
PLANNING REPORT

PROPOSED MASTER PLAN AMENDMENT

Housing Element

Lopatcong Township Warren County, New Jersey

Prepared for: Lopatcong Township Planning Board

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THE HOUSING ELEMENT

INTRODUCTION

The overriding policy of the Housing Element of the Master Plan is to ensure provision of a variety of housing opportunities sufficient to address the needs of the community and the region, including the need for affordable housing, while at the same time respecting the density limits of the Highlands Element Land Use Plan, the resource constraints applicable to the Highlands Area, and the numerous other policies, goals and objectives set forth by the Township Master Plan. The Housing Plan furthers MLUL purposes of zoning (at N.J.S.A. 40:55D-2, specifically 2a., 2e., 2g., 2l.) and fulfills the requirements of the New Jersey Fair Housing Act (N.J.S.A. 52:27D-301 et seq.) which in keeping with New Jersey Supreme Court doctrine, as expressed in the “Mount Laurel” decisions, recognizes that every municipality in a “growth area” has a constitutional obligation to provide, through its land use regulations, a realistic opportunity for provision of a fair share of its region’s present and prospective needs for housing for low- and moderate-income families.

The most recent Housing Element for Lopatcong Township was adopted on December 12, 2005. That plan was submitted to the Council on Affordable Housing (COAH) as part of the Township’s third round petition for substantive certification. The 2005 Housing Element utilized COAH’s methodology for calculating growth share pursuant to their Substantive Rules (N.J.A.C. 5:94) that became effective on December 20, 2004. COAH required each municipality to determine its obligation using information supplied by COAH for prior rounds and projected need calculated by the municipality. The fair share obligation was based on three elements: Growth share calculated for residential and non-residential development for the years 2004 to 2014; rehabilitation share calculated by COAH; and the municipality’s prior round obligation for new construction also determined by COAH. During the intervening years that followed adoption of the Housing Element in 2005, COAH made substantive amendments to its rules which led to a suspension of its review for certification.

The Housing Element that follows incorporates provisions that align it with the Highlands Regional Master Plan (RMP) and reflects changes in COAH’s third round methodology set forth in new substantive rules that became effective on June 2, 2008. Those rules provide the municipality’s rehabilitation share and prior round new construction obligation as established by COAH. With regard to growth share, which is now for the period 2004 through 2018, COAH has provided municipalities with a choice for establishing its obligation. A municipality may choose to use the growth share figures projected by COAH. Alternatively, the rules provide for adjustments to COAH’s projections following procedures provided in the recently adopted substantive rules. Further, municipalities located in the Highlands Region may chose to use projections provided by the Highlands Council in its Municipal Build-Out Report. Lopatcong Township has chosen to accept COAH’s projected growth share numbers and no further municipal calculations are required.

Employment characteristics have been updated in this Housing Element with respect to recent trends. Furthermore, it complies with requirements of the Fair Housing Act, the Municipal Land Use Law (MLUL), and the revised New Jersey Council on Affordable Housing (COAH) Procedural Rules and Substantive Rules for round three, which became effective on June 2, 2008.

Finally, the plan presented here provides an analysis of Lopatcong Township's obligation to provide its fair share of the region's affordable housing need. Lopatcong Township has an obligation of 67 units from prior rounds consisting of 11 rehabilitation units and 56 units of new construction. Growth share for the period 2004-2018, generated by new residential and non-residential construction, has been projected by COAH as 95 units of affordable housing. Combining the three components used to determine the pre-credited affordable housing obligation for round three — rehabilitation share, prior round obligation and growth share — Lopatcong Township's obligation is 162 units comprised of 151 new construction units and 11 units of rehabilitation. The Lopatcong Township Fair Share Plan provides details of how the Township intends to meet its affordable housing obligations.

GOALS AND OBJECTIVES

In furtherance of Township efforts to ensure sound planning, this Plan incorporates the following goals and objectives with respect to future housing in the Highlands Area:

1. To the extent feasible, the zone plan will guide anticipated new residential development into compact, center-based projects.
2. To provide a realistic opportunity for the provision of the municipal share of the region's present and prospective needs for housing for low- and moderate-income families.
3. To the maximum extent feasible, to incorporate affordable housing units into any new residential construction that occurs within the Highlands Area including any mixed use, redevelopment, and/or adaptive reuse projects.
4. To preserve and monitor existing stocks of affordable housing.
5. To reduce long term housing costs through:
 - a. The implementation of green building and energy efficient technology in the rehabilitation, redevelopment and development of housing. Recent innovations in building practices and development regulations reflect significant energy efficiency measures, and therefore cost reductions, through building materials, energy efficient appliances, water conservation measures, innovative and alternative technologies that support conservation practices, and common sense practices such as recycling and re-use.
 - b. The promotion of the use of sustainable site design, efficient water management, energy efficient technologies, green building materials and equipment, and retrofitting for efficiencies.
 - c. Maximizing the efficient use of existing infrastructure, through such means as redevelopment, infill and adaptive reuse.

6. To use a smart growth approach to achieving housing needs:
 - a. Use land more efficiently to engender economically vibrant communities, complete with jobs, houses, shopping, recreation, entertainment and multiple modes of transportation.
 - b. Support a diverse mix of housing that offers a wide range of choice in terms of value, type and location. In addition, seek quality housing design that provides adequate light, air, and open space.
 - c. Target housing to areas with existing higher densities and without environmental constraints, within walking distance of schools, employment, services, transit and community facilities with sufficient capacity to support them.

