

Borough of Bernardsville

Somerset County, New Jersey

Amended Housing Plan Element and Fair Share Plan

Adopted by Bernardsville Planning Board: August 23, 2018

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PREAMBLE

This Housing Element and Fair Share plan has been amended as agreed upon at the Compliance Hearing on July 2, 2018. At the hearing, the Borough was granted approval of its plan, subject to the following conditions:

- **Remove inconsistent language regarding unsewered area** – Fair Share Housing considered language on p. 34 of this document to be inconsistent with other elements in the plan. The offending sentences have been removed from p. 34 of the document.
- **Remove references to Childs Road as part of the scattered site project and revise to denote new development status** – Childs Road is no longer identified as part of the scattered site project (on pages 41–43, and 45); and is also independent of the scattered site project in the spending plan as well (page 4 of the spending plan). The Borough has also committed itself to entering into a development agreement with the property owner by Dec. 31, 2018.
- **Resolution confirming Substantial Credits for Prior Round** – Fair Share requested a copy of the COAH resolution to confirm the Borough's Substantive Credits for the Prior Round. A copy of that resolution is included in the compliance section of the Appendix.
- **Provide schedule of development for scattered sites project** – This has been addressed with new text on pages 47-48 of the document. This schedule was developed using input from actual proposed developer schedules for the scattered site project.
- **Extension of controls** – Fair Share Housing requested a review of the proposed extension of control properties to confirm if they were eligible based on their closing dates. Upon further review, eleven (11) properties were considered to not be eligible until Round IV, based on their closing dates. As such, the following changes were made to the plan:
 - North Finley Scattered Site development had density increased from 20 units to 30 units. North Finley has also been designated an age-restricted facility.
 - One (1) additional unit was added to the market to affordable program.

It is now considered that this Housing Element and Fair Share Plan complies with the requirements of the conditional Judgment of Repose as amended.

1. INTRODUCTION AND EXECUTIVE SUMMARY

SOMERSET HILLS REGION

Bernardsville is geographically part of the Somerset Hills group of communities, as defined by their hills, rivers and steep slopes. These municipalities include Far Hills, Peapack-Gladstone (part), Bedminster (part), and Bernards Township (part) in Somerset County and the Mendhams (part) in Morris County. The Somerset Hills region is located between two historic centers: Somerville and Morristown. Somerville, located on the Raritan River, the county seat and a major commercial center and industrial area, is served by Route 22 to Newark, Route 28 to Elizabeth, Route 202 to Flemington and Pennsylvania and Route 206 to Trenton. Morristown, the county seat of Morris County, connects to the eastern centers via Route 24, Columbia Road/South Orange Avenue and Route 10.

The headwaters of the Passaic River and the Raritan River originate in the Somerset Hills region. The multiple headwater streams, rolling hills and frequently steep slopes that are typical of the area did not lend themselves to industrial or commercial development. Such potential development was, of course, further inhibited by distances to metropolitan centers. Today, there are two regional highway features that affect the accessibility of the Somerset Hills region: Route I-287 and Route I-78, parts of our national interstate system. Route I-78 traverses the center of the State from the Newark Liberty International Airport to Phillipsburg. Route I-287 is a circumferential arterial road extending from Perth Amboy through the Somerville-Bridgewater area, around the Watchung mountain range and then northward through Morristown to a northern termination point in New Jersey at the Mahwah/Suffern New York State border. These interstate routes have made the Somerset Hills region accessible and as a result housing and population have grown since completion of these highways.

THE BOROUGH OF BERNARDSVILLE

The Borough of Bernardsville is not traversed by either of the two arterials, although I-287, located immediately south of Bernardsville is readily accessible. Historically, Bernardsville did not have the utilities, road network or environment that typically supports large-scale development of industrial and commercial uses. Rather, it is a community in which the form of land development has closely followed the natural terrain and the network of local roads that interconnect Bernardsville to its neighbors. Large-scale land use changes relating to recent changes in accessibility to the metropolitan centers have not occurred, principally because of overriding environmental issues, and would be inconsistent with the historic pattern of development and the suburban/rural character of the community.

As a result, Bernardsville remains a modest-sized municipality (12.9 square miles) with a diversity of housing types and land uses. Within Bernardsville most housing is single-family detached but there also are single-family attached, multi-family units, and low- and moderate-income housing. This character of housing corresponds to Bernardsville residential zoning. There are multi-family units and small-lot homes within and near the downtown. One-acre zoning rings the downtown area, and lastly, larger-lot zoning and estates are located in the outer Mine Mountain sector of Bernardsville (which is not served by sewers or public water).

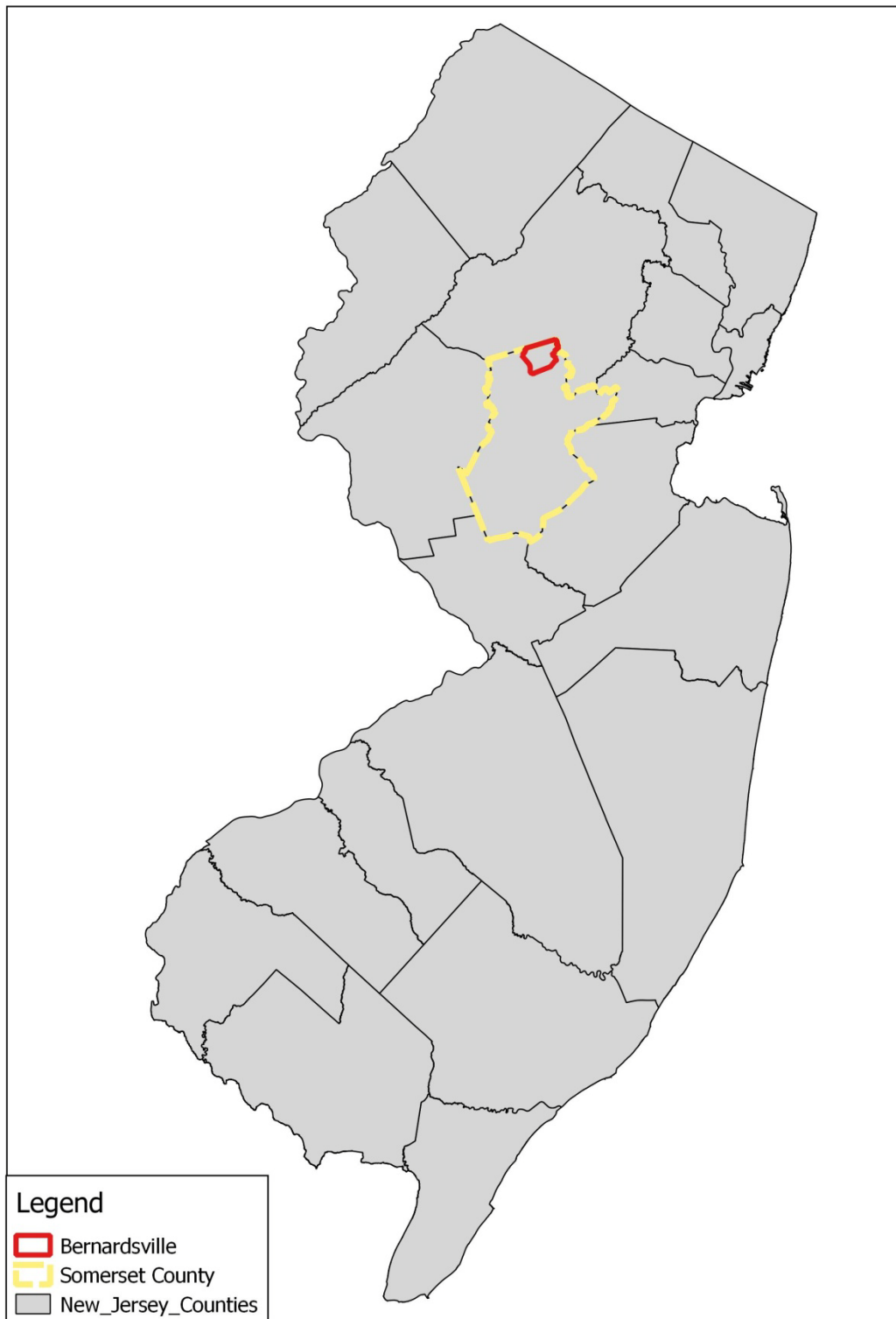
Bernardsville has a defined downtown, consisting of stores, shops, offices and two major supermarkets. These commercial uses serve Bernardsville residents as well as residents of abutting

communities. The downtown and its surrounding concentration of housing have been identified as a Town Center in the State Development and Redevelopment Plan. The Town Center has a population of approximately 3,100 persons and contains 1,138 acres or 1.8 square miles. It is the only area of Bernardsville served by public sewers. The remainder (and therefore the majority of the Borough's land) is not served by public sewers.

The circulation patterns fall into three categories:

- The Bernardsville railroad station affords rail commuting to eastern employment centers, primarily Newark and New York City.
- Proximity to I-287 and I-78 provides a convenient commuting route to regional employment areas including Morristown and New Brunswick.
- Local roads provide access to residential neighborhoods and interconnect to collector roads leading to Routes 202, I-287 and I-78.

FIGURE 1 - LOCATION MAP



HISTORY OF AFFORDABLE HOUSING IN BERNARDSVILLE

Bernardsville has always actively addressed affordable housing issues. The Borough received a First Round Certification on October 17, 1988. Bernardsville received Second Round Substantive Certification from the Council on Affordable Housing (COAH) on December 6th, 1995. COAH's Round III regulations were the subject of litigation. As a result, significant changes were made and adopted by COAH in September of 2008. In response, the Borough prepared an Amended Housing Element and Fair Share Plan that addressed COAH's revised regulations. On May 20, 2010, Bernardsville adopted a new Housing Element and Fair Share Plan consistent with COAH's revised rules. A petition for Third Round Certification was then filed with COAH by letter dated June 4, 2010. COAH acknowledged receipt of that Petition for Third Round Substantive Certification by letter dated September 2, 2010. However, COAH never acted on that Petition. COAH's revised Third Round rules were challenged again and invalidated by the Appellate Division on October 8, 2010. The New Jersey Supreme Court upheld the appellate Court decision on September 26, 2013 and ordered COAH to adopt new rules, which it failed to do.

On March 10, 2015, the Supreme Court decided *In re Adoption of N.J.A.C. 5:96 & 5:97* by the N.J. Council on Affordable Housing, 221 N.J. 1 (2015) ("Mount Laurel IV"). In this decision, the Supreme Court held that since COAH was no longer functioning, trial courts were to resume their role as the forum of first instance for evaluating municipal compliance with Mount Laurel obligations, and also established a process for municipalities to seek a Judgment of Compliance and Repose ("JOR") in lieu of Substantive Certification from COAH.

