preservation Area and the remaining 17% in the Highlands Planning Area. The restrictions of the Highlands RMP serve to limit development on land that is located outside of the Highlands existing community zone or proposed existing community zone in the Planning Area.

As part of this housing element, Hampton Borough considered land in the Highlands Planning Area that was appropriate for the construction of low and moderate income housing. The Borough is able to accommodate its remaining prior round obligation and its projected third round growth share obligation with accessory apartments and a proposed group home. Additional analyses will take place in the future as affordable housing is triggered by future growth. If additional affordable housing sites are required in the future, they will adhere to the Highlands RMP site consistency standards.

RELATIONSHIP TO HIGHLANDS RMP

On December 8, 2009, Hampton Borough submitted its petition for Highlands RMP Plan Conformance. As part of its petition, the Borough requested seven RMP Updates, of which three are relevant to the identified housing sites.

Update no. 1 requested that the C-1 stream buffer along the Musconetcong River be identified as an environmental constraint. This buffer area is located along Block 23, Lot 1 of Haberman site. The Highlands Council Response to this update request stated the following:

> *"The request does not constitute an RMP Update. Protection of Highlands Resources, in this case Open Water Stream Buffers, apply across all Land Use Capability Map, LUCM, Zones and must conform through local development review and Highlands Project Review with the requirements of the RMP and NJ DEP regulations."*

As such, the Highlands Council found that while this buffer is not appropriate as a RMP update, it does impact the developability of the site.

Update no. 2 requested that the small sections of Conservation Sub Zone corresponding to forested hedgerows on Block 24, Lot 2 should be included in the Environmentally Constrained area of the sub zone. The Highlands Council accepted this update.

Update no. 7 recommended a Map Adjustment for Block 23 Lot 1 which changes the lot's designation from the Conservation Environmentally Constrained subzone to the Protection zone. This was based on a thorough environmental review of the site, which is the location of the Borough's potable water supply well head protection area. The review found that protection of this land is critical to maintaining the water quality and supply for the Borough. The Highlands Council Response to this update request stated the following:

> *"The request does not constitute a RMP Update. The majority of the parcel consists of areas with significant agricultural uses and is interspersed with associated woodlands and environmental features. However, the municipality may propose to make use of other policies of the RMP to effect a change in the LUCM Zone, including the Map Adjustment Program or the Highlands Area Land Use Ordinance or Local Municipal Ordinance revisions."*

As such, the Highlands Council found that the Map Update process is not the appropriate process for the change; however, the Borough may pursue the change using other processes, such as the Map Adjustment process.

As part of the March 1, 2010 Module 3 deadline, the Borough identified the Haberman property and completed a site suitability analysis. Eileen Swan, the Executive Director of the Highlands Council, issued a correspondence on April 23, 2010 regarding the Borough's Module 3 submission. The letter stated that "*The Haberman property has significant RMP consistency issues and most likely cannot be developed for the intended purpose*". The Borough will continue to coordinate with the Highlands Council to ensure that Hampton's affordable housing mechanisms are consistent with the Highlands RMP. In particular, the accessory apartments created will meet the Highlands site consistency standards.

HAMPTON BOROUGH'S AFFORDABLE HOUSING OBLIGATION

Hampton Borough's third round housing element and fair share plan has been developed to address the Borough's revised affordable housing obligation, while at the same time proposing to comply with the Highlands Area density and resource constraints or to mitigate any Highlands development issues and the referenced changes to the Fair Housing Act.

COAH's third round methodology includes the rehabilitation obligation, the prior round obligation and the third round obligation. The Appendices to COAH's substantive rules, *N.J.A.C.* 5:97 et seq., provide each municipality's rehabilitation share and prior round obligation. Hampton Borough's third round growth share obligation is based on Highlands Workbook D, which is included in Appendix A. Hampton Borough's third round obligation is summarized as follows:

Rehabilitation Obligation:	**2**
Prior Round Obligation:	**2**
Third Round Obligation:	**7**

Rehabilitation Obligation

The rehabilitation obligation is defined as the number of deficient housing units occupied by low and moderate income households within a municipality (*N.J.A.C.* 5:97-1.4). COAH calculates this figure using indices such as overcrowding of units constructed prior to 1950, incomplete kitchen facilities, incomplete plumbing facilities and the estimated number of low and moderate income households in the municipality. COAH has calculated Hampton Borough's rehabilitation obligation to be two units. See Table 21, Calculation of the Rehabilitation Obligation, for additional information.

Table 21. Calculation of the Rehabilitation Obligation

Overcrowding of units constructed prior to 1950	3
Incomplete plumbing facilities	+ 0
Incomplete kitchen facilities	+ 0
Low and moderate income share	*0.691
Rehabilitation share credit	- 0
Rehabilitation Obligation	*2 units*

Source: Appendix B to *N.J.A.C.* 5:97

Prior Round Obligation

The prior round obligation can be defined as the cumulative 1987 through 1999 affordable housing obligation (*N.J.A.C.* 5:97-1.4). This time period corresponds to the first and second rounds of affordable housing. COAH has calculated Hampton's prior round obligation to be two units (Appendix C. to *N.J.A.C.* 5:97).

Third Round Obligation

COAH has taken a very different approach to calculating third round affordable housing obligations. The COAH third round obligation is initially based solely on COAH's household and job projections for each municipality during the third round. For every five households, or units, projected during the third round, one affordable housing unit must be provided. For every 16 jobs projected, the Borough must provide one affordable housing unit.

Municipalities within the Highlands that are conforming with the RMP are required to use the aforementioned affordable housing ratios; however, they may elect to utilize either COAH's household and employment projections or they may rely on COAH's August 12, 2009 resolution granting a waiver to permit Highlands municipalities to use the Highlands RMP Adjusted Growth Projections. Hampton Borough has elected to utilize the Highlands RMP Adjusted Growth Projections as the basis for its affordable housing obligation.

