

HOUSING ELEMENT AND FAIR SHARE PLAN

Prepared for:

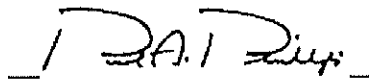
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The original copy of this document was signed and sealed
in accordance with N.J.S.A. 45:14 A-1 et seq.



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ACKNOWLEDGMENTS

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Councilman Edward Koster
Councilman Thomas Laureys
Councilman Elmer Still
Council President John Sylvester Jr.

Borough Administration

Ralph Blakeslee Borough Administrator

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I. INTRODUCTION AND STATUTORY CONTEXT

The Borough of Netcong, Morris County, has prepared this Housing Element and Fair Share Plan (HEFSP) pursuant to the New Jersey Supreme Court's decision re. Adoption of Third Round Regulations, N.J.A.C. 5:96 and 5:97, by the Council on Affordable Housing (the "2015 Decision") and in accordance with the Municipal Land Use Law ("MLUL") per N.J.S.A. 40:55D-28b(3), the Fair Housing Act (N.J.S.A. 52:27D-301 et seq.) and the Second Round Substantive Rules (N.J.A.C. 5:93 et seq.) of the New Jersey Council on Affordable Housing (COAH).

COAH granted the Borough of Netcong Substantive Certification on October 14, 2009 for its Third Round Housing Element and Fair Share Plan adopted by the Planning Board on December 22, 2008 (the "2008 Plan"). The 2008 Plan was prepared pursuant to the second iteration of COAH's Third Round rules (i.e., N.J.A.C. 5:96 and 5:97). On October 8, 2010, the Appellate Division invalidated substantial portions of these rules, a decision which the Supreme Court affirmed on September 26, 2013. In its 2015 Decision, the Supreme Court found that the COAH administrative process had become non-functioning and, as a result, returned primary jurisdiction over affordable housing matters to the trial courts. Further, the Court ruled that because municipalities that received a grant of substantive certification promulgated housing plans in compliance with the invalidated growth share based Third Round Rules, additional court review of such towns' housing plans will be necessary to ensure to the court's satisfaction that the town has provided a realistic opportunity for its fair share of present and prospective regional affordable housing need. The Court did acknowledge in its opinion that "while not entitled to the statutory presumption of validity that the FHA would provide, these towns deserve an advantage in the judicial review that shall take place... . While reviewing for constitutional compliance the ordinances of a town that achieved substantive certification, courts should be generously inclined to grant applications for immunity from subsequently filed exclusionary zoning actions during that necessary review process, unless such process is unreasonably protracted." In light of the 2015 Decision, although COAH granted Substantive Certification, Netcong prepared this revised HEFSP to verify full compliance with its constitutional affordable housing obligations.

The remainder of this report is divided into five chapters. Chapter II provides information on the historical and current status of affordable housing in New Jersey; Chapter III lists the statutory requirements for a Housing Element and Fair Share Plan; Chapter IV includes Census and other data on the Borough's housing stock and demographics; and Chapter V details how Netcong will fulfill its Fair Share obligation.

II. AFFORDABLE HOUSING IN NEW JERSEY

In 1975 the Supreme Court of New Jersey in South Burlington County N.A.A.C.P. v. Township of Mount Laurel, 67 N.J. 151 (1975), ruled that the developing municipalities in the State of New Jersey exercising their zoning power, in general, had a constitutional obligation to provide a realistic opportunity for the construction of their fair share of the region's low- and moderate-income housing needs. In 1983, the Supreme Court refined that constitutional obligation in South Burlington County N.A.A.C.P. v. Township of Mount Laurel, 92 N.J. 158 (1983), to apply to those municipalities having any portion of their boundaries within the growth area as shown on the State Development Guide Plan. In 1985, the New Jersey Legislature adopted, and the Governor signed, the Fair Housing Act ("FHA") N.J.S.A. 52:2D-301 et seq. which transformed the judicial doctrine which became known as the "Mount Laurel doctrine" into a statutory one and provided an alternative administrative process in which municipalities could elect to participate in order to establish a Housing Element and Fair Share Plan ("HEFSP") that would satisfy its constitutional obligation by creating an administrative agency known as the Council on Affordable Housing ("COAH") to develop regulations to define the obligation and implement it. COAH proceeded to adopt regulations for First Round obligations applicable from 1987 to 1993 and Second Round obligations that created a cumulative obligation from 1987 to 1999.

COAH first proposed Third Round Substantive and Procedural Rules in October, 2003. 35 N.J.R. 4636(a); 35 N.J.R. 4700(a). Those rules remained un-adopted and COAH re-proposed both the Substantive and Procedural Third Round Rules (N.J.A.C. 5:94 and 5:95) in August of 2004 and adopted the same effective on December 20, 2004 (the "2004 Regulations"). The 2004 Regulations were challenged and on January 25, 2007, the Appellate Division invalidated various aspects of those regulations and remanded considerable portions of the rules to COAH with direction to adopt revised rules. In the Matter of the Adoption of N.J.A.C. 5:94 and 5:95 by the New Jersey Council on Affordable Housing, 390 N.J. Super. 1 (App. Div.), certif. denied, 192 N.J. 72 (2007) (the "2007 Case"). On January 22, 2008, COAH proposed and published revised Third Round regulations in the New Jersey Register. 40 N.J.R. 237.