HOUSING AND EMPLOYMENT PROJECTIONS

Housing and employment projections are required to determine the municipal "Growth Share" component of the overall Fair Share Housing obligation. Consistent with the Substantive Rules (N.J.A.C. 5:97) of the Council on Affordable Housing (COAH), the municipal affordable housing need is measured as a percentage of residential and non-residential growth from 2004-2018. COAH ratios require in general one (1) affordable unit for every four (4) new market rate housing units and one (1) affordable unit for every 16 new jobs (calculated on the basis of new non-residential square footage by Uniform Construction Code Use Group designation).

Pursuant to COAH Rules, the overall housing obligation also includes a Rehabilitation Share and the Prior Round Obligation; each of these is offset in the final analysis by eligible credits, reductions and adjustments, as appropriate.

EXISTING CONDITIONS

The following sections provide information regarding the condition of existing housing stock in Lopatcong Township, the prospects for employment in Lopatcong Township, and the need for affordable housing in Lopatcong Township. The 2000 Census data and employment statistics for 2006, compiled by the New Jersey Department of Labor and Workforce Development, have been used in the preparation of this Housing Element.

Inventory of Housing Stock

According to the 2000 Census, Lopatcong Township has 2,429 total housing units, 88% of which are occupied year-round. In 2000, approximately 81% of the housing units in the Township were single-family, compared to 82% for all of Warren County. Most of the year-round housing in Lopatcong Township is owner-occupied (76%) as compared with 73% countywide. In 2000, 84% of the owner occupied dwellings had three bedrooms or more.

Dwellings in Lopatcong are also relatively new: 52% were constructed since 1970. Housing in Lopatcong Township is relatively affordable. In 2000, the median value of an owner-occupied house in the Township was \$156,600, almost the same as the \$155,500 countywide median value. This compares to a mean median value of \$220,033 for the region (Morris, Hunterdon and Sussex Counties).

Gross rent in Lopatcong Township is less than the countywide median gross rent — \$624 vs. \$689. Rent as a percentage of household income, an indicator of affordability was also less in Lopatcong Township than Warren County (28.6% vs. 29.3% of households spent 35% or more of household income on rent). Of the 508 rental units in the Township, about 71% are multi-family.

Indicators of substandard housing in need of rehabilitation include: Crowding (more than 1 person per room), lack of complete plumbing facilities, and lack of kitchen facilities. In 1999, as reported by households for the 2000 Census, over 99% of all housing units in Lopatcong Township had one or less persons per room. Nine houses lacked complete plumbing facilities. All houses had complete kitchen facilities and telephone service.

Demographic Characteristics

Lopatcong Township's residentially zoned area is characterized by a mix of older suburban neighborhoods that developed as an outgrowth of neighboring Phillipsburg and newer subdivisions occupied between 1980 and 2000. The undeveloped residentially zoned areas are largely open space areas comprised of farmland and public parks associated with the ridges of Marble Hill near the Delaware River and Scott's Mountain in the northeast quadrant of the Township. Lopatcong Township contains a great variety of housing types, including small-lot detached single-family dwellings and multi-family housing, generally located in the more developed neighborhoods of Brakely Park, Rose Hill Heights, Morris Park, and Delaware Park. These neighborhoods have infrastructure systems that support moderate and high-density housing and are nearing build-out. Rural areas of the Township that do not provide sanitary sewer infrastructure have generally developed as large-lot single-family communities mixed with open space comprised of public lands and farms.

Starting in the year 2000, the pace of housing construction in Lopatcong increased dramatically. Over the period between the beginning of 2000 and the end of 2005, a total of 926 certificates of occupancy (CO) were issued — an average of 154 per year. That compares to an average of 49 COs per year for the four-year period preceding 2000. The completion of a single-family community known as Country Hills, the build-out of Overlook at Lopatcong, a 386-unit multi-family inclusionary development, and partial development of Warren Heights, a 12/DU per acre condominium project, were the primary contributors to that increase.

Housing starts have been on the decline since 2006 due to market saturation and a national economic recession that has negatively affected the local economy. The pace of housing construction slowed to 46 units per year on average from 2006 to the end of 2008, a decrease of 70 percent as compared to the 2000-2006 pace.

Over the next nine years, between 2009 and 2018, the annual rate of residential development will most likely fluctuate with changing market conditions. Conformance with the Highlands RMP will not have a significant impact on new residential development in the Township. Several factors lead to that conclusion. In terms of new development, the amount of developable vacant land in the Township that is zoned for residential use is limited and is currently zoned by the municipality for low density development. As for redevelopment, the existing residential neighborhoods are

relatively young places. Over half of the homes in Lopatcong were built after 1970; therefore, any significant redevelopment is likely to be several decades in the future.