Rather than utilizing the household and employment projections delineated in Appendix F of COAH's substantive rules, Hampton Borough may utilize Highlands Workbook D

to calculate its Highlands RMP Adjusted Growth Projection. The Highlands RMP Adjusted Growth Projection is based on the following two components:

- Hampton Borough's actual growth share between January 1, 2004 and December 31, 2008; and

- Growth share obligation based on the results of the Highlands Build-Out analysis developed as Modules 1 and 2 of the RMP Conformance Process.

To determine the growth share obligation, the following ratios must be applied to actual growth between January 1, 2004 and December 31, 2008 and the projections:

- For residential development, the affordable housing ratio is 1 affordable unit for every 4 market rate residential units. **The Highlands Council presumes the necessary affordable housing units are included in the projections;** thus, the Borough must divide the combined total housing units by 5 to determine the residential growth share obligation;

- For non-residential development, the affordable housing ratio is 1 affordable unit for every 16 new jobs created as expressed in new floor area of non-residential space issued a certificate of occupancy between January 1, 2004 through December 31, 2008. The Highlands Council's build out analysis does not project the floor area of non-residential development and instead projects the number of jobs that are able to be created. Hampton Borough is to apply the 1 in 16 affordable housing ratio to the jobs projected as the results of the Module 2 build out analysis. See Table 22. Non-residential Actual Growth Share Calculation for additional detail on how the affordable housing obligation generated by actual non-residential growth is calculated.

Table 22. Non-residential Actual Growth Share Calculation

Use Group	Description	Square Feet Generating One Affordable Unit	Jobs Per 1,000 Square Feet
B	Office buildings	5,714	2.8
M	Mercantile uses	9,412	1.7
F	Factories where people make, process, or assemble products	13,333	1.2
S	Storage uses, excluding parking garages	16,000	1.0
H	High hazard manufacturing, processing, generation and storage uses	10,000	1.6
A1	Assembly uses, including concert halls and TV studios	10,000	1.6
A2	Assembly uses, including casinos, night clubs, restaurants and taverns	5,000	3.2
A3	Assembly uses, including libraries, lecture halls, arcades, galleries, bowling alleys, funeral parlors, gymnasiums and museums but excluding houses of worship	10,000	1.6
A4	Assembly uses, including arenas, skating rinks and pools	4,706	3.4
A5	Assembly uses, including bleachers, grandstands, amusement park structures and stadiums	6,154	2.6
E	Schools K – 12	Exclude	Exclude
I	Institutional uses such as hospitals, nursing homes, assisted living facilities and jails. I group includes I1, I2, I3 and I4.	6,154	2.6
R1	Hotels and motels; continuing care facilities classified as R2	9,412	1.7

Use Group	Description	Square Feet Generating One Affordable Unit	Jobs Per 1,000 Square Feet
U	Miscellaneous uses, including fences tanks, barns, agricultural buildings, sheds, greenhouses, etc.	Exclude	Exclude

Hampton Borough utilized Highlands Workbook D to calculate the "Adjusted Growth Share Projection Based on Land Capacity". The first portion of this calculation is the "Growth Projection Adjustment – Actual Growth" based on the certificates of occupancy that have been issued from January 1, 2004 through December 31, 2008 and the second portion is the Highlands RMP Build-out Analysis conducted under Module 2 of the Highlands RMP conformance process and brought forward to the Module 3. Similar to the calculation under COAH's substantive rules, the Borough is permitted to exclude affordable and market rate units associated with prior round inclusionary activity under the Highlands RMP Adjusted Growth Share Projection methodology. The Borough does not have any eligible exclusions.

According to the Highlands Workbook D for Hampton Borough, the Borough's third round obligation based on the Highlands RMP Adjusted Growth Projection is seven units. Table 23, Calculation of the Highlands RMP Adjusted Growth Share, summarizes the derivation of the Highlands RMP Adjusted Growth Share obligation. Highlands Workbook D, which is included as Appendix A, provides further detail.

Table 23. Calculation of Highlands RMP Adjusted Growth Share

Residential	
Actual Residential Growth (Units) (2004-2008)	25
RMP Residential Build-out (Units)	+ 10
Permitted COAH Exclusions	
None	0
Total	-0
Units Creating Growth Share	35
Residential Growth Share (÷ 5)	7
Nonresidential	
Actual Non-Residential Growth (Jobs)(2004-2008)	4
RMP Non-Residential Build-out (Jobs)	+ 0
Permitted COAH Exclusions	
None	0
Total	-0
Jobs Creating Growth Share	4
Nonresidential Growth Share (÷ 16)	0.25
Total Third Round Highlands RMP Adjusted Growth Share Obligation	7

HAMPTON BOROUGH'S AFFORDABLE HOUSING PLAN

Satisfaction of the 2 Unit Rehabilitation Obligation

Hampton Borough will meet its two-unit rehabilitation obligation through Hunterdon County's housing rehabilitation program, a combination of the County program and a Borough sponsored rental rehabilitation program or a Borough sponsored rehabilitation program that is open to both owner-occupied and renter-occupied units.

Hampton Borough's rehabilitation program will adhere to regulations in *N.J.A.C.* 5:97-6.2. Specifically, all rehabilitated units will comply with the definition of a deficient unit in *N.J.A.C.* 5:97-1.4, which states, "a housing unit with health and safety code violations that require the repair or replacement of a major system." Major systems include weatherization, roofing, plumbing, heating, electricity, sanitary plumbing, lead paint abatement and/or load bearing structural systems. All rehabilitated units shall be occupied by low or moderate income households and upon completion of the rehabilitation, ten (10) year affordability controls shall be placed on the property in the form of a lien or deed restriction.