On May 6, 2008, COAH adopted the revised Third Round regulations and advised that the new regulations would be published in the June 2, 2008 New Jersey Register, thereby becoming effective. On May 6, 2008, COAH simultaneously proposed amendments to the revised Third Round rules it had just adopted. Those amendments were published in the June 16, 2008 New Jersey Register, 40 N.J.R. 3373 (Procedural N.J.A.C. 5:96); 40 N.J.R. 3374 (Substantive N.J.A.C. 5:97). The amendments were adopted on September 22, 2008 and made effective on October 20, 2008.

N.J.A.C. 5:96 and 5:97 as adopted in 2008 were challenged in an appeal entitled In the Matter of the Adoption of N.J.A.C. 5:96 and 5:97 by the New Jersey Council on Affordable Housing, 416 N.J. Super. 462 (App. Div. 2010) (the "2010 Case"). In its October 8, 2010 decision, the Appellate Division determined, among other things, that the growth share methodology was invalid and that COAH should adopt regulations utilizing methodologies similar to the ones utilized in the First and Second rounds (i.e., 1987-1999). On September 26, 2013, the Supreme Court of New Jersey affirmed the Appellate Division's invalidation of the third iteration of the Third Round regulations, sustained their determination that the growth share methodology was invalid, and directed COAH to adopt new regulations based upon the methodology utilized in the First and Second Rounds. In the Matter

of the Adoption of N.J.A.C. 5:96 and 5:97 by the New Jersey Council on Affordable Housing, 215 N.J. 578 (2013) (the “2013 Case”). COAH proceeded to propose such regulations in accordance with the schedule and amended schedule established by the New Jersey Supreme Court in the 2013 Case. On October 20, 2014, COAH deadlocked with a 3-3 vote and failed to adopt the revised Third Round regulations.

Due to COAH’s failure to adopt the revised regulations and subsequent inaction, Fair Share Housing Center (“FSHC”), a party in the 2010 Case and the 2013 Case, filed a motion with the New Jersey Supreme Court to enforce litigant’s rights. On March 10, 2015 the New Jersey Supreme Court issued its decision on FSHC’s motion to enforce litigant’s rights. The Supreme Court in the 2015 Case found that the COAH administrative process had become non-functioning and, as a result, returned primary jurisdiction over affordable housing matters to the trial courts. In the Matter of the Adoption of N.J.A.C. 5:96 and 5:97 by the New Jersey Council on Affordable Housing, 221 N.J. (2015) (the “2015 Case”). In doing so, the Supreme Court declined to adopt a specific methodology or formula to calculate the Third Round affordable housing obligations of the municipalities. The Court did provide some guidance by reiterating its endorsement of the previous methodologies employed in the First and Second Round Rules as the template to establish Third Round affordable housing obligations. Importantly, the Court preserved Prior Round obligations.

III. HOUSING ELEMENT/ FAIR SHARE PLAN REQUIREMENTS

In accordance with the Municipal Land Use Law (*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 Fair Housing Act, 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 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.

IV. HOUSING STOCK AND DEMOGRAPHIC ANALYSIS

Housing Stock Inventory

In 2013, there were 1,558 housing units in the Borough of Netcong, of which 68, or 4 percent, were vacant. Of the 1,490 occupied units, 46 percent were owner occupied and 54 percent were renter occupied. Table 1, Housing Units by Occupancy Status, illustrates this occupancy status in 2013.

Table 1. Housing Units by Occupancy Status, 2013

	Housing Units	Owner Occupied	Renter Occupied
Occupied	1,490	683	807
Vacant	68	-	-
Total	1,558	-	-

Source: American Community Survey, 2009-2013.

Approximately 50 percent of the Borough's housing stock is comprised of single-family detached units. Structures with three or more units make up 38 percent of Netcong's total housing stock. See Table 2, Housing Units by Number of Units in Structure, for a detailed explanation of housing units in 2013.

Table 2. Housing Units by Number of Units in Structure, 2013

Number of Units	Total	Percent
1, Detached	771	49.5%
1, Attached	35	2.2%
2	162	10.4%
3 or 4	80	5.1%
5 to 9	96	6.2%
10 to 19	262	16.8%
20+	152	9.8%
Mobile Home	0	0.0%
Other	0	0.0%
Total	1,558	100.0%

Source: American Community Survey, 2009-2013.

Table 3, Housing Units by Age, 2013, illustrates the age of the Borough's housing stock. As one would expect from an older, largely built-out community, a very small number of Netcong's units were constructed in 2000 or later (i.e., 22 units or 1 percent of the housing stock). A significant portion of the Borough's housing was constructed between 1950 and 1979 (i.e., 61 percent), and 377 units (i.e., 24 percent of the housing stock) were constructed prior to 1940.