In response to Mount Laurel IV, Bernardsville Borough filed a Declaratory Judgment Action on July 6, 2015 to seek approval of its Housing Element and Fair Share Plan, and simultaneously brought a motion to extend immunity from all Mount Laurel exclusionary lawsuits, including builder's remedy lawsuits. The Superior Court, Law Division, Somerset County, granted the Borough's motion for immunity and said immunity is still in full force and effect.

Under the supervision of the court-appointed Special Master, the Borough and Fair Share Housing Center ("FSHC") entered into a global Settlement Agreement dated November 22, 2017, which established agreed upon rehabilitation, Prior Round (1987-1999), Gap (1999-2015) and Prospective Need (2015-2025) obligations and laid out how the Borough would comply with the same. A properly noticed Fairness Hearing was held on December 18, 2017, and the Court entered an order approving the Settlement Agreement on December 18, 2017. A copy of the Settlement Agreement is attached hereto as Appendix B.

This plan addresses the four components of the Borough's affordable housing obligation: the Rehabilitation Share, the Prior Round Obligation (1987-1999), the Gap Obligation (1999-2015) and the Prospective Need Obligation (2015-2025). As Table 1 shows, the Settlement Agreement with the Fair Share Housing Center established Bernardsville's Rehabilitation Obligation to be 15 units, the Prior Round Obligation to be 127 units, and Bernardsville's Gap + Prospective Need Obligations combine to total 215 units. Tables 2 and 3 details how Bernardsville complies with its Prior Round and Gap + Prospective Need obligations.

TABLE 1 – SUMMARY OF 3RD ROUND OBLIGATION

Component	Number of Units
Present Need	15
Prior Round Obligation	127
Gap + Prospective Need Obligation	215
Realistic Development Potential (RDP)	N/A
Unmet Need	N/A
Total	357

TABLE 2 – COMPLIANCE MECHANISMS FOR PRIOR ROUND OBLIGATION 1987-1999

Compliance Mechanisms	Credits	Bonuses	Total
127 Unit Prior Round Obligation (1987-1999)			
Prior Cycle (20% Substantial Compliance Granted December 6, 1995 by COAH)		9	9
Regional Contribution Agreement	77		77
Inclusive Developments			
Pine Ridge (North Finley Ave Condo Units)	26		26
Rolling Hills at Bernardsville (Bernards Ave & Pine Street)	15		15
Total	118	9	127
	Required		Provided
Maximum Senior - 25% of obligation	31		0
Min. Total Rental - 25% of obligation	9*		9*
Senior maximum bonus	0		0
Rental bonus maximum – not to exceed rental minimum	32		0

*Bernardsville's rental obligation was revised down to nine (9) units in March 1, 1995, and COAH staff recommended substantive certification on December 6, 1995. (See Appendix R.i)

TABLE 3 – COMPLIANCE MECHANISMS FOR THIRD ROUND OBLIGATION 1999-2025

Compliance Mechanisms	VL Units	VL Units	Credits	Bonuses	Total
215 Unit Third Round Obligation (1999-2025)	Senior/SN	Family			
100% Affordable Municipally Sponsored Sites					
Habitat for Humanity			4		4
Childs Road		1	6	6	12
North Finley Avenue			30	6	36
Mine Brook Road		3	16	16	32
Conti Site	4		4	4	8
Pine II		2	8	8	16
Group Homes	12		12	12	24
Additional Mechanisms					
Market to Affordable Program			4		4
Accessory Apartment Program			10		10
Extension of Controls			6		6
Durationally Adjusted Sites					
Quarry Site		6	51		51
Quimby Lane		1	12		12
Total	16	13	163	52	215
		Required	Provided		
Min. Total Family - 50% of obligation		108	117		
Min. Very Low Required - 13% of units developed after 7/1/2008		11	29		
Min. Very Low Family Required - 50% of total VL		7	13		
Min. Total Rental - 25% of obligation		54	139		
Min. Family Rental - 50% of total rental		27	103		
Maximum Senior - 25% of obligation		53	30		

BACKGROUND OF AFFORDABLE HOUSING IN NEW JERSEY

Mount Laurel I

In 1975, the New Jersey Supreme Court established the doctrine that a developing municipality's land use regulations must provide a realistic opportunity for low and moderate income housing:

"We conclude that every such municipality must, by its land use regulations, presumptively make realistically possible an appropriate variety and choice of housing. More specifically, presumptively it cannot foreclose the opportunity of the classes of people mentioned for low and moderate-income housing and in its regulations, must affirmatively afford that opportunity, at least to the extent of the municipality's fair share of the present and prospective regional need therefore. These obligations must be met unless the particular municipality can sustain the heavy burden of demonstrating peculiar circumstances which dictate that it should not be required so to do." (*S. Burlington Cty. N.A.A.C.P. v. Mount Laurel Twp.*, 67 N.J. 151, 173–74 (1975) ("**Mount Laurel I**").

Mount Laurel II

Eight years later, the Supreme Court returned to the issue and concluded in *S. Burlington Cty. N.A.A.C.P. v. Mount Laurel Twp.*, 92 N.J. 158 (1983) ("**Mount Laurel II**") that while the Mount Laurel "doctrine has become famous [,] the Mount Laurel case itself threatens to become infamous ... After all this time, ten years after the trial court's initial order invalidating its zoning ordinance, Mount Laurel remains afflicted with a blatantly exclusionary ordinance. Papered over with studies, rationalized by hired experts, the ordinance at its core is true to nothing but Mount Laurel's determination to exclude the poor." The Supreme Court additionally found that Mount Laurel was not the only municipality to avoid its affordable housing obligations and that there was "widespread non-compliance".

As a result, the Supreme Court resolved to be: "[M]ore firmly committed to the original Mount Laurel doctrine than ever, and ... determined, within appropriate judicial bounds, to make it work. The obligation is to provide a realistic opportunity for housing, not litigation. We have learned from experience, however, that unless a strong judicial hand is used, Mount Laurel will not result in housing, but in paper, process, witnesses, trials and appeals. We intend by this decision to strengthen it, clarify it, and make it easier for public officials, including judges, to apply it." (*Mount Laurel II* at 198-99.) In its decision the Supreme Court provided a number of approaches to expand affordable housing, including the requirement that all (and not just "developing") municipalities must provide realistic opportunities for their share of decent housing to be determined on a regional basis. Proof of compliance would no longer be satisfied by a "good faith attempt", but rather determined by the actual number of units made available for immediate and future need. Importantly, the Supreme Court created a judicial remedy whereby a developer could file a lawsuit (called a "builder's remedy lawsuit") against a noncompliant municipality for judicial permission to create affordable housing, often at higher densities than permitted by existing zoning. As the Supreme Court stated, a builder's remedy lawsuit would be granted "where appropriate and on a case by case basis" where the developer had acted in good faith, attempted to obtain relief without litigation, and whose development would promote affordable housing and "located and designed in accordance with sound zoning and planning concepts, including its environmental impact." *Id.* at 218.

The Fair Housing Act

In response to the Mount Laurel I and II decisions, the New Jersey Legislature enacted the Fair Housing Act, N.J.S.A. 52:27D-301 et seq. (“**Act**”) in 1985. The Legislature’s intent was to establish a predictable statutory scheme to provide affordable housing “in accordance with regional considerations and sound planning concepts”. At the same time, the legislature sought to avoid litigation in preference of a mediation and review process that would promote alternatives to the use of the Builder’s Remedy as a method of achieving fair share housing.

The Act established the 12-member Council on Affordable Housing (“**COAH**”) charged with proposing and adopting procedural rules to:

1. Determine the State housing regions;
2. Estimate the present and prospective need for low and moderate-income housing at the State and regional levels;
3. Determine each municipality’s present and prospective fair share of housing need in its respective region over a 6-year period (subject to adjustments based on statutory considerations such as vacant land, development patterns, existing land use, etc.);
4. Provide population and household projections for the State and housing regions; and
5. In its discretion, establish limits upon the aggregate number of units to be allocated to a municipality as its fair share of the region's present and prospective need for low and moderate-income housing.

The Act also established a voluntary process by which a municipality could prepare and file a municipal housing element and adopt a fair share ordinance to adopt the housing element. This initial step was required for a municipality to petition COAH for a grant of substantive certification, which provided it with a period of immunity from exclusionary lawsuits while COAH reviewed the municipality’s housing element and fair share plan.

The Act provided municipalities with the option, subject to prior COAH approval, of transferring up to 50% of its fair share to another municipality within its housing region by means of a contractual agreement (a “**Regional Contribution Agreement**” or “**RCA**”).

THE AFFORDABLE HOUSING CYCLES

In 1986, COAH established its “**First Round**” regulations for the period 1987 to 1993 (N.J.A.C. 5:92-1 et seq.), establishing two categories of need: “present need” as the number of existing low and moderate-income households occupying substandard units, and “prospective need” as the number of new low and moderate-income households estimated to be formed over the six-year period.

In 1994, COAH’s “**Second Round**” regulations were adopted covering municipal affordable housing obligations, again for a six year time period (1987 to 1999) (N.J.A.C. 5:93-1 et seq.) In the Second Round, COAH additionally revised its First Round prospective need numbers for 1987 to 1993 as household growth did not occur as anticipated. Accordingly, COAH created new conservative projections for the 1993–1999 time period with the same projections used in the preparation of the New Jersey State Development and Redevelopment Plan.

After extending its Second Round rules from 1999-2003, COAH did not adopt initial “**Third Round**” regulations (N.J.A.C. 5:94-1 and 5:95-1 et seq.) in 2004. The 2004 Third Round regulations changed the period of compliance from six to ten years, and also differed significantly from prior rounds in that COAH no longer assigned each municipality its “number” of housing need, but instead adopted a “Growth Share” formula whereby a municipality’s allocation was determined by its projections of residential and non-residential development for the period 2004 to 2014.

2008 AMENDMENTS TO THE FAIR HOUSING ACT

In 2008, the Legislature enacted changes to the FHA that included the elimination of Regional Contribution Agreements and required a 20% affordable housing set aside for state funded initiatives and residential development within the jurisdiction of regional planning entities (the Meadowlands, Highlands, Fort Monmouth redevelopment and the Pinelands.) In addition, the 2008 changes to the FHA required at least 13% of affordable housing units in a municipality’s affordable housing plan be reserved for occupancy by very low-income households (defined as households with a gross household income equal to 30% or less of an area median income for households of the same size in the housing region).

MOUNT LAUREL IV, THE DEMISE OF COAH, AND JUDICIAL REVIEW OF MUNICIPAL HOUSING ELEMENTS AND FAIR SHARE PLANS

Over the next ten years, the Third Round rules would be challenged in the courts (specifically the Growth Share analysis), revised by COAH in 2008 and 2014, and then challenged again.