Rehabilitations shall have an average hard cost of $10,000. Initially, Hampton Borough will attempt to work out an arrangement with Hunterdon County so as to access County funds for the rehabilitation program. Hampton Borough will provide funding from the Borough's affordable housing trust fund necessary to supplement the costs to satisfy the two-unit rehabilitation obligation. Furthermore, Hampton will see that funding for a minimum of one rehabilitation (at least half of the obligation) is available by 2014 – the midpoint of the compliance period.

Satisfaction of the 2 Unit Prior Round Obligation

Hampton Borough's prior round obligation (1987-1999) is two units. COAH permits new construction credits and bonuses addressing a first or second round affordable housing obligation to be used to address the prior round obligation.

For the prior round obligation, COAH requires that the Borough establish the maximum number of age-restricted affordable units, the minimum number of affordable rental units and the maximum number of RCA units using the formulas below.

- Minimum Rental Obligation = 1 unit
  .25 (Prior Round Obligation – Prior Cycle Credits) = .25 (2 – 0) = 1, must round up
  - A rental unit available to the general public receives one rental bonus;
  - An age-restricted unit receives a 0.33 rental bonus, but no more than 50 percent of the rental obligation shall receive a bonus for age-restricted units; and
  - No rental bonus is granted in excess of the prior round rental obligation.

- Maximum Number of Age Restricted units = 1 unit
  .25 (Prior Round Obligation + Rehabilitation Share – Prior Cycle Credits – Rehabilitation Credits – Transferred RCAs) = .25 (2 + 2 – 0 – 0 – 0) = 1, must round down

- Maximum Number of Regional Contribution Agreement (previously approved) = 2 units*
  .50(Prior Round Obligation + Rehabilitation Share – Prior Cycle Credits – Rehabilitation Credits) = .50 (2 + 2 – 0 – 0) = 2, must round down
  *Pursuant to the Roberts Bill (P.L. 2008, c. 46), Hampton Borough is precluded from entering into an RCA.

As summarized in Table 24, Existing Credits/Bonuses Addressing Prior Round Obligation, the Borough will address its two-unit prior round obligation with group home through the municipally sponsored construction program.

Table 24. Compliance Mechanisms Addressing Prior Round Obligation

Project	Rental	Senior	Units	Bonus Credits	Total Credits
MSCP – Group Home	x		1	1	1
TOTAL			**1**	**1**	**2**

Municipally Sponsored 100% Affordable Construction

The Borough will partner with an affordable housing provider to construct one group home on the "Lumberyard Property" located at Block 14, Lot 8.01. The chosen developer will construct and operate a four-bedroom group home consistent with the applicable

substantive regulations of COAH, *N.J.A.C.* 5:97-6.10 and the Uniform Housing Affordability Control rules, *N.J.A.C.* 5:26-1 et seq. The property is a 1.09 acre Borough-owned lot along Railroad Avenue and Skillman Street in the IR zone district. The lot is not located in a workforce housing census tract.

The site is consistent with the Regional Master Plan of the Highlands Council. It is located in the Existing Community Zone of the Preservation Area. The property is exempt from the Highlands Act. While its subdivision was completed after August 2004, the Highlands Council has previously agreed to treat the property as if it was subdivided prior to that date.

The site is available, approvable, developable and suitable.

The site meets COAH's site suitability standards, pursuant to *N.J.A.C.* 5:97-3.13.

- *The site has a clear title and is free of encumbrances which preclude development of affordable housing*. The site has a clear title and no legal encumbrances which would preclude its development as an affordable housing project. The property is owned by the Borough.

- *The site is adjacent to compatible land uses and has access to appropriate streets*. The site has road frontage along both Railroad Avenue and Main Street. Single family detached homes are located north, east and west of the site along Main Street. To the south (rear) of the site is undeveloped land owned by the Borough.

- *Adequate sewer and water capacity is available*. The single family home will be served by public water and a septic system.

- *The site can be developed in accordance with R.S.I.S.* Development of the site will be consistent with the Residential Site Improvement Standards, *N.J.A.C.* 5:21-1 et seq.

Development of the property is consistent with the State Development and Redevelopment Plan (hereinafter the "State Plan") and the rules and regulations of all agencies with jurisdiction over the site.

- *The site is consistent with the State Plan*. The 2001 Adopted State Plan Map and the Draft State Plan Map recognize that the site is in the Highlands Existing Community zone of the Preservation Area. The site is located within an existing

neighborhood of modest sized homes, thus allowing the unit to be fully integrated in the community.

- *The development is not within jurisdiction of a Regional Planning Agency or CAFRA*. The site is located outside of the Pinelands, CAFRA or Meadowlands. See the above discussion for conformance with the Highlands Regional Master Plan.

- *The site will comply with all applicable environmental regulations*. There are no wetlands, floodplains, steep slopes, Category One streams or contaminated sites located on the property or in the immediate vicinity that will be impacted by the development or will preclude development of the property.

- *The site will not impact any historic or architecturally important sites and districts*. There are no historic or architecturally important sites or buildings on the property or in the immediate vicinity that will be impacted by the development or will preclude development of the property.

The four bedroom group home will contribute a total of five credits toward the third round – one credit per bedroom and .25 bonus credits per bedroom. Additionally, the project will satisfy the very income obligation.

Request for Proposal – The Borough will issue a Request for Proposals for an experienced group home provider to develop and manage the group home on the Lumberyard Property in the Fall of 2010. The Borough anticipates selecting a developer in the Winter of 2010.

Administrative Entity – The selected experienced group home provider will administer the group home, will place applicable affordability controls on the unit, and will provide long term administration of the group home.

Low/Moderate Income Split – All of the bedrooms in the group home are affordable to very low income individuals.

Affirmative Marketing – The units will be affirmatively marketed in accordance with COAH's rules and the UHAC.