Table 3. Housing Units by Age, 2013

Year Built	Total Units	Percent
2010 or later	0	0.0%
2000-2010	22	1.4%
1990-2000	90	5.8%
1980-1989	34	2.2%
1970-1979	349	22.4%
1960-1969	353	22.7%
1950-1959	250	16.0%
1940-1949	83	5.3%
Before 1940	377	24.2%

Source: American Community Survey, 2009-2013.

Table 4, Housing Units by Number of Rooms for the Borough of Netcong and Morris County, 2013, shows that in Netcong, 21 percent of housing units have between one and three rooms; 56 percent have between four and six rooms; and 23 percent have seven or more rooms. In Morris County, 11 percent of housing units have between one and three rooms; 37 percent have between four and six rooms; and 52 percent have seven or more rooms. The mean number of rooms per unit in Netcong is 4.8, which indicates that the housing stock in Netcong is, on average, smaller in size than that of Morris County (i.e., 6.7 rooms per unit).

Table 4. Housing Units by Number of Rooms for the Borough of Netcong and Morris County, 2013

Rooms	Number of Units in Netcong	Percent of Units in Netcong	Number of Units in Morris County	Percent of Units in Morris County
1	5	0.3%	1,750	0.9%
2	21	1.3%	3,016	1.6%
3	309	19.8%	16,515	8.7%
4	68	22.9%	22,732	12.0%
5	261	16.8%	21,048	11.1%
6	248	15.9%	26,149	13.8%
7	239	15.3%	25,840	13.6%
8	36	2.3%	28,398	14.9%
9+	82	5.3%	44,728	23.5%
Total	1,558	100.0%	190,170	100.0%
Mean Rooms per Unit	4.8		6.7	

Source: American Community Survey, 2009-2013.

Tables 5 and 6, Housing Values, Owner Occupied, 2000 and 2013, respectively, show that the median housing values of owner-occupied housing in Netcong increased 90 percent between 2000 and 2013. During this same time, the median value in Morris County increased by 73 percent. In 2000, Netcong's median housing value of \$149,600 was 40 percent lower than that of Morris County (i.e., \$250,400). In 2013, Netcong's median housing value of \$283,500 was 34 percent lower than that of Morris County (i.e., \$432,400).

Table 5. Housing Values, Owner Occupied, 2000

Housing Value	Number in Netcong	Percent in Netcong	Number in Morris County	Percent in Morris County
Less than \$50,000	0	0.0%	1,118	0.9%
\$50,000 to \$99,999	61	9.4%	3,413	2.6%
\$100,000 to \$149,999	264	40.9%	12,382	9.6%
\$150,000 to \$199,999	256	39.6%	24,973	19.4%
\$200,000 to \$299,999	47	7.3%	39,877	30.9%
\$300,000 to \$499,999	18	2.8%	34,110	26.4%
\$500,000 to \$999,999	0	0.0%	11,331	8.8%
\$1,000,000 or more	0	0.0%	1,786	1.4%
Total	646	100.0%	128,990	100.0%
2000 Median Value	\$149,600		\$250,400	

Source: 2000 U.S. Census.

Table 6. Housing Values, Owner Occupied, 2013

Housing Value	Number in Netcong	Percent in Netcong	Number in Morris County	Percent in Morris County
Less than \$50,000	40	5.9%	2,083	1.5%
\$50,000 to \$99,999	0	0.0%	1,406	1.0%
\$100,000 to \$149,999	0	0.0%	1,311	1.0%
\$150,000 to \$199,999	63	9.2%	3,346	2.5%
\$200,000 to \$299,999	329	48.2%	18,812	13.8%
\$300,000 to \$499,999	240	35.1%	572,230	42.7%
\$500,000 to \$999,999	11	1.6%	43,837	32.2%
\$1,000,000 or more	0	0.0%	7,271	5.3%
Total	683	100.0%	136,296	100.0%
2013 Median Value	\$283,500		\$432,400	

Source: American Community Survey, 2009-2013.

Monthly rental costs in Netcong are lower than monthly rental costs in Morris County, with median monthly rental costs of \$1,094 and \$1,339, respectively. In Netcong, the largest percentage of renters pay between \$1,000 and \$1,499 per month in rent (i.e., 50 percent), and 61 percent of Netcong renters pay \$1,000 or more per month in rent. See Table 7, Comparison of the Borough of Netcong and Morris County, Monthly Rental Cost, 2013, for additional information.

Table 7. Comparison of the Borough of Netcong and Morris County, Monthly Rental Cost, 2013

Monthly Rent	Number in Netcong	Percent in Netcong	Number in Morris County	Percent in Morris County
Less than \$200	12	1.6%	384	0.9%
\$200 - \$299	38	5.1%	807	1.9%
\$300 - \$499	0	0.0%	994	2.4%
\$500 - \$749	23	3.1%	1,474	3.5%
\$750 - \$999	217	29.2%	4,204	10.0%
\$1,000 - \$1,499	369	49.7%	18,131	43.3%
\$1,500 or more	84	11.3%	15,927	38.0%
Total	743	100.0%	41,921	100.0%
Median Rent	\$1,094		\$1,339	

Source: American Community Survey, 2009-2013.