The majority of new housing that will be occupied in the decade beginning in 2010 has already been approved and development is underway. It is anticipated that the completion of the 414-unit Warren Heights development will extend into the year 2012. Construction began on a 158-unit age restricted active adult community known as Delaware Crossing at Morris Park in 2004. Most of those units remain unsold and are not expected to be occupied for several years. Scenic Ridge Estates, comprised of 54 single-family lots, was approved in 2003 and it is anticipated that the community will be fully developed by the end of 2011. Other residential development will likely consist of in-fill lots in the existing older neighborhoods and development of single-family homes on two-acre and larger lots. A proposed multifamily project that will include affordable housing units located on property recently rezoned for such by Lopatcong Township will add 240 units to the Township if approved and developed. The project is proposed as rental and full occupancy will undoubtedly be several years in the future.

The 2000 Census population of Lopatcong Township is 5,765 people. That is only slightly higher than the population count for 1990, which was 5052. In the summer of 2009, the Census Bureau released population estimates as of July 2008. Lopatcong Township's 2008 population is estimated to be 8,404 persons, a 68 percent increase over the 2000 Census count. The dramatic increase in population between 2000 and 2008 corresponds to the equally dramatic increase in new housing units occupied during that period.

In 2000 there were 2,424 year-round dwellings, with an average household size of 2.83 persons/DU for owner-occupied homes. Universal household size in 2000 was 2.55 persons/DU, slightly less than the 2.66 recorded in 1990. Since the 2000 Census and up until the end of 2008, approximately 950 new dwellings have been occupied in the Township. Current household size remains at about 2.5 persons/DU.

Just as housing values in Lopatcong Township are less than the region, the median household income in the Township is less than in the County and region. Lopatcong Township's 2000 median household income of \$50,503 was 10% less than Warren County's median household income of \$56,100 and substantially less than the regional median of \$74,165.

Existing and Future Employment Characteristics

Lopatcong Township is a suburb of the Town of Phillipsburg, which is the major employment center for the area. The Township has few industries and relies mainly on retail trade and local service businesses for private sector employment opportunities. The total number of reported businesses in Lopatcong Township in 2006 was 39. There were 807 jobs associated with those 39 businesses. Local government employment in 2006 accounted for 185 jobs or approximately 19% of the 992 covered jobs in the Township.

The Township's limited job opportunities and its relatively small contribution to the regional employment base are represented in the employment figures for 2006. Lopatcong Township's 992 jobs represented approximately 2.7% of Warren County's 37,381 jobs.

The overall employment trend in Lopatcong Township is headed downward. On the private sector side of the employment picture, both businesses and jobs decreased between 1999 and 2006. In 2006 there were 74 fewer businesses and 147 fewer jobs. However, as the private sector employment base shrunk during that period, local government jobs increased by 78% from 104 jobs in 1999 to 185 in 2006.

Future business development and job creation will be limited by a lack of infrastructure needed to support major commercial or industrial projects and constraints resulting from conformance with the RMP. Most of the Township's vacant commercial and industrial zoned land is located south of Route 57. This area is largely zoned Conservation by the Highlands Council, which encourages preservation when possible or limited development if not preserved. With few exceptions, the area lies outside of the current Township sewer service area (SSA). Although Lopatcong has sewer capacity for new development and the area is within the Highlands Planning Area, the current policy of the New Jersey Department of Environmental Protection (DEP) is to prohibit extension of the sewer system into a Highlands Conservation or Protection Zone; therefore development must rely on septic systems limited to no more than 2,000 GPD of flow. Both of these factors will impede non-residential growth and job creation. Existing businesses will be able to expand if water use is within the ranges established by the RMP.

The RMP build-out results for Lopatcong Township, which includes resource and utility constraints, indicates that 202 jobs will be created at full build-out. That projection may be low if the Township is successful in its efforts to have the Ingersoll Rand Site declared a Highlands Redevelopment Area, thus paving the way for a large scale commercial development as envisioned by the Township Redevelopment Authority. The current municipal redevelopment plan for this site incorporates commercial development on a regional scale and public facilities while preserving environmentally sensitive areas.

Existing and Planned Infrastructure

Utilities

Public sanitary sewers serve portions of the Township. Sewer treatment is provided by the Town of Phillipsburg and is included in its Wastewater Management Plan Amendment (WMP)¹. Approximately 2,488 parcels representing about 940-acres² of the community (20% of Lopatcong Township) are serviced by sewers. Lopatcong Township has an agreement with the Town of Phillipsburg for treatment of its wastewater at the Phillipsburg Sewer Treatment Plant (PSTP). The PSTP also serves the municipalities of Alpha Borough, Pohatcong Township and Greenwich Township. The PSTP has a treatment capacity of 3.5 MGD³. Lopatcong's current allocation is 801,000 GPD⁴ as per agreements with Phillipsburg. All but about 189,000 GPD of that capacity is committed to existing and proposed development⁵. Plans to increase capacity of the PSTP are pending action by NJDEP.

¹ Town of Phillipsburg Wastewater Management Plan Amendment prepared by Joseph B. Pryor, P.E. dated December 2001.

² Sewer Service Area Map by Ritter & Plante Associates, LLC dated April 13, 2009.

³ http://www.highlands.state.nj.us/njhighlands/draft_nov_2007/technical_addenda/utility_wastewater_capacity.xls .

⁴ Township of Lopatcong, Warren County Wastewater Management Plan, Kupper Associates, May 2006, pp.12 & 14.

⁵ Memo by Joseph Pryor, PE, Lopatcong Township Sewer Engineer, April, 8, 2009.