Controls on Affordability – The units will have 30-year affordability controls in accordance with COAH's rules and the UHAC.

Funding – The Borough anticipates that the selected developer will apply for various state and federal funding sources, including funds from the Special Needs Housing Trust Fund. A shortfall of funds will be addressed through the use of outside funding sources, as set forth in "A Guide to Affordable Housing Funding Sources," dated October 2008, posted on COAH's website, or through bonding and/or appropriations as may be allowed by law. See the Fair Share Plan Appendices for a pro forma for the development.

Construction Schedule – The Borough has developed a construction schedule for developing the group home, and anticipates that the site will begin construction in 2012. The project schedule notes each step in the development process including granting of municipal approvals, applications for State and Federal permits, and beginning construction. The experienced group home provider will be responsible for monitoring the construction and overall development activity.

One of the four bedrooms will be used to satisfy the prior round obligation. As a rental unit, the bedroom will also generate a rental bonus credit. The remaining three bedrooms will be utilized to satisfy the third round obligation.

The Haberman Site

In 1988, Hampton Borough settled a builders remedy suit with Jacob Haberman (hereinafter "Haberman"), the owner of Block 23, Lot 1 and Block 24, Lot 2 (hereinafter "the Haberman site"). The Settlement Agreement permitted Haberman to construct 300 market housing units on Block 24, Lot 2, up to 6,000 square feet of commercial space on either lot and to renovate the existing barn to serve as a community center. The Settlement Agreement also required Haberman to contribute $270,000 to the Borough's rehabilitation fund for rehabilitating substandard housing occupied by low and moderate income households. In addition, Haberman was to contribute $730,000 for improvements to the Borough's water system, and was required to make other specified improvements to the Borough's infrastructure. The proposed Land Use Ordinance Amendment included as part of the Settlement Agreement further required Haberman to design and construct a sewage treatment system for the development. To date, although the Borough enacted the changes in its Land Use Ordinance required by the Settlement Agreement which would have permitted the proposed development, Haberman never submitted an application to the Hampton Borough Planning Board or started the infrastructure improvements required in the Settlement Agreement.

There have been a number of developments in land use policy and procedures since the 1988 settlement agreement. Most prominently, the Highlands Act, which created the Highlands Preservation and Planning Areas and required the creation of a Regional Master Plan to protect Highlands Resources, was adopted by the State Legislature in June 2004. The Highlands Council, which was established pursuant to the Highlands Act, adopted the Highlands Regional Master Plan in July 2008. The Highlands Act designated Block 24, Lot 2, the subject development site included in the settlement agreement, as Highlands Preservation Area in which compliance with the Highlands Act and NJDEP regulations for Highlands Major Development is mandatory. The remainder of the Haberman site, Block 23, Lot 1, was designated as Highlands Planning Area. The Highlands Regional Master Plan provided more detail on the developability of the Haberman site by designating zones and subzones for each lot. Block 23, Lot 1 is designated as the Conservation zone and the majority of it is also designated as the Environmentally Constrained subzone. Block 24, Lot 2 is designated as the Protection zone and Conservation zone with the majority of lands in the Conservation zone also designated as the Environmentally Constrained subzone.

Also limiting the developability of the site is the 2006 federal designation of the Musconetcong River, located along the northern property line of Block 23, Lot 1, as a Wild and Scenic River. This designation requires additional conservation measures within the buffer area which is approximately one-quareter mile wide. Additionally, the State's wastewater management rules now prohibit the extension of sewer infrastructure in the Highlands Preservation Area. As a result, it is unclear how the developer would provide wastewater treatment for the development of 300 homes on 144 acres, 77 acres of which are in the Highlands Preservation Area.

In addition, it is not clear that there is a market for the units on the Haberman site. Haberman entered into the Settlement Agreement with the Borough in 1988. In the succeeding twenty-two years, Haberman never submitted a development application or presented a concept plan to the Borough's Planning Board. If the project was economically feasible, it is likely that Haberman would have acted to pursue his development rights. At this point, the development of the property is further constrained by the adoption of the Highlands RMP. Given the constraints posed by the site's location in the Highland's Preservation Area and the developer's past inaction, it is unlikely that the site will present a realistic opportunity for housing during COAH's third round.

Due to the cumulative affect of these changes, the Haberman site no longer represents a realistic opportunity for affordable housing. In fact, Eileen Swan, the Executive Director of the Highlands Council, wrote of the Haberman site "The Haberman property has

significant RMP consistency issues and most likely cannot be developed for the intended purpose." aAs a result, the Borough is removing the site as a prior round mechanism in the housing element and fair share plan.

Prior Round Rental Component

As was noted above, Hampton Borough addressed the one-unit prior round rental component with one group home bedroom.

Satisfaction of the 7 Unit Third Round Obligation

Hampton Borough's third round obligation, pursuant to the Highlands RMP Adjusted Growth Projection and, is seven units. Although the provision of affordable housing shall be based on the issuance of permanent certificates of occupancy for new residential units and new non-residential floor area, Hampton Borough's third round plan has been prepared to initially address the seven-unit Highlands RMP adjusted growth share obligation.

In addition to satisfying its seven-unit third round obligation, the Borough must also adhere to COAH's third round rules regarding a minimum number of total family affordable units, minimum affordable rental obligation, minimum number of family affordable rental units, maximum number of affordable age-restricted units, maximum number of bonuses and minimum number of very low income units.

