

FOURTH ROUND HOUSING ELEMENT AND FAIR SHARE PLAN

Borough of Highlands
Monmouth County, New Jersey

May 2025

Adopted by Highlands Land Use Board
on June 12, 2025

Prepared By:



Heyer, Gruel & Associates
Community Planning Consultants
236 Broad Street, Red Bank, NJ 07701
(732) 741-2900

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Monmouth County, New Jersey

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Housing Element and Fair Share Plan

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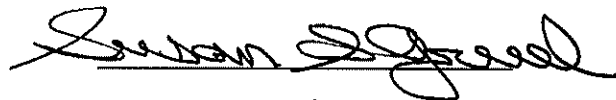
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The original of this report was signed and
sealed in accordance with N.J.S.A. 45:14A-12



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EXECUTIVE SUMMARY

The following Fourth Round Housing Element and Fair Share Plan has been prepared for the Borough of Highlands in the County of Monmouth in accordance with the Fair Housing Act as most recently amended (P.L. 2024, c 2).

The Borough of Highlands is a 1.4 square mile developed community located in the central part of New Jersey in the County of Monmouth. The Borough borders the communities of Atlantic Highlands and Middletown, and is located across the Sandy Hook Bay from Sea Bright. Route 36 traverses the Borough in its eastern section and connects Highlands with Sea Bright by way of the Captain Joseph Azzolina Memorial Bridge. The southeastern section of the Borough sits on a high bluff, overlooking the Sandy Hook Bay and Atlantic Ocean.

According to the 2020 Census, Highlands' population was 4,621, which represents a decrease of 7.7 percent from 2010. The US Census Bureau 2018-2023 American Community Survey estimates a total population of 4,575 in 2023. In 2020, the median age of Borough residents was 49.3 years, and the average household size decreased slightly from the 2010 level of 2.08 persons to 1.75 persons.

The housing stock of the Borough is predominantly single-family detached dwelling units. A majority of the housing structures were built in the 1970s. The Borough is located in Housing Region 4, a region that consists of Mercer, Monmouth, and Ocean counties. Based on the 2025 Regional Income Limits, the median income in Region 4 for a four-person household is \$134,600, the moderate-income is \$107,680, and the low-income is \$67,300.

Highlands Borough entered into a Settlement Agreement with Fair Share Housing Center (FSHC) to establish the Borough's Third Round affordable housing obligation on June 19, 2019. The subsequent compliance efforts were approved by the Court in a Final Judgement of Compliance and Repose (JOR), dated May 22, 2020, confirming the Borough satisfied its Third Round obligations.

The Borough was able to fully meet its Prior Round and Third Round obligations through credit-worthy units that are existing or proposed, as well as through rental bonus credits.

The Borough has a Fourth Round rehabilitation share of 0 units and a Fourth Round Prospective Need of 30 units. This Prospective Need is separated into a realistic development potential (RDP) of 0 units and an unmet need of 30 units.

The Borough will fully address its Fourth Round obligations through the following mechanisms: existing credits, rental bonus credits, proposed inclusionary zoning, Mandatory Affordable Housing Set-Aside Ordinance, and Development Fee Ordinance.

INTRODUCTION

The need to provide a realistic opportunity for the construction of affordable housing in New Jersey, the country's most densely populated state, has been recognized for decades. In the case of Southern Burlington County NAACP v. the Township of Mount Laurel 67 N.J. 151 (1975), (commonly known as Mount Laurel I), the New Jersey Supreme Court established the doctrine that developing municipalities have a constitutional obligation to create a realistic opportunity for their fair share of low and moderate income housing.

In Southern Burlington County NAACP v. Township of Mount Laurel, 92 N.J. 158, 456 A.2d 390 (1983), decided on January 20, 1983 (commonly known as Mount Laurel II), the Supreme Court responded to the response of municipalities to Mount Laurel I. It sought to "put steel" into the doctrine by making it far easier for developers to secure a builder's remedy. The builder's remedy created an incentive to developers to sue non-compliant municipalities and force them to comply. Mount Laurel II also created the Judgment of Repose to incentivize municipalities to comply. A Judgment of Repose protected municipalities from anyone who would sue it and claim entitlement to a builder's remedy or other relief based upon the claim that the municipality was noncompliant.

In the wake of Mount Laurel II, developers sued municipalities seeking builder's remedies. The wave of builder's remedy lawsuits created the impetus for legislation to protect municipalities from builder's remedies. A decision by Judge Serpentelli, one of three judges appointed by Chief Justice Wilentz to implement Mount Laurel II, increased the need for a legislative cure. More specifically, in 1984, Judge Serpentelli issued the AMG decision which established a formula for any developer to determine the fair share obligation of any municipality.

The pressure of builder's remedy suits, combined with the ease in determining the fair share of any municipality through the AMG formula, culminated in the enactment of the New Jersey Fair Housing Act in 1985. The Fair Housing Act (FHA) is found at N.J.S.A. 52:270-301, et seq. The FHA established the Council on Affordable Housing (COAH) as an administrative alternative to builder's remedy lawsuits and the concomitant jurisdiction of the courts. COAH was given the responsibility of dividing the state into housing regions, determining regional and municipal fair share affordable housing obligations, and adopting regulations that would establish the guidelines and approaches that municipalities may use in addressing their affordable housing need.

In 2008, the Legislature amended the FHA to add requirements for very low-income housing. Very low-income households are those in which the gross household income is 30% or less than the region's median household income. Low-income households are those with incomes no greater than 50% of the region's median household income. Moderate-income households are those with incomes no greater than 80% and

no less than 50% of the region's median household income. Each is adjusted for household size and is in relation to the median gross income of the housing region in which the municipality is located.

First and Second Rounds

The First and Second Rounds under COAH are collectively referred to as the "Prior Round." The Prior Round obligation is the cumulative 1987-1999 fair share obligation. The First Round consists of the six-year period between 1987 and 1993 for which COAH first established a formula for determining municipal affordable housing obligations (N.J.A.C. 5:92-1 *et seq.*). Then in 1994, COAH established amended regulations (N.J.A.C. 5:93-1.1 *et seq.*) and produced additional municipal affordable housing obligations for the years 1993 to 1999. This second round of obligations is known as the Second Round. When COAH adopted regulations for Round 2, it made the Round 1 and 2 obligations cumulative for both periods.

Third Round

Housing rounds were originally established by the Fair Housing Act as six-year periods, but in 2001 the Legislature extended the rounds to 10-year periods. This should have meant that the Third Round ran from 1999 to 2009. However, COAH didn't establish new rules for the Third Round until the end of 2004 (N.J.A.C. 5:94-1 and 95-1 *et seq.*). The Third Round time period was therefore extended to 2014. The Third Round rules established a new method for calculating a municipality's affordable housing obligation, known as "growth share." This method required municipalities to project future residential and non-residential development and then derive their obligation from that growth.

After the New Jersey Appellate Court invalidated several components of the Third Round rules, COAH released revised rules in 2008. The Third Round was once again extended to 2018 to provide municipalities with the time to apply the amended rules and establish mechanisms to meet their obligations. The revised third round rules, like the initial third round rules established the obligations based on a growth share approach.

On October 8, 2010, in response to numerous legal challenges to the second iteration of COAH's third round regulations, the Appellate Division ruled that COAH could not allocate obligations through a "growth share" formula and directed COAH to use similar methods to those used in the First and Second Rounds.

COAH proposed third round regulations a third time in 2014 using a formula similar to the ones it had used in the first and second rounds. However, when COAH had a meeting to consider adopting these rules on October 20, 2014, it deadlocked and then failed to make any efforts to break the deadlock.

On March 10, 2015, the New Jersey 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), wherein it responded to COAH's failure to adopt defensible rules for Round 3. This decision changed the landscape by which municipalities are required to comply with their constitutional obligation to provide their fair share of affordable housing.

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. The decision also established a transitional process for municipalities to seek temporary immunity and ultimately a Judgment of Compliance and Repose ("JOR") from a court, which was the "judicial equivalent" of Substantive Certification from COAH.

On January 18, 2017, the Supreme Court decided In Re Declaratory Judgment Actions Filed by Various Municipalities, County of Ocean, Pursuant To The Supreme Court's Decision In In re Adoption of N.J.A.C. 5:96, 221 N.J. 1 (2015) ("Mount Laurel V"), which held that need having accrued during the Gap Period (1999-2015) had to be addressed and was part of the Present Need. The Supreme Court held that there is an obligation with respect to that period for households that came into existence during that gap period that are eligible for affordable housing, that are presently (as of 2015) in need of affordable housing, and that are not already counted in the traditional present need.

As the methodology and obligations from the Gap and Prospective Need had not been fully adjudicated at that time, various trial judges issued opinions on the appropriate methodology and 354 municipalities reportedly settled with Fair Share Housing Center wherein they negotiated the obligations for Round 3.

Municipal obligations were therefore broken down in Round Three Housing Element and Fair Share Plans as Present Need/Rehabilitation, Prior Round (1987-1999), and Third Round and Gap Period (1999-2015). Municipalities that received their Final Judgment of Compliance and Repose had immunity from builders' remedy lawsuits through the end of the Third Round, June 30, 2025.

Fourth Round

On March 18, 2024, the affordable housing legislation known jointly as Senate Bill S50 and Assembly Bill A4 passed both houses of the legislature. Governor Murphy signed the bill (P.L.2024, c.2) into law on March 20, 2024, establishing a new methodology for determining municipalities' affordable housing obligations for the Fourth Round and beyond. The new legislation, which comprehensively amends the FHA, overhauled the process that municipalities undertake to establish and plan for their constitutionally mandated affordable housing obligation. Most notably, this legislation formally abolished COAH while transferring its functions to the New Jersey Department of Community Affairs (DCA) and Housing Mortgage and Finance Agency (HMFA). As a result, the legislation codified the method for calculating regional and municipal affordable housing needs and returned most of the process from the Courts to state administrative departments.

The amended FHA called on the DCA to issue a non-binding report on the new Present Need Obligation (commonly referred to as the rehab obligation) and the Prospective Need for Round 4 and subsequent rounds. The amended FHA required the DCA to base its analysis of the obligations for each municipality

based upon the standards set forth in the amended FHA. Accordingly, on October 18, 2024, the DCA released a report outlining the Fourth Round (2025-2035) Fair Share methodology and its calculations of low- and moderate-income obligations for each of the State's municipalities. The amended FHA gave municipalities until January 31, 2025, to review the obligation reported by the DCA and perform their own analysis of their obligation based on the methodology in the legislation and previously established by the Courts. If any municipality wished to commit to an obligation different from the one reported by the DCA, the amended FHA required the municipality to adopt a resolution by January 31, 2025 committing to the number that it contended was the appropriate obligation. If a municipality wished to commit to the numbers that the DCA reported, the amended FHA required the municipality to adopt a resolution committing to the DCA numbers.

The amended FHA required any municipality that wished to participate in the new process that the Act created to file a declaratory relief action within 48 hours of adopting the resolution committing to the numbers the municipality deemed appropriate.

The amended FHA gave any interested party who wished to oppose the numbers to which any municipality committed to file an Answer by February 28, 2025 which included a particularized objection to the numbers to which the municipality committed.

The amended FHA gave "the program" until March 31, 2025 to try to resolve any disputes over the fair share numbers to which a municipality committed through an "Affordable Housing Dispute Resolution Program". The program is a new entity created by the amended FHA. It is staffed with seven current or retired judges and the judges have the authority to use adjudicators to assist it in mediating disputes over the obligations of municipalities.

The amended FHA gives municipalities until June 30, 2025 to file a Housing Element and Fair Share Plan and related documents showing how the municipality will comply with its obligations. The Fourth Round Plans will follow the same general format as they have with certain updates to their requirements dealing with various types of housing and the bonus credit calculation system. Notably, HE/FSPs are required to be consistent with the State Development and Redevelopment Plan (SDRP), which has yet to be adopted. (A draft SDRP was released in late 2024). As part of the HE/FSP, municipalities shall include an assessment of the degree to which the municipality has met its fair share obligation from the prior rounds of affordable housing (i.e. First, Second, and Third Rounds).

BOROUGH OF HIGHLANDS' HISTORY OF AFFORDABLE HOUSING

The Borough of Highlands adopted a Housing Element and Fair Share Plan (HE/FSP) as part of its Master Plan in 2004. The Borough, however, did not file a HE/FSP for substantive certification with COAH for either of the previous rounds.

Since Highlands Borough was not under the jurisdiction of COAH at that time and since municipalities needed to be a municipality participating in the COAH process to be eligible to participate in the new procedures established by Mount Laurel IV, the Borough did not file a declaratory judgment action in 2015 in accordance with Mount Laurel IV. Nevertheless, Highlands subsequently took steps to satisfy its affordable housing obligation, including adopting a Housing Element and Fair Share Plan (HE/FSP) on July 14, 2016. Further, on December 27, 2016, the Borough filed a Declaratory Judgment Complaint (Docket No. MON-L-0012-17) seeking the entry of a declaratory judgment (i) approving the Highlands' Housing Element and Fair Share Plan as being in compliance with its obligation to provide its fair share of affordable housing under the Mt. Laurel Doctrine and issuing a Judgment of Repose for a time period commencing upon the date of entry of the Order and expiring on July 1, 2025, and (ii) approving the Highlands' development fee ordinance and Spending Plan for the disposition of its affordable housing trust funds. The Borough's Third Round Spending Plan was adopted on October 16, 2019, and approved by the Court on May 22, 2020.

The Borough entered into a Settlement Agreement with FSHC on June 19, 2019 (Appendix A). The Honorable Linda Grasso Jones, J.S.C conducted a Fairness Hearing on August 9, 2019, at which time she ruled that the Settlement Agreement was fair and reasonable to low- and moderate-income households. On September 23, 2019, the Judge issued an order, attached as Appendix B, memorializing her decision. On October 3, 2019, the Borough's Land Use Board adopted a Housing Element and Fair Share Plan to implement the Settlement Agreement.

On January 15, 2025, in accordance with the standards established by the amended FHA and described above, the Borough adopted Resolution #25-045. This resolution maintained the DCA-generated obligation, to establish its Fourth Round housing obligation, and thus guaranteed protection from builders' remedy suits (Appendix C).

Further, on January 16, 2025, in accordance with the standards established by the amended FHA and described above, the Borough filed a Complaint (Docket No. MON-L-000196-25) seeking the entry of a declaratory judgment (i) to secure the jurisdiction of the Dispute Resolution Program and the Court; (ii) to have the Dispute Resolution Program and the Court approve the Borough of Highlands' Present and Prospective affordable housing obligations as set forth in Resolution #25-045; (iii) to have the Dispute Resolution Program and the Court approve a HE/FSP to be adopted by the Land Use Board and endorsed

by the Council and issue a conditional or unconditional "Compliance Certification" or other similar declaration; (iv) to have the Dispute Resolution Program and the Court confirm Highlands' immunity from all exclusionary zoning litigation, including builder's remedy lawsuits, for the duration of Fourth Round and; (v) to have the Dispute Resolution Program and the Court take such other actions and grant such other relief as may be appropriate to ensure that the Borough receive and obtain all protections as afforded to it for compliance, including, without limitation, all immunities and presumptions of validity necessary to satisfy its affordable housing obligations voluntarily without having to endure the expense and burdens of unnecessary third party litigation (Appendix D).

This Fourth Round HE/FSP sets forth mechanisms implemented to address the Borough's affordable housing obligations and has been prepared in accordance with the Fair Housing Act as most recently amended (P.L.2024, c.2).

PLANNING FOR AFFORDABLE HOUSING

Pursuant to both the FHA (N.J.S.A. 52:27D-310; et seq.) and the Municipal Land Use Law (MLUL) (N.J.S.A. 40:55D-28), municipalities in New Jersey are required to include a Housing Element/Fair Share Plan in their master plans. The principal purpose of the housing element is to describe the specific, intended methods that a municipality plans to use in order to meet its low- and moderate-income housing needs. Further, the housing element is meant to demonstrate the existing zoning or planned zoning changes that will allow for the provision of adequate capacity to accommodate household and employment growth projections, to achieve the goal of access to affordable housing for present and future populations. The statutorily required contents of the housing element are:

- a. 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;
- b. 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;
- c. An analysis of the municipality's demographic characteristics, including but not necessarily limited to, household size, income level and age;
- d. An analysis of the existing and probable future employment characteristics of the municipality;
- e. 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, as established pursuant to section 3 of P.L.2024, c.2 (C.52:27D-304.1);
- f. 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;
- g. An analysis of the extent to which municipal ordinances and other local factors advance or detract from the goal of preserving multigenerational family continuity as expressed in the recommendations of the Multigenerational Family Housing Continuity Commission, adopted pursuant to paragraph (1) of subsection f. of section 1 of P.L.2021, c.273 (C.52:27D-329.20);

-
- h. For a municipality located within the jurisdiction of the Highlands Water Protection and Planning Council, established pursuant to section 4 of P.L.2004, c.120 (C.13:20-4), an analysis of compliance of the housing element with the Highlands Regional Master Plan of lands in the Highlands Preservation Area, and lands in the Highlands Planning Area for Highlands conforming municipalities. This analysis shall include consideration of the municipality's most recent Highlands Municipal Build Out Report, consideration of opportunities for redevelopment of existing developed lands into inclusionary or 100 percent affordable housing, or both, and opportunities for 100 percent affordable housing in both the Highlands Planning Area and Highlands Preservation Area that are consistent with the Highlands regional master plan; and
 - i. An analysis of consistency with the State Development and Redevelopment Plan, including water, wastewater, stormwater, and multi-modal transportation based on guidance and technical assistance from the State Planning Commission.