Aqua New Jersey Water Company furnishes public water in Lopatcong Township. The current service area covers the entire Township. The utility serves approximately 2,585 customers in Lopatcong. In terms of parcels, this represents about 78% of the Township, but only about 27% of its area. Aqua New Jersey draws its supply from four wells that have a combined capacity of approximately 5.7 million gallons a month (MGM)⁶. The NJ Highlands Council reports that the Phillipsburg division of Aqua NJ has an available capacity of 34.646 MGM (Highlands Public Water Supply Systems: Available Water Supply Capacity)⁷. Potable water not provided by Aqua New Jersey is supplied by private wells.

Transportation

Lopatcong Township surrounds several major transportation corridors in the southern area of Warren County. The Route 22/I-78 corridor serves as a major interstate connector between New Jersey and Pennsylvania. Route 57 is a regional connector between Phillipsburg and the Hackettstown/Washington corridor. County Route 519 continues to serve as the major north-south collector road. In addition, County Route 646 supplements Route 519 and connects to Route 22 by either Red School Lane or Roseberry Street. Although the intersection of Route 519 and 57 appears adequately signalized for present conditions, roadway capacity is somewhat constricted south of the intersection by the railroad overpass. The intersection of Routes 519 and 22 in Greenwich Township continues to be poorly designed to handle the higher volumes of cross traffic occurring as a result of the growth north of Route 22. Significant improvements to the intersection are required to eliminate an unsafe situation and substantially improve safety conditions.

Red School Lane and Roseberry Street (Phillipsburg) provide access to both local streets in Lopatcong and County Route 646 (Belvidere Road), which connects with Route 519 north of the Township. The properties that abut these streets are for the most part developed. Although both roads have absorbed the increased traffic volumes, there are service level problems where these streets intersect Route 22 and Belvidere Road due to traffic volumes and geometric problems. Red School Lane intersects Route 646 at an oblique angle and should be realigned to improve visibility and allow motorists on Red School Lane to turn more easily.

Zone Plan

Residential zoning districts exist throughout the Township. The area bounded by Route 57 and Route 519, which totally encompasses the Township's Highlands Preservation Area, is zoned for low-density residential uses consisting solely of single-family detached homes. Minimum lot sizes required by current municipal zoning in this portion of the Township range from 3 to 10 acres. West of Route 519 and north of Route 57, the residential zoning varies from low density in the unsewered areas where conservation is desired to high density where sewer and water infrastructure is available and development is encouraged. Housing types include single-family detached, attached single-family and multi-family garden apartments.

⁶ Township of Lopatcong, Warren County Wastewater Management Plan, Environmental Assessments and Analyses, Kupper Associates, May 2006, p.6.

⁷ http://www.highlands.state.nj.us/njhighlands/draft_nov_2007/technical_addenda/utility_water_supply_capacity.xls

To the south of Route 57, residential zoning is limited to two locations. An area located in the southeast corner of the Township is zoned for inclusion of affordable housing. This zone is completely developed with a project known as Overlook at Lopatcong, a 386-unit inclusionary condominium project. Construction of this development, which contains 21 affordable units, was completed in 2001. A 58-acre parcel zoned for senior citizens is located in the southwest corner of the Township. This inclusionary zone (AARC Zone) requires a set aside for development of affordable housing; however, due to recent changes in COAH's rules for inclusionary zoning and incompatibility with Highlands zoning, this district is no longer relevant as-is and should be amended or repealed. In November of 2009, the Township rezoned a parcel located adjacent to the Phillipsburg Mall for inclusionary housing. Known as the MFI Multi Family Inclusionary Zone, it requires a 25 percent set aside for affordable housing units and otherwise complies with COAH's rules for inclusionary zoning.

The primary area of commercial and industrial zoned land occurs along the transportation corridors of routes 57 and 22. Permitted uses in these non-residential zones include offices, warehouses, light manufacturing, and uses compatible with highway and regional commercial zoning. A planned development overlay district was created in 2004 for lands south of Route 57 between that route and the Township's southern and western borders. The majority of this area is unsewered and outside of the existing sewer service area.

Development and zoning in Lopatcong Township has historically been dictated by three primary factors, proximity to the Town of Phillipsburg, transportation patterns and the availability of sewer and water. Since none of these factors is likely to change in any significant way, there appears to be no compelling reason to amend the zone plan until full conformance with the RMP is achieved.

Constraints to Development

Regulatory constraints within Lopatcong Township result from State imposed requirements that restrict or discourage development. Namely, these include requirements promulgated by the New Jersey Office of Smart Growth as set forth in the State Development and Redevelopment Plan (SDRP); the New Jersey Department of Environmental Protection (DEP) via its land use regulations; and the New Jersey Highlands Council pursuant to their Regional Master Plan (RMP).

The *New Jersey State Development and Redevelopment Plan* adopted in 2001 by the State Planning Commission placed Lopatcong Township in four (4) planning areas. These include: Metropolitan (PA1), Suburban (PA2), Rural/Environmentally Sensitive (PA4B) and Environmentally Sensitive (PA5). The PA1 and PA2 categories encompass existing development within the sewer service area (SSA) located primarily to the north of Route 57. The current SSA does not extend south of Route 57 although most of this area of the Township is also PA1 and PA2. PA4B covers the rural farmland areas to the northwest of PA1 in the Marble Mountain region and to the northeast of PA1 and PA2 in the Scotts Mountain foothills. This area should be developed at low densities while protecting farmland and environmentally sensitive lands as well as maintaining open space networks, critical habitats and large contiguous tracts of land to further protect PA5 lands. The PA5 lands are associated with the ridges of Marble and Scotts Mountains.