- Minimum Affordable Family Obligation = 3 units
  .50(third round obligation – proposed bonuses) = .50(7 – 1) = 3

- Minimum Affordable Rental Obligation = 2 units
  .25 (third round obligation) = .25 (7) = 2, must round up

- Minimum Family Affordable Rental Obligation = 1 unit
  .50(third round minimum rental obligation) = .5(2) = 1

- Maximum Affordable Age-restricted or Senior Units = 1 unit
  .25 (third round obligation) = .25 (7) = 1, must round down

- Maximum Bonuses = 1 bonus
  .25 (third round obligation) = .25 (7) = 1, must round down

- Minimum Very Low Income Units = 1 unit
  0.13(third round obligation – proposed third round bonuses) = .13[(7 - 1) = 1, must round up
  *P.L.2008, c.46 amended the Fair Housing Act to require 13% of all new affordable units to be reserved for very low income households.

As summarized in Table 25, Proposed Third Round Compliance Mechanisms, the Borough proposes to address its seven-unit third round adjusted growth share obligation with accessory apartments, supportive and special needs units, and eligible third round rental bonuses.

Table 25. Compliance Mechanisms Addressing the Third Round Growth Share Obligation

Project	Family	Rental	Senior	Units	Bonus Credits	Total Credits
Accessory Apartment Program	x	x		4	0	4
Municipally Sponsored Construction		x		3	1	4
TOTAL				7	1	8

Accessory Apartment Program

Hampton Borough will create a four unit accessory apartment program to satisfy the majority of the third round obligation, including the family, rental and family rental obligations.

The Borough's housing stock lends itself to accessory apartments. The housing stock is relatively large, with approximately 53% of the housing stock having six rooms or more. The accessory apartments will be supported by public water; however, the units will rely on septic systems, as the Borough does not have public sewer.

The Borough's accessory apartment program will comply with COAH's rules at *N.J.A.C.* 5:97-6.8, as follows:

Length of Controls – The accessory apartments will have an affordability control period of ten years.

Minimum Subsidy – The Borough will provide a minimum subsidy of $20,000 per unit for moderate income accessory apartment or $25,000 per unit for low income accessory apartments.

Bedroom Distribution - The Accessory Apartment will not restrict the number of bedrooms permitted in each accessory apartment.

Low/Moderate Income Split – At least half of the accessory apartments created will be affordable to low income households. The maximum rent for a moderate-income unit will be affordable to a household earning no more than 60 percent of median income. The maximum rent for a low income unit will be affordable to a household earning no more than 44 percent of the median income.

Affirmative Marketing – The units will be affirmatively marketed in accordance with COAH's rules at *N.J.A.C.* 5:98-9 and the UHAC.

Consistency with Highlands RMP – The accessory apartments created under the Borough's program will meet the site consistency standards of the Highlands RMP.

Funding – The Borough anticipates using development fees to fund the six-unit accessory apartment program. The Borough will also apply for various state and federal funding sources. A shortfall of funds will be addressed through the use of outside funding sources, as set forth in "A Guide to Affordable Housing Funding Sources," dated October 2008, posted on COAH's website, or through bonding and/or appropriations as may be allowed by law.

Municipally Sponsored 100% Affordable Construction

The Borough will utilize three of the four bedrooms in the group home in the third round. As rental units which exceed the rental obligation, each bedroom will generate a .25 bonus credit.

Third Round Rental Component

Hampton Borough met its two-unit third round rental obligation with four accessory apartments and one group homes totaling four bedrooms Pursuant to COAH's rules at *N.J.A.C.* 5:97-3.6(a), the Borough is entitled to receive rental bonuses for rental units in excess of the two-unit third round minimum rental obligation, up to a maximum number of total bonuses (both rental and compliance bonuses). Accordingly, the Borough is permitted to claim rental bonuses for the bedrooms in the proposed group home on the Lumberyard Site. For Hampton Borough, bonuses are capped at a total of one in the third round, thus the Borough is requesting one third round rental bonus from the four bedrooms in the group home.

Very Low Income Component

Pursuant to the amendments to the FHA, P.L. 2008, c.46, municipalities must provide very low income units equal to 13% of provided affordable units. Hampton Borough will satisfy its one-unit minimum very low income requirement with four bedrooms in the proposed group home on the Lumberyard Site.

Affordable Units Meeting the Third Round Obligation

Hampton Borough has met its seven-unit Highlands adjusted third round obligation through an accessory apartment program, a proposed group homes, and corresponding third round rental bonuses.

- The three-unit minimum family obligation has been satisfied with four accessory apartments.
- The two-unit minimum rental obligation has been satisfied with four accessory apartments and three bedrooms in the proposed group home.
- The one-unit minimum family rental obligation has been satisfied with four accessory apartments.
- The Borough's plan does not include age-restricted units.

- The Borough has included one rental bonus, which does not exceed the maximum third round bonuses.

- The Borough has met the one-unit very low income requirement with three bedrooms in the proposed group home.

Table 26. Affordable Units Addressing the 7 Unit Third Round Growth Share Obligation

Hampton Borough Third Round Compliance Mechanisms	Family	Rental	Senior	Units	Rental Bonuses	Total Credits
Accessory Apartment Program	X	X		4	0	4
Municipally Sponsored 100% Affordable Housing – Proposed Group Home		X		3	1	4
Total				7	1	8
Surplus						1

Table 27, Affordable Units Addressing the Cumulative Fair Share Obligation, summarizes the Borough's cumulative compliance plan to address a two-unit rehabilitation share, two-unit prior round obligation and seven-unit third round Highlands adjusted growth share or a total cumulative fair share of 11 rehabs/units.

Table 27. Affordable Units Addressing the 11 unit Cumulative Fair Share Obligation

Hampton Borough Overall Fair Share Compliance Mechanisms	Family	Rental	Senior	Units	Rental Bonuses	Total Credits
Rehabilitation Program				2	0	2
Accessory Apartment Program	X	X		4	0	4
Municipally Sponsored 100% Affordable Housing – Proposed Group Home		X		4	2	5
Total				10	2	12
Surplus						1

SUMMARY AND IMPLEMENTATION SCHEDULE

Hampton Borough will meet its two-unit rehabilitation obligation through a County-sponsored or Borough-sponsored rehabilitation program that will accommodate both owner-occupied and renter-occupied units. The Borough addressed its two-unit prior round obligation with an accessory apartment program. Hampton Borough will meet its seven-unit Highlands adjusted third round growth share obligation with an accessory apartment program and a proposed group home on the Lumberyard property.