Ultimately in 2015, the New Jersey Supreme Court declared COAH a nonfunctioning agency and removed the responsibility for overseeing affordable housing in New Jersey from it, holding “that the courts may resume their role as the forum of first instance for evaluating municipal compliance with Mount Laurel obligations[.]” In re Adoption of N.J.A.C. 5:96 & 5:97 ex rel. New Jersey Council on Affordable Hous., 221 N.J. 1, 34 (2015) (“**Mount Laurel IV**”). As a result, the Supreme Court established what it considered to be a “transitional process” by which municipalities that had already obtained or were in the process of obtaining substantive certification from COAH, could file declaratory judgment actions seeking a court order to confirm that their housing element and implementing ordinances met their Mount Laurel obligations. (*Ibid.*) Under this “orderly process”, “[n]o builder’s remedy shall be authorized to proceed against any town unless a court determines

that the substantive certification that was granted is invalid, no constitutionally compliant supplement plan is developed and approved by the court after reasonable opportunity to do so, and the court determines that exclusionary zoning actions, including actions for a builder's remedy, are appropriate and may proceed in a given case." *Id.* at 45, 46.

Two years later, the New Jersey Supreme Court again would address the judicial remedy it fashioned in Mount Laurel IV, when it held that a municipality's current housing obligation was to include not only the prospective need period (2015-2025), but the Gap Period (1999-2015) as well.. According to the court, a municipality's housing obligation is now composed of four components: (1) a present need Rehabilitation Obligation, (2) a Prior Round obligation (1987-1999), (2) a present need Gap Period obligation (1999-2015), and (4) a prospective need obligation (1999-2025). Specifically, the court held that the definition of "present need" needed to be expanded to include in its analysis "in addition to a calculation of overcrowded and deficient housing units, an analytic component that addresses the affordable housing need of presently existing New Jersey low- and moderate-income households, which formed during the gap period and are entitled to their delayed opportunity to seek affordable housing." (*In re Declaratory Judgment Actions Filed by Various Municipalities*, 227 N.J. 508, 519,531 (2017).)

THE HOUSING ELEMENT AND FAIR SHARE PLAN

Under the New Jersey Municipal Land Use Law, N.J.S.A. 40:55D-1 et seq. ("MLUL"), a municipal Master Plan must contain a Housing Element if the governing body chooses to adopt or amend a zoning ordinance. N.J.S.A. 40:55D-28(b)(3); N.J.S.A. 40:55D-62(a)). Pursuant to the Fair Housing Act, a master plan housing element is required to "be designed to achieve the goal of access to affordable housing to meet present and prospective housing needs with particular attention to low and moderate-income housing" with the following required components, as per N.J.S.A. 52:27D-310 (a) – (f):

1. 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;
2. A projection of the municipality's housing stock, including the probable future construction of low and moderate-income housing, for the next ten years, taking into account, but not necessarily limited to, construction permits issued, approvals of applications for development and probable residential development of lands;
3. An analysis of the municipality's demographic characteristics, including but not necessarily limited to, household size, income level, and age;
4. An analysis of the existing jobs and employment characteristics of the municipality, and a projection of the probable future jobs and employment characteristics of the municipality;
5. A determination of the municipality's present and prospective fair share for low and moderate-income housing and its capacity to accommodate its present and prospective housing needs, including its fair share for low and moderate-income housing; and

6. A consideration of the lands that are most appropriate for construction of low and moderate-income housing and of the existing structures most appropriate for conversion to, or rehabilitation for, low and moderate-income housing, including a consideration of lands of developers who have expressed a commitment to provide low and moderate-income housing.

This Housing Element and Fair Share Plan meets all of above statutory requirements of the MLUL, as well as the judicial guidelines of the FHA, applicable COAH regulations, Uniform Housing Affordability Controls ("UHAC") and the Court approved November 2017 Settlement Agreement between FSHC and the Borough of Bernardsville.

2. DEMOGRAPHIC, HOUSING STOCK, AND EMPLOYMENT ANALYSIS

DEMOGRAPHIC CHARACTERISTICS

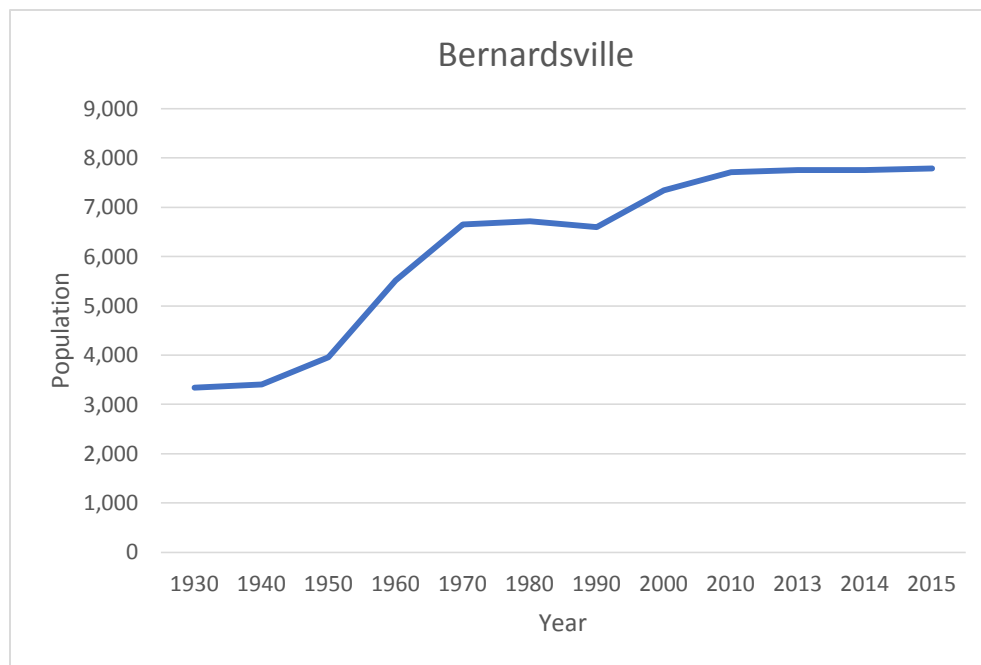
POPULATION DEMOGRAPHICS

As evidenced in Figure 2, the largest growth in population in both the Borough and County occurred between the 1950s and the 1970s, with an additional boom period in Somerset County between 1990-2010. The 1950-1970 period corresponds to the suburbanization of hitherto rural and sparsely settled areas of New Jersey. Bernardsville grew 68.1% (+2,696) and Somerset County grew 100.3% (+99,320). Bernardsville's population rose very modestly between 1970-1980 and actually lost population between 1980-1990. Growth picked-up from 2000 onwards, with an increase of 441 persons in the Borough to 2015. As Bernardsville is substantially a built-up municipality, future growth will likely be very limited. Overall, the county has experienced growth since 2000 as well, adding over 33,000 people, though an estimated decline of almost 2,000 people in the County between 2014-2015 indicates that the county may be starting to experience a reduced housing demand generally.

TABLE 4 - POPULATION TRENDS 1930 – 2015, BOROUGH OF BERNARDSVILLE AND SOMERSET COUNTY

Year	Bernardsville		Somerset County	
	Number	Change	Number	Change
1930	3,336	-	65,132	-
1940	3,405	+69	74,390	+9,258
1950	3,956	+551	99,052	+24,662
1960	5,515	+1,559	143,913	+44,860
1970	6,652	+1,137	198,372	+54,459
1980	6,715	+63	203,129	+4,757
1990	6,597	-118	240,279	+37,150
2000	7,345	+148	297,490	+57,211
2010	7,707	+362	323,444	+25,954
2013	7,758	+51	326,207	+2,763
2014	7,756	-2	332,568	+9,124
2015	7,786	+30	330,604	-1,964

Figure 2 - POPULATION TRENDS 1930 - 2010 BOROUGH OF BERNARDSVILLE

**AGE DISTRIBUTION OF POPULATION**

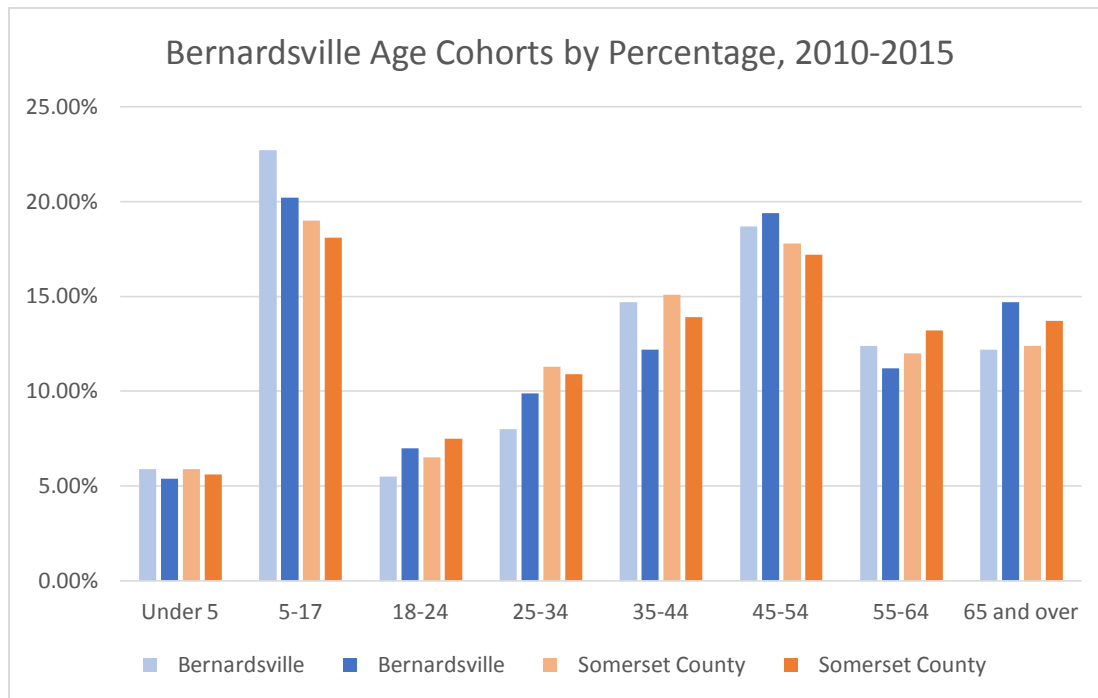
The percent figures at Table 5 show modest decreases in the young child (Under 5) and school age (5-17) cohorts, while college-aged (18-24) and young professional (25-34) populations increased since 2010 in the Borough. Comparison to Somerset County percentages show similarities to those in Bernardsville and are typical to New Jersey suburban communities, though Bernardsville's median age profile skews 0.8 years older than Somerset County. See Figure 3.