PART 1: HOUSING ELEMENT**DEMOGRAPHIC CHARACTERISTICS****Population**

The population trends experienced in Highlands Borough, Monmouth County, and the State of New Jersey from 1930 through 2020 are shown below as well as the 2023 population estimate from the U.S. Census Bureau American Community Survey. There were 4,624 residents in Highlands Borough in 2020, which was a decrease of 384 people, or 7.7 percent, from 2010. The population continued to decrease slightly from 2020 to 2023 where the estimated population is 4,575. The Borough experienced steady growth from 1930 to 1980 with the largest and most significant increase in population occurring during the 1970s when the Borough's population increased by 32.5 percent. Monmouth County and the State have also experienced continued growth since 1930. Both the County and State saw significant population increases during the 1990s.

| Population Trends | | | | | | | | | |
|-------------------|------------|--------|---------|-----------------|---------|---------|------------|-----------|---------|
| Year | Highlands | | | Monmouth County | | | New Jersey | | |
| | Population | Change | | Population | Change | | Population | Change | |
| | | Number | Percent | | Number | Percent | | Number | Percent |
| 1930 | 1,877 | - | - | 147,209 | - | - | 4,041,334 | - | - |
| 1940 | 2,076 | 199 | 10.6% | 161,238 | 14,029 | 9.5% | 4,160,165 | 118,831 | 2.9% |
| 1950 | 2,959 | 883 | 42.5% | 225,327 | 64,089 | 39.7% | 4,835,329 | 675,164 | 16.2% |
| 1960 | 3,536 | 577 | 19.5% | 334,401 | 109,074 | 48.4% | 6,066,782 | 1,231,453 | 25.5% |
| 1970 | 3,916 | 380 | 10.7% | 461,849 | 127,448 | 38.1% | 7,171,112 | 1,104,330 | 18.2% |
| 1980 | 5,187 | 1,271 | 32.5% | 503,173 | 41,324 | 8.9% | 7,365,011 | 193,899 | 2.7% |
| 1990 | 4,849 | -338 | -6.5% | 553,124 | 49,951 | 9.9% | 7,730,188 | 365,177 | 5.0% |
| 2000 | 5,097 | 248 | 5.1% | 615,301 | 62,177 | 11.2% | 8,414,350 | 684,162 | 8.9% |
| 2010 | 5,005 | -92 | -1.8% | 630,380 | 15,079 | 2.5% | 8,791,894 | 377,544 | 4.5% |
| 2020 | 4,621 | -384 | -7.7% | 643,615 | 13,235 | 2.1% | 9,288,994 | 497,100 | 5.7% |
| 2023 | 4,575 | -46 | -1.0% | 643,615 | 0 | 0.0% | 9,261,699 | -27,295 | -0.3% |
| Total Change | - | 2,698 | 143.7% | - | 496,406 | 337.2% | - | 5,220,365 | 129.2% |

Source: 1930-2020 U.S. Decennial Census; 2018-2022 American Community Survey 5-Year Estimates

Population Composition by Age

The median age of the residents in Highlands in 2020 was 49.3 years, which shows a 9.3% increase from the 2010 median age of 45.1. Analysis of age group characteristics provides insight into the actual changes in population. This comparison is helpful in determining impacts these changes have on housing needs, community facilities and services for the municipality. As detailed in the table below, the entire composition of Highlands Borough experienced notable shifts since 2010. The most significant increase was in the 65

and over cohort, which saw an increase of 38.7 percent. The 55 to 64 age cohort also increased significantly by approximately 20.2 percent. Large decreases were seen as well in the under 5 years cohort (-42.9%) and the 45 to 54 age cohort (-33.4%). The largest cohort in 2020 was the 55 to 64 age (20.9%) compared to the 45 to 54 age (21.2%) in 2010. This data suggests that a larger portion of the Borough's residents are transitioning into the senior citizen age range, which will require the Borough to consider planning tools and approaches that encourage aging-in-place.

| Population by Age 2010 and 2020, Borough of Highlands | | | | | | |
|---|--------------|----------------|--------------|----------------|----------------------|--------------|
| Population | 2010 | | 2020 | | Change, 2010 to 2020 | |
| | Number | Percentage | Number | Percentage | Number | Percentage |
| Total population | 5,005 | 100.00% | 4,621 | 100.00% | -384 | -7.7% |
| Under 5 years | 252 | 5.0% | 144 | 3.1% | -108 | -42.9% |
| 5 to 14 | 336 | 6.7% | 322 | 7.0% | -14 | -4.2% |
| 15 to 24 | 448 | 9.0% | 326 | 7.1% | -122 | -27.2% |
| 25 to 34 | 719 | 14.4% | 730 | 15.8% | 11 | 1.5% |
| 35 to 44 | 734 | 14.7% | 531 | 11.5% | -203 | -27.7% |
| 45 to 54 | 1,062 | 21.2% | 707 | 15.3% | -355 | -33.4% |
| 55 to 64 | 805 | 16.1% | 968 | 20.9% | 163 | 20.2% |
| 65 and over | 644 | 12.9% | 893 | 19.3% | 249 | 38.7% |
| Median Age | 45.1 | - | 49.3 | - | 4.2 | 9.3% |

Source: U.S. Decennial Census, 2010 and 2020

Monmouth County experienced population fluctuation as well, but not nearly as dramatically as the Borough. The most significant increase was also in the 65 and over age cohort, which grew by 37.1 percent. Significant increases were also seen in the 55 to 64 age cohort (25.3%) and 25 to 34 age cohort (11.7%). Decreases were experienced in the under 5 cohort (-14.9%) and the 45 to 54 age cohort (-19.5%).

| Population by Age 2010 and 2020, Monmouth County | | | | | | |
|--|----------------|---------------|----------------|---------------|----------------------|-------------|
| Population | 2010 | | 2020 | | Change, 2010 to 2020 | |
| | Number | Percentage | Number | Percentage | Number | Percentage |
| Total population | 630,106 | 100.0% | 643,615 | 100.0% | 13,509 | 2.1% |
| Under 5 years | 34,755 | 5.5% | 29,562 | 4.6% | -5,193 | -14.9% |
| 5 to 14 | 86,679 | 13.8% | 75,723 | 11.8% | -10,956 | -12.6% |
| 15 to 24 | 78,229 | 12.4% | 79,817 | 12.4% | 1,588 | 2.0% |
| 25 to 34 | 64,860 | 10.3% | 72,466 | 11.3% | 7,606 | 11.7% |
| 35 to 44 | 86,499 | 13.7% | 75,549 | 11.7% | -10,950 | -12.7% |
| 45 to 54 | 110,979 | 17.6% | 89,310 | 13.9% | -21,669 | -19.5% |
| 55 to 64 | 81,688 | 13.0% | 102,356 | 15.9% | 20,668 | 25.3% |
| 65 and over | 86,691 | 13.8% | 118,832 | 18.5% | 32,141 | 37.1% |
| Median Age | 41.3 | - | 43.5 | - | 2.2 | 5.3% |

Source: U.S. Decennial Census, 2010 and 2020

Households

A household is defined as one or more persons, either related or not, living together in a housing unit. In 2020 there was a total of 2,425 households in Highlands Borough. Roughly 77 percent of the households were occupied by two persons or less. The average household size of the Borough in 2020 was 1.75, significantly less than that of the County's average of 2.51. The Borough's largest percentage of households was a one-person household (44.6%), while the County's was a two-person household (31.1%). The Borough's second most common household size was two-person households (32.2%), and the County's was one-person households, which represented 25.8 percent.

| Household Size- Occupied Housing Units, 2020 Borough of Highlands and Monmouth County | | | | |
|--|--------------|---------------|----------------|---------------|
| | Borough | | County | |
| | Number | Percent | Number | Percent |
| Total Households | 2,425 | 100.0% | 244,630 | 100.0% |
| 1-person household | 1082 | 44.6% | 63,104 | 25.8% |
| 2-person household | 781 | 32.2% | 76,177 | 31.1% |
| 3-person household | 306 | 12.6% | 40,092 | 16.4% |
| 4-person household | 154 | 6.4% | 39,421 | 16.1% |
| 5-person household | 72 | 3.0% | 17,126 | 7.0% |
| 6-person household | 18 | 0.7% | 5,795 | 2.4% |
| 7-or-more-person household | 12 | 0.5% | 2,915 | 1.2% |
| Average Household Size | 1.75 | | 2.51 | |

Source: US Decennial Census, 2020

According to the United States Census, family households are defined as two or more persons living in the same household, related by birth, marriage, or adoption. Slightly less than half of the households in the Borough in 2020 were family households, comprising of 42.5 percent of all households. The average family size was 1.75 persons. Around 30.5 percent of family households were married-couple families, of which the majority (60%) had no children.

In providing more detail of American households, the 2020 Census includes the sub-groups of non-traditional households: other family and non-family households. "Non-family" households are defined as those that consist of a householder living alone or sharing the home exclusively with people to whom he/she is not related. A majority of households in the Borough (57%) are nonfamily households. Of these households, the number of male and female householders were comparable, at 54% and 46%, respectively. Further, "other family" households accounted for 12% of all households, broken down into 7.8% female householders with no spouse or partner present and 4.2% male householders with no spouse or partner present.

| Household Size and Type, 2023 Highlands Borough | | |
|--|--------------|--------------|
| | Total | Percent |
| Total Households | 2,616 | 100% |
| Family Households | 1112 | 42.5% |
| Married couple family | 798 | 30.5% |
| With children | 320 | 12.2% |
| Without children | 478 | 18.3% |
| Other Family | 314 | 12.0% |
| Male householder, no spouse | 109 | 4.2% |
| With children | 55 | 2.1% |
| Without children | 54 | 2.1% |
| Female householder, no spouse | 205 | 7.8% |
| With children | 106 | 4.1% |
| Without children | 99 | 3.8% |
| Nonfamily household | 1504 | 57.5% |
| Male householder | 813 | 31.1% |
| Living alone | 752 | 28.7% |
| Not living alone | 61 | 2.3% |
| With children | 0 | 0.0% |
| Female householder | 691 | 26.4% |
| Living alone | 557 | 21.3% |
| Not living alone | 134 | 5.1% |
| With children | 0 | 0.0% |

Source: US Decennial Census, 2020 and 2018-2023 American Community Survey 5-Year Estimates

Income

As measured in 2023, Highlands had a lower median household income compared to Monmouth County and the State of New Jersey. In 2023, the median income in Highlands was \$90,082, roughly \$32,645 less than the County and \$10,968 less than the State's median income. The Borough's per capita income significantly exceeded that of the County and the State.

| Per Capita and Household Income | | |
|---------------------------------|------------------------|------------------------------|
| | 2023 Per Capita Income | 2023 Median Household Income |
| Highlands | \$73,460 | \$90,082 |
| Monmouth County | \$65,545 | \$122,727 |
| New Jersey | \$52,583 | \$101,050 |

Source: 2018-2023 American Community Survey 5-Year Estimates

In 2023, nearly 65 percent of all households in the Borough earned \$50,000 or more with the largest percentage (18.8%) earning \$200,000 or more. This percentage was followed by those households that

earned \$75,000 to \$99,999 (16.9%) and finally those who earned \$150,000 to \$199,999 (14.2%). About 24 percent of households earned less than \$35,000. In Monmouth County, the most common income bracket was also the \$200,000 or more range with roughly 30 percent of households earning that much. Roughly 15 percent of households in the County earned less than \$35,000.

| Household Income Borough of Highlands and Monmouth County, 2023 | | | | |
|--|---------------------|---------------|---------------------|---------------|
| | Highlands | | Monmouth County | |
| | Number ¹ | Percentage | Number ¹ | Percentage |
| Total Households | 2,552 | 100.0% | 230,439 | 100.0% |
| Less than \$10,000 | 190 | 7.4% | 8,165 | 3.5% |
| \$10,000 to \$14,999 | 60 | 2.4% | 5,319 | 2.3% |
| \$15,000 to \$24,999 | 172 | 6.7% | 10,781 | 4.7% |
| \$25,000 to \$34,999 | 191 | 7.5% | 10,705 | 4.6% |
| \$35,000 to \$49,999 | 285 | 11.2% | 17,390 | 7.5% |
| \$50,000 to \$74,999 | 201 | 7.9% | 25,153 | 10.9% |
| \$75,000 to \$99,999 | 431 | 16.9% | 25,542 | 11.1% |
| \$100,000 to \$149,999 | 178 | 7.0% | 24,161 | 10.5% |
| \$150,000 to \$199,999 | 363 | 14.2% | 33,996 | 14.8% |
| \$200,000 or more | 481 | 18.8% | 69,227 | 30.0% |
| Median Household Income | \$90,082 | | \$122,727 | |

Source: 2018-2023 American Community Survey 5-Year Estimates

¹ Due to the data being estimates, the number in each row does not add up with the "total" row.

Poverty Status

Of the 4,575 persons of Highlands' population for which poverty status is determined, 349 individuals, or 7.6 percent, lived in poverty in 2023. Of those in poverty, a majority (87.1%) were in the age range of 18 to 64 years old, and the remaining 12.9 percent were seniors (over 65). The County had a lower poverty rate of 6.4 percent.

| Poverty Status Borough of Highlands and Monmouth County, 2023 | | | | |
|--|--------------|-------------|-----------------|-------------|
| | Highlands | | Monmouth County | |
| | Number | Percentage | Number | Percentage |
| Total persons | 4,575 | - | 637,240 | - |
| Total persons below poverty level | 349 | 7.6% | 40,958 | 6.4% |
| Under 18 | 0 | 0.0% | 9,487 | 23.2% |
| 18 to 64 | 304 | 87.1% | 23,232 | 56.7% |
| 65 and over | 45 | 12.9% | 8,239 | 20.1% |

Source: 2018-2023 American Community Survey 5-Year Estimates

Household Costs

The tables below show the expenditures for housing for those who own and rent housing in the Borough of Highlands and Monmouth County. Most people in the Borough lived in homes they owned, and according to the 2018-2023 5-year estimates by the ACS, roughly 26.4 percent of all owner-occupied households spent 30 percent or more of their household income on housing. About 45.4 percent of renter-occupied households spent 30 percent or more of their household income on housing. General affordability standards set a limit at 30 percent of gross income to be allocated for owner-occupied housing costs and 28 percent of gross income to be allocated for renter-occupied housing costs. These figures were on par with those of the County.

| Selected Monthly Owner Costs as a Percentage of Household Income 2023 Estimates | | | | |
|--|------------------|-------------------|------------------------|-------------------|
| | Highlands | | Monmouth County | |
| | Number | Percentage | Number | Percentage |
| Total Owner-Occupied Housing Units | 1,673 | 100.0% | 188,578 | 100.0% |
| Less than 20.0% | 890 | 53.2% | 93,167 | 49.4% |
| 20.0 to 24.9% | 266 | 15.9% | 25,780 | 13.7% |
| 25.0 to 29.9% | 74 | 4.4% | 16,946 | 9.0% |
| 30.0 to 34.9% | 19 | 1.1% | 10,722 | 5.7% |
| 35.0% or more | 424 | 25.3% | 40,650 | 21.6% |
| Not computed | 0 | 0.0% | 1,313 | 0.7% |

Source: 2018-2023 American Community Survey 5-Year Estimates

| Gross Rent as a Percentage of Household Income 2023 Estimates | | | | |
|--|------------------|-------------------|------------------------|-------------------|
| | Highlands | | Monmouth County | |
| | Number | Percentage | Number | Percentage |
| Total Renter-Occupied Housing Units | 943 | 100.00% | 61,617 | 100.00% |
| Less than 10% | 30 | 3.2% | 2,113 | 3.4% |
| 10.0 to 14.9% | 0 | 0.0% | 4,993 | 8.1% |
| 15.0 to 19.9% | 129 | 13.7% | 6,970 | 11.3% |
| 20.0 to 24.9% | 150 | 15.9% | 6,927 | 11.2% |
| 25.0 to 29.9% | 71 | 7.5% | 6,419 | 10.4% |
| 30.0 to 34.9% | 60 | 6.4% | 4,751 | 7.7% |
| 35.0 to 39.9% | 31 | 3.3% | 3,057 | 5.0% |
| 40.0 to 49.9% | 20 | 2.1% | 6,163 | 10.0% |
| 50% or more | 317 | 33.6% | 16,805 | 27.3% |
| Not computed | 135 | 14.3% | 3,419 | 5.5% |

Source: 2018-2023 American Community Survey 5-Year Estimates

Similar to Highlands, a large majority of Monmouth County residents own their home. Roughly 27.2 percent of all County owner-occupied homes spent 30 percent or more of their household income on housing, and

approximately 50 percent of renter-occupied households spend 30 percent or more of their household income on housing.