The Borough will satisfy its two–unit rehabilitation obligation through an eligible rehabilitation program that is operated either by the County and/or by the Borough. As discussed, Hampton Borough will provide sufficient dollars to fund no less than half or one (1) of the municipal rehabilitation component by the middle of the substantive certification period, 2014.

Hampton Borough will address its prior round obligation and a portion of its third round obligation with a proposed four-bedroom group home on the Lumberyard site. The Borough will address the remaining Highlands adjusted third round growth share obligation with a proposed four unit accessory apartment program. The Borough will issue an RFP for the proposed group home in Fall 2010, and will select an experienced group home provider in Winter 2011.

Hampton Borough anticipates that adequate affordable units will be provided at the time of the first plan evaluation, pursuant to *N.J.A.C.* 5:96-10.1. Table 27, Implementation Schedule, outlines the Borough's timeline for meeting its cumulative fair share obligation.

Table 27. Implementation Schedule of Actual Housing Units/Rehabilitations

Program	Existing Units	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total Units
Rehab. Program	0	0	0	0	1	0	0	1	0	0	2
Total	0	0	0	0	1	0	0	1	0	0	2
Accessory Apartment Program	0	0	1	1	1	1	0	0	0	0	4
Proposed Group Home	0	0	4	0	0	0	0	0	0	0	4
Total Units	*0*	*0*	*5*	*1*	*2*	*1*	*0*	*1*	*0*	*0*	*10*

COST GENERATION

Hampton Borough's Land Development Ordinance has been reviewed to eliminate unnecessary cost generating standards; it provides for expediting the review of development applications containing affordable housing. Such expedition may consist of, but is not limited to, scheduling of pre-application conferences and special monthly public hearings. Furthermore, development applications containing affordable housing shall be reviewed for consistency with the Land Development Ordinance, Residential Site Improvement Standards (*N.J.A.C.* 5:21-1 et seq.) and the mandate of the Fair Housing Act regarding unnecessary cost generating features. Hampton Borough shall comply with COAH's requirements for unnecessary cost generating requirements, *N.J.A.C.* 5:97-10,2, procedures for development applications containing affordable housing, *N.J.A.C.* 5:97-10.3, and requirements for special studies and escrow accounts where an application contains affordable housing, *N.J.A.C.* 5:97-10.4.

MONITORING

In accordance with COAH's rules at *N.J.A.C.* 5:96-11, Hampton Borough shall complete the annual monitoring reports of the Affordable Housing Trust Fund and of the affordable housing units and programs. Furthermore, the Borough will assist COAH with the biennial plan evaluation, pursuant to *N.J.A.C.* 5:96-10, where the actual growth of housing units and jobs is compared to the provision of affordable housing beginning two years from COAH's grant of substantive certification. If upon biennial review, the difference between the number of affordable units constructed or provided in the Borough and the number of units required pursuant to *N.J.A.C.* 5:97-2.4 results in a pro-rated production shortage of 10 percent or greater, the Borough is not adhering to its implementation schedule pursuant to *N.J.A.C.* 5:97- 3.2(a)4, or the mechanisms addressing the projected growth share obligation no longer present a realistic opportunity for the creation of affordable housing, the Borough may be required by COAH to amend its plan in conformance with *N.J.A.C.* 5:96-14 to address the affordable housing obligation set forth in *N.J.A.C.* 5:97-2.5.

AFFORDABLE HOUSING ORDINANCE AND AFFIRMATIVE MARKETING

Hampton Borough has prepared an Affirmative Marketing and Affordable Housing Ordinance in accordance with COAH's substantive rules, *N.J.A.C.* 5:97-9, and UHAC at *N.J.A.C.* 5:80-26. The Borough's Affordable Housing Ordinance will govern the establishment of affordable units in the Borough as well as regulating the occupancy of such units. The Affordable Housing Ordinance covers the phasing of affordable units, the low/moderate income split, very low income units, bedroom distribution, occupancy standards, affordability controls, establishing rents and prices, affirmative marketing, income qualification, etc. See Appendix C.

To conduct affirmative marketing and monitoring of affordable units, the Borough anticipates entering into a contract with an experienced housing provider and administrator for future affordable housing units.

The affirmative marketing plan is designed to attract buyers and/or renters of all majority and minority groups, regardless of race, creed, color, national origin, ancestry, marital or familial status, gender, affectional or sexual orientation, disability, age or number of children to the affordable units located in the Borough. Additionally, the affirmative marketing plan is intended to target those potentially eligible persons who are least likely to apply for affordable units and who reside or work in Housing Region #3, consisting of Hunterdon, Middlesex and Somerset Counties.

The affirmative marketing plan includes regulations for qualification of income eligibility, price and rent restrictions, bedroom distribution, affordability control periods, and unit marketing in accordance to *N.J.A.C.* 5:80-26. All newly created affordable units will comply with the thirty-year affordability control required by UHAC, *N.J.A.C.* 5:80-26-5 and 5:80-26-11. This plan must be adhered to by all private, non-profit or municipal developers of affordable housing units and must cover the period of deed restriction or affordability controls on each affordable unit. The costs of implementing the affirmative marketing plan (i.e., the costs of advertising the affordable units, etc.) are the responsibilities of the developers of the affordable units. This requirement is included in the Borough's Affordable Housing Ordinance and shall be a condition of any municipal development approval.