TABLE 5 – BERNARDSVILLE POPULATION BY AGE COHORT 2015

Age Group	Bernardsville		Somerset County	
	2010 Percentage	2015 (est) Percentage	2010 Percentage	2015 (est) Percentage
Under 5	5.9%	5.4%	5.9%	5.6%
5-17	22.7%	20.2%	19.0%	18.1%
18-24	5.5%	7.0%	6.5%	7.5%
25-34	8.0%	9.9%	11.3%	10.9%
35-44	14.7%	12.2%	15.1%	13.9%
45-54	18.7%	19.4%	17.8%	17.2%
55-64	12.4%	11.2%	12.0%	13.2%
65 and over	12.2%	14.7%	12.4%	13.7%
Median Age (years)	41.6		40.8	

SOURCE: 2015 ACS TABLE DP05

FIGURE 3 – BERNARDSVILLE & SOMERSET COUNTY POPULATION BY AGE COHORT 2015



HOUSEHOLD SIZE & TYPE

As shown in Table 6, the Borough is composed primarily of households with fewer than 3 people. These households represent 71.4% of all Bernardsville households, very similar to that of the County (72.8%). The higher incidence of single family households in Bernardsville is likely a function of the older population, whereas the increased number of 5+ person households is more than likely a function of a higher percentage of single family housing than in Somerset County.

TABLE 6 – BERNARDSVILLE HOUSEHOLD SIZE BY HOUSING TENURE - 2015

Owner Occupied	Number	Percentage	Renter occupied	Number	Percentage
1-person	411	17.8%	1-person	317	64.6%
2-person	790	34.2%	2-person	20	4.1%
3-person	425	18.4%	3-person	39	7.9%
4-person	336	14.5%	4-person	62	12.6%
5-person	284	12.3%	5-person	53	10.8%
6-person	40	1.7%	6-person	0	0.0%
7+ person	27	1.2%	7+ person	0	0.0%
Total Households	2,313	100.0%	Total Households	491	100.0%

Total Households	Number	Percentage
1-person	728	26.0%
2-person	810	28.9%
3-person	464	16.5%
4-person	398	14.2%
5-person	337	12.0%
6-person	40	1.4%
7+ person	27	1.0%
Total Households	2,804	100.0%

Source: 2015 ACS Table B25009

Table 7 reveals that in regard to the composition of households in Bernardsville, the overwhelming majority are family households (79.4%). Married-couple households represent over half of all households in the municipality, with 28.9% of households containing children under 18. There are very few single householders with children – just over 1% combined, considerably less than the NJ rate of 6.8%.

TABLE 7 – BERNARDSVILLE HOUSEHOLD TYPE - 2015

Household type		
Type	Number	Percentage
Family Households	2,804	79.4%
Married-couple family	1,928	54.6%
With children under 18	1,019	28.9%
Male householder, no partner	91	2.6%
With children under 18	16	0.5%
Female householder, no partner	57	1.6%
With children under 18	20	0.6%
Non-family households	728	20.6%
TOTAL	3,532	100.0%

Source: 2015 ACS Tables DP02 & B11010

HOUSING STOCK

HOUSING TYPE

A substantial majority of housing units in Bernardsville is single family detached units (80%), and over 95% of the residential structures in Bernardsville are 2 units or less. This percentage is characteristic of a rural/suburban municipality. This contrasts, however, to a lower percent of single family homes in the County, at 58%. Conversely, the County has much more multi-family homes with 3+ units, with 20.2% versus Bernardsville with only 4.2%. See Table 8.

TABLE 8 – BERNARDSVILLE HOUSING TYPE BY UNITS IN STRUCTURE - 2015

Units	Bernardsville		Somerset County	
	Number	Percentage	Number	Percentage
One Unit Detached	2,483	80.0%	73,034	58.6%
One Unit Attached	168	5.4%	19,816	15.9%
2 Units	325	10.5%	6,551	5.3%
3 to 4 Units	57	1.8%	6,064	4.9%
5 to 9 Units	36	1.2%	5,513	4.4%
10 or more Units	36	1.2%	16,560	10.9%
Other	0	0	134	0.1

Source: 2015 ACS Table DP04

OCCUPANCY STATUS

As of the 2015 Census, Bernardsville contained a total of 3,105 housing units with 2,804 (90.3%) units occupied and 301 units (9.7%) vacant. Of the occupied units, 82.5% (2,313 units) were owner-occupied and 17.5% (491 units) were renter-occupied. Of the 301 vacant units, 35.5% are rental units and 12.6% are for-sale housing units. There is a large number of “other” vacancies (28.5% of the vacant total), which is comprised of homes where the owner is choosing not to live in the home, is under renovation or repair, or in foreclosure – though this is consistent with the rate of “other” vacancies for Somerset County. See Table 9.

TABLE 9 – BERNARDSVILLE OCCUPANCY STATUS – 2015

Occupancy Status	Bernardsville		Somerset County	
	Households	Percentage	Households	Percentage
Occupied Total	2,804	90.3%	115,998	93.0%
Owner Occupied	2,313	82.5%	88,277	76.1%
Renter Occupied	491	17.5%	27,721	23.9%
Vacant Total	301	9.7%	8,674	7.0%
For rent	107	3.4 %	3,014	2.4%
Rented, not occupied	0	0.0%	450	0.4%
For Sale	38	1.2%	1,375	1.1%
Sold, not occupied	0	0.0%	476	0.4%
Seasonal	69	2.2%	814	0.7%
Other	87	2.8%	2,545	2.0%
Total	3,105	100.0%	124,672	100.0%

Source: 2015 ACS Tables DP04 & B25004

VALUE & RENT OF HOUSING STOCK

As expected, Table 10 reveals that the value of occupied housing in Bernardsville, an affluent suburban community, is higher than Somerset County. The median values clearly show that conclusion – homes are valued at \$673,300 in the Borough and \$399,000 in the County. The greater diversity in housing values in the County reflects the greater diversity in incomes in the County. Still, there is a diversity of housing values in the Borough, as 34.1% of housing units are valued at \$499,000 or less.

Per Table 11, the median gross rent in Bernardsville is \$1,653/mo, nearly \$250 more than Somerset County. From an affordability perspective, while rental housing cannot be found as cheaply in the borough as the county, Bernardsville's most expensive rental units max out at less than \$3000/mo, which is less than the most expensive rental units in Somerset County.

TABLE 10 – BERNARDSVILLE VALUE OF OWNER OCCUPIED UNITS - 2015

Value	Bernardsville		Somerset County	
	Number	Percentage	Number	Percentage
Less than \$99,999	63	2.8%	1,916	2.2%
\$100,000-\$149,000	14	0.6%	1,814	2.1%
\$150,000-\$199,000	30	1.3%	3,244	3.7%
\$200,000-\$299,999	154	6.7%	19,443	22.0%
\$300,000-\$499,000	524	22.7%	30,693	34.8%
\$500,000-\$999,000	962	41.6%	26,300	29.8%
\$1,000,000 or more	566	24.5%	4,867	5.5%
Median	\$673,300		\$399,000	

Source: 2015 ACS Table DP04

TABLE 11 – BERNARDSVILLE COST OF RENTAL UNITS - 2015

Cost of Rental Units	Bernardsville		Somerset County	
	Number of Units	Percentage	Number of Units	Percentage
Less than \$500	0	0.0%	1,211	4.6%
\$500 to \$999	115	25.5%	2,940	11.1%
\$1000 to \$1499	47	10.4%	11,015	41.5%
\$1500 to \$1999	208	46.1%	6,883	25.9%
\$2000 to \$2499	42	9.3%	3,033	11.4%
\$2500 to \$2999	39	8.6%	772	2.9%
\$3000 or more	0	0.0%	695	2.6%
Total	451	100.0%	26,549	100.0%
Median Rent	\$1,653		\$1,411	

SOURCE: 2015 ACS TABLE DP04

Within Bernardsville, most people are paying less than 30% of their income towards housing costs – however most homeowners with a mortgage and renters in Bernardsville are paying considerably more than 30% of their income to housing costs. For homeowners with a mortgage, 52.7% are paying over 30%, with 42.2% paying over 35% of their income to housing costs; renters are even more significantly burdened – with 57.6% paying over 35% of their income towards rent. Only homeowners without a mortgage are on average paying less than 30% of their income to housing costs. The high rate of housing burden is indicative of the aspirational quality of the Borough, with newer residents likely stretching their budgets to ensure a preferred quality of life. The higher rate of housing units without a mortgage compared to the county indicates combination of independently wealthy homeowners who purchased for cash, or long-time residents who have paid off their mortgage. See Table 12.

TABLE 12 – BERNARDSVILLE HOUSING COSTS AS A PERCENTAGE OF INCOME - 2015

Housing costs as a percentage of income		
	Housing units w/ mortgage	Percentage
Less than 20 percent	371	25.3%
20.0 to 24.9 percent	76	5.2%
25.0 to 29.9 percent	247	16.8%
30.0 to 34.9 percent	154	10.5%
35.0 percent or more	618	42.2%
Not computed	0	0.0%
Total	1,466	100.0%
	Housing units w/o mortgage	Percentage
Less than 10 percent	330	39.0%
10.0 to 19.9 percent	255	30.1%
20.0 to 24.9 percent	92	10.9%
25.0 to 29.9 percent	18	2.1%
30.0 to 34.9 percent	32	3.8%
35.0 percent or more	120	14.2%
Not computed	0	0.0%
Total	847	100%
	Occupied units paying rent	Percentage
Less than 15.0 percent	113	25.1%
15.0 to 19.9 percent	0	0.0%
20.0 to 24.9 percent	39	8.6%
25.0 to 29.9 percent	39	8.6%
30.0 to 34.9 percent	0	0.0%
35.0 percent or more	260	57.6%
Not computed	40	8.8%
Total	451	100.0%

Source: 2015 ACS Table DP04

CONDITION OF HOUSING STOCK

The U.S. Census or other sources do not directly measure housing quality. Therefore, other indicators are required to be used as per N.J.A.C. 5:93-5 to determine inadequate housing stock in Bernardsville. To determine inadequate housing, the following indicators were used from U.S. Census data:

- Constructed prior to 1950
- More than one person per room
- Incomplete plumbing facilities
- Inadequate kitchen facilities
- Inadequate Heating (coal, coke, or wood used for heating, or no heating)

TABLE 13 – SUBSTANDARD HOUSING INDICATORS IN BERNARDSVILLE - 2015

Indicator	Bernardsville		Somerset County	
	Total	Percentage	Total	Percentage
Constructed Prior to 1950	1,280	41.2%	20,024	16.1%
Overcrowded (more than one person per room)	29	1.0%	1,769	1.5%
Inadequate Plumbing Facilities	0	0.0%	303	0.3%
Inadequate Kitchen Facilities	0	0.0%	822	0.7%
Inadequate Heating	0	0.0%	572	0.5%
Source: U.S. Census, 2011-2015 American Community Survey 5-Year Estimates, Tables DP04.				