EXISTING HOUSING CONDITIONS

Housing Unit Data

In 2023, Highlands had a total of 2,616 occupied housing units. A majority of these units (1,673 or 55.8%) were owner-occupied while 943 units (31.5%) were renter-occupied. Housing construction has remained relatively steady from 1930 through 2023, with the exception of the 1970s and 1980s when the Borough saw a surge of construction. About 42 percent of the Borough's entire housing stock was constructed between 1970 and 1989. There is also a significant amount of older construction within the Borough. Roughly 24.5 percent of Highlands' housing stock was built prior to 1940. The median year of construction for the housing stock in Highlands Borough is 1975.

| Housing Data, 2023 Highlands Borough | | | |
|---|--------------|--------------------------|-----------------------------|
| | Number | % of Total Housing Units | % of Occupied Housing Units |
| Total Housing Units | 2,996 | 100.00% | - |
| Occupied Housing Units | 2,616 | 87.3% | 100.00% |
| Owner Occupied | 1,673 | 55.8% | 64.0% |
| Renter Occupied | 943 | 31.5% | 36.0% |
| Vacant Housing Units | 380 | 12.7% | - |

Source: 2018-2023 American Community Survey 5-Year Estimates

| Year Structure Built Highlands Borough | | |
|---|--------------|----------------|
| | Number | Percentage |
| Built 1939 or earlier | 733 | 24.5% |
| Built 1940 to 1949 | 164 | 5.5% |
| Built 1950 to 1959 | 91 | 3.0% |
| Built 1960 to 1969 | 174 | 5.8% |
| Built 1970 to 1979 | 719 | 24.0% |
| Built 1980 to 1989 | 537 | 17.9% |
| Built 1990 to 1999 | 127 | 4.2% |
| Built 2000 to 2009 | 238 | 7.9% |
| Built 2010 to 2019 | 198 | 6.6% |
| Built 2020 or later | 15 | 0.5% |
| Total Housing Units | 2,996 | 100.00% |
| Median Year Structure Built | 1975 | |

Source: 2018-2023 American Community Survey 5-Year Estimates

According to the 2023 ACS estimates, Highlands Borough has a high occupancy rate, with very few of their housing units vacant. Of the Borough's 2,996 housing units, 2,616 (87.3%) were occupied and only 380 (12.7%) were vacant. Over 80 percent of vacant units could be attributed to the "for seasonal, recreational or occasional use" (57.6%) and "other vacant" (24.5%) categories, with "for rent/rented not occupied" accounting for the remaining 17.9%. This data is represented in the table below.

| Housing Occupancy, 2023 Highlands Borough | | | |
|--|-------|-----------------------------|------------------------------|
| | Total | % of Total Housing Units | % of Vacant Housing Units |
| Total Housing Units | 2,996 | 100.00% | - |
| Occupied | 2,616 | 87.3% | - |
| Vacant Housing Units | 380 | 12.7% | 100.0% |
| For Rent/Rented Not Occupied | 68 | 2.3% | 17.9% |
| For Sale Only | 0 | 0.0% | 0.0% |
| Sold, not occupied | 0 | 0.0% | 0.0% |
| For Seasonal, Recreational or Occasional Use | 219 | 7.3% | 57.6% |
| For migrant workers | 0 | 0.0% | 0.0% |
| Other Vacant | 93 | 3.1% | 24.5% |

Source: 2018-2023 American Community Survey 5-Year Estimates

Housing Type and Size

The majority of the housing stock in Highlands is single-family detached housing, with most structures containing three to five rooms. In 2023, there were 1,198 single-family detached homes representing 40 percent of the housing stock. Structures that were comprised of 20 or more units were the next most common housing type, with 501 units or 16.7 percent of the Borough's housing stock.

The median number of rooms within housing structures in the Borough of Highlands was 4.5 with the largest percentage of structures (25.1%) comprised of four (4) rooms.

| Housing Type and Size Highlands Borough, 2023 | | |
|--|--------------|-------------------|
| Units in Structure | Total | Percentage |
| Total | 2,996 | 100.0% |
| 1, detached | 1,198 | 40.0% |
| 1, attached | 258 | 8.6% |
| 2 | 245 | 8.2% |
| 3 or 4 | 118 | 3.9% |
| 5 to 9 | 421 | 14.1% |
| 10 to 19 | 238 | 7.9% |
| 20 or more | 501 | 16.7% |
| Mobile home | 17 | 0.6% |
| Boat, RV, van, etc. | 0 | 0.0% |
| | | |
| Rooms | Total | Percentage |
| 1 room | 0 | 0.0% |
| 2 rooms | 78 | 2.6% |
| 3 rooms | 650 | 21.7% |
| 4 rooms | 753 | 25.1% |
| 5 rooms | 712 | 23.8% |
| 6 rooms | 321 | 10.7% |
| 7 rooms | 335 | 11.2% |
| 8 rooms | 55 | 1.8% |
| 9 or more rooms | 92 | 3.1% |
| Total Housing Units | 2,996 | 100.0% |
| Median number of rooms | 4.5 | |

Source: 2018-2023 American Community Survey 5-Year Estimates

In terms of residential growth, for the period of January 2014 through November 2024, the Borough issued building permits authorizing the development of 206 units. The majority of these building permits were authorized between 2014 and 2017. During this period, 115 permits were authorized. There was a decrease in building permits between 2017 and 2024, which hit a low point in 2020 due to the COVID-19 pandemic. All the construction in the last 10 years has been for one- and two-family structures.

Further, throughout the same 10-year period, the Borough issued permits authorizing the demolition of 265 units, which averages approximately 24 units per year. The average demolition rate is approximately 128% of the abovementioned development rate (i.e., a home net decrease of around 28%). If the demolition rate were to remain relatively constant over the next approximately 10-year period, an additional 265 residential units could be expected to be demolished between January 2025 and the end of 2035, resulting in a projected net decrease (i.e., constructed units - demolished units) of 59 units.

| Housing Units Authorized by Building Permits, 2014-2024 Highlands Borough | | | | |
|--|--------------|--------------|-----------|-------------|
| Year | 1 & 2 Family | Multi Family | Mixed-Use | Total |
| 2014 | 20 | 0 | 0 | 20 |
| 2015 | 33 | 0 | 0 | 33 |
| 2016 | 62 | 0 | 0 | 62 |
| 2017 | 19 | 0 | 0 | 19 |
| 2018 | 11 | 0 | 0 | 11 |
| 2019 | 15 | 0 | 0 | 15 |
| 2020 | 8 | 0 | 0 | 8 |
| 2021 | 12 | 0 | 0 | 12 |
| 2022 | 17 | 0 | 0 | 17 |
| 2023 | 7 | 0 | 0 | 7 |
| 2024* | 2 | 0 | 0 | 2 |
| Total 2014-2024 | 206 | 0 | 0 | 206 |
| 10-Year Average | | | | 18.7 |
| 10-Year Permit Projection (2025-2035) | | | | 206 |

Source: State of New Jersey Department of Community Affairs Building Permits: Yearly Summary Data
 *2024 Data includes January through November

| Housing Units Demolished by Building Permits, 2014-2024 Highlands Borough | | | | |
|--|--------------|--------------|-----------|-------------|
| Year | 1 & 2 Family | Multi Family | Mixed-Use | Total |
| 2014 | 27 | 8 | 0 | 35 |
| 2015 | 8 | 0 | 0 | 8 |
| 2016 | 4 | 0 | 0 | 4 |
| 2017 | 3 | 0 | 0 | 3 |
| 2018 | 7 | 4 | 0 | 11 |
| 2019 | 12 | 0 | 0 | 12 |
| 2020 | 2 | 0 | 0 | 2 |
| 2021 | 5 | 0 | 0 | 5 |
| 2022 | 5 | 0 | 0 | 5 |
| 2023 | 180 | 0 | 0 | 180 |
| 2024* | 0 | 0 | 0 | 0 |
| Total 2014-2024 | 253 | 12 | 0 | 265 |
| 10-Year Average | | | | 24.1 |
| 10-Year Demolition Projection (2025-2035) | | | | 265 |

Source: State of New Jersey Department of Community Affairs Building Permits: Yearly Summary Data
 *2024 Data includes January through November

Housing Values and Contract Rents

According to the 2018-2023 ACS Survey, roughly 93.6 percent of owner-occupied housing stock in Highlands Borough were valued at over \$200,000, and approximately 48.6 percent of all units were financed by a mortgage, contract to purchase, or similar debt. Housing values for owner-occupied housing units are listed in the table below along with mortgage status data. The most common housing-value range was

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\$300,000 to \$399,999 with 44.2 percent of all owner-occupied units falling within this range. The second most common value range was between \$500,000 and \$999,999, comprising 33 percent of all owner-occupied units. The median value of an owner-occupied housing unit in the Borough of Highlands in 2023 was \$394,800. A slight majority of Borough housing units had no mortgage at all (51.4%).

The median value of owner-occupied units in the County was significantly higher than that of the Borough at \$566,500. Proportionally there were slightly more owner-occupied housing units with a mortgage at the County level (64.4%).

| Value for Owner-Occupied Housing Units Borough of Highlands and Monmouth County, 2023 Estimates | | | | |
|--|------------------|---------------|------------------|---------------|
| | Highlands | | Monmouth County | |
| | Number | Percentage | Number | Percentage |
| Total | 1,673 | 100.0% | 188,578 | 100.0% |
| Less than \$50,000 | 28 | 1.7% | 3,202 | 1.7% |
| \$50,000 to \$99,999 | 20 | 1.2% | 2,703 | 1.4% |
| \$100,000 to \$149,999 | 24 | 1.4% | 1,760 | 0.9% |
| \$150,000 to \$199,999 | 35 | 2.1% | 2,797 | 1.5% |
| \$200,000 to \$299,999 | 213 | 12.7% | 12,780 | 6.8% |
| \$300,000 to \$499,999 | 740 | 44.2% | 55,119 | 29.2% |
| \$500,000 to \$999,999 | 552 | 33.0% | 88,909 | 47.1% |
| \$1,00,000 and greater | 61 | 3.6% | 21,308 | 11.3% |
| Median Value | \$394,800 | | \$566,500 | |

Source: 2018-2023 American Community Survey 5-Year Estimates

| Table 18: Mortgage Status, 2023 Highlands Borough and Monmouth County | | | | | | |
|--|-------------------|------------------|--------------------------|-----------------|------------------|--------------------------|
| | Highlands Borough | | | Monmouth County | | |
| | Number | % of Total Units | % of Units with Mortgage | Number | % of Total Units | % of Units with Mortgage |
| Total Owner-Occupied Units | 1,673 | 100.00% | - | 188,578 | 100.00% | - |
| Owner-Occupied Housing Units with a Mortgage | 813 | 48.6% | 100.00% | 121,452 | 64.4% | 100.00% |
| With either a second mortgage or home equity loan | 86 | 5.1% | 10.6% | 16,780 | 8.9% | 13.8% |
| Second mortgage only | 21 | 1.3% | 2.6% | 1,583 | 0.8% | 1.3% |
| Home equity loan only | 65 | 3.9% | 8.0% | 14,973 | 7.9% | 12.3% |
| Both second mortgage and home equity loan | 0 | 0.0% | 0.0% | 224 | 0.1% | 0.2% |
| No second mortgage and no home equity loan | 723 | 43.2% | 88.9% | 99,688 | 52.9% | 82.1% |
| Owner-Occupied Housing units without a mortgage | 860 | 51.4% | - | 67,126 | 35.6% | - |

Source: 2018-2023 American Community Survey 5-Year Estimates

According to the 2018-2023 5-year estimates produced by the ACS, the median contract rent in Highlands was \$1,525. The highest percentage of renters (30.2%) paid between \$1,500 and \$1,999 for rent, followed by 26.8 percent paying \$1,000 to \$1,499 for rent.

The County's median contract rent was slightly higher at \$1,612. Similar to the Borough, over half of renters (52.9%) pay between \$1,000 and \$1,999 for monthly rent. However, approximately 13.1% of renters at the County level paid more than \$2,500 for monthly rent, compared to only 2.2% in the Borough. This data suggests that rent in the Borough is slightly more affordable as it is throughout the County as a whole.

| Contract Rent Borough of Highlands and Monmouth County, 2023 Estimates | | | | |
|---|------------------|-------------------|------------------------|-------------------|
| | Highlands | | Monmouth County | |
| | Number | Percentage | Number | Percentage |
| Total Renter-Occupied Units | 943 | 100.0% | 61,617 | 100.0% |
| Less than \$500 | 115 | 12.2% | 4,738 | 7.7% |
| \$500 to \$999 | 61 | 6.5% | 4,636 | 7.5% |
| \$1,000 to \$1,499 | 253 | 26.8% | 16,689 | 27.1% |
| \$1,500 to \$1,999 | 285 | 30.2% | 15,907 | 25.8% |
| \$2,000 to \$2,499 | 152 | 16.1% | 9,176 | 14.9% |
| \$2,500 to \$2,999 | 9 | 1.0% | 4,835 | 7.8% |
| \$3,000 or More | 11 | 1.2% | 3,242 | 5.3% |
| No Rent Paid | 57 | 6.0% | 2,394 | 3.9% |
| Median Contract Rent | \$1,525 | | \$1,612 | |

Source: 2018-2023 American Community Survey 5-Year Estimates

According to the 2018-2023 American Community Survey 5-Year Estimates, the median contract rent in Highlands Borough is \$1,525 per month (\$18,300 annually). A minimum annual income of \$61,000 ($\$18,300/0.30$) would be necessary to afford the median contract rent. Because roughly 35 percent of all households within the Borough have an annual household income of less than \$50,000, these households could not afford to live in a dwelling unit at or above the median contract rent. Countywide, an estimated 22.7 percent of all countywide households could not afford to live within a residence whose rent is at or above the median contract rent.

Housing Conditions

The table below details the condition of the housing stock within Highlands Borough. Overcrowding, plumbing, and kitchen facilities are used to determine housing deficiency. In 2023, over 65 percent of the Borough's housing stock relied on utility gas for heating, and the remaining utilized electricity (34.9%). Further, there were 53 occupied units (i.e., both owner- and renter-occupied) in Highlands that experienced overcrowding (more than one person per room). Throughout the Borough, no units lacked complete

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plumbing facilities or complete kitchen facilities. A total of 49 occupied housing units (1.9%) had no telephone service.

| Housing Conditions Borough of Highlands, 2023 Estimates | | |
|--|---------------|-------------------|
| | Number | Percentage |
| House Heating Fuel-Occupied Housing Units | | |
| Total | 2,616 | 100.0% |
| Utility gas | 1,702 | 65.1% |
| Bottled, tank, or LP gas | 0 | 0.0% |
| Electricity | 914 | 34.9% |
| Fuel oil, kerosene, etc. | 0 | 0.0% |
| Coal or coke | 0 | 0.0% |
| Wood | 0 | 0.0% |
| Solar energy | 0 | 0.0% |
| Other fuel | 0 | 0.0% |
| No fuel used | 0 | 0.0% |
| Occupants per Room- Occupied Housing Units | | |
| Total | 2,616 | 100.0% |
| 1.00 or Less | 2,563 | 98.0% |
| 1.01 to 1.50 | 0 | 0.0% |
| 1.51 or More | 53 | 2.0% |
| Facilities-Total Units | | |
| Total | 2,996 | 100.0% |
| Lacking complete plumbing facilities | 0 | 0.0% |
| Lacking complete kitchen facilities | 0 | 0.0% |
| Telephone Service- Occupied Housing Units | | |
| Total | 2,616 | 100.0% |
| No Service | 49 | 1.9% |

Source: 2018-2023 American Community Survey 5-Year Estimates

EMPLOYMENT DATA

The following tables detail changes in employment from 2010 to 2023 for Highlands, Monmouth County, and New Jersey. Throughout this thirteen-year period, the Borough saw an overall 9.4% decrease in its unemployment rate. The unemployment rate in Highlands Borough steadily decreased between 2010 and 2019, when it reached a low point of 3.4%. Although the Borough experienced a 6.5% spike in unemployment between 2019 and 2020 due to the COVID-19 pandemic, it has rebounded to a considerably lower unemployment rate in recent years. The unemployment rate of the Borough has remained steadily higher than that of the County and State as a whole, which have experienced similar unemployment trends over the past ten years.