In 2013, 52 percent of Netcong owner occupied households contributed 30 percent or more of their income towards monthly housing costs. In contrast, 24 percent of Netcong owner occupied households contributed less than 20 percent of their income towards monthly housing costs. See Table 8, Monthly Housing Costs as Percentage of Household Income in the Past 12 Months – Owner Occupied Units, 2013, for further information.

Table 8. Monthly Housing Costs as Percentage of Household Income in the Past 12 Months – Owner Occupied Housing Units, 2013

	Less than 20 percent	20 to 29 percent	30 percent or more
Less than \$20,000	0.0%	0.0%	5.6%
\$20,000 - \$34,999	1.6%	1.6%	6.1%
\$35,000 - \$49,999	0.0%	3.8%	10.4%
\$50,000 - \$74,999	3.4%	4.7%	7.9%
\$75,000 or more	18.9%	12.6%	22.1%
Zero or Negative Income	1.3%		

Source: American Community Survey, 2009-2013.

In 2013, 48 percent of Netcong renter occupied households contributed 30 percent or more of their income towards monthly rental costs, and 25 percent of Netcong renter occupied households contributed less than 20 percent. Units that were occupied without payment of cash rent comprised approximately 8 percent of rental units in the Borough. See Table 9, Monthly Housing Costs as a Percentage of Household Income in the Past 12 Months – Renter Occupied Units, 2013, for further information.

Table 9. Monthly Housing Costs as a Percentage of Household Income in the Past 12 Months – Renter Occupied Housing Units, 2013

	Less than 20 percent	20 to 29 percent	30 percent or more
Less than \$20,000	0.0%	1.1%	24.3%
\$20,000 - \$34,999	3.6%	1.0%	11.0%
\$35,000 - \$49,999	0.6%	8.4%	12.0%
\$50,000 - \$74,999	10.0%	8.7%	0.6%
\$75,000 or more	10.7%	0.0%	0.0%
Zero or Negative Income	0.0%		
No Cash Rent	7.9%		

Source: American Community Survey, 2009-2013.

Netcong has seven housing units that lack complete plumbing facilities and 15 units that are overcrowded (defined as having 1.01 or more persons per room). The Borough also has 44 units that have no telephone service available and 16 units that lack complete kitchen facilities. See Table 10, Selected Quality Indicators, Occupied Housing Stock, 2013, for further information.

Table 10. Selected Quality Indicators, Occupied Housing Stock, 2013

	Overcrowded	No Telephone Service Available	Lacking Complete Plumbing Facilities	Lacking Complete Kitchen Facilities
No. Units	15	44	7	16

Source: American Community Survey, 2009-2013.

General Population Characteristics

Netcong’s population has decreased since 1980, from 3,557 persons in 1980 to 3,232 persons in 2010. However, the Borough has seen a population increase of 25 percent between 2000 and 2010, from 2,580 persons in 2000 to 3,232 persons in 2010. Morris County has seen an overall increase in population between 1980 and 2010, from 407,630 persons in 1980 and 492,276 persons in 2010. See Table 11, Population Growth, for additional information.

Table 11. Population Growth

	1980	1990	Percent Change (1980-1990)	2000	Percent Change (1990-2000)	2010	Percent Change (2000-2010)
Netcong	3,557	3,311	-6.9%	2,580	-22.1%	3,232	25.3%
Morris County	407,630	421,353	3.4%	470,212	11.6%	492,276	4.7%

Source: 1980, 1990, 2000, and 2010 U.S. Census.

From 2000 through 2010, there were shifts in the age distribution of Netcong. The age groups 45-54 and 55-64 experienced significant increases (i.e., 56 percent and 69 percent, respectively). The age group 35-44 grew minimally, from 464 persons to 466 persons (i.e., 0.4 percent), and the only age group experiencing a decrease

was that of ages 5-14 (i.e., -7 percent). See Table 12, Comparison of Age Distribution, 2000-2010, for additional details.

Table 12. Comparison of Age Distribution, 2000-2010

Age Group	2000	Percent	2010	Percent	Percent Change
Under 5	148	5.7%	166	5.1%	12.2%
5-14	347	13.4%	324	10.0%	-6.6%
15-24	285	11.0%	401	12.4%	40.7%
25-34	379	14.7%	499	15.4%	31.7%
35-44	464	18.0%	466	14.4%	0.4%
45-54	349	13.5%	546	16.9%	56.4%
55-64	231	9.0%	390	12.1%	68.8%
65-74	197	7.6%	218	6.7%	10.7%
75+	180	7.0%	222	6.9%	23.3%
Total	2,580	100.0%	3,232	100.0%	-

Source: 2000 and 2010 U.S. 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. As a subset of households, 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 2010, there were 1,381 households in Netcong, with an average of 2.34 persons per household and an average of 2.99 persons per family. Approximately 59 percent of the households are comprised of married couples with or without children. Almost 41 percent of Netcong households are non-family households, which includes individuals.

Income Characteristics

Netcong households have, on average, lower incomes than that of Morris County as a whole. Annual median income for Borough households in 2013 was \$51,475, whereas annual median income for households in Morris County was \$98,633. Table 13, Household and Family Income by Income Brackets for Netcong and Morris County, 2013, further illustrates these findings by noting the number of households in each of the income categories.

