



**HIGHLANDS MUNICIPAL
PLAN CONFORMANCE GRANT PROGRAM**

Update to Module 2: Municipal Build out Analysis and Report
Update to Module 3: Housing Elements and Fair Share Plans
Update to Module 7: Highlands Implementation Plan and Schedule

August 2015

Highlands Municipal Plan Conformance Grant Program

I. OVERVIEW

The Highlands Regional Master Plan (RMP) specifically requires “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” (Policy 6O8). To address the RMP requirements, a Housing Element and Fair Share Plan must be developed in compliance with all applicable RMP requirements, including the Land Use Capability Zone Map, water availability, wastewater utility capacity, water supply utility capacity, and resource protection provisions. In furtherance of this policy the Highlands Council is providing this Plan Conformance Grant Program to provide updates to the Module 2 Municipal Build-Out Analysis and Report, the Module 3 Housing Element and Fair Share Plan, and the Module 7 Highlands Implementation Plan and Schedule to assist in meeting the requirements of the Fair Housing Act (N.J.S.A. 52:27D-301 et seq.) and the March 10, 2015 NJ Supreme Court’s decision (In re Adoption of N.J.A.C. 5:96 & 5:97 by N.J. Council on Affordable Housing.). The Housing Element and Fair Share Plan documents must be provided to the Highlands Council for review as a condition of the Plan Conformance petition to ensure consistency with the RMP. The Highlands Council will conduct a review of any modifications to Module 3 Housing Element and Fair Share Plan in accordance with the conditions of the municipality’s Plan Conformance petition approval. Please note that a review of the status and completion of tasks identified in the Highlands Implementation Plan and Schedule that was approved with each municipality’s Plan Conformance petition is a required component of this program..

The Highlands Act (C.13:20-23 - Regional Master Plan considered in allocation of prospective fair housing share) states that “The Council on Affordable Housing shall take into consideration the regional master plan prior to making any determination regarding the allocation of the prospective fair share of the housing need in any municipality in the Highlands Region under the "Fair Housing Act," P.L.1985, c.222 (C.52:27D-301 et al.) for the fair share period subsequent to 1999.” In addition, the Fair Housing Act (N.J.S.A 52:27D-329.9 (a)) requires that all new residential development in the Highlands Region provide for a reservation of at least 20% of the units for low and moderate income households, to the extent that it is economically feasible. This 20% requirement applies to both conforming and non-conforming municipalities. Any municipality located in the Highlands Region preparing a fair share plan should take these requirements into consideration when reviewing the municipal buildable limit and the methods to comply with the municipality’s fair share obligations.

II. GRANT INFORMATION

The Highlands Council will provide funding in an amount not to exceed \$25,000, to Municipalities that have an approved petition for Plan Conformance that requires adoption of a Housing Element and Fair Share Plan, to assist in updating their Module 2 Municipal Build-Out Analysis and Report, the Module 3 Housing Element and Fair Share Plan, and the Module 7 Highlands Implementation Plan and Schedule. An estimated funding breakdown is provided below, however the municipality may distribute the update funding according to its own requirements for these tasks, provided it does not exceed the \$25,000 total. All funding is based upon an approved scope of work by the Highlands Council in accordance with the municipalities approved Plan Conformance Petition. Please note, participation in this grant program does not require a conforming municipality to submit a motion to the courts or to utilize the Highlands Municipal Build-Out Analysis and Report to assist in the determination of the municipality’s Fair Share Obligation.

Prior to approval of the grant, a scope of work must be prepared using the template provided by the Highlands Council. A copy of the scope of work template is available from the municipality’s Highlands Staff Liaison. The scope of work must set forth the timing and amount proposed for each task, and identify the deliverable. The Highlands Council recognizes that adjustments to the grant program may be necessary on a case by case basis. Where modifications from the deadlines or the funding amounts listed below are proposed, the scope of work shall provide

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support for such modifications. Funding under this grant program shall not be utilized for the preparation and submission of any declaratory judgement action, litigation costs or other legal fees.

III. GRANT COMPONENTS

A. Update of Module 2: Highlands Municipal Build-Out Analysis and Report - \$10,000

Municipalities shall update and verify the data found in the Highlands Module 2 Municipal Build-Out Analysis and Report prior to submission of their Fair Share Plan. This will include updates to preserved lands, developed lands, and any changes to the municipality's wastewater management plan or public water service areas since the completion of the Module 1 and 2 previous Highlands Municipal Build-Out Analysis and Report. This update is specific to the Module 2 component as Module 1 data was updated as part of the prior Module 2 analysis. Please take note that for the purposes of this update the definition of "preserved lands" has changed and shall follow the definition as found in N.J.A.C. 5:93-4.2. This will therefore require a complete review of those preserved lands.

The Highlands Council will provide the municipality with the 2009 version of the Municipal Build-Out Geodatabase and build-out capacity conditions for developable parcels (i.e., a land-based build-out assuming no constraints other than location within wastewater/water supply utility service areas, or for those lands not within a wastewater utility service area, the Septic System Yield based upon Land Use Capability Map Zone policies). The Municipality must review the provided Municipal Build-Out Geodatabase, land-based Build-Out and capacity constraints provided by the Highlands Council and provide an updated sealed data report on current municipal conditions using the Municipal Build-Out Geodatabase. Please note that detailed instructions for this task will be provided by the Highlands Council.