| Employment and Residential Labor Force, 2010 to 2023 Highlands Borough | | | | |
|---|--------------------|-------------------|---------------------|--------------------------|
| Year | Labor Force | Employment | Unemployment | Unemployment Rate |
| 2010 | 3,057 | 2,649 | 408 | 13.4% |
| 2011 | 3,097 | 2,674 | 423 | 13.6% |
| 2012 | 2,881 | 2,580 | 301 | 10.4% |
| 2013 | 2,835 | 2,579 | 256 | 9.0% |
| 2014 | 2,802 | 2,600 | 202 | 7.2% |
| 2015 | 2,773 | 2,603 | 170 | 6.1% |
| 2016 | 2,760 | 2,620 | 140 | 5.1% |
| 2017 | 2,846 | 2,695 | 151 | 5.3% |
| 2018 | 2,825 | 2,705 | 120 | 4.2% |
| 2019 | 2,839 | 2,742 | 97 | 3.4% |
| 2020 | 2,818 | 2,539 | 279 | 9.9% |
| 2021 | 2,839 | 2,638 | 201 | 7.1% |
| 2022 | 2,874 | 2,767 | 107 | 3.7% |
| 2023 | 2,916 | 2,798 | 118 | 4.0% |

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| Employment and Residential Labor Force, 2010 to 2023 Monmouth County | | | | |
|---|-------------|------------|--------------|-------------------|
| Year | Labor Force | Employment | Unemployment | Unemployment Rate |
| 2010 | 329,551 | 300,221 | 29,330 | 8.9% |
| 2011 | 328,778 | 300,484 | 28,294 | 8.6% |
| 2012 | 329,833 | 300,866 | 28,967 | 8.8% |
| 2013 | 326,499 | 301,360 | 25,139 | 7.7% |
| 2014 | 325,472 | 305,760 | 19,712 | 6.1% |
| 2015 | 326,151 | 309,467 | 16,684 | 5.1% |
| 2016 | 327,405 | 312,929 | 14,476 | 4.4% |
| 2017 | 335,907 | 322,337 | 13,570 | 4.0% |
| 2018 | 336,416 | 324,474 | 11,942 | 3.5% |
| 2019 | 341,968 | 331,394 | 10,574 | 3.1% |
| 2020 | 336,742 | 307,993 | 28,749 | 8.5% |
| 2021 | 339,979 | 319,991 | 19,988 | 5.9% |
| 2022 | 347,680 | 335,679 | 12,001 | 3.5% |
| 2023 | 352,981 | 339,416 | 13,565 | 3.8% |

| Employment and Residential Labor Force, 2010 to 2023 New Jersey | | | | |
|--|-------------|------------|--------------|-------------------|
| Year | Labor Force | Employment | Unemployment | Unemployment Rate |
| 2010 | 4,559,800 | 4,119,000 | 440,800 | 9.7% |
| 2011 | 4,561,800 | 4,134,700 | 427,100 | 9.4% |
| 2012 | 4,576,300 | 4,147,200 | 429,100 | 9.4% |
| 2013 | 4,528,000 | 4,147,700 | 380,400 | 8.4% |
| 2014 | 4,493,900 | 4,191,300 | 302,600 | 6.7% |
| 2015 | 4,494,600 | 4,237,900 | 256,700 | 5.7% |
| 2016 | 4,492,800 | 4,271,200 | 221,600 | 4.9% |
| 2017 | 4,615,000 | 4,406,200 | 208,800 | 4.5% |
| 2018 | 4,604,800 | 4,420,700 | 184,100 | 4.0% |
| 2019 | 4,686,300 | 4,524,300 | 162,000 | 3.5% |
| 2020 | 4,650,300 | 4,212,400 | 437,900 | 9.4% |
| 2021 | 4,666,100 | 4,357,200 | 308,900 | 6.6% |
| 2022 | 4,739,800 | 4,564,100 | 175,700 | 3.7% |
| 2023 | 4,829,671 | 4,615,722 | 213,949 | 4.4% |

Source: NJ Dept. of Labor & workforce Development Labor Force Estimate

Employment Status

The 2018-2023 5-year American Community Survey estimates reveal that 61.7 percent of Highlands' 16 and over population is in the labor force. About 34 percent of the Borough's 16 and over population is not in the labor force. The County's labor force participation is slightly higher than the Borough, at 66.5 percent.

| Employment Borough of Highlands and Monmouth County, 2023 Estimates | | | | |
|--|------------------|-------------------|------------------------|-------------------|
| | Highlands | | Monmouth County | |
| | Number | Percentage | Number | Percentage |
| Population 16 years and over | 3,990 | 100.0% | - | 526,352 |
| In labor force | 2,462 | 61.7% | 100.0% | 349,815 |
| Civilian Labor Force | 2,406 | 60.3% | 97.7% | 349,355 |
| Employed | 2,175 | 54.5% | 88.3% | 331,018 |
| Unemployed | 231 | 5.8% | 9.4% | 18,337 |
| Armed Forces | 56 | 1.4% | 2.3% | 460 |
| Not in labor force | 1,528 | 38.3% | - | 176,537 |

Source: 2018-2023 American Community Survey 5-Year Estimates

Class of Worker and Occupation

According to the 2018-2023 ACS Estimates, the majority of workers (78.4%) living in Highlands Borough were a part of the private wage and salary worker group. This group includes people who work for wages, salary, commission, and tips for a private for-profit employer or a private not-for-profit, tax-exempt or charitable organization. The second largest category was self-employed (8.8%), followed by those who work for the local government (6.2%).

| Table 25: Class of Worker, 2023 Highlands Borough | | |
|--|---------------|----------------|
| | Number | Percent |
| Total Civilian Employed Workers (Age 16+) | 2,175 | 100.0% |
| Private Wage and Salary Worker | 1,706 | 78.4% |
| Local Government Worker | 135 | 6.2% |
| State Government Worker | 83 | 3.8% |
| Federal Government Worker | 59 | 2.7% |
| Self-Employed Worker or Unpaid Family Worker | 192 | 8.8% |

Source: 2018-2023 American Community Survey 5-Year Estimates

The occupational breakdown shown in the table below includes only private wage and salary workers. Those that worked within the private wage field were concentrated heavily in management and professional positions, service occupations, and sales and office occupations. Together the three fields account for roughly 91 percent of the entire resident workforce. Production transportation and material moving

occupations employed 4.1 percent followed by natural resources, construction, and material moving occupations employing 4.9 percent of the residents.

| Resident Employment by Occupation Borough of Highlands, 2023 Estimates | | |
|---|---------------|-------------------|
| | Number | Percentage |
| Employed Civilian population 16 years and over | 2,175 | 100.0% |
| Management, business, science and arts occupations | 1,260 | 57.9% |
| Service occupations | 342 | 15.7% |
| Sales and office occupations | 376 | 17.3% |
| Natural resources, construction and maintenance occupations | 107 | 4.9% |
| Production Transportation and material moving occupations | 90 | 4.1% |

Source: 2018-2023 American Community Survey 5-Year Estimates

The most common industry for Highlands' residents is the educational services, and health care and social assistance sector, employing approximately 22 percent of the Borough's resident workforce. The second most common industry is professional, scientific, and management, and administrative and waste management services, which employs 19.4 percent of the Borough's resident workforce. The arts, entertainment, recreation, and accommodation and food services industry has increased in recent years, employing 13.1% of the Borough's resident workforce in 2023.

| Employment by Industry Borough of Highlands, 2023 Estimates | | |
|--|---------------|-------------------|
| Industry | Number | Percentage |
| Employed Civilian Population 16 Years and Over | 2,175 | 100.00% |
| Agriculture, forestry, fishing and hunting, mining | 11 | 0.5% |
| Construction | 147 | 6.8% |
| Manufacturing | 73 | 3.4% |
| Wholesale Trade | 14 | 0.6% |
| Retail Trade | 258 | 11.9% |
| Transportation and Warehousing, and Utilities | 23 | 1.1% |
| Information | 143 | 6.6% |
| Finance and insurance, and real estate and rental and leasing | 142 | 6.5% |
| Professional, scientific, and management, and administrative and waste management services | 422 | 19.4% |
| Educational services, and health care and social assistance | 469 | 21.6% |
| Arts, entertainment, and recreation, and accommodation and food services | 284 | 13.1% |
| Other Services, except public administration | 82 | 3.8% |
| Public administration | 107 | 4.9% |

Source: 2018-2023 American Community Survey 5-Year Estimates

Commuting to Work

According to the 2018-2023 ACS Estimates, the mean travel time to work for those who lived in the Borough was 39.6 minutes. A significant percentage of commuters, roughly 89 percent, traveled less than an hour to work, and roughly 50 percent had less than a half-hour commute.

| Travel Time to Work Borough of Highlands, 2023 Estimates | | |
|---|---------------|-------------------|
| | Number | Percentage |
| Workers who did not work at home | 1,680 | 100.0% |
| Less than 5 minutes | 29 | 1.7% |
| 5 to 9 minutes | 102 | 6.1% |
| 10 to 14 minutes | 47 | 2.8% |
| 15 to 19 minutes | 341 | 20.3% |
| 20 to 24 minutes | 205 | 12.2% |
| 25 to 29 minutes | 108 | 6.4% |
| 30 to 34 minutes | 151 | 9.0% |
| 35 to 39 minutes | 44 | 2.6% |
| 40 to 44 minutes | 53 | 3.2% |
| 45 to 59 minutes | 84 | 5.0% |
| 60 to 89 minutes | 328 | 19.5% |
| 90 or more minutes | 188 | 11.2% |
| Mean travel time to work (minutes) | 39.6 | |

Source: 2018-2023 American Community Survey 5-Year Estimates

The largest portion of workers drove to work alone (56.4%), while 4.3 percent carpooled. Approximately 10.3 percent of workers commuted via public transportation. After the COVID-19 pandemic, working from home became much more popular. This is reflected in the Borough's estimated 22.8% of workers who worked at home in 2023.

| Means of Commute Borough of Highlands, 2023 Estimates | | |
|--|---------------|-------------------|
| | Number | Percentage |
| Workers 16 years and over | 2,176 | 100.0% |
| Car, truck, van - Drove Alone | 1,227 | 56.4% |
| Car, truck, van - Carpooled | 94 | 4.3% |
| Public Transportation | 224 | 10.3% |
| Walked | 18 | 0.8% |
| Taxicab, Motorcycle, Bike, or Other | 117 | 5.4% |
| Worked at home | 496 | 22.8% |

Source: 2018-2023 American Community Survey 5-Year Estimates

Covered Employment

There is currently very limited information available on actual job opportunities within municipalities. The Department of Labor collects information on covered employment, which is employment and wage data for private employees covered by unemployment insurance. The tables below provide a snapshot of private employers located within Highlands Borough. The first table reflects the number of jobs covered by private employment insurance from 2013 through 2023. The second table reflects the disbursement of jobs by industry in 2023.

According to data from the New Jersey Department of Labor and Workforce Development, the highest number of covered jobs in Highlands was in 2019 when 699 jobs were covered by unemployment insurance. Private employment has remained relatively steady in Highlands since 2013, with its largest loss occurring from 2019 to 2020 (-11.7%).

| Private Wage Covered Employment 2013 - 2023 Highlands Borough | | | |
|--|----------------|----------|----------|
| Year | Number of Jobs | # Change | % Change |
| 2013 | 505 | - | - |
| 2014 | 541 | 36 | 7.0% |
| 2015 | 552 | 11 | 2.1% |
| 2016 | 559 | 7 | 1.2% |
| 2017 | 555 | -4 | -0.7% |
| 2018 | 625 | 69 | 12.5% |
| 2019 | 699 | 75 | 11.9% |
| 2020 | 617 | -82 | -11.7% |
| 2021 | 672 | 55 | 8.8% |
| 2022 | 698 | 26 | 3.9% |
| 2023 | 645 | -53 | -7.6% |

Source: NJ Dept. of Labor & workforce Development Labor Force Estimate

In-Borough Establishments and Employees by Industry: 2023

The table below depicts the average annual number of establishments and employees by industry sector that exist within the Borough, as grouped by North American Industry Classification System (NAICS). In 2023, the Borough had an annual average of 101 establishments employing on average 645 persons. Accommodations/food was the predominant sector, accounting for 14.9 percent of the establishments in Highlands and 55.7 percent of the Borough's in-place employment.

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| Average Number of Establishments and Employees by Industry, 2023 Highlands Borough | | | |
|---|--------------------------------|---------------------------|------------|
| Industry ID and Description | | 2023 Average ¹ | |
| | | Units | Employment |
| 11 | Agriculture | - | - |
| 23 | Construction | 7 | 31 |
| 31 | Manufacturing | - | - |
| 42 | Wholesale Trade | 4 | 30 |
| 44 | Retail Trade | 14 | 80 |
| 48 | Transp/Warehousing | - | - |
| | Information | - | - |
| 52 | Finance/Insurance | - | - |
| 53 | Real Estate | - | - |
| 54 | Professional/Technical | 10 | 16 |
| 56 | Admin/Waste Remediation | 8 | 21 |
| 61 | Education | - | - |
| 62 | Health/Social | 11 | 14 |
| 71 | Arts/Entertainment | 4 | 20 |
| 72 | Accommodations/Food | 15 | 359 |
| 81 | Other Services | - | - |
| | Unclassifieds | 5 | 3 |
| | Private Sector Totals | 101 | 645 |
| | Local Government Totals | 4 | 182 |

Source: NJ Dept. of Labor & Workforce Development Labor Force, Quarterly Census of Employment and Wages (QCEW), Municipal Report by Sector (NAICS Based), 2022

¹Data have been suppressed (-) for industries with few units or where one employer is a significant percentage of employment or wages of the industry.

Probable Future Employment Opportunities

The North Jersey Transportation Planning Authority (NJTPA) completes regional forecasts for the New York/New Jersey metropolitan area every four years for populations, households, and employment. The most recent report was released in 2021, documenting projections between 2015 and 2050. Due to the built out nature of the Borough and environmental constraints, there is limited opportunity for job growth. The 2021 report predicts that the Borough's population (0.1%), households (0.2%), and employment (0.4%) will see steady annualized growth through 2050. It is estimated that the population will see an overall 4.5% increase, while households will increase by 6.1% and employment will increase by 15.8%.

| Population and Employment Projections, 2015 to 2050 Highlands Borough | | | | | |
|--|-------|---------------------|----------------|--------------------------|---------|
| Category | 2015 | 2050 (Projected) | Annualized | Overall Projected Change | |
| | | | Percent Change | Number | Percent |
| Population | 4,986 | 5,208 | 0.10% | 222 | 4.5% |
| Households | 2,638 | 2,798 | 0.20% | 160 | 6.1% |
| Employment | 974 | 1,128 | 0.40% | 154 | 15.8% |

Source: NJTPA Municipal Forecasts, dated 9/13/2021

PART 2: FAIR SHARE PLAN**INTRODUCTION**

The following Fair Share Plan ("Plan") details the Borough's Prior Round (1987-1999), Third Round (1999-2025), and Fourth Round (2025-2035) Prospective Need obligations, as well as the Borough's Fourth Round Present Need. It should be noted that the Borough has no Fourth Round Present Need.

This Plan proposes mechanisms by which the Borough can realistically provide opportunities for affordable housing for those moderate-, low-, and very low- income households.

CURRENT STANDARDS

The below section details the current key standards applicable to the Borough's Fourth Round obligation including the various categories of credits.

Age-Restricted Housing

A municipality may not satisfy more than 30% of the affordable units, exclusive of bonus credits, to address its prospective need affordable housing through the creation of age-restricted housing.

Transitional Housing

Transitional housing units, which will be affordable for persons of low- and moderate-income, were not previously categorized by the Fair Housing Act as a standalone housing type. The amended legislation includes such transitional housing units as a new category which may be included in the HEFSP and credited towards the fulfillment of a municipality's fair share obligations. This is limited to a maximum of 10% of the municipality's obligations.

Veterans Housing

Up to 50% of the affordable units in any particular project may be prioritized for low- and moderate-income veterans.

Families with Children

A minimum of 50% of a municipality's actual affordable housing units, exclusive of bonus credits, must be made available to families with children.

Rental Units

A minimum of 25% of a municipality's actual affordable housing units, exclusive of bonus credits, shall be satisfied through rental units. At least half of that number shall be available to families with children.

Very-Low Income Requirement

At least 13% of the housing units made available for occupancy by low-income and moderate-income houses shall be reserved for low-income households earning 30% or less of the median income pursuant

to the Fair Share Housing Act, N.J.S.A. 52:27D-301, et seq. Half of the very low-income units will be made available to families with children.

Low/Moderate Income Split

At least 50% of the units addressing the Borough's obligation shall be affordable to very-low income and low-income households, and the remaining may be affordable to moderate-income households.

Affordability Controls

Newly created rental units shall remain affordable to low-and moderate-income households for a period of not less than 40 years, 30 years for for-sale units, and 30 years for housing units for which affordability controls are extended for a new term of affordability, provided that the minimum extension term may be limited to no less than 20 years as long as the original and extended terms, in combination, total at least 60 years.

Affirmative Marketing

The affordable units shall be affirmatively marketed in accordance with UHAC and applicable law, to include the community and regional organizations identified in the agreement as well as the posting of all affordable units on the New Jersey Housing Resource Center website in accordance with applicable law.