Table 13. Household and Family Income by Income Brackets for Netcong and Morris County, 2013

	Netcong		Morris County	
	Households	Percent	Households	Percent
Less than \$10,000	116	7.8%	4,851	2.7%
\$10,000 - \$14,999	101	6.8%	3,593	2.0%
\$15,000 - \$24,999	86	5.8%	8,983	5.0%
\$25,000 - \$34,999	139	9.3%	9,522	5.3%
\$35,000 - \$49,999	267	17.9%	14,194	7.9%
\$50,000 - \$74,999	265	17.8%	25,512	14.2%
\$75,000 - \$99,999	216	14.5%	24,434	13.6%
\$100,000 - \$149,999	222	14.9%	36,472	20.3%
\$150,000 - \$199,999	33	2.2%	21,560	12.0%
\$200,000 or more	45	3.0%	30,543	17.0%
Total	1,490	100.0%	179,665	100.0%
Median Income	\$51,475		\$98,663	

Source: American Community Survey, 2009-2013.

Although the Census data does not provide a breakdown of household income by household size, COAH’s 2013 Regional Income Limits for Essex/Morris/Sussex/Union County (Region 2) for a household of one person was \$62,400. As such, the moderate-income threshold for a household of one person was \$49,920 (i.e., 80 percent of \$62,400). In attempting to approximate the number of low- and moderate-income households in the Borough, using the household size of one person is a conservative approach that represents just a minimum threshold. Table 13 shows that the percentage of households in the Borough for which income was below this minimum threshold was approximately 48 percent.

The percentage of persons and households below the poverty level, as defined by the 2013 American Community Survey, equates to 16.5 percent of all Netcong residents. This is higher than that of Morris County as a whole, wherein 4.4 percent of County residents were living below the poverty level in 2013.

Employment Characteristics

Table 14, Employment Status, indicates the number of Borough residents 16 years and over who are in the labor force, the type of labor force (i.e., civilian or armed forces) and employment status. Approximately 61 percent of Netcong residents 16 and over are in the in the labor force and, among those in the labor force, all are in the civilian labor force. Of the residents in the civilian labor force, 90 percent are employed and 10 percent are unemployed.

Table 14. Employment Status

	Number in Morris Plains	Percent in Morris Plains
Population 16 years and over	2,735	-
In Labor Force	1,656	60.5%
Civilian Labor Force	1,656	60.5%
<i>Employed</i>	1,488	89.8%
<i>Unemployed</i>	168	10.1%
Armed Forces	0	0.0%
Not in Labor Force	1,079	39.5%

Source: American Community Survey, 2009-2013.

Table 15, Employment by Occupation, Netcong, 2013, identifies the occupations of employed persons. While Netcong residents work in a variety of industries, 31 percent of employed residents work in Sales and Office-related occupations; and 29 percent are employed in Management, Business, Science, and Arts-related occupations. A small number of residents, 6 percent, work in Production, Transportation and Moving-related occupations.

Table 15. Employment by Occupation, Netcong, 2013

Sector Jobs	Number	Percent
Management, Business, Science, and Arts Occupations	425	28.6%
Service	406	27.3%
Sales and Office	465	31.3%
Natural Resources, Construction, and Maintenance	98	6.6%
Production, Transportation, and Moving	94	6.3%
Total	1,488	100.0%

Source: American Community Survey, 2009-2013.

Table 16, Distribution of Employment by Industry, Borough Residents, 2013, shows the distribution of employment by industry for employed Netcong residents. The four industries to capture the largest segments of the population were the Educational, Health and Social Services sector at 15 percent; the Financing, Insurance, Real Estate, Renting, and Leasing sector at 13 percent; the Retail Trade sector at 13 percent; and the Arts, Entertainment, Recreation, Accommodation, and Food Services sector at 12 percent.

Table 16. Distribution of Employment by Industry, Borough Residents, 2013

Sector Jobs	Number	Percent
Agriculture, Forestry, Fishing and Hunting, and Mining	14	0.9%
Construction	76	5.1%
Manufacturing	165	11.1%
Wholesale Trade	90	6.0%
Retail Trade	192	12.9%
Transportation and Warehousing, and Utilities	49	3.3%
Information	35	2.4%
Financing, Insurance, Real Estate, Renting, and Leasing	195	13.1%
Professional, Scientific, Management, Administrative, and Waste Management Services	108	7.3%
Educational, Health and Social Services	222	14.9%
Arts, Entertainment, Recreation, Accommodation and Food Services	183	12.3%
Public Administration	53	3.6%
Other	106	7.1%
Total	1,488	100.0%

Source: American Community Survey, 2009-2013.

Of the employed Netcong residents, approximately 79 percent are private wage and salary workers; 17 percent are government workers; and 4 percent are self-employed. See Table 17, Distribution by Class of Worker, 2013, for additional details.