According to the above factors in Table 13, 1,280 units, or 41.2%, had at least one indicator indicating inadequate housing. However, the use of these factors does not account for units having one or more of the above indicators. Additionally, the New Jersey Council on Affordable Housing (COAH) requires units to include at least two of the indicators, and to be occupied by a “low” or “moderate” income household. As 41% (1,280 units) of the 3,105 total units were constructed prior to 1950, and only 1.0% (29 units) had other indicators, a maximum of 29 units could have two or more indicators and thereby be considered inadequate.

In 2015, Bernardsville contained mostly older units, with 57% of all housing units constructed prior to 1959. By contrast, housing in Somerset County is more recently built, with just 16.1% of the housing stock was constructed before 1950, 27.4% before 1960 and 49.4% after 1980. See Table 14.

TABLE 14 – BERNARDSVILLE AGE OF HOUSING STOCK – 2015

Year Built	Bernardsville		Somerset County	
	Total	Percentage	Total	Percentage
Post-2010	45	1.4%	1,850	1.5%
Built 2000 to 2009	267	8.6%	13,398	10.7%
Built 1990 to 1999	148	4.8%	22,051	17.7%
Built 1980 to 1989	322	10.4%	24,278	19.5%
Built 1970 to 1979	267	8.6%	14,219	11.4%
Built 1960 to 1969	286	9.2%	15,763	12.6%
Built 1950 to 1959	490	15.8%	14,089	11.3%
Built prior to 1950	1,280	41.2%	20,021	16.1%
Total	3,105	100.0	313,824	100.0

PROJECTION OF HOUSING STOCK

Table 15 below displays new housing permits, certificates of occupancy, and demolition permits issued for Bernardsville Borough from 2006 to 2016. The number of new permits issued showed a marked decline following the financial crisis of 2008. New housing permits dropped from 18 in 2007 to just 2 in 2008, and remained below 10 permits annually until 2014. Just 87 new housing permits were issued over the 10-year period, with 46 demolition permits, resulting in a net development of 41 dwelling units.

It should be noted that much of this new permit activity is overwhelmingly single-family homes.

Adding the 14 permits issued in 2016 to the 3,105 housing units existing in 2015 (see Figure 2), less the 4 demolitions that occurred, it can be estimated that as of Jan. 1, 2017, Bernardsville contained approximately 3,115 housing units.

TABLE 15 – BERNARDSVILLE NEW HOUSING CONSTRUCTION AND DEMOLITION PERMITS 2000-2016

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Annual Avg.
New Housing Permits Issued	16	18	2	3	4	7	2	5	10	6	14	8
COs Issued	8	6	17	5	5	3	2	6	8	9	11	7
Demolitions	7	5	5	1	8	2	5	2	4	3	4	4
Net Development (Permits less Demos)	9	13	-3	2	-4	5	-3	3	6	3	10	4

Source: 2000 - 2015 "New Jersey Construction Reporter" - New Jersey Department of Community Affairs.

Due to the lack of suitable land for development, new housing stock will be primarily limited to new single-family dwelling units and redevelopment of existing sites into multi-family housing.

EMPLOYMENT DEMOGRAPHICS

Bernardsville has approximately 6,000 people in its labor force – roughly 76% of the municipality. Of that population, just 2.8% are unemployed, considerably less than Somerset County. Bernardsville has a slightly larger percentage of its population in the labor force than Somerset County, which has a labor force participation rate of 69.1% and an 8.6% unemployment rate. See Table 16.

TABLE 16 – EMPLOYMENT STATUS OF BERNARDSVILLE RESIDENTS – 2015

Employment Status	Bernardsville		Somerset County	
	Estimate	Percentage	Estimate	Percentage
Population 16 years and over	6,007	-	262,004	-
In Labor Force	4,209	70.1%	181,037	69.1%
Civilian Labor Force	4,209	70.1%	181,012	69.1%
Employed	4,041	67.3%	170,172	65.0%
Unemployed	168	2.8%	10,840	4.1%
Armed Forces	0	0.0%	25	0.0%
Not in Labor Force	1,798	29.9%	80,967	30.9%

Source: 2015 ACS Table DP03

In addition, approximately 85% of workers are private wage and salary workers, 9% are government workers and about 6% are self-employed. This is generally consistent with the County. See Table 17, below.

TABLE 17 – CLASS OF WORKER OF BERNARDSVILLE RESIDENTS - 2015

Class of worker	Bernardsville		Somerset County	
	Number	Percentage	Number	Percentage
Private wage and salary workers	3,434	85.0%	143,703	84.4%
Government workers	369	9.1%	18,769	11.0%
Self-employed in own not incorporated business workers	238	5.9%	7,436	4.4%
Unpaid family workers	0	0.0%	264	0.2%

Source: 2015 ACS Table DP03

OCCUPATIONAL CHARACTERISTICS

Compared to Somerset County, Bernardsville has slightly more of its workforce in “white collar” occupations. Over 53% of workers have management, business, science, or arts occupations in Bernardsville, compared to about 51% in the County. Additionally, 5.8% of workers in Bernardsville have production/transportation occupations, as opposed to 7.5% in the County. The reduced diversity of occupations in the Borough correlates with the affluent single-family housing character of Bernardsville. See Table 18.

TABLE 18 – EMPLOYED CIVILIAN POPULATION BY OCCUPATION OF BERNARDSVILLE RESIDENTS - 2015

Employed Civilian Population by Occupation				
	Bernardsville		Somerset County	
Occupation	Number	Percentage	Number	Percentage
Management, business, science, and arts occupations	2,144	53.1%	86,792	51.0%
Service occupations	550	13.6%	21,158	12.4%
Sales and office occupation	999	24.7%	40,021	23.5%
Natural resources, construction, and maintenance occupations	112	2.8%	9,401	5.5%
Production, transportation, and material moving occupations	236	5.8%	12,800	7.5%

Source: 2015 ACS Table DP03

IN-PLACE EMPLOYMENT BY INDUSTRY

According to data from New Jersey's Department of Labor and Workforce Development, there was an average of 357 private sector employers, employing on average 2,323 private sector employees within the Borough in 2016. "Retail Trade" employed the most people in the Borough at 516 employees, with Local Government next with 445. "Accommodations/Food" and "Other Services" were other key categories in the private sector. Local government provides roughly 1/3rd of the Borough's employment. Average annual wages in the private sector within the Borough are at \$50,515. This would put the average Bernardsville worker within the "moderate income" bracket, based on the regional median income for Somerset County (See Section 4) if they were a single person household. See Table 19.

TABLE 19 – BERNARDSVILLE IN PLACE EMPLOYMENT BY INDUSTRY, 2016

Industry	Establishments		Employees		Annual Wages
	Number	Percentage	Number	Percentage	
Agriculture	-	NA	-	NA	NA
Construction	21	5.9%	155	6.7%	\$51,199
Manufacturing	-	NA	-	NA	NA
Wholesale Trade	-	NA	-	NA	NA
Retail Trade	42	11.8%	516	22.2%	\$37,205
Transportation/Warehousing	4	1.1%	11	0.5%	\$25,316
Information	9	2.5%	78	3.3%	\$31,959
Finance/Insurance	23	6.4%	124	5.3%	\$108,707
Real Estate	14	3.9%	33	1.4%	\$37,238
Professional/Technical	49	13.7%	187	8.0%	\$87,185
Management	-	NA	-	NA	NA
Admin/Waste Remediation	21	5.9%	92	3.9%	\$41,306
Education	5	1.4%	21	0.9%	\$14,420
Health/Social	34	9.5%	163	7.0%	\$59,833
Arts/Entertainment	-	NA	-	NA	NA
Accommodations/Food	23	6.4%	304	13.1%	\$27,430
Other Services	75	21.0%	368	15.8%	\$31,286
Unclassified	13	3.6%	16	0.7%	\$61,910
Private Sector Total	357	100.0%	2,323	100.0%	\$50,541
Local Government Total	3	75%	445	57.6%	\$65,435
Local Government Education	1	25%	328	42.4%	\$69,530

Source: NJ Department of Labor and Workforce Development, Employment and Wages, 2016 Annual Report

Employment Trends

Private sector employment since 2003 has declined by over 9% from 2003, falling from 2,559 to 2,323 jobs in 2016. More broadly, private sector employment in the Borough reached a peak of 2,849 jobs in 2005, then fell steadily through 2011, mirroring economic decline nationally. Current private sector employment is down 18.4% from 2005. While there was a jump in employment in 2013, annual job growth since 2012 has been 41 jobs per year, or 1.7%. Given the municipality's mature nature, and reliance on retail employment, it is unlikely that local employment will return to 2005 levels by 2025. See Table 20 below.

TABLE 20 – BERNARDSVILLE EMPLOYMENT TRENDS 2003-2016

Year	Jobs	Change	Percent Change
2003	2,559	0	0.0%
2004	2,690	131	5.1%
2005	2,849	159	5.9%
2006	2,768	-81	-2.8%
2007	2,661	-107	-3.9%
2008	NA	NA	NA
2009	2,199	NA	NA
2010	2,149	-50	-2.3%
2011	2,116	-33	-1.5%
2012	2,136	20	0.9%
2013	2,278	142	6.6%
2014	2,279	1	0.0%
2015	2,304	25	1.1%
2016	2,323	19	0.8%

Employment Projections

The Borough of Bernardsville utilizes the historic trend of 41 new jobs per year from 2012-2016 to project future employment growth. If this trend holds for the remainder of the Third Round period, it would result in ***369 new jobs to 2025, or a total of 2,692 jobs.***

TRAVEL TIME TO WORK

People living in Bernardsville tend to have a short commute, with over 52.5% of people needing less than 24 minutes to get to or from work each day – this is greater than the County rate of 46.5%. However, compared to Somerset County, more people in Bernardsville spent over 60 minutes on their commute time each day, 18.1% compared to 14.4% for the County. The proximity to New York and higher prevalence of employment in the financial sector for Bernardsville likely explains this. See Table 21.