Uniform Housing Affordability Controls (UHAC)

All affordable units created through the provisions of this Plan shall be developed in conformance with the Uniform Housing Affordability Controls (UHAC) pursuant to N.J.A.C. 5:80-26.1 et seq. as amended.

Unit Adaptability

All new construction units shall be adaptable in conformance with P.L.2005, c.250/N.J.S.A. 52:27D-311a and -311b and all other applicable laws.

Bonus Credits

Bonus credits shall not exceed 25% of a municipality's prospective need obligation, nor shall a municipality receive more than one type of bonus credit for any one unit. Bonus credits may be granted on the following schedule:

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| Unit Type | Unit Credit | Bonus Credit |
|---|-------------|--------------|
| Each unit of low- or moderate-income housing for individuals with special needs or permanent supportive housing, as those terms are defined in section 2 of P.L. 2004, c.70 (C.34:1B-21.24). | 1 | 1 |
| Each low- or moderate-income ownership unit created in partnership sponsorship with a non-profit housing developer. | 1 | 0.5 |
| Each unit of low- or moderate-income housing located within a one-half mile radius, or one-mile radius for projects located in a Garden State Growth Zone, as defined in section 2 of P.L.2011, c.149 (C.34:1B-243), surrounding a New Jersey Transit Corporation, Port Authority Transit Corporation, or Port Authority Trans-Hudson Corporation rail, bus, or ferry station, including all light rail stations. ¹ | 1 | 0.5 |
| A unit of age-restricted housing, provided that a bonus credit for age-restricted housing shall not be applied to more than 10 percent of the units of age-restricted housing constructed in compliance with the Uniform Housing Affordability Controls promulgated by the New Jersey Housing and Mortgage Finance Agency in a municipality that count towards the municipality's affordable housing obligation for any single 10-year round of affordable housing obligations. | 1 | 0.5 |
| A unit of low- or moderate-income housing constructed on land that is or was previously developed and utilized for retail, office, or commercial space. | 1 | 0.5 |
| Each existing low- or moderate-income rental housing unit for which affordability controls are extended for a new term of affordability, in compliance with the Uniform Housing Affordability Controls promulgated by the New Jersey Housing and Mortgage Finance Agency, and the municipality contributes funding towards the costs necessary for this preservation. | 1 | 0.5 |
| Each unit of low- or moderate-income housing in a 100 percent affordable housing project for which the municipality contributes toward the costs of the project. ² | 1 | 1 |
| Each unit of very low-income housing for families above the 13 percent of units required to be reserved for very low-income housing pursuant to section 7 of P.L.2008, c.46 (C.52:27D-329.1). | 1 | 0.5 |
| Each unit of low- or moderate-income housing created by transforming an existing rental or ownership unit from a market rate unit to an affordable housing unit. ³ | 1 | 1 |

¹ The distance from the bus, rail, or ferry station to a housing unit shall be measured from the closest point on the outer perimeter of the station, including any associated park-and-ride lot, to the closest point of the housing project property.

² This contribution may consist of: (a) real property donations that enable siting and construction of the project or (b) contributions from the municipal affordable housing trust fund in support of the project, if the contribution consists of no less than three percent of the project cost.

³ A municipality may only rely on this bonus credit as part of its fair share plan and housing element if the municipality demonstrates that a commitment to follow through with this market to affordable agreement has been made and: (a) this agreement has been signed by the property owner; or (b) the municipality has obtained ownership of the property.

HIGHLANDS BOROUGH AFFORDABLE HOUSING OBLIGATIONS

The Borough's affordable housing obligations are as follows:

| Highlands Borough Obligation | |
|--|----|
| Rehabilitation Share | 0 |
| Prior Round Obligation (1987-1999) | 20 |
| Third Round Obligation (1999-2025) | 72 |
| Fourth Round (2025-2035) Prospective Need Obligation | 30 |

REVIEW OF PRIOR ROUND COMPLIANCE

As part of any Housing Element and Fair Share Plan, a municipality shall include an assessment of the degree to which the municipality has met its fair share obligation from the previous rounds of affordable housing obligations as established by prior Court approval or approval by COAH and determine to what extent this obligation is unfulfilled or whether the municipality has credits in excess of its previous round obligations. If a previous round obligation remains unfulfilled, or a municipality never received an approval from the Court or COAH for any previous round, the municipality shall address such unfulfilled previous round obligation in its Housing Element and Fair Share Plan.

In addressing previous round obligations, the municipality shall retain any sites that, in furtherance of the previous round obligation, are the subject of a contractual agreement with a developer, or for which the developer has filed a complete application seeking subdivision or site plan approval prior to the date by which the Housing Element and Fair Share Plan are required to be submitted, and shall demonstrate how any sites that were not built in the previous rounds continue to present a realistic opportunity.

Prior Round Compliance (1987-1999)

The Borough had a Prior Round obligation of 20 units. Per the Court-approved Third Round Settlement Agreement and the Borough's Third Round JOR, Highlands met their Prior Round obligation through the following mechanisms:

Ptak Towers

Ptak Towers, located at 215 Shore Drive, is managed by the Highlands Housing Authority, and was completed on April 16, 1985. The development was first occupied on April 30, 1986, and includes 95 age-restricted low-income rental units. Of these 95 units, 5 units are applied toward the Borough's Prior Round obligation, since not more than 25% of the need may be met through age-restricted units.

See Appendix E for documentation pertaining to the Ptak Towers.

Monmouth Highlands Apartments

Monmouth Highlands Apartments, located at 37 Navesink Avenue, is managed by the Affordable Housing Alliance (AHA). This development was deed restricted as affordable by the Resolution Trust Corporation at the time the property was purchased by the Monmouth Housing Alliance (see deed in Appendices)

Of the 16 family rental units, 10 were not originally deed restricted for affordable housing. The 6 deed restricted units were applied to the Prior Round.

As stated in the executed Settlement Agreement, the Borough entered into an agreement with AHA to provide 30-year deed restrictions on the 10 original non-deed restricted units. Four (4) of these units count towards the Borough's Prior Round obligation.

The contract provided that upon turnover of each of the original 10 non-deed restricted units, the units will be affirmatively marketed and price restricted according to UHAC (including 2 very low, 3 low, and 5 moderate income units). This has successfully occurred regarding the original 10 non deed restricted units.

See Appendix F for documentation pertaining to the Monmouth Highlands Apartments.

Summary of Prior Round Obligation

The Borough fully addressed its 20-unit Prior Round obligation as follows:

| | |
|--|-------------------|
| Prior Round Obligation | 20 |
| Ptak Towers | 5 units |
| Monmouth Highlands Apartments (existing deed restricted units) | 6 units |
| Monmouth Highlands Apartments (non deed restricted) | 4 units |
| Rental Bonus Credits | 5 credits |
| Total | 20 Credits |

Third Round Compliance

The Borough had a Third Round obligation of 72 units. As part of its Third Round compliance process, the Borough received a Vacant Land Adjustment in 2018 due to its lack of vacant and developable land (the

"2018 VLA"). Based on the approved 2018 VLA, the Borough received a Realistic Development Potential (RDP) of 10 units and an Unmet Need of 62 units.

Per the Court-approved Third Round settlement agreement and the Borough's Third Round JOR, Highlands met its Third Round RDP and unmet need obligation through the following mechanisms:

Ptak Towers

Two (2) units from the existing Ptak Towers development counted toward the Borough's Third Round RDP obligation.

Monmouth Highlands Apartments

The remaining six (6) units that were deed restricted were applied to the Borough's RDP. The Borough further applied 2 rental bonus credits from this development to meet its 10-unit RDP.

| Third Round Obligation/RDP | |
|-------------------------------|-------------------|
| Ptak Towers | 2 units |
| Monmouth Highlands Apartments | 6 units |
| Rental Bonus Credits | 2 credits |
| Total | 10 Credits |

Addressing the Third Round Unmet Need

According to the FSHC Settlement Agreement, the Borough had an unmet need of 62 units. The Borough addressed its unmet need of 62 by utilizing the following mechanisms:

Ptak Towers

Fifteen (15) units from the existing Ptak Towers development count toward Borough's unmet need.

Shadowlawn Redevelopment Plan

The Borough Council adopted the Shadowlawn Redevelopment Plan on December 19, 2018 (See Appendix G). The Redevelopment Area is approximately 13.1 acres in size.

The site was previously the location of a mobile home park. Subsequent to the 2019 Settlement Agreement, the site was cleared and is vacant.

The Redevelopment Plan permits a variety of uses including single-and two-family dwellings, townhouses, multifamily dwellings, public parks and municipal facilities, and commercial uses which include retail sales and services, restaurants, and professional, administrative, and business offices.

The Plan permits a maximum density of 30 units per gross acre, or a total of 390 units. In addition, the executed Settlement Agreement requires an affordable housing set aside of 15%. The affordable units are

required to be developed on the site as family rental units. The affordable family rental units are further required to be, at a minimum, 50% as low-income units including 13% as very low-income units. All affordable units shall otherwise be in compliance with UHAC, pursuant to N.J.A.C. 5:93-5.6, and the terms of the FSHC Settlement Agreement. (See Appendix A).

The Borough has vigorously pursued the redevelopment of the site since including it in its Housing Element and Fair Share Plan. Those efforts culminated in the selection of a redeveloper in December 2024. At that time, the Borough designated Scenic Highlands Owner, LLC. (KRE) as the redeveloper of the site (See Appendix H). The Borough has been meeting with the redeveloper in order to move the project forward. The redeveloper has been proceeding with its due diligence and has recently prepared a concept plan. The concept plan proposes a total of 292 units of which 15% or 44 units will be affordable. The redeveloper will comply with all the requirements associated with affordable housing standards in the Redevelopment Plan.

The site is appropriate for multi-family low- and moderate-income housing as it is available, approvable, developable, and suitable:

- *Available:* The site has no easements or title issues preventing its development.
- *Suitable:* The site is almost entirely surrounded by residential uses, with single-family residential zones to the north and east, and a multi-family residential zone to the west. Its development is consistent with the goals and strategies outlined in the State Plan. The site is located within the Metropolitan Planning Area (PA 1). Further, the site's proximity to State Route 36/ Navesink Avenue offers access to employment and service establishments.
- *Developable:* The site falls within a drinking water purveyor service area, is within a sewer service area, and has access to appropriate public streets with frontage on Scenic Drive. The site is not constrained by wetlands or any special flood hazard areas.
- *Approvable:* The Borough Council adopted the Shadowlawn Redevelopment Plan on December 19, 2018, which permits up to 390 units with a mandatory 15% affordable family rental set-aside.

Mandatory Set-Aside Ordinance

The Borough adopted a Mandatory Set-Aside Ordinance (MSO) for all new multi-family residential development of 5 units or more to provide a 15% set aside for rental developments and a 20% set aside for for-sale developments. The mandatory set aside ordinance was adopted on October 16, 2019 (Ordinance No. O-19-17) as part of the Borough's Third Round Settlement Agreement and JOR (See Appendix I).

All affordable units developed through the MSO are subject to UHAC regulations.

The MSO does not give any developer the right to any such rezoning, variance, redevelopment designation or other relief, or establish any obligation on the part of Borough of Highlands to grant such rezoning, variance, redevelopment designation or other relief.

Development Fee Ordinance

A Development Fee Ordinance was adopted by the Borough on October 16, 2019 (Ordinance No. O-19-17) (Appendix I).

As detailed, the Borough has fully addressed its Third Round Unmet Need.

| Third Round Unmet Need | |
|-------------------------------|-------------------|
| Ptak Towers | 15 units |
| Shadowlawn Redevelopment Plan | 32 units |
| Rental bonus credits | 15 credits |
| Mandatory Set-Aside Ordinance | - |
| Total | 62 Credits |

FOURTH ROUND PRESENT NEED / REHABILITATION OBLIGATION

As previously noted, the Borough has a 0-unit Fourth Round Rehabilitation Obligation.

FOURTH ROUND PROSPECTIVE NEED OBLIGATION

On October 18, 2024, the New Jersey Department of Community Affairs ("DCA") released a report outlining the Fourth Round (2025-2035) Fair Share methodology and its calculations of low- and moderate-income obligations for each of the State's municipalities. The obligations were calculated in alignment with the formulas and criteria found in P.L.2024, c.2. On January 15, 2025, the Borough adopted Resolution #25-045 accepting their Fourth Round DCA calculated rehabilitation obligation of 0 and the Prospective Need obligation of 30 (Appendix C).

Vacant Land Adjustment

Municipalities can request an adjustment to their obligation based on the determination that there is not sufficient vacant or developable land within the municipality. As permitted by N.J.A.C. 5:93-4 and the Fair Housing Act, a municipality can submit a Vacant Land Adjustment (VLA) that examines the amount of parcels available for development. The end result of the Vacant Land Adjustment is the determination of the Borough's Realistic Development Potential (RDP) for new affordable housing units. After subtracting out the RDP from the obligation, the remaining calculation is known as the "unmet need."

The Borough's 2019 Housing Element and Fair Share Plan included a VLA, which was prepared in accordance with N.J.A.C. 5:93-4.2, and utilized data through October of 2018. The 2018 VLA for the Borough was accepted by the Court.

Since the Borough lacked sufficient land to satisfy its Round 3 obligation, it lacks sufficient land to satisfy the additional 30 unit obligation for Round 4. Moreover, there have been no changed circumstances since the Court entered a Judgment of Repose approving the Borough's RDP on May 22, 2020.

It should be noted that the amended FHA permits a municipality to rely on COAH regulations that are not inconsistent with the amended FHA or a binding Court decision. The following COAH regulation is relevant:

N.J.AC.5:97-5.1(d): A vacant land adjustment that was granted as part of a first round certification or judgment of compliance shall continue to be valid provided the municipality has implemented all of the terms of the substantive certification or judgment of compliance, and received or petitioned to the Council for second round substantive certification or was under the Court's jurisdiction for second round. If the municipality failed to implement the terms of the substantive certification or judgment of compliance, the Council may reevaluate the vacant land adjustment.

In conclusion, due to the lack of developable land, the Borough has an RDP of 0 for the Fourth Round Prospective Need obligation.

The Borough's Rehabilitation Share, Prior Round Obligation, Third Round Obligation, and Fourth Round Prospective Need Obligations are detailed as follows:

| Highlands Borough Obligation | |
|--|----|
| Rehabilitation Share | 0 |
| Prior Round Obligation (1987-1999) | 20 |
| Third Round Obligation (1999-2025) | 72 |
| RDP | 10 |
| Unmet Need | 62 |
| Fourth Round (2025-2035) Prospective Need Obligation | 30 |
| RDP | 0 |
| Unmet Need | 30 |

Below outlines how the Borough will address its Fourth Round Unmet Need.

Third Round Credits Carried Over

Ptak Towers

The existing senior housing development includes 95 units. Nine (9) units from the Ptak Towers development carry over and count toward Borough's Fourth Round Unmet Need.

Proposed Inclusionary DevelopmentShadowlawn Redevelopment Plan

Twelve (12) credits from the Shadowlawn Redevelopment Plan Area count toward Borough's Unmet Need.

The site is appropriate for multi-family low- and moderate-income housing as it is available, approvable, developable, and suitable, as detailed in the Third Round Compliance section.

Amended Central Business District (CBD) Redevelopment Plan

The Borough Council adopted the Amended Central Business District (CBD) Redevelopment Plan on September 18, 2024 (see Appendix J). The Redevelopment Plan requires that:

- "The mandatory set-aside requirements in Section 26-2 of the Borough of Highlands Affordable Housing Ordinance apply to any multifamily residential development of five (5) dwelling units or more, including the residential portion of a mixed-use project. Any affordable housing obligation shall be addressed in the Redevelopment Agreement".

The CBD Redevelopment Plan Area is appropriate for multi-family low- and moderate-income housing as it is available, approvable, developable, and suitable:

- *Available:* The Area has no easements or title issues preventing its development.
- *Suitable:* The development is consistent with planning goals and strategies outlined in the State Plan, primarily as it orients new construction within a Metropolitan Planning Area (PA1). Further, the Redevelopment Plan's overall vision to create a "vibrant, walkable downtown along Bay Avenue" supports a central housing strategy outlined in the 2001 State Plan, to "create and maintain housing...at locations easily accessible, preferably on foot, to employment, retail, services, cultural, civic, and recreational opportunities."
- *Developable:* The Area falls within a drinking water purveyor service area, is within a sewer service area, and has access to appropriate public streets with primary frontage on Bay Avenue, the downtown spine. The site is not constrained by wetlands. It is constrained by the 100 year floodplain which is addressed in detail in the Redevelopment Plan and complies with FEMA standards
- *Approvable:* The Borough Council adopted the Amended CBD Redevelopment Plan on September 18, 2024, which requires the mandatory set-aside requirements outlined in Section 26-2 of the Borough Affordable Housing Ordinance (i.e., a set-aside rate of 20% for for-sale units and a rate of 15% for rental units) with any multifamily residential development of five (5) or more units.