Table 17. Distribution by Class of Worker, 2013

	Number in Netcong	Percent in Netcong
Private Wage and Salary Workers	1,175	79.0%
Government Workers	257	17.3%
Self-employed in own not incorporated business workers	56	3.8%
Unpaid family workers	0	0.0%
Total	1,488	100.0%

Source: American Community Survey, 2009-2013.

The New Jersey Department of Labor and Statistics tracks covered employment throughout the State. See Table 18, Public Sector Employment in Netcong by Industry Sector, 2002, 2007, 2011, for additional details. According to the New Jersey Department of Labor and Statistics, there were 1,546 private sector jobs in Netcong in 2011. Health Care and Social Assistance; Retail Trade; and Transportation and Warehousing were the largest sectors of in-town employment, with 778, 250 and 117 jobs, respectively. Table 18 also shows the number of employees by sector in Netcong in 2002 and 2007. The largest decreases in local employment between 2002 and 2011 were in the Manufacturing (-100 jobs) and Accommodation and Food Services (-42 jobs) sectors, which decreased by 83 and 58 percent, respectively. The sector which saw the largest local employment increase between 2002 and 2011 was the Health Care and Social Assistance sector, with a gain of 55 jobs (or 8 percent).

Table 18. Public Sector Employment in Netcong by Industry Sector, 2002, 2007, 2011

PRIVATE SECTOR JOBS	2002		2007		2011	
	COUNT	SHARE	COUNT	SHARE	COUNT	SHARE
Agriculture, Forestry, Fishing and Hunting, and Mining	5	0.3%	2	0.1%	0	0.0%
Mining, Quarrying, and Oil and Gas Extraction	0	0.0%	0	0.0%	0	0.0%
Utilities	1	0.1%	0	0.0%	0	0.0%
Construction	25	1.5%	43	2.2%	22	1.4%
Manufacturing	120	7.4%	12	0.6%	20	1.3%
Wholesale Trade	19	1.2%	13	0.7%	9	0.6%
Retail Trade	260	16.0%	264	13.4%	250	16.2%
Transportation and Warehousing	133	8.2%	135	6.9%	117	7.6%
Information	20	1.2%	7	0.4%	4	0.3%
Finance and Insurance	23	1.4%	25	1.3%	20	1.3%
Real Estate and Rental and Leasing	20	1.2%	7	0.4%	12	0.8%
Professional, Scientific and Technical Services	12	0.7%	23	1.2%	22	1.4%
Management of Companies and Enterprises Administration & Support	0	0.0%	0	0.0%	0	0.0%
Waste Management and Remediation	10	0.6%	49	2.5%	33	2.1%
Educational Services	61	3.8%	70	3.6%	75	4.9%
Health Care and Social Assistance	723	44.5%	1,116	56.6%	778	50.3%
Arts, Entertainment, and Recreation	15	0.9%	12	0.6%	9	0.6%
Accommodation and Food Services	73	4.5%	38	1.9%	31	2.0%
Other Services (Excluding Public Administration)	39	2.4%	59	3.0%	63	4.1%
Public Administration	67	4.1%	95	4.8%	81	5.2%
TOTAL PRIVATE SECTOR	1,626	100.0%	1,970	100.0%	1,546	100.0%

Source: State of New Jersey Department of Labor and Workforce Development Local Employment Dynamics; <http://onthemap.ces.census.gov/>.

Growth Trends and Projections

Residential Trends and Projections

According to the New Jersey Construction Reporter, between 2004 and 2014, Netcong issued nine certificates of occupancy, all of which were for one- and two-family dwelling units. See Table 19, Residential Certificates of Occupancy, 2004-2014, for additional details.

Table 19. Residential Certificates of Occupancy, 2004-2014

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
1 & 2 Family	2	1	3	0	2	0	0	0	0	0	1	9
Multifamily	0	0	0	0	0	0	0	0	0	0	0	0
Total	2	1	3	0	2	0	0	0	0	0	1	9

Source: New Jersey Construction Reporter.

Although the Borough has seen the construction of predominantly one and two family homes over the last decade, it is projected that there will be several multifamily projects in the coming years. As is detailed further in Chapter V, the Borough anticipates the construction of several multifamily developments which are part of redevelopment areas.. The Borough has encouraged the development of these projects in an effort to provide its regional fair share of affordable housing. Aside from these projects, the Borough anticipates little additional multifamily housing development. This is due in part to lack of vacant land, environmental constraints on the remaining undeveloped tracts zoned for residential use, and limited developability of tracts outside of the Borough’s sewer service area and water service areas.

Nonresidential Trends and Projections

According to the New Jersey Construction Reporter, between 2003 and 2013, Netcong issued certificates of occupancy for a total of ±14,220 square feet of non-residential building space. See Table 20, Non-Residential Certificates of Occupancy, 2003-2013, for additional details.