TABLE 21 – TRAVEL TIME TO WORK FOR BERNARDSVILLE RESIDENTS - 2015

Travel Time to Work				
	Bernardsville		Somerset County	
	Number	Percentage	Number	Percentage
Less than 5 minutes	112	3.1%	2,606	1.7%
5 to 9 minutes	176	4.9%	10,171	6.5%
10 to 14 minutes	594	16.5%	17,910	11.4%
15 to 19 minutes	550	15.3%	20,322	12.9%
20 to 24 minutes	458	12.7%	22,069	14.0%
25 to 29 minutes	238	6.6%	10,736	6.8%
30 to 34 minutes	417	11.6%	21,599	13.7%
35 to 39 minutes	164	4.6%	6,319	4.0%
40 to 44 minutes	59	1.6%	7,753	4.9%
45 to 59 minutes	178	4.9%	15,457	9.8%
60 to 89 minutes	402	11.2%	13,832	8.8%
90 or more minutes	250	6.9%	8,832	5.6%
Total	3598	100.0%	157,606	100.0%

Source: 2015 ACS Table B08303

INCOME AND POVERTY STATUS

Median household income for Bernardsville at \$114,444 in 2015 was greater than Somerset County's at \$100,667. Over 60% of households in Bernardsville earn over \$100,000/year, with 27% earning over \$200,000 a year in income. Somerset County, by comparison, has just over half of households (50.4%) earning over \$100,000/year and 18.4% make over \$200,000 annually. These income levels reflect the high percentage of professional, "white collar" jobs mentioned earlier in this document. Similarly, the poverty rate is much lower in Bernardsville compared to the County, with only 1.3% of all people in the Borough having incomes below poverty level, whereas Somerset County has a 5.0% poverty rate. See Table 22.

TABLE 22 – BERNARDSVILLE INCOME AND BENEFITS – 2015

Income and Benefits				
	Bernardsville		Somerset County	
	Number	Percentage	Number	Percentage
Less than \$10,000	13	0.5%	3,083	2.7%
\$10,000 to \$14,999	60	2.1%	2,516	2.2%
\$15,000 to \$24,999	141	5.0%	5,581	4.8%
\$25,000 to \$34,999	175	6.2%	5,929	5.1%
\$35,000 to \$49,999	110	3.9%	9,495	8.2%
\$50,000 to \$74,999	264	9.4%	15,822	13.6%
\$75,000 to \$99,999	348	12.4%	15,064	13.0%
\$100,000 to \$149,999	505	18.0%	23,166	20.0%
\$150,000 to \$199,999	430	15.3%	13,965	12.0%
\$200,000 or more	758	27.0%	21,377	18.4%
Total	2,804	100.0%	115,998	100.0%
Median HH Inc	\$114,444		\$100,667	
	Percentage		Percentage	
Poverty Status (all people)	1.30%		5.0%	

Source: 2015 ACS Table DP03

3. CAPACITY FOR FAIR SHARE

WATER & WASTEWATER CAPACITY

Bernardsville is divided into two sections: those areas served by public sewers and those areas not served. The sewered area, containing commercial land uses, smaller size lots, and multi-family housing is, for all practical purposes, built-out. Except for a few isolated lots appropriate for in-fill, new development in this sewered section is not expected. The unsewered area has minimum lot sizes ranging between 50,000 sq. ft. to 10.0+ acres. There are some vacant and subdividable properties in these areas. Several tracts have been approved for subdivision, but due to numerous factors, have not been built. Some developable tracts have environmental constraints, as well. This area has been classified in the State Plan as PA-5: Environmentally Sensitive.

Properties identified in this Housing Element and Fair Share Plan have been reviewed for suitability for water and wastewater capacity. With the exception of the durationally adjusted sites, all prospective developments that would meet the 3rd round obligation have suitable water and wastewater access; or for those properties lacking direct sewer and water connections, the Borough is committed to providing the necessary funds to ensure adequate sewer and water service.

POTENTIAL AFFORDABLE HOUSING DEVELOPERS

In anticipation of an approval of the Settlement Agreement, Community Grants, Planning, and Housing (CGP&H) has conducted preliminary outreach to affordable housing developers to gauge interest in a 100% affordable, municipally sponsored scattered site project, as a means of complying with the 3rd round obligation. As part of that process, the Borough issued a Request for Qualifications/Request for Proposals in March of 2018. Five (5) highly qualified developers responded to the RFP, each addressing the fifty units required. Three (3) of those developers have since been shortlisted for additional consideration. The Borough Council is scheduled to select a developer to work on the project at their meeting on September 10, 2018.

ANTICIPATED DEVELOPMENT PATTERNS

Anticipated development patterns within Bernardsville are generally expected to follow the established zoning, with a moderate increase in multifamily development. Bernardsville is zoned for single family detached, single family detached, and multi-family residential; business district, office building, commercial district (includes auto sales), industrial, light industrial, and highway commercial. Between 2010-2015 there was an increase of about 15 people per year, which is nominal growth for the Borough. To support this growth, there has been a marginal increase in the number of multi-family developments in the Borough. It is expected that this development activity will continue over the compliance period, however it is not expected that multi-family will comprise a significant portion of residential units in the Borough, as the majority of the Borough is zoned for single family residential of varying densities. Please see the zoning map at Appendix N for more details.

As noted, most of Bernardsville (86.3% of its land area) is unsewered. While this area contains the majority of the land area in Bernardsville, most of it is already developed for housing, parks, open

space, golf course, schools and quasi-public uses. Some are also environmentally constrained, as this area is designated in the State Plan as PA-5: Environmentally Sensitive. Based upon housing growth 2010-2015 of 45 dwellings (9 per year), one can reasonably assume the same rate for the period 2015-2025 that could yield 90 dwellings. It is not anticipated that any would be affordable without proactive intervention by the Borough.

4. FAIR SHARE PLAN

In adopting its housing element, a municipality may provide for its fair share of affordable housing through any single or combination of mechanisms that would result in a plausible likelihood for the provision of the Fair Share. As per N.J.A.C. 5:93, the following mechanisms have been utilized in this plan:

- Rehabilitation of existing substandard housing units;
- Accessory apartment program;
- Group Homes/Supportive Housing;
- Extension of Controls;
- Municipally-sponsored and 100% affordable developments;
- Purchase of existing homes (market to affordable program);
- Overlay Zoning for inclusionary development at Durationally Adjusted Sites

These mechanisms are discussed in greater detail in the following sections of this plan. A thorough discussion of how the Borough addresses its Present Need and Prior Round obligations is also included.

REGIONAL INCOME LIMITS

Regional incomes are used to help define what constitutes whether a dwelling unit is affordable. Income categories are taken as a percentage of regional median income. Income categories and their maximum levels are as follows:

- Moderate Income: cannot exceed 80% of the Regional Median Income
- Low Income: cannot exceed 50% of the Regional Median Income
- Very Low: cannot exceed 30% of the Regional Median Income

Under New Jersey's Fair Housing Act, housing units are considered affordable if a dwelling (either for sale or rental) is within the financial means of households that are very low, low or moderate-income (defined within each housing region). Bernardsville is located in Somerset County, which is within Region 3.

COAH's last regional income limits were released in 2014. The Affordable Housing Professionals of New Jersey (AHPNJ) have developed a methodology to calculate new income limits for 2017, in consultation with the Fair Share Housing Center. For example, a one (1) person moderate income household cannot earn over \$59,024 using the 2017 AHPNJ regional income limits. This amounts to a difference of \$224 when compared to the 2014 limits. See Table 23 for more details.

TABLE 23 - 2017 REGIONAL INCOME LIMITS (REGION 3)

2017 AHPNJ Regional Income Limits for Region 3				
Income Level	1 Person	2 Person	3 Person	4 Person
Median	\$73,780	\$84,320	\$94,860	\$105,400
Moderate	\$59,024	\$67,456	\$75,888	\$84,320
Low	\$36,890	\$42,160	\$47,430	\$52,700
Very Low	\$22,134	\$25,296	\$28,458	\$31,620

Satisfaction of Rehabilitation Obligation

PRESENT NEED (REHABILITATION OBLIGATION) - 15

Under the terms of the November 22, 2017 Settlement Agreement between the Borough and FSHC, Bernardsville's Rehabilitation Obligation is 15 units.

BERNARDSVILLE REHABILITATION CREDITS

The Borough will satisfy its 15 Present Need obligation as follows:

TABLE 24 – COMPLIANCE MECHANISMS FOR PRESENT NEED

Mechanism	Units
Somerset County Rehabilitation Program (completed since 2010)	2
Future Units To be Completed through Bernardsville's Home Improvement Program	13
TOTAL	15

SOMERSET COUNTY HOME REHABILITATION PROGRAM

Somerset County administered a housing rehabilitation program for income eligible Somerset County homeowners to make improvements to heating systems, roofing, plumbing, electrical, and other code violations. Two (2) Bernardsville homeowners participated and completed this program since April 1, 2010.

BERNARDSVILLE'S REHABILITATION PROGRAM

In 2018, the Borough will begin implementing the Bernardsville Affordable Housing Program to address housing owned or rented by low and moderate-income households. The Borough appointed CGP&H to administer the Program and to act as the Borough's Administrative Agent. Both owner-occupied and rental-occupied units are eligible for the Bernardsville Home Improvement Program. The rehabilitated units are affordability restricted with a 10-year lien filed against the property. It is a 0% interest, fully forgivable loan after 10 years, if the owner complies with the program requirements.

Though the program has yet to rehabilitate any units, the Borough plans to utilize its Housing Trust Fund to complete its remaining obligation through the Bernardsville Home Improvement Program. If sufficient funding from the trust fund is unavailable, the Borough will continue to implement the program through its general fund. See Table 24.

Satisfaction of Prior Round Obligation

PRIOR ROUND (1987-1999) - 127 UNITS

The Settlement Agreement with Fair Share Housing Center accepts Bernardsville's Prior Round obligation to be 127 units.

PRIOR ROUND CREDITS

The Borough has satisfied its 127-unit Prior Round obligation as follows:

TABLE 25 – COMPLIANCE MECHANISMS FOR PRIOR ROUND 1987-1999

Compliance Mechanisms	Credits	Bonuses	Total
127 Unit Prior Round Obligation (1987-1999)			
Prior Cycle (20% Substantial Compliance Granted December 6, 1995 by COAH)		9	9
Regional Contribution Agreement	77		77
Inclusive Developments			
Pine Ridge (North Finley Ave Condo Units)	26		26
Rolling Hills at Bernardsville (Bernards Ave & Pine Street)	15		15
Total	127	9	127
	Required		Provided
Maximum Senior - 25% of obligation	31		0
Min. Total Rental - 25% of obligation	9*		9*
Senior maximum bonus	0		0
Rental bonus maximum – not to exceed rental minimum	32		0

*Bernardsville's rental obligation was revised down to nine (9) units in March 1, 1995, and COAH staff recommended substantive certification on December 6, 1995. (See Appendix R.i)

SATISFACTION OF THIRD ROUND OBLIGATION

Third Round Credit Obligation Requirements

There are certain minimum and maximum affordable housing credit obligation requirements agreed to with the Fair Share Housing Center as per the Settlement Agreement of Nov. 22, 2017. These are detailed below based on the 215-unit Third Round obligation. The actual development credits to address these requirements are also shown. The Borough will be in compliance with these requirements. The credit obligation requirements are as follows:

- The Borough agrees to require 13% of all the affordable units referenced in this, with the exception of units constructed as of July 1, 2008 and units subject to preliminary or final site plan approval as of July 1, 2008, to be very-low income units (defined as units affordable to households earning 30% or less of the regional median income by household size), with half of the very-low income units being available to families.
- At least 50% of the units addressing the Borough's Third Round Prospective Need obligation shall be affordable to very-low income and low-income households with the remainder affordable to moderate-income households.
- A minimum of 25% of the Borough's Third Round fair share obligation shall be met through rental units, including at least half of those in rental units available to families.
- At least half of all of the units addressing the Borough's Third Round fair share obligation will be available to families.
- The Borough agrees to comply with COAH's Round 2 age-restricted cap of 25%, and to not request a waiver of that requirement.