Development in Lopatcong should be directed and concentrated onto PA1 and PA2 lands pursuant to goals and objectives established by the SDRP. Flexible development techniques such as clustering and lot averaging which have been utilized in the R-3/2 and R-5/2 districts help to minimize the disturbance of sensitive areas and incorporate natural features in the project design.

Currently, there are no center designations in Lopatcong Township. Phillipsburg is a proposed Regional Center and parts of Lopatcong may be eligible for inclusion in the Regional Center. These areas could include lands within the PA1 and PA2 along the Route 22 corridor and adjacent to Phillipsburg. Inclusion in the Regional Center would prioritize infrastructure funding for such projects as water, sewer and highway improvements. Although the State has initiated a cutoff for center designation consideration, the Township may want to reexamine the benefits of a center as part of a Plan Endorsement Process that was adopted by the State Planning Commission or with Plan Conformance regulated by the Highlands Council should the Township select the option to participate with regard to the Highlands Planning Area. The balance of the Township lies within SDRP areas where development is limited under certain circumstances. The Township zone plan corresponds to the SDRP objectives.

The "Highlands Water Protection and Planning Act" was signed into law on August 10, 2004. The legislation will have lasting impacts on planning and zoning in the Highlands Area⁸ of Lopatcong in respect of the Highlands Regional Master Plan (RMP). The Act establishes a comprehensive, long-term approach to the protection and preservation of the water and natural resources of the New Jersey Highlands Region. The Act defines the Highlands Region and divides it into a Preservation Area, where development would be strictly regulated, and a Planning Area where development would not be as strictly controlled. The law establishes the Highlands Water Protection and Planning Council whose major responsibilities include preparing and implementing a regional master plan for the Highlands Region, exercising review authority over any local application for development within the Preservation Area, and reviewing publicly-funded capital projects. Lopatcong Township and Warren County will be required to amend their master plans to conform to the RMP. From a regulatory standpoint, the Act requires 300-foot buffers from all highlands open waters, prohibition of building on slopes of 20% or greater, and limitations on the amount of impervious cover for lots in the Preservation Area. As a consequence of opting-in to the RMP, these restrictions will apply to the Planning Area as well. The full degree of impact will not be known until the Highlands Council completes its guidelines for development. However, it appears that the Lopatcong Township Master Plan is not fully consistent with the planning principles found in the Act. The Township Master Plan and Land Use & Zoning Regulations will require amendments for compliance with the Highlands RMP.

The DEP has promulgated regulations to protect Category 1 (C-1) waters within the State. In Lopatcong Township, C-1 waters include the main channel and tributaries of Lopatcong Creek and Merrill Creek. The regulations provide for a 300-foot buffer area where most development is prohibited. This constraint will have the greatest impact on the developable lands that are located

⁸ All of the Township (Preservation and Planning Areas).

south of Route 57. These restrictions may be pre-empted by more stringent requirements imposed by the RMP following the Township's exercise of its option to opt-in for the Highlands Planning Area. The majority of this area is zoned for commercial and industrial development. The affected lands located north of Route 57 are developed for the most part and will not be significantly impacted by the buffers.

AFFORDABLE HOUSING NEED

Three components are added together for a determination of a municipality's third round need: Rehabilitation share, prior round obligation and growth share. Lopatcong Township's affordable housing need determination utilizes the NJ Council on Affordable Housing (COAH) figures for rehabilitation and prior round obligations. With regard to growth share, the Township has opted to utilize growth projections provided by the COAH to calculate the Township's affordable housing obligation resulting from growth between 2004 and 2018. Following are details of Lopatcong Township's obligations to provide its fair share of the region's low and moderate income housing.

Second Round Fair Share Obligation (1987-1999)

On January 5, 2000, the COAH granted Lopatcong Township substantive certification for round two. The Council established Lopatcong Township's 1987-1999 pre-credited need at 105 affordable units, comprised of 56 new construction units and 49 rehabilitation units. COAH's second round certification included approval of new construction credits totaling 62 units.

The Township's second round certified Fair Share Plan addresses the rehabilitation need through zoning. The R-MF Zone was established to provide developers with an option to build at higher densities in exchange for providing funds to the Township's Affordable Housing Trust Fund in lieu of constructing affordable units. One such development — Warren Heights — was approved and the funds generated for affordable housing are being used to administer Lopatcong Township's rehabilitation program. COAH has recalculated Lopatcong's rehabilitation share for 2004-2018 to eleven (11) units. The Township has completed twelve (12) units under this program; all subsequent to the round two certification and subject to verification by COAH.

The prior round obligation of 56 units is composed entirely of new construction. Lopatcong shall receive credits against that obligation for affordable units completed during prior rounds (1 & 2). The credits accrue to two projects included in the Township's second round certified plan, Lopatcong Senior Housing on Red School Lane, which received credit from COAH as a prior cycle project and Overlook at Lopatcong, which is an inclusionary development built during round two. The total number of COAH certified credits available for the prior round and growth share obligations is 56 units. Refer to the section on *Credits, Reductions and Adjustments* for more details.