Table 20. Non-Residential Certificates of Occupancy, 2003-2013

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total
Office	0	0	0	0	0	0	2,680	0	0	1,440	0	4,120
Retail	0	0	0	0	0	0	0	0	0	0	0	0
A-1	0	0	0	0	0	0	0	0	0	0	0	0
A-2	0	0	0	0	0	0	0	0	0	0	0	0
A-3	0	2,994	0	0	0	0	0	0	0	0	0	2,994
A-4	0	0	0	0	0	0	0	0	0	0	0	0
A-5	0	0	0	0	0	0	0	0	0	0	0	0
Multifamily/ Dormitories	0	0	0	0	0	0	0	0	0	0	0	0
Hotel/ Motel	0	0	0	0	0	0	0	0	0	0	0	0
Education	0	0	0	0	0	0	0	0	0	0	0	0
Industrial	0	0	2,844	0	0	0	0	0	0	0	0	2,844
Hazardous	0	0	0	0	0	0	0	0	0	0	0	0
Institutional	0	0	0	0	0	0	0	0	0	0	0	0
Storage	0	0	0	0	0	2,250	0	0	0	0	0	2,250
Signs, Fences, Utility and Misc.	0	188	1,696	128	0	0	0	0	0	0	0	2,012
TOTAL	0	3,182	4,540	128	0	2,250	2,680	0	0	1,440	0	14,220

Source: New Jersey Construction Reporter.

Capacity for Growth

Netcong's Third Round obligation has yet to be determined. Estimates of Netcong's Fair Share obligation have been proffered by various experts including Dr. Robert Burchell, Dr. David Kinsey, and Econsult Solutions. These estimates are discussed in the next chapter and it will be shown that the Borough is able to provide 65 affordable units which is far in excess of the Fair Share obligations calculated by these experts. Furthermore, the 65 units is also well in excess of what COAH determined was Netcong's Third Round obligation in N.J.A.C. 5:97 which formed the basis of the COAH certified 2008 Plan. However, once the Court has determined the Borough's Third Round Fair Share obligation, Netcong reserves the right to amend this Housing Element and Fair Share to ensure compliance.

V. NETCONG AFFORDABLE HOUSING PLAN

Netcong's Fair Share Obligation

There are three components to a municipality's affordable housing obligation: rehabilitation (present Need) obligation¹; prior round obligation;² and prospective obligation³. Estimates of Netcong's Fair Share obligation and how the Borough will address that obligation is provided below.

Rehabilitation (Present Need) Obligation

In 2008, COAH assigned Netcong a rehabilitation obligation of 10 units in N.J.A.C. 5:97 which Netcong addressed in its COAH certified 2008 Plan. The Court subsequently invalidated N.J.A.C. 5:97 and in its 2015 Decision stated that municipal obligations should be based on methodologies used in COAH Rounds 1 and 2 updated to reflect more recent Census data, but declined to adopt a specific methodology or formula to calculate the rehabilitation obligation. However, several reports circulated in the last 18 months have offered estimates of this obligation. The first set of obligation numbers were issued by COAH in June 2014 (i.e., N.J.A.C. 5:99) and prepared by Rutgers University Center for Urban Policy Research, under the direction of Robert W. Burchell, Ph.D; (referred to herein as the "Burchell Numbers"). Burchell Numbers indicated that Netcong had a rehabilitation obligation of 20 units. David N. Kinsey, Ph.D., FAICP, PP has issued three sets of Third Round municipal obligation numbers over the 18 months dated July 2014, April 2015, and July 2015, respectively (referred to herein as the "Kinsey Numbers"). The Kinsey Numbers indicated that Netcong had a rehabilitation of 19 units. Finally, Econsult Solutions issued a report *New Jersey Affordable Housing Need and Obligations* dated December 30, 2015 (the "Econsult Report"). Similar to the Burchell Numbers, Econsult also estimated that Netcong had a rehabilitation obligation of 20 units.

To date, no Third Round estimated Fair Share obligations have been sanctioned by the Court. As such, Netcong awaits guidance from the Court on the final determination of its rehabilitation obligation. However, based on recent Census data collected in the reports prepared by Burchell, Kinsey, and Econsult, the Borough can reasonably estimate that this obligation is approximately **20 units**.

In its 2008 Plan granted Substantive Certification by COAH, the Borough sought to address the Borough's then ten unit rehabilitation share with seven rehabilitation credits resulting from participation in the Morris County Community Development Block Grant Housing Rehabilitation Program (the "County Program") and three surplus new construction family for-sale units resulting from the Station Area Redevelopment. The Borough will work

¹ The rehabilitation obligation (or present need) is an estimate of the low and moderate income households living in deteriorated housing.

² In 1994, the Council on Affordable Housing (COAH) adopted N.J.A.C. 5:93, et seq., which established criteria for the calculation of each municipality's low- and moderate-income housing obligation. The obligation was cumulative for the period between 1987 and 1999 (i.e., COAH's First and Second Rounds), which is commonly referred to as the Prior Round.

³ Per the Fair Housing Act, municipal determination of its present and prospective fair share of the housing need in a given region shall be computed for a 10-year period. In other words, this HEFSP estimates present and prospective need for the 2015-2025 time period.

to address a 20 unit rehabilitation obligation through a combination of participation in the County Program (17 units) and three surplus units from the Station Area Redevelopment.

Prior Round Obligation

The Supreme Court in the 2015 Case preserved Prior Round obligations established in N.J.A.C. 5:93. Netcong's Prior Round obligation was **0 units**.