Additional Affordable Housing Resolutions

The Borough adopted several additional affordable housing resolutions on October 16, 2019 (Appendix K). These include:

- Resolution #19-263 – Adopting an Affirmative Marketing Plan
- Resolution #25-124 – Appointing Heyer, Gruel & Associates as the Borough's Administrative Agent for the Year 2025
- Resolution #25-125 – Appointing the Borough Administrator as the Designated Municipal Housing Liaison for the Year 2025

Fourth Round Summary

| Fourth Round Obligation | |
|-------------------------------|-----------|
| RDP | 0 |
| Unmet Need | 30 |
| Ptak Towers | 9 units |
| Shadowlawn Redevelopment Plan | 12 units |
| CBD Redevelopment Area | - |
| Mandatory Set-Aside Ordinance | - |
| Development Fee Ordinance | - |
| Bonus Credits | 7 credits |

CONSISTENCY WITH STATE PLANNING REQUIREMENTS

State Plan

In accordance with the amended Fair Housing Act, Housing Elements and Fair Share Plans shall provide an analysis of consistency with the State Development and Redevelopment Plan (SDRP), including water, wastewater, stormwater, and multi-modal transportation based on guidance and technical assistance from the State Planning Commission.

New Jersey adopted its last SDPR in 2001. A draft amendment to the SDRP was prepared in 2011 but ultimately never adopted. The Office of Planning Advocacy released a new draft SDRP on December 4, 2024. The State is currently going through the Plan conformance process.

Objectives for Metropolitan Planning Areas (PA1), the primary land designation assigned to the Borough of Highlands, from the adopted 2001 State Plan are outlined below:

- Provide for much of the state's future redevelopment
- Revitalize cities and towns
- Promote growth in compact forms

- Stabilize older suburbs
- Redesign areas of sprawl
- Protect the character of existing stable communities

Land use planning within Highlands is consistent with the PA1 objectives, as development continues to occur within the Borough. The recent amendments to the CBD Redevelopment Plan concentrate sustainable and pedestrian-friendly upgrades to an area of existing infrastructure. Further, the Plan seek to maintain the character of the Borough as a waterfront community with neighborhood commercial and recreational assets.

Multigenerational Family Housing

An amendment to the Fair Housing Act requires "an analysis of the extent to which municipal ordinances and other local factors advance or detract from the goal of preserving multigenerational family continuity as expressed in the recommendations of the Multigenerational Family Housing Continuity Commission, adopted pursuant to paragraph (1) of subsection f. of section 1 of P.L.2021, c.273 (C.52:27D-329.20)." As of the date of this Housing Plan, there have been no recommendations by the Multigenerational Family Housing Continuity Commission in which to provide an analysis.

USE OF SURPLUS CREDITS

Any surplus credits generated would be applied to any future obligation that the Borough may have.

Borough of Highlands
Monmouth County, New Jersey

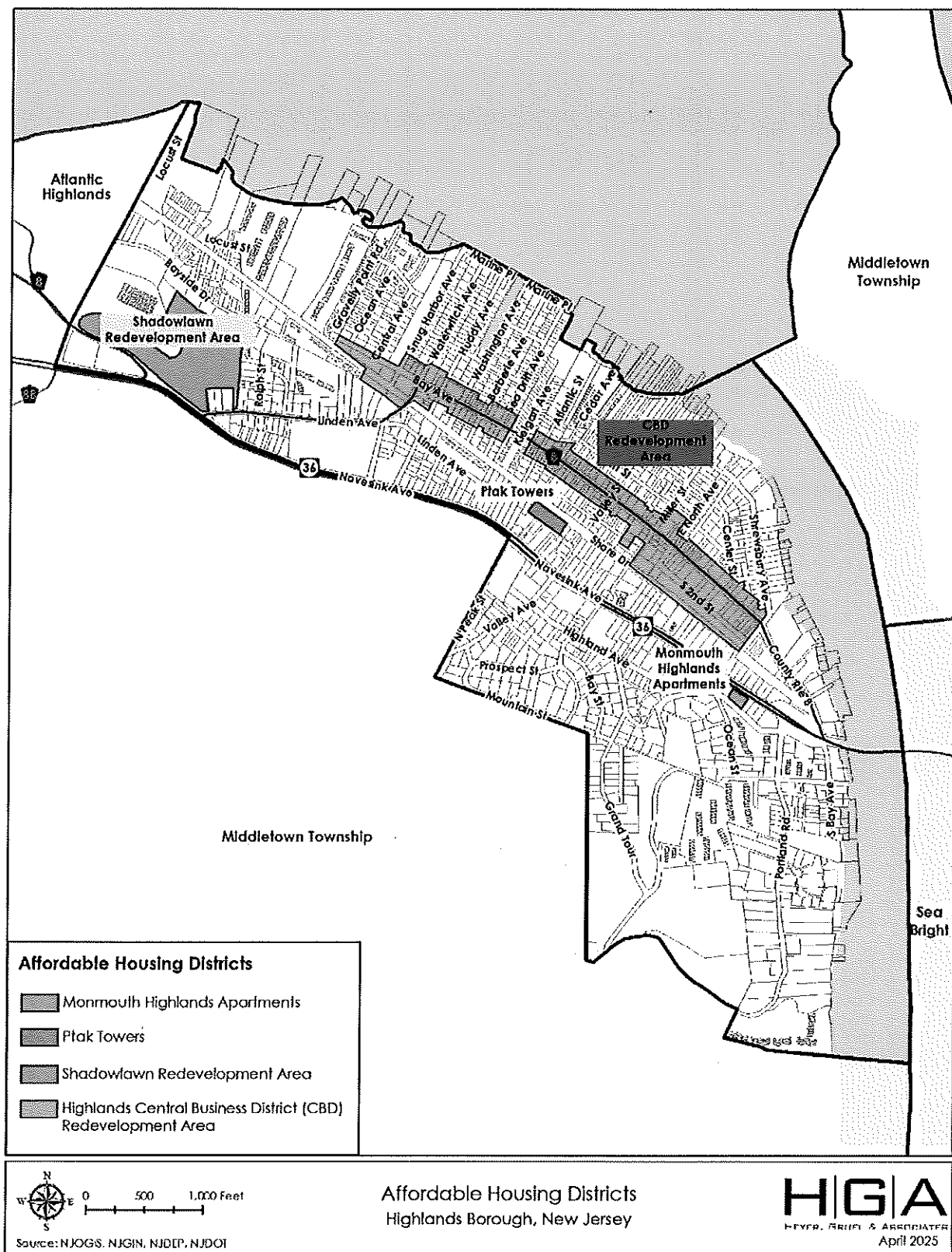
May 2025
Housing Element and Fair Share Plan

SUMMARY OF FAIR SHARE COMPLIANCE

| | |
|---|-----------|
| <i>Present Need Total</i> | 0 |
| Prior Round Obligation (1987-1999) | 20 |
| Ptak Towers | 5 |
| Monmouth Highlands Apartments | 10 |
| Rental Bonus Credits | 5 |
| <i>Prior Round Total</i> | 20 |
| Third Round Obligation - RDP | 10 |
| Ptak Towers | 2 |
| Monmouth Highlands Apartments | 6 |
| Rental Bonus Credit | 2 |
| <i>Third Round Obligation - RDP</i> | 10 |
| Third Round Obligation – Unmet Need | 62 |
| Ptak Towers | 15 |
| Shadowlawn Redevelopment Plan | 32 |
| Rental Bonus Credits | 15 |
| Mandatory Set-Aside Ordinance | - |
| <i>Third Round Need Total</i> | 62 |
| Fourth Round Obligation - RDP | 0 |
| Fourth Round Obligation – Unmet Need | 30 |
| Ptak Towers | 9 |
| Shadowlawn Redevelopment Plan | 12 |
| CBD Redevelopment Area | - |
| Development Fee Ordinance | - |
| Mandatory Set-Aside Ordinance | - |
| Bonus Credits | 7 |

Borough of Highlands
Monmouth County, New Jersey

May 2025
Housing Element and Fair Share Plan



APPENDIX A

**EXECUTED SETTLEMENT AGREEMENT BETWEEN THE BOROUGH OF
HIGHLANDS AND THE FAIR SHARE HOUSING CENTER
DATED JUNE 19, 2019**



Peter J. O'Connor, Esq.
 Kevin D. Walsh, Esq.
 Adam M. Gordon, Esq.
 Laura Smith-Denker, Esq.
 David T. Rammner, Esq.
 Joshua D. Bauers, Esq.

June 19, 2019

Andrew Bayer, Esq.
 Pashman Stein Walder Hayden P.C.
 Bell Works
 101 Crawfords Corner Road
 Holmdel, NJ 07733-1985

Re: In the Matter of the Application of the Borough of Highlands, County of Monmouth, Docket No. MON-L-0012-17

Dear Mr. Bayer:

This letter memorializes the terms of an agreement reached between the Borough of Highlands (the Borough or "Highlands"), the declaratory judgment plaintiff, and Fair Share Housing Center (FSHC), a Supreme Court-designated interested party in this matter in accordance with In re N.J.A.C. 5:96 and 5:97, 221 N.J. 1, 30 (2015)(Mount Laurel IV) and, through this settlement, a defendant in this proceeding.

Background

Highlands filed the above-captioned matter on January 18, 2015 seeking a declaration of its compliance with the Mount Laurel doctrine and Fair Housing Act of 1985, N.J.S.A. 52:27D-301 et seq. in accordance with In re N.J.A.C. 5:96 and 5:97, supra. Through the declaratory judgment process, the Borough and FSHC agreed to settle the litigation and to present that settlement to the trial court with jurisdiction over this matter to review, recognizing that the settlement of Mount Laurel litigation is favored because it avoids delays and the expense of trial and results more quickly in the construction of homes for lower-income households.

Settlement terms

The Borough and FSHC hereby agree to the following terms:

1. FSHC agrees that the Borough, through the adoption of a Housing Element and Fair Share Plan conforming with the terms of this Agreement (hereafter "the Plan") and through the implementation of the Plan and this Agreement, satisfies its obligations under the Mount Laurel doctrine and Fair Housing Act of 1985, N.J.S.A. 52:27D-301 et seq., for the Prior Round (1987-1999) and Third Round (1999-2025).
2. At this time and at this particular point in the process resulting from the Supreme Court's Mount Laurel IV decision, when Third Round fair share obligations have yet to be definitively determined, it is appropriate for the parties to arrive at a settlement regarding a municipality's Third Round present and prospective need instead of doing so through plenary adjudication of the present and prospective need.
3. FSHC and the Borough hereby agree that Highlands' affordable housing obligations are as follows:

| | |
|--|----|
| Rehabilitation Share (per Kinsey Report ¹) | 65 |
| Prior Round Obligation (pursuant to N.J.A.C. 5:93) | 20 |
| Third Round (1999-2025) Prospective Need (per Kinsey Report, as adjusted through this Agreement) | 72 |

4. For purposes of this Agreement, the Third Round Prospective Need shall be deemed to include the Gap Period Present Need, which is a measure of households formed from 1999-2015 that need affordable housing, that was recognized by the Supreme Court in In re Declaratory Judgment Actions Filed By Various Municipalities, 227 N.J. 508 (2017).
5. The Borough's efforts to meet its present need include the following: the Borough will participate in the Monmouth County Rehab Program and/or set up its own municipal rehabilitation program; the Borough either through the County Rehab Program or a municipal rehabilitation program will include a rental rehabilitation program. The Borough will provide further details and program manuals for the rehabilitation program as part of its Housing Element and Fair Share Plan and associated documents prior to the final compliance hearing. This is sufficient to satisfy the Borough's present need obligation of 65 units.
6. As noted above, the Borough has a Prior Round prospective need of 20 units, which is met through the following compliance mechanisms:
 - Ptak Tower (Maximum 25% of need may be met through age restricted units): 5 units
 - Monmouth Highlands Apartments existing deed-restricted units: 6 units
 - Monmouth Highlands Apartments market-to-affordable (described further in paragraph 9): 4 of 10 total units
 - Rental Bonus Credits: 5
7. The municipality, as calculated in Exh. A, has a realistic development potential (RDP) of 0 units from vacant land. The parties agree that there is an additional RDP of 10 units resulting from the 49-unit development that occurred on Block 101, Lot 27 and 30 and Block 102, Lots 8 and 9 with no affordable set-aside. That 10-unit RDP will be satisfied through the following mechanisms:
 - Ptak Towers – 2 units
 - Monmouth Highlands Apartments market-to-affordable (described further in paragraph 9) – 6 of 10 total units
 - Rental bonus – 2 units

The RDP of 10, subtracted from the Third Round obligation of 72 units, results in an unmet need of 62 units, which shall be addressed through the following mechanisms:

- o 15 additional credits from Ptak Towers
- o Shadowlawn Redevelopment Area 13 acres @ 30 DU/gross acre = 390 units @ 15%

¹ David N. Kinsey, PhD, PP, FAICP, NEW JERSEY LOW AND MODERATE INCOME HOUSING OBLIGATIONS FOR 1999-2025 CALCULATED USING THE NJ COAH PRIOR ROUND (1987-1999) METHODOLOGY, May 2016.

set aside. The Shadow Lawn site contains an existing mobile home park. The Borough has represented through information provided by Shadow Lawn that the majority of the park sites are vacant and approximately 70 percent of the remaining tenants have signed agreements surrendering their tenancy rights in exchange for lump sum payments, leaving approximately 15 tenants and/or unit owners residing at the site who have not signed such agreement. FSHC takes no position as to whether the eviction or other removal of any person currently residing at the Shadow Lawn Mobile Home Park is permissible under applicable legal standards and reserves all rights to take any position it wishes on that issue in the future. The parties agree that this agreement shall not serve as a basis to justify the eviction or removal of any resident from the site.

This agreement solely provides that if the redevelopment of the park does occur, it shall occur in accordance with the Redevelopment Plan adopted by the Borough dated October 16, 2018 which permits 30 units/acre on the site, or a total of 390 units, and the Borough shall require an affordable housing set-aside of 15% of the total units developed on the site as family rental units including a minimum of 50% low-income units including 13% very low income units and otherwise in compliance with UHAC, standard inclusionary development phasing requirements pursuant to N.J.A.C. 5:93-5.6, and the terms of this agreement. If the eviction or other removal of any person currently residing at the Shadow Lawn Mobile Home Park is deemed impermissible by a court or in any other manner that prevents the redevelopment of the site, the Borough and Fair Share agree within 150 days of the Borough becoming aware of any such determination to negotiate in good faith a modification to the Settlement Agreement to determine an appropriate replacement for the Shadow Lawn project subject to approval by the court.

The Borough shall adopt an ordinance requiring a mandatory affordable housing set aside for all new multifamily residential developments of five (5) units or more. The set aside for rental developments shall be fifteen percent (15%) and the set aside for for-sale developments shall be twenty percent (20%). The provisions of the ordinance shall not apply to residential expansions, additions, renovations, replacement, or any other type of residential development that does not result in a net increase in the number of dwellings of five or more. The form of the Ordinance shall be finalized prior to final judgment being issued in this matter through collaboration between FSHC, the Special Master, and representatives of the Borough.

8. The Borough will provide a realistic opportunity for the development of additional affordable housing that will be developed or created through means other than inclusionary zoning in the following ways:

Prior to final judgment being entered in this matter, the Borough shall enter into a contract with the Affordable Housing Alliance, the owner of Monmouth Highlands Apartments, providing for the deed-restriction of the 10 currently non-deed-restricted units there as affordable housing. The contract shall provide that upon the next turnover of each of the 10 units, the units will be affirmatively marketed and price restricted according to UHAC (including 2 very low, 3 low, and 5 moderate income units) and from the point of occupancy of a new tenant after affirmative marketing a deed restriction will run for a period of 30 years and thereafter until terminated by the municipality in accordance with UHAC.

In accordance with N.J.A.C. 5:93-5.5, the Borough recognizes that it must provide evidence that the municipality has adequate and stable funding for any non-inclusionary

affordable housing developments. The municipality is required to provide a pro forma of both total development costs and sources of funds and documentation of the funding available to the municipality and/or project sponsor, and any applications still pending. In the case where an application for outside funding is still pending, the municipality shall provide a stable alternative source, such as municipal bonding, in the event that the funding request is not approved. The Borough will meet this obligation as part of its Housing Element and Fair Share Plan in conjunction with the contract provided for in the preceding paragraph with the Affordable Housing Alliance.