Third Round Prospective Need - 215 Units

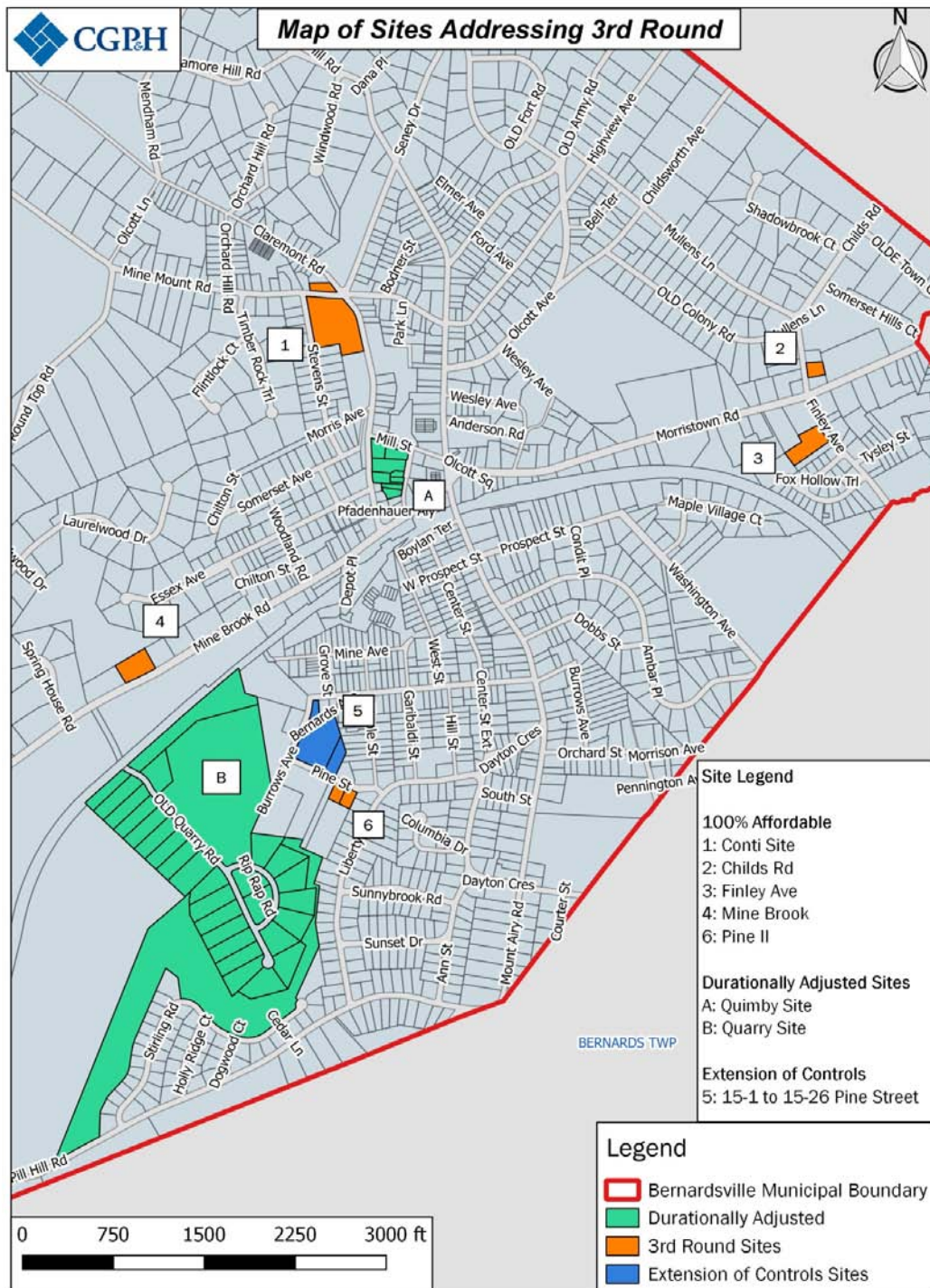
In accordance with the Settlement Agreement with the Fair Share Housing Center, Bernardsville will address a Third Round obligation of 215 affordable units during the 1999-2025 period. Further details of how the Borough will meet its obligation are located at Table 26:

TABLE 26 – COMPLIANCE MECHANISMS FOR THIRD ROUND OBLIGATION 1999-2025

Compliance Mechanisms	VL Units	VL Units	Credits	Bonuses	Total
215 Unit Third Round Obligation (1999-2025)	Senior/SN	Family			
100% Affordable Municipally Sponsored Sites					
Habitat for Humanity			4		4
Childs Road		1	6	6	12
North Finley Avenue			30	6	36
Mine Brook Road		3	16	16	32
Conti Site	4		4	4	8
Pine II		2	8	8	16
Group Homes	12		12	12	24
Additional Mechanisms					
Market to Affordable Program			4		4
Accessory Apartment Program			10		10
Extension of Controls			6		6
Durationally Adjusted Sites					
Quarry Site		6	51		51
Quimby Lane		1	12		12
Total	16	13	163	52	215

	Required	Provided
Min. Total Family - 50% of obligation	108	117
Min. Very Low Required - 13% of units developed after 7/1/2008	11	29
Min. Very Low Family Required - 50% of total VL	7	13
Min. Total Rental - 25% of obligation	54	139
Min. Family Rental - 50% of total rental	27	103
Maximum Senior - 25% of obligation	53	30

FIGURE 4 – MAP OF SITES ADDRESSING 3RD ROUND



Non-Inclusionary 100% Affordable Developments

Habitat for Humanity (Block 80, Lot 61) - In 2005, the Raritan Valley Habitat for Humanity presented a plan to the Bernardsville Zoning Board of Adjustment to subdivide a lot of 32,891 sq. ft. (0.755 acres) into four lots, each to contain a townhouse type affordable dwelling unit. These 4 units have already been developed and are to be owner-occupied.

Childs Road (Block 62, Lot 2) - The Childs Road project is proposed to be a six (6) unit family rental development that would be 100% affordable and will be supported with affordable housing trust funds. The owner of this site has indicated a desire to develop the property himself for the purposes of affordable housing and has similarly indicated a willingness to enter a development agreement at the Borough's convenience. The Borough will enter into a developer's agreement with the owner of the site by December 31, 2018.

Site Suitability Table

Criteria	Complies? (Y/N)	Notes
Clear title and is free of encumbrances which preclude development of affordable housing	Y	Lot is owned by the developer
Adjacent to compatible land uses and has access to appropriate streets.	Y	Lot is on a local collector road and proximate to Rte 202. It is located next to various commercial and residential uses.
Adequate sewer and water capacity is available	Y	Please refer to letter from Borough Engineer at Appendix O
Can be developed in accordance with Residential Site Improvement Standards (RSIS)	Y	Development of the site will be consistent with the Residential Site Improvement Standards, N.J.A.C. 5:21-1 et seq.
Located in a Smart Growth Planning Area	Y	According to the New Jersey State Development and Redevelopment Plan 2001, this site is located in Suburban Planning Area PA2
The development is not within the jurisdiction of a Regional Planning Agency or CAFRA	Y	The Borough of Bernardsville is partially located within the Planning Area of the New Jersey Highlands.
Comply with all applicable environmental regulations	Y	The development of the site will comply with all applicable environmental regulations
Not impact any historic or architecturally important sites and districts	Y	No historic or architecturally important sites will be impacted by this development

North Finley Avenue (Block 125, Lot 25) – North Finley is proposed to be a thirty (30) unit age-restricted rental development as part of a larger scattered site development project. The Borough will acquire this parcel through condemnation if needed. This site is expected to be the subject of a single application to the New Jersey Housing and Mortgage Finance Agency for federal Low Income Housing Tax Credits and will be developed as a single project on multiple sites (project includes: North Finley Avenue; Mine Brook Road; and Pine II).

Site Suitability Table

Criteria	Complies? (Y/N)	Notes
Clear title and is free of encumbrances which preclude development of affordable housing	Y	Property is owned by a 3 rd party, however the Borough will commit to acquiring the parcel through condemnation if needed
Adjacent to compatible land uses and has access to appropriate streets.	Y	Lot is on a local collector road and proximate to Rte 202. It is located next to various commercial and residential uses.
Adequate sewer and water capacity is available	Y	Please refer to letter from Borough Engineer at Appendix O
Can be developed in accordance with Residential Site Improvement Standards (RSIS)	Y	Development of the site will be consistent with the Residential Site Improvement Standards, N.J.A.C. 5:21-1 et seq.
Located in a Smart Growth Planning Area	Y	According to the New Jersey State Development and Redevelopment Plan 2001, this site is located in Suburban Planning Area PA2
The development is not within the jurisdiction of a Regional Planning Agency or CAFRA	Y	The Borough of Bernardsville is partially located within the Planning Area of the New Jersey Highlands Council.
Comply with all applicable environmental regulations	Y	The development of the site will comply with all applicable environmental regulations
Not impact any historic or architecturally important sites and districts	Y	No historic or architecturally important sites will be impacted by this development

Mine Brook Road (Block 80, Lot 15.38) – Mine Brook Road is proposed to be a sixteen (16) unit family rental that would be 100% affordable. This site is expected to be the subject of a single application to the New Jersey Housing and Mortgage Finance Agency for federal Low Income Housing Tax Credits and will be developed as a single project on multiple sites (project includes: North Finley Avenue; Mine Brook Road; and Pine II).