AFFORDABLE HOUSING TRUST FUND

The Borough of Hampton has included a draft affordable housing development fee ordinance in its petition for substantive certification. In accordance with COAH's rules and the amendments to the Fair Housing Act (P.L.2008, c.46), municipalities are permitted to impose affordable housing development fees on residential development (1.5% of the equalized assessed value of new residential construction) and there is a mandatory statewide requirement for affordable housing development fees to be imposed on non-residential development (2.5% of the equalized assessed value of new non-residential construction). To enable the Borough to fund its compliance mechanisms, the Borough will propose an affordable housing development fee ordinance to collect 1.5% of the equalized assessed value of new residential construction and the mandatory 2.5% non-residential development fee. The Borough will not impose the non-residential development fee until such time as the moratorium is lifted. See Appendix D for the draft development fee ordinance.

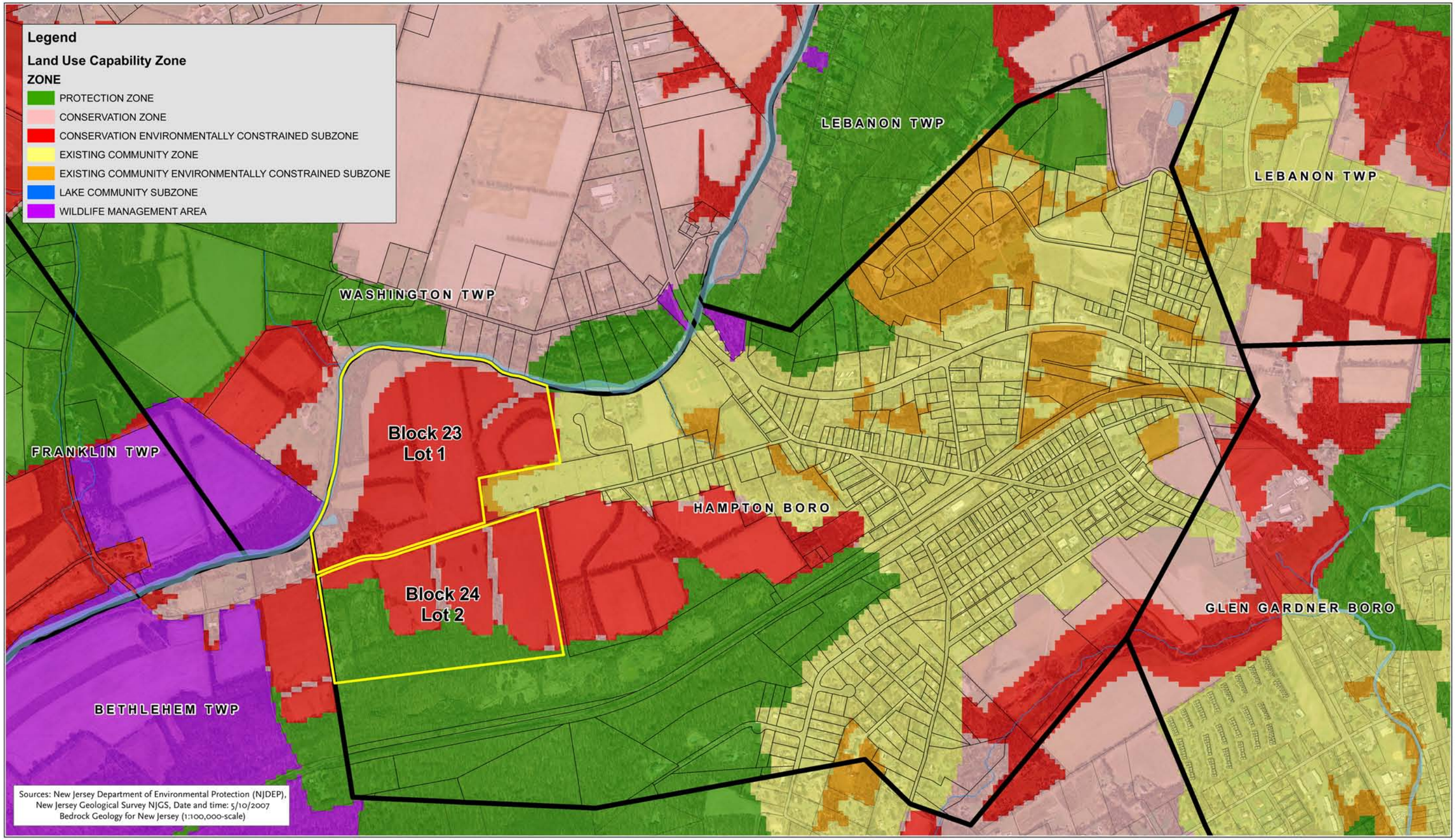
The Borough's spending plan, which discusses anticipated revenues, collection of revenues, and the use of revenues, was prepared in accordance to *N.J.A.C.* 5:97-8.10 (See Appendix E for the Spending Plan). Collected revenues will be placed in the Borough's Affordable Housing Trust fund and will be dispensed for the use of affordable housing activities. Pursuant to the Borough's plan, Hampton Borough may use the funds in the trust fund for the below listed items, pursuant to *N.J.A.C.* 5:97-8.7(a):

- Rehabilitation program;
- New construction of affordable housing units and related development costs;
- Extensions or improvements of roads and infrastructure directly serving affordable housing development sites;
- Acquisition and/or improvement of land to be used for affordable housing;
- Purchase of existing market rate or affordable housing for the purpose of maintaining or implementing affordability controls, such as in the event of foreclosure;
- Green building strategies designed to be cost-saving for low- and moderate income households, either for new construction that is not funded by other sources, or as part of necessary maintenance or repair of existing units;
- Maintenance and repair of affordable housing units;

- Repayment of municipal bonds issued to finance low- and moderate-income housing activity; and
- Any other activity as specified in the approved spending plan.
- Affordability assistance.