9. The Borough agrees to require 13% of all units referenced in this Agreement, excepting those units that were constructed or granted preliminary or final site plan approval prior to July 1, 2008, to be very low-income units, with half of the very low income units being available to families. The municipality will comply with those requirements as follows:
 - 2 of the market to affordable units at Monmouth Highlands Apartments will be affordable to very low income households.
 - 13 percent of the affordable units to be developed as part of the Shadow Lawn site shall be very low income.
 - 13 percent of any affordable units developed through the Borough-wide affordable housing set-aside ordinance.
10. The Borough shall meet its Third Round Prospective Need in accordance with the following standards as agreed to by the Parties and reflected in the table in paragraph 6 above:
 - a. Third Round bonuses will be applied in accordance with N.J.A.C. 5:93-5.15(d).
 - b. At least 50 percent of the units addressing the Third Round Prospective Need shall be affordable to very-low-income and low-income households with the remainder affordable to moderate-income households.
 - c. At least twenty-five percent of the Third Round Prospective Need shall be met through rental units, including at least half in rental units available to families.
 - d. At least half of the units addressing the Third Round Prospective Need in total must be available to families.
 - e. The Borough agrees to comply with an age-restricted cap of 25% and to not request a waiver of that requirement. This shall be understood to mean that in no circumstance may the municipality claim credit toward its fair share obligation for age-restricted units that exceed 25% of all units developed or planned to meet its cumulative prior round and third round fair share obligation.
11. The Borough shall add to the list of community and regional organizations in its affirmative marketing plan, pursuant to N.J.A.C. 5:80-26.15(f)(5), Fair Share Housing Center, the New Jersey State Conference of the NAACP, the Latino Action Network, the Greater Red Bank, Asbury Park/Neptune, Bayshore, Greater Freehold, and Greater Long Branch Branches of the NAACP, and the Supportive Housing Association, and shall, as part of its regional affirmative marketing strategies during its implementation of the affirmative marketing plan, provide notice to those organizations of all available affordable housing units. The

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Borough also agrees to require any other entities, including developers or persons or companies retained to do affirmative marketing, to comply with this paragraph.

12. All units shall include the required bedroom distribution, be governed by controls on affordability and affirmatively marketed in conformance with the Uniform Housing Affordability Controls, N.J.A.C. 5:80-26.1 et. seq. or any successor regulation, with the exception that in lieu of 10 percent of affordable units in rental projects being required to be at 35 percent of median income, 13 percent of affordable units in such projects shall be required to be at 30 percent of median income, and all other applicable law. The Borough as part of its HEFSP shall adopt and/or update appropriate implementing ordinances in conformance with standard ordinances and guidelines developed by COAH to ensure that this provision is satisfied. Income limits for all units that are part of the Plan required by this Agreement and for which income limits are not already established through a federal program exempted from the Uniform Housing Affordability Controls pursuant to N.J.A.C. 5:80-26.1 shall be updated by the Borough annually within 30 days of the publication of determinations of median income by HUD as follows:

- a. Regional income limits shall be established for the region that the Borough is located within (i.e. Region 4) based on the median income by household size, which shall be established by a regional weighted average of the uncapped Section 8 income limits published by HUD. To compute this regional income limit, the HUD determination of median county income for a family of four is multiplied by the estimated households within the county according to the most recent decennial Census. The resulting product for each county within the housing region is summed. The sum is divided by the estimated total households from the most recent decennial Census in the Borough's housing region. This quotient represents the regional weighted average of median income for a household of four. The income limit for a moderate-income unit for a household of four shall be 80 percent of the regional weighted average median income for a family of four. The income limit for a low-income unit for a household of four shall be 50 percent of the HUD determination of the regional weighted average median income for a family of four. The income limit for a very low income unit for a household of four shall be 30 percent of the regional weighted average median income for a family of four. These income limits shall be adjusted by household size based on multipliers used by HUD to adjust median income by household size. In no event shall the income limits be less than those for the previous year.
- b. The income limits attached hereto as Exhibit B are the result of applying the percentages set forth in paragraph (a) above to HUD's determination of median income for FY 2018, and shall be utilized until the Borough updates the income limits after HUD has published revised determinations of median income for the next fiscal year.
- c. The Regional Asset Limit used in determining an applicant's eligibility for affordable housing pursuant to N.J.A.C. 5:80-26.16(b)3 shall be calculated by the Borough annually by taking the percentage increase of the income limits calculated pursuant to paragraph (a) above over the previous year's income limits, and applying the same percentage increase to the Regional Asset Limit from the prior year. In no event shall the Regional Asset Limit be less than that for the previous year.
- d. The parties agree to request the Court prior to or at the fairness hearing in this matter to enter an order implementing this paragraph of this Agreement.

13. All new construction units shall be adaptable in conformance with P.L.2005, c.350/N.J.S.A. 52:27D-311a and -311b and all other applicable law.
14. As an essential term of this Agreement, within one hundred and twenty (120) days of Court's approval of this Agreement, the Borough shall introduce and adopt an ordinance or ordinances providing for the amendment of the Borough's Affordable Housing Ordinance, the adoption of an updated Development Fee Ordinance, and the adoption of a Borough-wide affordable housing set-aside ordinance to implement the terms of this Agreement and adopt a Housing Element and Fair Share Plan and Spending Plan in conformance with the terms of this Agreement.
15. The parties agree that if a decision of a court of competent jurisdiction in Monmouth County, or a determination by an administrative agency responsible for implementing the Fair Housing Act, or an action by the New Jersey Legislature, would result in a calculation of an obligation for the Borough for the period 1999-2025 that would be lower by more than twenty (20%) percent than the total prospective Third Round need obligation established in this Agreement, and if that calculation is memorialized in an unappealable final judgment, the Borough may seek to amend the judgment in this matter to reduce its fair share obligation accordingly. Notwithstanding any such reduction, the Borough shall be obligated to adopt a Housing Element and Fair Share Plan that conforms to the terms of this Agreement and to implement all compliance mechanisms included in this Agreement, including by adopting or leaving in place any site specific zoning adopted or relied upon in connection with the Plan adopted pursuant to this Agreement; taking all steps necessary to support the development of any 100% affordable developments referenced herein; maintaining all mechanisms to address unmet need; and otherwise fulfilling fully the fair share obligations as established herein. The reduction of the Borough's obligation below that established in this Agreement does not provide a basis for seeking leave to amend this Agreement or seeking leave to amend an order or judgment pursuant to R. 4:50-1. If the Borough prevails in reducing its prospective need for the Third Round, the Borough may carry over any resulting extra credits to future rounds in conformance with the then-applicable law.
16. The Borough shall prepare a Spending Plan within the period referenced above, subject to the review of FSHC and approval of the Court, and reserves the right to seek approval from the Court that the expenditures of funds contemplated under the Spending Plan constitute "commitment" for expenditure pursuant to N.J.S.A. 52:27D-329.2 and -329.3, with the four-year time period for expenditure designated pursuant to those provisions beginning to run with the entry of a final judgment approving this settlement in accordance with the provisions of In re Tp. Of Monroe, 442 N.J. Super. 565 (Law Div. 2015) (aff'd 442 N.J. Super. 563). On the first anniversary of the execution of this Agreement, which shall be established by the date on which it is executed by a representative of the Borough, and on every anniversary of that date thereafter through the end of the period of protection from litigation referenced in this Agreement, the Borough agrees to provide annual reporting of trust fund activity to the New Jersey Department of Community Affairs, Council on Affordable Housing, or Local Government Services, or other entity designated by the State of New Jersey, with a copy provided to Fair Share Housing Center and posted on the municipal website, using forms developed for this purpose by the New Jersey Department of Community Affairs, Council on Affordable Housing, or Local Government Services. The reporting shall include an accounting of all housing trust fund activity, including the source and amount of funds collected and the amount and purpose for which any funds have been expended.

17. On the first anniversary of the execution of this Agreement, and every anniversary thereafter through the end of this Agreement, the Borough agrees to provide annual reporting of the status of all affordable housing activity within the municipality through posting on the municipal website with a copy of such posting provided to Fair Share Housing Center, using forms previously developed for this purpose by the Council on Affordable Housing or any other forms endorsed by the Special Master and FSHC.
18. The Fair Housing Act includes two provisions regarding action to be taken by the Borough during the ten-year period of protection provided in this Agreement. The Borough agrees to comply with those provisions as follows:
- a. For the midpoint realistic opportunity review due on July 1, 2020, as required pursuant to N.J.S.A. 52:27D-313, the Borough will post on its municipal website, with a copy provided to Fair Share Housing Center, a status report as to its implementation of the Plan and an analysis of whether any unbuilt sites or unfulfilled mechanisms continue to present a realistic opportunity and whether any mechanisms to meet unmet need should be revised or supplemented. Such posting shall invite any interested party to submit comments to the municipality, with a copy to Fair Share Housing Center, regarding whether any sites no longer present a realistic opportunity and should be replaced and whether any mechanisms to meet unmet need should be revised or supplemented. Any interested party may by motion request a hearing before the court regarding these issues.
 - b. For the review of very low income housing requirements required by N.J.S.A. 52:27D-329.1, within 30 days of the third anniversary of this Agreement, and every third year thereafter, the Borough will post on its municipal website, with a copy provided to Fair Share Housing Center, a status report as to its satisfaction of its very low income requirements, including the family very low income requirements referenced herein. Such posting shall invite any interested party to submit comments to the municipality and Fair Share Housing Center on the issue of whether the municipality has complied with its very low income housing obligation under the terms of this settlement.
19. FSHC is hereby deemed to have party status in this matter and to have intervened in this matter as a defendant without the need to file a motion to intervene or an answer or other pleading. The parties to this Agreement agree to request the Court to enter an order declaring FSHC is an intervenor, but the absence of such an order shall not impact FSHC's rights.
20. This Agreement must be approved by the Court following a fairness hearing as required by Morris Cty. Fair Hous. Council v. Boonton Twp., 197 N.J. Super. 359, 367-69 (Law Div. 1984), aff'd o.b., 209 N.J. Super. 108 (App. Div. 1986); East/West Venture v. Borough of Fort Lee, 286 N.J. Super. 311, 328-29 (App. Div. 1996). The Borough shall present its planner as a witness at this hearing. FSHC agrees to support this Agreement at the fairness hearing. In the event the Court approves this proposed settlement, the parties contemplate the municipality will receive "the judicial equivalent of substantive certification and accompanying protection as provided under the FHA," as addressed in the Supreme Court's decision in In re N.J.A.C. 5:96 & 5:97, 221 N.J. 1, 36 (2015). The "accompanying protection" shall remain in effect through July 1, 2025. If this Agreement is rejected by the Court at a fairness hearing it shall be null and void.

21. The Borough agrees to pay FSHC's attorneys fees and costs in the amount of \$7,500 within ten (10) days of the Court's approval of this Agreement pursuant to a duly-noticed fairness hearing.
22. If an appeal is filed of the Court's approval or rejection of this Agreement, the Parties agree to defend the Agreement on appeal, including in proceedings before the Superior Court, Appellate Division and New Jersey Supreme Court, and to continue to implement the terms of this Agreement if the Agreement is approved before the trial court unless and until an appeal of the trial court's approval is successful, at which point the Parties reserve their right to rescind any action taken in anticipation of the trial court's approval. All Parties shall have an obligation to fulfill the intent and purpose of this Agreement.
23. This Agreement may be enforced through a motion to enforce litigant's rights or a separate action filed in Superior Court, Monmouth County. A prevailing movant or plaintiff in such a motion or separate action shall be entitled to reasonable attorney's fees.
24. Unless otherwise specified, it is intended that the provisions of this Agreement are to be severable. The validity of any article, section, clause or provision of this Agreement shall not affect the validity of the remaining articles, sections, clauses or provisions hereof. If any section of this Agreement shall be adjudged by a court to be invalid, illegal, or unenforceable in any respect, such determination shall not affect the remaining sections.
25. This Agreement shall be governed by and construed by the laws of the State of New Jersey.
26. This Agreement may not be modified, amended or altered in any way except by a writing signed by each of the Parties.
27. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same Agreement.
28. The Parties acknowledge that each has entered into this Agreement on its own volition without coercion or duress after consulting with its counsel, that each party is the proper person and possess the authority to sign the Agreement, that this Agreement contains the entire understanding of the Parties and that there are no representations, warranties, covenants or undertakings other than those expressly set forth herein.
29. Each of the Parties hereto acknowledges that this Agreement was not drafted by any one of the Parties, but was drafted, negotiated and reviewed by all Parties and, therefore, the presumption of resolving ambiguities against the drafter shall not apply. Each of the Parties expressly represents to the other Parties that: (i) it has been represented by counsel in connection with negotiating the terms of this Agreement; and (ii) it has conferred due authority for execution of this Agreement upon the persons executing it.
30. Any and all Exhibits and Schedules annexed to this Agreement are hereby made a part of this Agreement by this reference thereto. Any and all Exhibits and Schedules now and/or in the future are hereby made or will be made a part of this Agreement with prior written approval of both Parties.

June 19, 2019
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31. This Agreement constitutes the entire Agreement between the Parties hereto and supersedes all prior oral and written agreements between the Parties with respect to the subject matter hereof except as otherwise provided herein.
32. No member, official or employee of the Borough shall have any direct or indirect interest in this Agreement, nor participate in any decision relating to the Agreement which is prohibited by law, absent the need to invoke the rule of necessity.
33. Anything herein contained to the contrary notwithstanding, the effective date of this Agreement shall be the date upon which all of the Parties hereto have executed and delivered this Agreement.
34. All notices required under this Agreement ("Notice[s]") shall be written and shall be served upon the respective Parties by certified mail, return receipt requested, or by a recognized overnight or by a personal carrier. In addition, where feasible (for example, transmittals of less than fifty pages) shall be served by facsimile or e-mail. All Notices shall be deemed received upon the date of delivery. Delivery shall be affected as follows, subject to change as to the person(s) to be notified and/or their respective addresses upon ten (10) days notice as provided herein:

TO FSHC:

Adam M. Gordon, Esq.
Fair Share Housing Center
510 Park Boulevard
Cherry Hill, NJ 08002
Phone: (856) 665-5444
Telecopier: (856) 663-8182
E-mail: adamgordon@fairsharehousing.org

TO THE BOROUGH:

Andrew Bayer, Esq.
Pashman Stein Walder Hayden P.C.
Bell Works
101 Crawfords Corner Road
Holmdel, NJ 077331985

Telecopier: (732) 852-2482
Email: abayer@pashmanstein.com

**WITH A COPY TO THE
MUNICIPAL CLERK:**

Bonnie Brookes, Municipal Clerk
42 Shore Drive
Highlands, NJ 07732

Telecopier: 732-872-0670
Email: BBrookes@highlandsborough.org

Please sign below if these terms are acceptable.

June 19, 2019
Page 10

Sincerely,



Adam M. Gordon, Esq.
Counsel for Intervenor/Interested Party
Fair Share Housing Center

On behalf of the Borough of Highlands, with the authorization
of the governing body:



Council President

Dated: 6/25/19



BONNIE BROOKES, CLERK
6/25/19

June 19, 2019

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EXHIBIT A: VACANT LAND ADJUSTMENT

**Borough of Highlands
Vacant Land Assessment
October 2018**

Introduction

A Vacant Land Assessment was prepared in accordance to the rules as prescribed in N.J.A.C. 5:93-4 for the Borough of Highlands. The VLA incorporates data from the 2012 Land Use Land Cover released by NJDEP, 2018 floodplain data released by FEMA¹, a 300-foot buffer for Category 1 waterways, slopes in excess of 20%, and 2018 Tax Assessment Records. The VLA recognizes one (1) site capable of supporting development within the Borough.

Analysis

The VLA analyzes potential affordable housing opportunities area on publicly- and privately-owned vacant parcels located within the Borough. Initially, all oversized parcels, privately-owned vacant parcels and tax-exempt properties within the Borough were analyzed. Many of these parcels, particularly those with property class 15A- public schools, 15C- public property, 15D- church and charitable, and 15F- other exempt are currently developed and excluded from the analysis. Only vacant tax-exempt properties were included in the analysis.

217 vacant parcels were analyzed in the Borough. Of these 217 parcels, 155 parcels were listed as property class 1- vacant, 46 were listed as 15C- public, 2 were listed as class 15E- cemeteries & graveyards, and 14 were listed as class 15F- Other Exempt.

The parcels were also analyzed within the context of the State Development and Redevelopment Plan. The majority of the parcels (207 parcels) that were analyzed are located within Planning Area 1: Metropolitan. The remaining 10 parcels included in this Vacant Land Assessment are located within the Country Parks or State Parks designations.

A conservative approach was utilized when examining the environmental constraints within the Borough. Areas constrained by wetlands, surface water, slopes in excess of 20%, FEMA's VE Zone, and land that falls within 300-feet of the Shrewsbury River south of the route 36 bridge, which is classified by NJDEP as a Category 1 waterway, were subtracted from the site's total acreage, which yields an unconstrained acreage. There are approximately 31.7 acres of environmentally constrained acres across the 217 parcels analyzed.

Per N.J.A.C. 5:93-4, sites that have less than one-half acre of unconstrained acreage are deemed undevelopable.

¹ Because a significant portion of the Borough is located within FEMA's 100-year floodplain AE Zone, only the VE Zone, also known as the velocity wave action zone, was considered as an environmental constraint for this vacant land assessment.