The Township's fair share obligations and credits as certified by COAH for round two are as follows:

Table 1: Round Two Affordable Housing Need Certified by COAH

Pre-Credited Need	Affordable Units
Rehabilitation	49 units
New Construction	56 units
Round Two Obligation	105 units
Credits	
Pryor Cycle: Lopatcong Area Seniors Housing (Red School Lane)	40 units
Inclusionary Housing: Overlook at Lopatcong	22 units
Round Two Credits	62 units

Round Three Fair Share Obligations (1987-2018)

COAH’s methodology used to calculate Lopatcong Township’s round three fair share obligations relies on three components: the rehabilitation share, any remaining prior round obligation for the period 1987-1999, and projected growth share for 2004-2018. For round three, the 56-unit pre-credited prior round obligation, comprised of new construction units, remains unchanged from COAH’s second round projection. With regard to the Township’s share of rehabilitation units, as stated above, the figure has been revised upward. On June 2, 2008 new rules became effective for COAH’s third round (N.J.A.C. 5:97-et seq.). Appendix B provides updated rehabilitation share figures for use in preparation of a Housing Element and Fair Share Plan. Lopatcong Township’s rehabilitation share for the third round is now eleven (11) units. Lopatcong Township’s total adjusted pre-credited fair share obligation going into round three is 67 units as shown below in Table 3.

Table 2: Affordable Housing Need Recalculated by COAH for Round Three

Obligations	Units
Rehabilitation Share	11 units
Prior Round (1987-1999)	56 units
Total Fair Share Obligation	67 units

Growth share for municipalities located in the Highlands Region may be calculated using data provided by COAH or by the Highlands Council in its build-out report. Lopatcong Township has opted to use COAH’s projections. Growth for the Township has been projected by COAH as 463 residential units and 37 jobs. COAH has determined that one in every five new residential units and every 16 jobs create a municipal obligation of one affordable unit; therefore, Lopatcong’s growth share obligation is 95 units $[(463 \div 5 = 93) + (37 \div 16 = 2) = (93 + 2) = 95]$.

Computation of Fair Share Obligation

Adding together all three components — rehabilitation share, prior round obligation, and growth share 2004-2018 — Lopatcong Township’s overall pre-credited fair share obligation for round three is 162 units comprised of 11 rehabilitation, 56 units from prior rounds and 95 units attributed to growth share. The computation shown in Table 3 below illustrates the obligation before application of credits allowed by COAH.

Table 3: Pre-Credited Round Three Affordable Housing Obligation

Round Three Methodology Components	
Rehabilitation Share	11 units
Prior Round Obligation (new construction)	56 units
Growth Share 2004-2018 (new construction)	95 units
Fair Share Obligation	162 units

Credits, Reductions and Adjustments

The section above describes Lopatcong Township’s cumulative fair share obligation for the period 1987-2018, which has been calculated to be 162 units (Table 3). COAH allows municipalities to reduce this obligation by applying credits, reductions and adjustments for prior housing activity including new construction and rehabilitation of deficient units completed after April 1, 2000, which are occupied by low or moderate income households. Lopatcong Township is not entitled to any reductions or adjustments; however, credits for new construction of affordable units completed during and subsequent to prior rounds and for rehabilitation of deficient units have accrued to the Township’s fair share obligation. Lopatcong Township received second round substantive certification on January 5, 2000. The Fair Share Plan certified by COAH included a total of 62 new construction credits.

Certified Credits

Credits for construction of new affordable units used to reduce the prior round obligation have accrued vis-à-vis two projects — a senior housing development on Red School Lane and an inclusionary project named Overlook at Lopatcong. These two completed housing developments produced a total of 62 low- and moderate-income units, which were included in the Township’s round two certified fair share plan.

Lopatcong Senior Housing (aka Clymer Village), which received credit from COAH as a prior cycle project, provided the Township with 40 age-restricted affordable rental units. The second development included in the round two certified plan, Overlook at Lopatcong, was approved as an inclusionary project that provided a 22-unit affordable housing set aside.

Pending Credits

Supportive and special needs housing consisting of three group homes have been developed in the Township subsequent to completion of the round two fair share plan certified by COAH in 2000. Each of the facilities was developed by a non-profit organization that provides housing for persons with developmental disabilities. The projects were funded with securities that require affordability controls restricting occupancy to persons that qualify as low-income pursuant to COAH’s rules. The unit of credit for this type of affordable housing is the bedroom of which the total is eleven (11) credits that are subject to verification by COAH. Two of the homes were developed by Alternatives, Inc. The group home located at 150 South Seventh Street, which was completed in 2006, consists of three (3) bedrooms; the home located at 20 James Street, also completed in 2006, contains four (4) bedrooms. Additionally, a group home developed by the Warren County Arc was completed in 1998. The home, located at 17 Hampton Terrace, provides

four (4) bedrooms leased to low-income individuals. Proposed rental bonuses associated with these affordable projects will add five (5) units for a total of 16 credits pending COAH verification.