Site Suitability Table

Criteria	Complies? (Y/N)	Notes
Clear title and is free of encumbrances which preclude development of affordable housing	Y	Lot is owned by the Borough
Adjacent to compatible land uses and has access to appropriate streets.	Y	Lot is on Mine Brook Road, across the street from the Borough Hall, and nearby to recreation facilities, public transport, and downtown Bernardsville
Adequate sewer and water capacity is available	Y	Please refer to letter from Borough Engineer at Appendix O
Can be developed in accordance with Residential Site Improvement Standards (RSIS)	Y	Development of the site will be consistent with the Residential Site Improvement Standards, N.J.A.C. 5:21-1 et seq.
Located in a Smart Growth Planning Area	Y	According to the New Jersey State Development and Redevelopment Plan 2001, this site is located in Suburban Planning Area PA2
The development is not within the jurisdiction of a Regional Planning Agency or CAFRA	Y	The Borough of Bernardsville is partially located within the Planning Area of the New Jersey Highlands.
Comply with all applicable environmental regulations	Y	The development of the site will comply with all applicable environmental regulations
Not impact any historic or architecturally important sites and districts	Y	No historic or architecturally important sites will be impacted by this development

Conti Site (Block 68, Lot 9 and Block 37, Lot 18.01) - Presently, the property contains: St. Bernards Episcopal Church, Parish Hall and Rectory. The proposal before the Bernardsville Zoning Board of Adjustment is to demolish the existing parish hall building, construct a new parish hall and redevelop a portion of the site for 20 multi-family condominium units. To address a five (5) unit affordable housing obligation, the developer (Conti) will purchase an existing one story single family dwelling and turn it over to a non-profit sponsor for four special needs units. The remaining one (1) unit will be satisfied through a payment to the borough in lieu of providing affordable housing. The non-profit sponsor chosen by the developer is Midland Adult Services with the assistance of the Bergen County United Way. The Borough will ensure that the 4-unit affordable housing obligation is satisfied and the units are made available prior to half of the certificates of occupancy for the market-rate units being issued for the development. The remaining certificates of occupancy will not be issued until the payment in lieu has been received by the Borough. A realistic opportunity is therefore provided for this special needs development through the provision of zoning for the market-rate units and the imposition of an alternative phasing schedule.

Site Suitability Table

Criteria	Complies? (Y/N)	Notes
Clear title and is free of encumbrances which preclude development of affordable housing	N	Single family home has not been purchased yet, however, when acquired, will have clear title and free from encumbrances as described.
Adjacent to compatible land uses and has access to appropriate streets.	Y	Home has not yet been acquired, however it will be located within a residential area and be surrounded by compatible uses.
Adequate sewer and water capacity is available	Y	Please refer to letter from Borough Engineer at Appendix O
Can be developed in accordance with Residential Site Improvement Standards (RSIS)	Y	Development of the site will be consistent with the Residential Site Improvement Standards, N.J.A.C. 5:21-1 et seq.
Located in a Smart Growth Planning Area	Y	According to the New Jersey State Development and Redevelopment Plan 2001, this site is located in Suburban Planning Area PA2
The development is not within the jurisdiction of a Regional Planning Agency or CAFRA	Y	The Borough of Bernardsville is partially located within the Planning Area of the New Jersey Highlands Council.
Comply with all applicable environmental regulations	Y	The development of the site will comply with all applicable environmental regulations
Not impact any historic or architecturally important sites and districts	Y	No historic or architecturally important sites will be impacted by this development

Pine II (Block 115, Lots 1 & 2) – Pine II is proposed to be an eight (8) unit family rental development that would be 100% affordable. This site is owned by the Borough and will be made available to a developer to be identified by the municipality. This site is expected to be the subject of a single application to the New Jersey Housing and Mortgage Finance Agency for federal Low Income Housing Tax Credits and will be developed as a single project on multiple sites (project includes: North Finley Avenue; Mine Brook Road; and Pine II).

Site Suitability Table

Criteria	Complies? (Y/N)	Notes
Clear title and is free of encumbrances which preclude development of affordable housing	Y	Lot is owned by the Borough
Adjacent to compatible land uses and has access to appropriate streets.	Y	Lot is on Pine Street, a local collector road. It is adjacent to a park, and nearby to downtown Bernardsville.
Adequate sewer and water capacity is available	Y	Please refer to letter from Borough Engineer at Appendix O
Can be developed in accordance with Residential Site Improvement Standards (RSIS)	Y	Development of the site will be consistent with the Residential Site Improvement Standards, N.J.A.C. 5:21-1 et seq.
Located in a Smart Growth Planning Area	Y	According to the New Jersey State Development and Redevelopment Plan 2001, this site is located in Suburban Planning Area PA2
The development is not within the jurisdiction of a Regional Planning Agency or CAFRA	Y	The Borough of Bernardsville is partially located within the Planning Area of the New Jersey Highlands Council.
Comply with all applicable environmental regulations	Y	The development of the site will comply with all applicable environmental regulations
Not impact any historic or architecturally important sites and districts	Y	No historic or architecturally important sites will be impacted by this development

Additional Mechanisms

Supportive Housing/Group Homes – The Borough will support the development of three (3) supportive houses/group homes, each with four (4) bedrooms for a total of 12 units. It is anticipated that all of these bedrooms will be occupied by very low income individuals. At least one group home will be available for occupancy by July 1, 2020, with the remaining two by July 1, 2022.

Market to Affordable Program - A procedures manual has been created that includes a subsidy amount that will meet or exceed the minimum required by Round 3 rules. The following properties are presented as evidence that there are an adequate number of units that the Borough could acquire or provide sufficient subsidy to eligible home buyers to support the proposed four (4) market to affordable units.

Status	Address	Bedrooms/ Bathrooms	Price
For Sale	129 Countryside Dr #129	1/1	\$240,000
Sold 7/10/17	128 Claremont Rd	4/2	\$275,500
Sold 6/12/17	27 Garibaldi St	3/2	\$210,000
Sold 6/8/17	28 Lindabury Ave	3/2	\$300,000
Sold 5/4/17	132 Claremont Rd Apt 8D	1/1	\$175,000

Funding to support the Market to Affordable program is identified in the spending plan. These units will be moderate income but may sometimes be restricted as low-income if market conditions permit. These units will be family units. The Borough will have at least one of these completed by 2020 and the other two prior to 2025. If over the course of the 3rd round the housing market does not present enough suitable properties to support a market-to-affordable program, the Borough may at its sole option replace the market-to-affordable units with units developed by Habitat for Humanity or another suitable nonprofit organization.

Accessory Apartment Program - The Borough's accessory apartment program will provide affordable family rental units. A revised ordinance located at Appendix C, which enables accessory apartments within an existing single-family dwelling. The other components required as part of the settlement agreement (within a new structure, within a converted structure) were already permitted under existing ordinances.

The ordinances will provide area, height and bulk standards, as well as, parking standards. Also, the Borough will provide a manual for this program that will be reviewed by FSHC and the Special Master and submitted for approval to the Court.

Extension of Controls – The Borough will implement an Extension of Controls program in accordance with N.J.A.C. 5:97-6.14. It is the goal of Bernardsville to have deed restrictions extended for the following blocks and lots: Block 114, Lots 1.101; 1.105; 1.106; 1.107; 1.108; and 1.124. In accordance with state regulations, each of these units have a 95/5 deed restriction that expires prior to July 1, 2025. All units will be extended for a minimum of 30 additional years.

Overlay Sites – The following sites have been durationally adjusted, due to a variety of factors including but not limited to water and sewer access and suitable vacant land. A copy of the proposed overlay zoning ordinance can be found at Appendix C.

- **Quarry Site Overlay**

Block 100, Lots 2 and 2.23-2.49 & Block 145, Lots 1 and 2

The total area of the quarry site is 72.87 acres, of which 28.66 acres are developable, according to a prior document prepared by David Zimmerman, the Borough Planner at that time. The Borough will provide overlay zoning permitting 340 total units, including 51, or 15% affordable family rental units. The identified parcels will be overlay zoned in order to address a portion of the Borough's Third Round prospective need that will be durationally adjusted.

- **Quimby Lane Overlay**

Block 71, Lots 4, 5, 5.01, & 6-11

The Borough will provide overlay zoning permitting a density of 32 units per acre, for 80 total units, including 12, or 15% affordable family rental units. The identified parcels will be overlay zoned to address a portion of the Borough's Third Round prospective need that will be durationally adjusted.

Demonstration of Realistic Opportunity for Non-Inclusionary Sites

During the compliance phase of this matter, the municipality has been in the process of selecting a developer for the scattered site project and thus provide all information necessary to demonstrate a realistic opportunity in accordance with the terms of this agreement. At this time, we are providing to the Court the full RFP that was distributed to approximately ten (10) developers experienced in securing funding for and developing 100% affordable housing developments. Proposals were returned to the Borough on 4/17/18, with five (5) developers submitting. We are additionally providing copies of the pro-formas that were provided by the developers, which demonstrates the financial feasibility of the scattered site project.

Submissions are currently being reviewed, with three of the developers shortlisted for additional consideration. Once a finalist is chosen, the Borough will pass a resolution that appoints the selected developer/ development team. This resolution will be submitted to the court. Then the Borough will develop a detailed Agreement detailing the terms and responsibilities of both parties for this project. Additionally, the Borough will develop a zoning overlay that will facilitate affordable housing development at the four subject sites, submit a project completion timeline, and begin the acquisition process for all parcels requiring acquisition (North Finley) in time for the Developer to submit a 2019 Low Income Housing Tax Credit application. The Borough is committed to assisting this project, financially supporting it, and "fast tracking" approvals whenever possible. The schedule will provide (1) that the acquisition of all required sites will occur within one year of the approval of date of the of the approval of the settlement agreement in this matter and (2) that construction will start within two years following the acquisition of the sites.

The following schedule shall be followed regardless of which developer is selected for the project:

- September 2018 – Developer is selected by the Borough Council and enters into a Memorandum of Understanding with the Council to develop affordable housing in the Borough of Bernardsville, while working towards a Developer's Agreement with the Borough.
- October 2018 - Borough begins acquisition of required sites for the project
- December 2018 – Developer enters into a Developer's Agreement with the Borough
- January 2018 –Developer prepares site plans and other due diligence investigations and pre-development work

- March 2019 – Developer submits preliminary site plan to Borough, site acquisition by Borough at or nearing completion

The required information demonstrating the realistic opportunity for the non-inclusionary sites is located in Appendix P.

Cost Generation

The Borough of Bernardsville will focus on complying with N.J.A.C. 5:93-10 regarding ensuring the elimination of unnecessary cost generating features from municipal land use ordinances. The municipality will eliminate development standards that are not essential to protect the public welfare and will expedite (“fast track”) approvals/denials on inclusionary development applications. The Borough will cooperate with developers of inclusionary developments in scheduling pre-application meetings, and municipal boards shall schedule regular and special monthly meetings (as needed) and provide ample time at those meetings to consider the merits of the inclusionary development application.