At least 30% of collected development fees, excluding expenditures made from the inception of the fund to June 2, 2008 on all new construction, previously funded RCAs and rehabilitation activities, may be used to provide affordability assistance to low- and moderate-income households in affordable units included in a municipal Fair Share Plan. Additionally, no more than 20% of the revenues collected from development fees each year, exclusive of the fees used to fund an RCA, shall be expended on administration, including, but not limited to, salaries and benefits for municipal employees or consultant fees necessary to develop or implement a rehabilitation program, a new construction program, a housing element and fair share plan, and/or an affirmative marketing program.

Hampton Borough intends to spend development fee revenues pursuant to *N.J.A.C.* 5:97-8.7 and in conjunction with the housing programs outlined in this document. . As the Borough has not previously participated in the COAH process, Hampton did not have an approved development fee ordinance and therefore has not yet collected any development fees. The municipality will dedicate its collected affordable housing revenue towards the Borough's rehabilitation program and new construction programs. A shortfall of funds will be addressed through the use of outside funding sources as set forth in "A Guide to Affordable Housing Funding Sources," dated October 2008, posted on COAH's website, or through bonding and/or appropriations as may be allowed by law.



350 175 0 350 700 1,050 Feet

Haberman Site: Block 23, Lot 1 & Block 24, Lot 2

Affordable Housing Sites

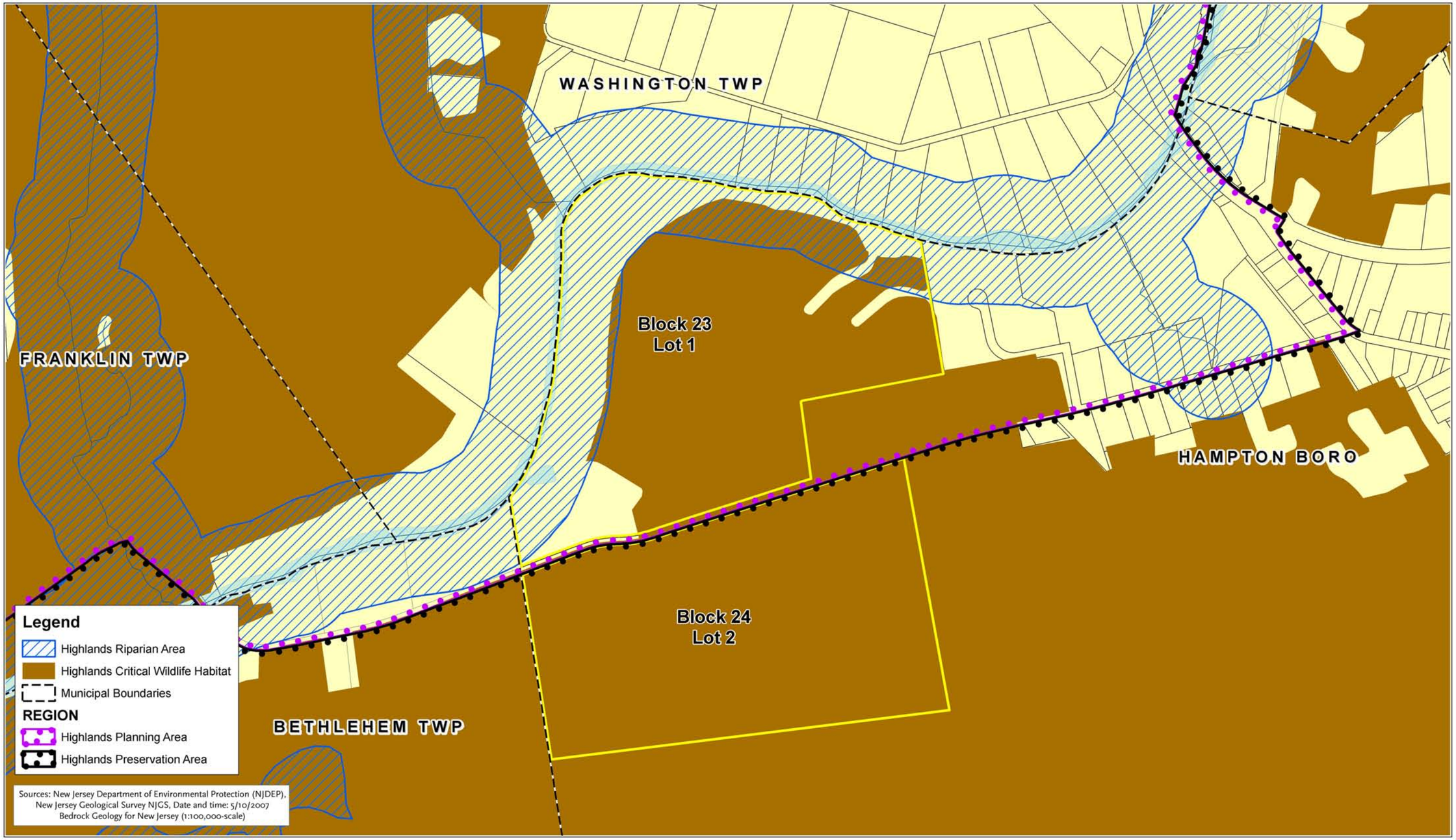
Hampton Borough, Hunterdon County, NJ May 2010

Clarke Caton Hintz

Architects

Planners

Landscape Architects



Haberman Site: Block 23, Lot 1 & Block 24, Lot 2

Affordable Housing Sites / Environmental Constraints

Hampton Borough, Hunterdon County, NJ May 2010

200 100 0 200 400 600 Feet

Clarke Caton Hintz

Architects

Planners

Landscape Architects