Round Three Summary

Obligations consist of 11 rehabilitation units and 151 units of new construction for a total of 162 units. The Township is projecting a total of 78 new construction credits comprised of 62 certified by COAH and 16 pending COAH’s verification and credit for twelve (12) rehabilitated units. Together, credits total 90 units. Below is a table that summarizes Lopatcong Township’s Fair Share Obligations for round three (1987-2018).

Table 4: Remaining Third Round Fair Share Obligations

Rehabilitation Share	11 units
Renovated deficient units	-12 units
Remaining Rehabilitation Share Obligation	0 units
New Construction Obligation from Prior Round (1987-2018)	151 units
Lopatcong Senior Housing (Red School Lane)	-40 units
Inclusionary Development (Overlook at Lopatcong)	-22 units
Supportive and Special Needs Housing	-11 Units
Rental Bonuses	-5 units
Remaining New Construction Obligation	73 units
Remaining Growth Share Obligation	73 units

To summarize, Lopatcong Township has satisfied its rehabilitation obligation and has a one-unit surplus going forward. The prior round obligation can be satisfied by application of 56 of the 78 pending and certified credits; the remaining 22 units should be applied to the growth share obligation of 95 units leaving the Township with a 73-unit new construction shortfall. The Township’s strategies for meeting its Fair Share Obligations are detailed in the Lopatcong Township Fair Share Plan.

Table 5: Summary of Round Three Obligations

Round Three Fair Share Summary	
Rehabilitation Share	Satisfied
Prior Round Obligation	Satisfied
Growth Share Obligation	73-unit shortfall

ANALYSIS AND RECOMMENDATIONS

The following sections provide an analysis and recommendations regarding the Township’s present housing characteristics and future housing strategies, with particular emphasis on its affordable housing need.

Future Residential Development

Lopatcong Township’s residentially zoned area is characterized by older suburban neighborhoods and large open space areas comprised of farmland and public parks associated with the ridges of Marble Hill near the Delaware River on the west and Scott’s Mountain in the northeast quadrant of

the Township. Lopatcong Township contains a great variety of housing types, including small-lot detached single-family dwellings and multi-family housing, generally located in the more developed neighborhoods of Brakely Park, Rose Hill Heights, Morris Park, and Delaware Park. These neighborhoods have already developed infrastructure systems to accommodate moderate and high-density housing and are nearing build-out. Rural areas of the Township that do not provide sanitary sewer infrastructure have generally developed as large-lot single-family communities mixed with open space comprised of public lands and farms.

Prior to 2004, Lopatcong Township experienced a marked increase in housing development. Between 1999 and 2004, a total of 839 certificates of occupancy were issued — an average of 168 per year. That compares to an average of 49 houses per year for the four-year period between 1996 and 2000. The completion of a single-family community known as Country Hills, the build-out of Overlook at Lopatcong, a 398-unit multi-family inclusionary development, and partial development of the Warren Heights condominium project were the primary contributors to the increase.

Between 2004 and 2008, the pace of development in Lopatcong Township slowed dramatically, from a high of 102 units in 2004 to only 24 in 2007. A slight increase occurred in 2008 with 34 certificates of occupancy being issued. This downturn has been exacerbated in recent years by a retracting national economy which continues unabated. The U.S. housing market has been hit hard by the current recession. Lopatcong Township has not escaped the negative effects of the recession and future housing demand is expected to be soft for the next two to five years.

It is anticipated that the completion of the 414-unit Warren Heights development will occur by the end of 2010. Construction began on a 158-unit age restricted active adult community, known as Delaware Crossing at Morris Park, in 2004. Only 21 certificates of occupancy have been issued and construction has ceased. Scenic Ridge Estates, comprised of 54 single-family lots, was approved in 2003. Home sales have lagged and construction stopped after only 6 occupancy certificates were issued. A project known as Belview Estates, comprised of 35 single-family lots, was approved in 2004. Three sample homes have been constructed but no certificates of occupancy have been issued and construction has halted.

In 2009 the Township rezoned a property located in the Route 22 corridor. Formally zoned Highway Business, the site was rezoned for multifamily residential development that includes an affordable housing set aside requirement. A developer has proposed a 240-unit rental community that will provide the Township with 48 low and moderate income units. Site plan approval was granted by the Planning Board in March 2010. No additional major residential projects are approved or pending in the Township. Future residential development will likely proceed slowly until the recession ends and the national and local economies improve.

Future Employment and Business Development

Lopatcong Township's future employment prospects are not expected to improve markedly in the immediate future due to a severe downturn in the economy. Overall employment in the Township has been shrinking in recent years, a trend that is likely to continue in the private sector

employment base. In 2000 the Township repealed the I-Industrial Zone and replaced it with the ROM-Research Office Manufacturing District, which is more in keeping with development that has occurred in other municipalities along the I-78 corridor. In 2004 the Township adopted an ordinance to effectuate a Planned Development District Overlay that seeks to attract development of mixed-use projects in Lopatcong Township where existing infrastructure and highway access exist. Notwithstanding these efforts to attract new business development to the Township, none has occurred. The Township's current policy regarding allocation of sanitary sewer service favoring development of the ROM and HB-Highway Business districts stands in stark contrast to a scarce resource restraint imposed on all Highlands Region municipalities under COAH's jurisdiction. This action by COAH will further impede Lopatcong's ability to attract job producing developments.