Prospective Obligation

In 2008, COAH assigned Netcong a Prospective obligation of 26 units in N.J.A.C. 5:97 which Netcong addressed in its COAH certified 2008 Plan. Although N.J.A.C. 5:97 was invalidated by the Court, as with the Rehabilitation obligation, the Court in its 2015 Decision declined to adopt a specific methodology or formula to calculate the Prospective obligation. Burchell and Kinsey offered divergent estimates of the Borough's Prospective Obligation, i.e., -4 and 29 units, respectively. The recently released Econsult report estimated that the Borough's prospective obligation was 9 units. None of these estimates have been sanctioned by the Court. Nevertheless, the Borough will provide **65 units** of affordable housing to address its prospective need obligation which is in excess of the COAH, Burchell, Kinsey, and Econsult estimates.

The COAH certified 2008 Plan proposed to address the Borough's then prospective obligation of 26 units within two redevelopment areas (the Station Area Redevelopment Plan and the Stoll/Allen Street Redevelopment Plan) yielding 49 affordable units (three of which are to be used to address three units of the Borough's rehabilitation share) and a two unit accessory apartment program, resulting in a 22 unit surplus. At this time, the Borough is still anticipating the development of the Station Area and Stoll/Allen Street Redevelopment Areas. However, the Borough is no longer contemplating the accessory apartment program.

The Station Area Redevelopment Plan adjacent to downtown Netcong and the New Jersey Transit train station envisions a mixed use redevelopment that would yield 108 market-rate residential units and 28 affordable units (17 for-sale and 11 rental, including very low-income rental units), as well as 10,500 square feet of office and/or retail developments. Residential development would include a mix of multi-family, townhouses, and semi-attached housing. Three of the for-sale units will be applied to the Borough's remaining rehabilitation share. Netcong will also address a portion of its prospective Fair Share obligation in the Stoll/Allen Street Redevelopment Area. The Borough anticipates 103 stacked multi-family condominium units, of which 20 percent, or 21 units, will be set aside as affordable family units, including three very low-income units. In addition, since the grant of Substantive Certification, the Borough has also adopted a redevelopment plan for Block 19, Lot 14, commonly known as the Old Pocketbook Factory, which was adopted in 2013. There will be 72 multifamily units constructed as part of this redevelopment, ten percent of which will be affordable housing units (i.e., 7 units). Further, the Borough is currently preparing a redevelopment plan for Block 16.01, Lot 25.01 known as the Quirk Site. This plan anticipates the development of 120 residential units, ten percent of which, or 12 units, will be reserved for low- and moderate-income households.

In short, the Borough will provide 65 units of affordable housing which is far in excess of the Fair Share obligations determined by COAH, Dr. Burchell, Dr. Kinsey, and Econsult Solutions (see Table 21). None of these units will be age restricted. It is anticipated that at least 25 percent or 14 units will be rental units and over 12 percent or 7 units will be available to very low-income families.

Although Netcong awaits guidance on the final determination of its Fair Share obligation, the Borough can reasonably expect that the projects outlined in its 2008 Plan along with the addition of the Old Pocketbook Factory Redevelopment Area and the Quirk Site Redevelopment Area will provide affordable housing units that are more than sufficient to meet its Fair Share obligation based on any of the calculations provided to date by COAH, Dr. Burchell, Dr. Kinsey, and Econsult Solutions. Should the courts adopt a different Fair Share obligation, the Borough reserves the right to refine its Fair Share plan.

Table 21. The Borough of Netcong Affordable Housing Plan

REHABILITATION OBLIGATIONS (20 UNITS)			
<u>Affordable Development</u>	<u>Units</u>	<u>Anticipated Bonus Credits</u>	<u>Total Credits</u>
Morris County Community Development Block Grant Housing Rehabilitation Program	17 units	N/A	3
Station Area Redevelopment	3 units	N/A	20
<i>Total</i>	20	N/A	20
PRIOR ROUND OBLIGATION (0 UNITS)			
<u>Affordable Development</u>	<u>Units</u>	<u>Anticipated Bonus Credits</u>	<u>Total Credits Plus Bonuses</u>
N/A	N/A	N/A	N/A
<i>Total</i>	N/A	N/A	N/A
PROSPECTIVE OBLIGATION (65 UNITS)			
<u>Affordable Development</u>	<u>Units</u>	<u>Anticipated Bonus Credits¹</u>	<u>Total Credits Plus Bonuses¹</u>
Station Area Redevelopment Area	25 (14 for-sale and 11 rental including 4 very low-income)	0	25
Stoll/Allen Street Redevelopment Plan	21 units (3 very low-income)	0	21
Old Pocketbook Factory Redevelopment Area	7 units	0	7
Quirk Redevelopment Area	12 units	0	12
<i>Total</i>	65	0	65

¹The Borough does not anticipate needing to claim any bonus credits to address its Fair Share obligation at this time. However, the Borough reserves the right to claim these bonuses in the future if they are needed for the Borough to comply with its Fair Share obligation.

Source: Phillips Preiss Grygiel LLC.