B. Update of Module 7: Highlands Implementation Plan and Schedule - \$2,500

The Highlands Council will provide each municipality with the most recent version of their Highlands Implementation Plan and Schedule. The updated Highlands Implementation Plan and Schedule will list all outstanding items that were approved as conditions of the municipality's petition for Plan Conformance. Municipalities shall review and update the Highlands Implementation Plan and Schedule to include a specific timeframe for the adoption of Highlands Module 3 (Housing Element and Fair Share Plan), Module 4 (Highlands Environmental Resource Inventory), Module 5 (Highlands Master Plan Element) and Module 6 (Highlands Land Use Ordinance) and any other outstanding conditions of the Plan Conformance petition approval. Please note that the updated Highlands Implementation Plan and Schedule will be adopted as part of the Module 3 Housing Element and Fair Share Plan.

C. Update of Module 3: Housing Element and Fair Share Plan - \$12,500

1. Housing Element: Update the Housing Element to reflect current municipal and regional conditions.
 - a. The Housing Element shall comply with the requirements of the Municipal Land Use Law and the Fair Housing Act.
 - b. The Housing Element shall include a discussion of the relationship of the Housing Element to the RMP.
 - c. The Housing Element shall comply with and reference the updated Module 7: Highlands Implementation Plan and Schedule as a timeline for implementation of any outstanding conditions of the Highlands Council's approval of the Plan Conformance petition.
2. Fair Share Plan: Update the Fair Share Plan to reflect updated Fair Share Obligations in compliance with the requirements of the Fair Housing Act and the NJ Supreme Court's decision.

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- a. A summary of the Prior Round Obligation of the municipality
 - i. Affordable units created or previously credited (including any bonus credits, RCA units, etc.)
 - ii. Remaining Prior Round Obligation
- b. A summary of the Present and Prospective Need Obligation of the municipality
 - i. For fully conforming municipalities a summary of any vacant land adjustment proposed, if based on the Highlands Municipal Build-Out Report.
 - ii. For partially conforming municipalities a summary of any proposed vacant land adjustment for lands located in the Preservation Area only.
 - iii. For any adjustments related to water and waste-water capacity limitations, all municipalities must distinguish between the lack of land (N.J.A.C. 5:93-4.2) and the lack of sewer and water (N.J.A.C. 5:93-4.3).
 - iv. Where a municipality is basing any adjustments on conformance with the Highlands Regional Master Plan, the municipality must reference and include the updated Highlands Implementation Plan and Schedule in the Fair Share Plan, including expected dates of adoption of any conditions the municipality's Plan Conformance petition and the expected adoption of the Highlands Land Use Ordinance (or Highlands Municipal Referral Ordinance (a.k.a. Checklist Ordinance)).
- c. The Fair Share Plan shall include a narrative analysis discussing the site specific consistency issues and the viability for any affordable housing site proposed, based on the Highlands Consistency Review Report from the Highlands Consistency Review web tool (<http://maps.njhighlands.us/hgis/cons/>). Please note, hard copies of the report are not required to be submitted.
- d. Municipalities shall review the updated Municipal Build-Out Report and provide a discussion of how the municipality intends to comply with the Fair Housing Act 20% set aside requirement for new construction, where economically feasible. A municipality shall also consider all the techniques provided in the Fair Housing Act (N.J.S.A C.52:27D-311) to reduce costs to make all such developments economically feasible.
- e. In addition to the municipalities Fair Housing Act 20% responsibility, municipalities should also provide an analysis of the feasibility of providing for a realistic opportunity to provide for their Fair Share through other techniques that do not require new construction. To support that these methods present a realistic opportunity, municipalities shall prepare a current and projected spending plan based on affordable housing fees currently available and expected to become available through the use of any previously approved or to be adopted development fee ordinances.

C. Schedule for Completion and Deliverables

Please note that deadlines may be modified for individual municipalities based on guidance received from the Court.

1. Module 2: Municipal Build-Out Analysis and Report Update
 - a. **Deadline: October 15, 2015**
 - b. Deliverable: The updated Municipal Build out Geodatabase and all required verification and sealed data reports in support of the updated Municipal Build-Out Geodatabase. The geodatabase and Municipal Build out Report files will be posted by the Highlands Council to its Web Site for public information.
2. Module 7: Highlands Implementation Plan and Schedule Update
 - a. **Deadline:**

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- i. Draft: October 15, 2015**
 - ii. Final: December 8, 2015**
 - b. Deliverable: Updated version of the Module 7 Highlands Implementation Plan and Schedule with proposed completion dates.
- 3. Module 3: Housing Element and Fair Share Plan Update
 - a. Deadline: December 8, 2015**
 - b. Deliverable: Final version of the Housing Element and Fair Share Plan and all supplemental information and attachments including the Module 7 Highlands Implementation Plan and Schedule with proposed completion dates submitted in the form of one electronic copy in Adobe® Portable Document Format (pdf), and one hard copy. The Adobe® file will be posted by the Highlands Council to its Web Site for public information.