It is anticipated that future job growth in the Township will occur from expansion of existing firms, subject to available sewer capacity and market constraints. It is likely that employment characteristics in the Township over the next ten years will not change significantly unless the sewer capacity issue is resolved.

A developer has proposed a regional shopping center development for the Ingersoll Rand property located on the Route 22 corridor. The property has been deemed a redevelopment area by the Township. The proposed 500,000 plus square foot retail center would add jobs to the Township's employment base if development were to occur. However, this project is in limbo due to legal issues and its future is uncertain. Furthermore, sewer capacity for the Township is severely limited and the recent scarce resource restraint imposed by COAH will impact this development.

Affordable Housing Opportunities

The growth share obligation for Lopatcong Township after application of certified credits has been calculated to be 89 units of new construction. The Township will seek COAH's approval of an additional 11 affordable housing units located in group homes that have been constructed since 1997; and 5 rental bonuses. If approved, those credits will further reduce the growth share obligation to 73 units (Table 5). Following is an analysis of potential affordable housing opportunities in Lopatcong Township for consideration by the Planning Board.

Inclusionary zoning is one mechanism offered by COAH for providing a realistic opportunity to meet the Township affordable housing obligations. The Township currently has an undeveloped inclusionary zone – the AARC-Active Adult Residential Community Zone – that was created in response to the Township's obligation under COAH's repealed rules. The rules have changed as has the Township's obligation. Further, the Highlands Council has placed the site in the Conservation Zone and compliance with the RMP will render the site unsuitable for development as zoned. It is recommended that the Township consider rezoning the AARC district to residential zone that incorporates design standards established for the Conservation Zone and is not restricted to seniors. The Township has recently rezoned a parcel located in the Route 22 corridor. The new zone is MFI Multi Family Inclusionary, which provides for a 12 dwelling unit per acre density and 25 percent set aside for affordable units. A developer has submitted conceptual plans for such a development.

The Township is considering acquisition of the vacant Delaware Park School. The building is situated on a .5-acre lot located in an established residential neighborhood. The existing building, which has reached its obsolescence, should be demolished to make way for new development. Discussions have commenced with Habitat for Humanity which has expressed interest in development of the site for attached single-family housing units. The site holds the potential to provide 4 affordable units.

Negotiations for a 100% affordable project located on the site of the existing Clymer Village senior housing development were started in 2005. Preliminary site plan and architectural sketches were prepared and discussions with the owners, National Church Residence (NCR) focused on feasibility and programmatic concerns. The Township was primarily interested in development of family housing units and the 2005 Housing Element that was submitted to COAH with Lopatcong's 2005 petition for substantive certification included a proposed 65-unit rental project. As a result of COAH's amendments and the long delay in their adoption, negotiations with NCR ceased. The Township should make every effort to restart those negotiations with an emphasis on senior housing as was originally proposed by NCR.

It is recommended that the Township consider all of the above as potential opportunities for meeting their obligation to provide a realistic opportunity for development of affordable housing to meet their needs for the third round and beyond. The Fair Share Plan that accompanies this Housing Element provides additional information about the Township's obligations, credits and proposals.

RELATIONSHIP TO THE RMP

The Highlands RMP includes goals, policies and objectives that address the housing needs for low and moderate income families within the Highlands Region:

- **GOAL 60: MARKET-RATE AND AFFORDABLE HOUSING SUFFICIENT TO MEET THE NEEDS OF THE HIGHLANDS REGION WITHIN THE CONTEXT OF ECONOMIC, SOCIAL AND ENVIRONMENTAL CONSIDERATIONS AND CONSTRAINTS.**
- **Policy 607: To require that conforming municipalities implement both 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.**
- **Policy 608: 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.**

These mandates must be reconciled with the RMP policy to protect the character and natural resources of the Region and infrastructure limitations that result from the Land Use Capability Zone.

Unquestionably, the pattern of future development in Lopatcong Township has been altered by the Highlands RMP Land use Capability Zone. This is especially true regarding non-residential

development. The vacant lands located along the Route 22 and Route 57 corridors as well as property located adjacent to Strykers Road south of Route 57 have long been developed with commercial enterprises and small manufacturing businesses as per municipal zoning. The RMP has placed these sites within the Conservation Zone or Environmentally Constrained Sub-Zone thereby limiting expansion of sewer service needed for large scale commercial and industrial development as envisioned by the Township. As a result, the HB and ROM zones south of Route 57 will see modest development consisting of small-scale new businesses or modest expansions of existing enterprises in keeping with the goals and objectives set forth in the RMP.

FAIR SHARE PLAN

The municipal Fair Share Plan has been redrawn to the extent necessary to address the affordable housing obligation, while at the same time complying with Highlands Area density and resource constraints and the referenced changes to the Fair Housing Act. Prior plans for the provision of affordable housing units which have not yet been implemented have been reevaluated for consistency with these provisions and altered accordingly.

CERTIFICATION

The Township intends to file a petition for Substantive Certification of its Third Round Housing Element and Fair Share Plan (inclusive of implementing ordinances and supporting documentation) with the Council on Affordable Housing within the deadline set by COAH for conforming Highlands municipalities. The municipality will proceed with such action only after the documents prepared in its support have been reviewed and approved by the Highlands Council for consistency with the Highlands Regional Master Plan.