Borough of Highlands

Vacant Land Assessment

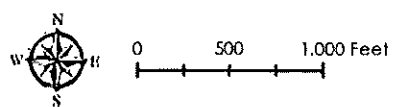
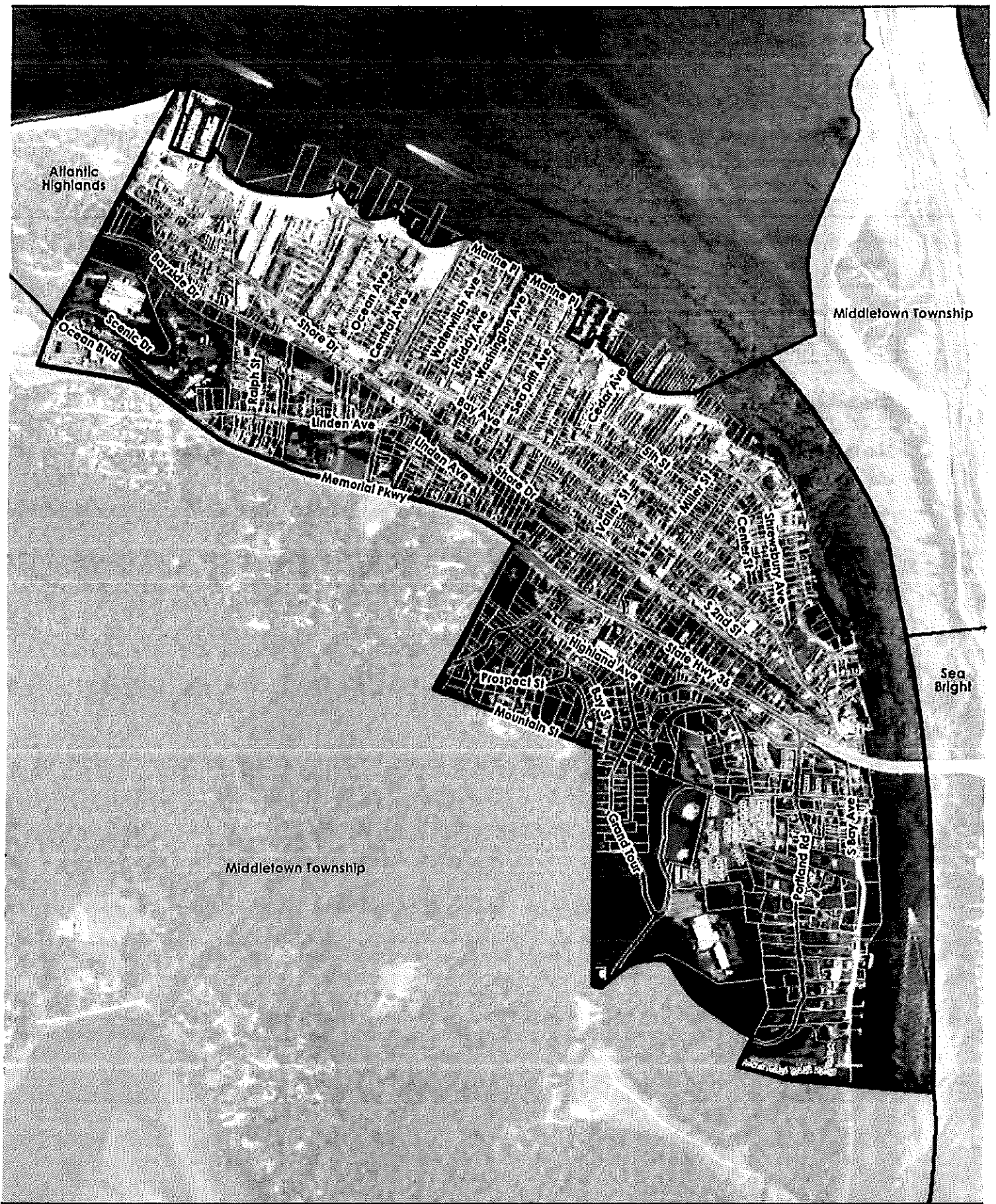
Results

The following sites were identified as being vacant and potentially developable. The site's RDP has been adjusted to represent an affordable housing set aside of 20%.

| Borough of Highlands Vacant Land Assessment | | | | | | | | |
|--|-------|-----|---------------|---------------------|-----------------------|----------|-------------|----------|
| Site ID | Block | Lot | Total Acreage | Constrained Acreage | Unconstrained Acreage | Density | Total Units | RDP |
| 1 | 105 | 2 | 0.4 | 0.2 | 0.2 | 6.0 | 4 | 0 |
| | 105 | 4 | 0.6 | 0.2 | 0.4 | | | |
| TOTAL | | | 1.0 | 0.4 | 0.6 | - | 4 | 0 |

Conclusion

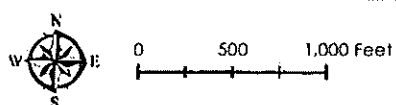
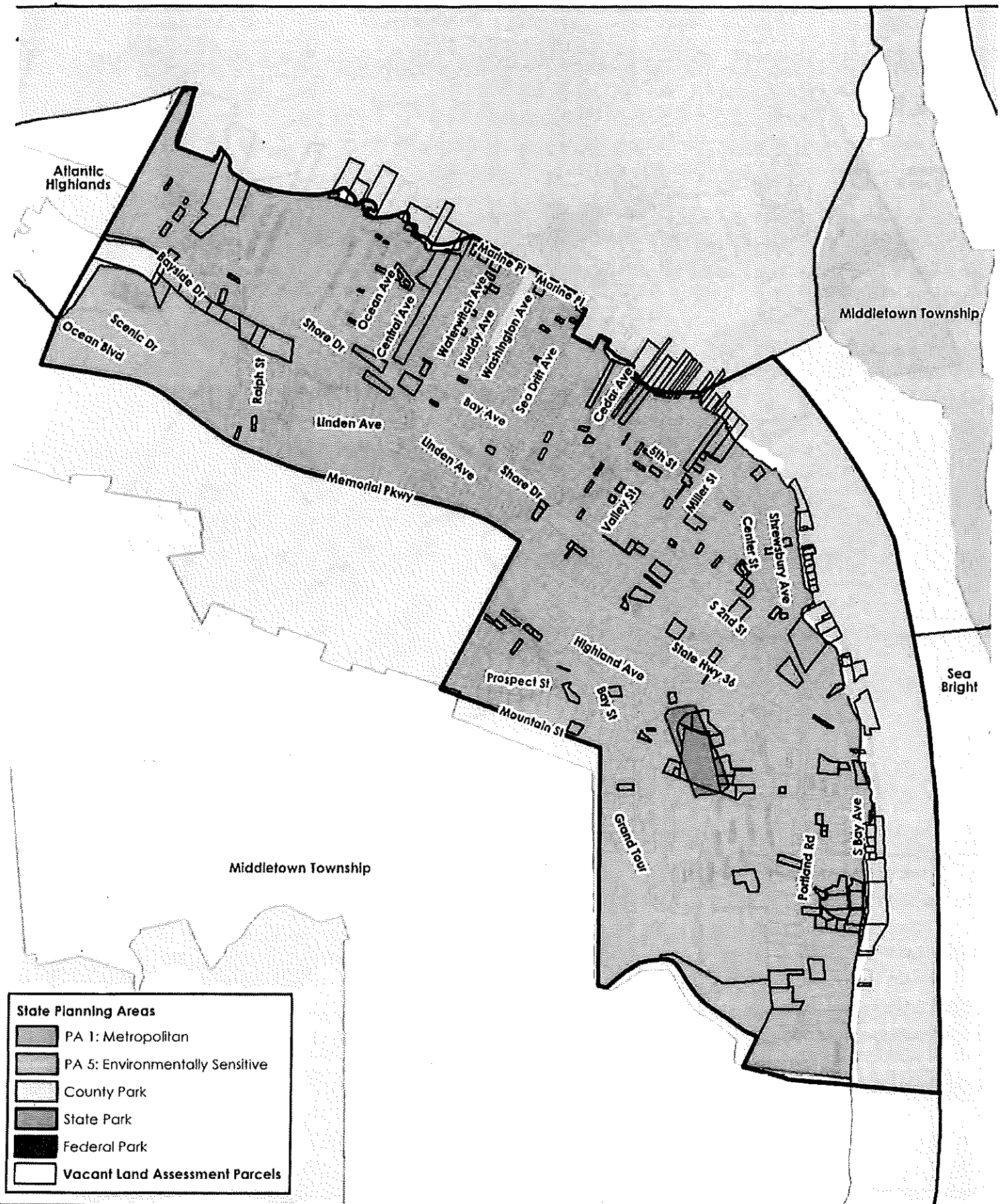
Due to limitations from environmental constraints and lack of vacant land, the Borough of Highlands has an RDP of 0 units.



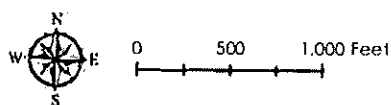
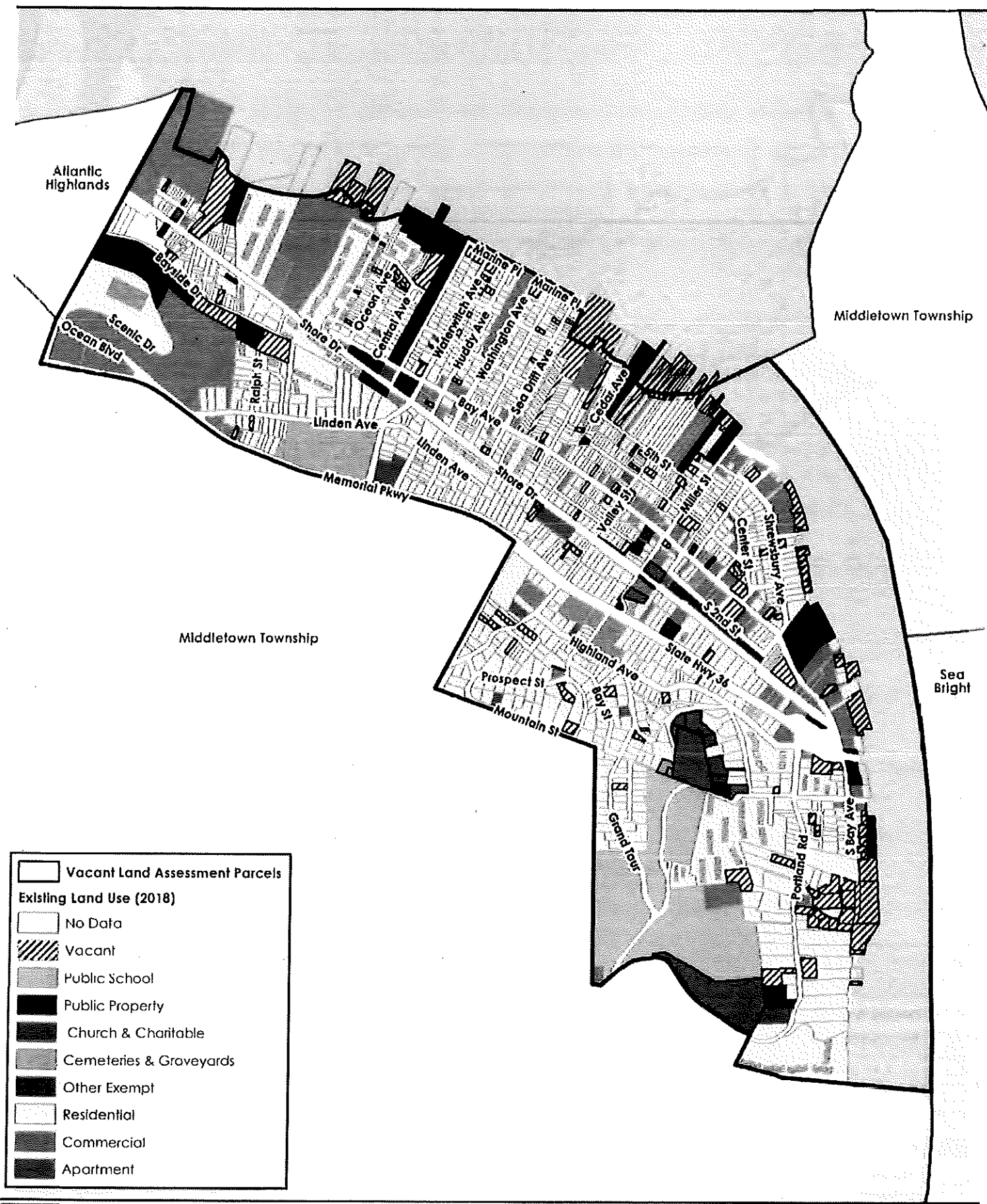
Source: NJGIS, NJGIN, NJDEP, NJDOT

2017 Aerial
Borough of Highlands, New Jersey

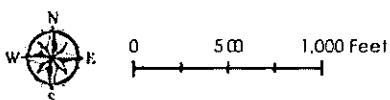
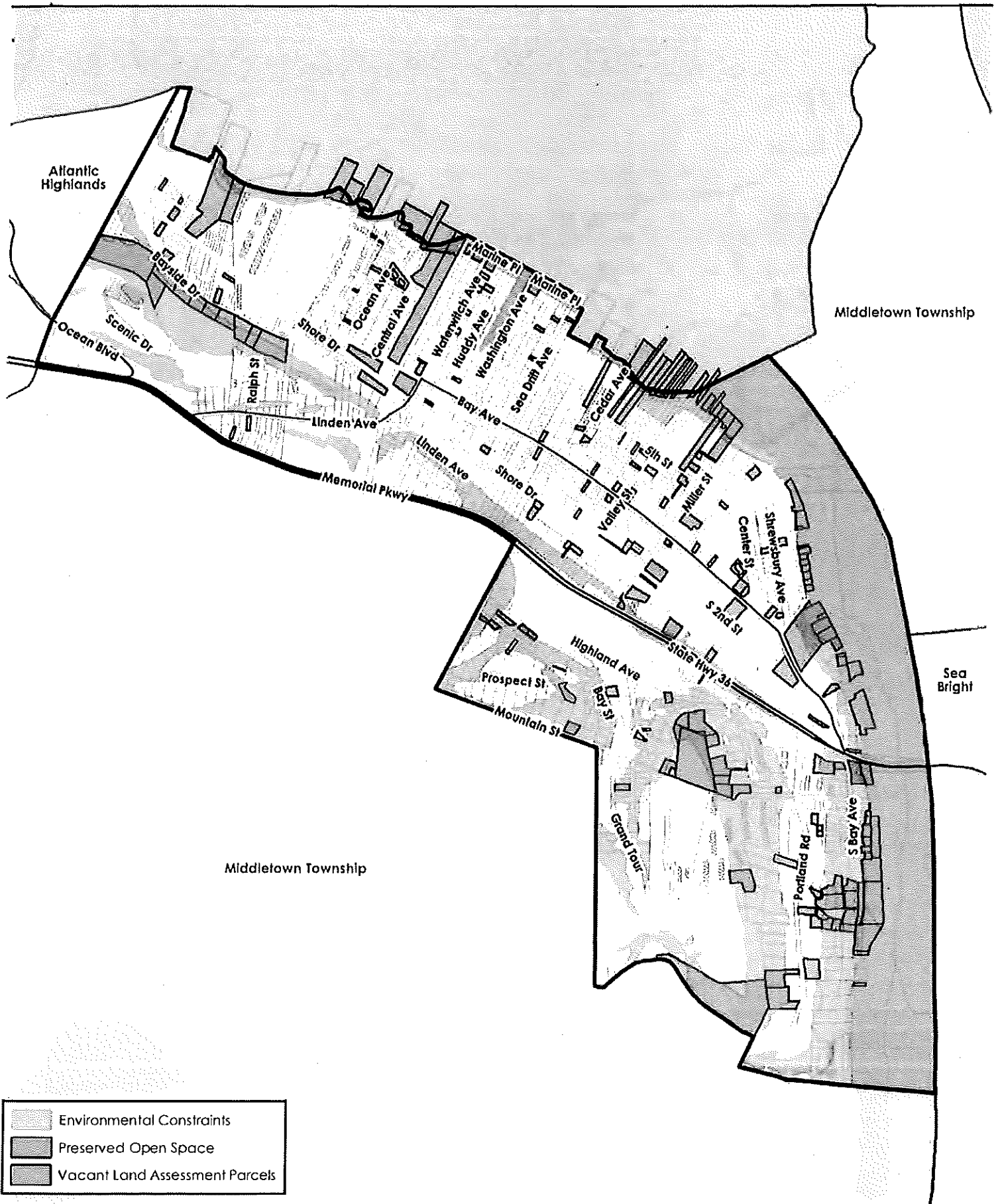
HGA
MEYER, BRUEL & ASSOCIATES
October 2018



State Development & Redevelopment Plan Borough of Highlands, New Jersey

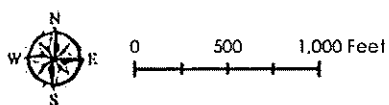
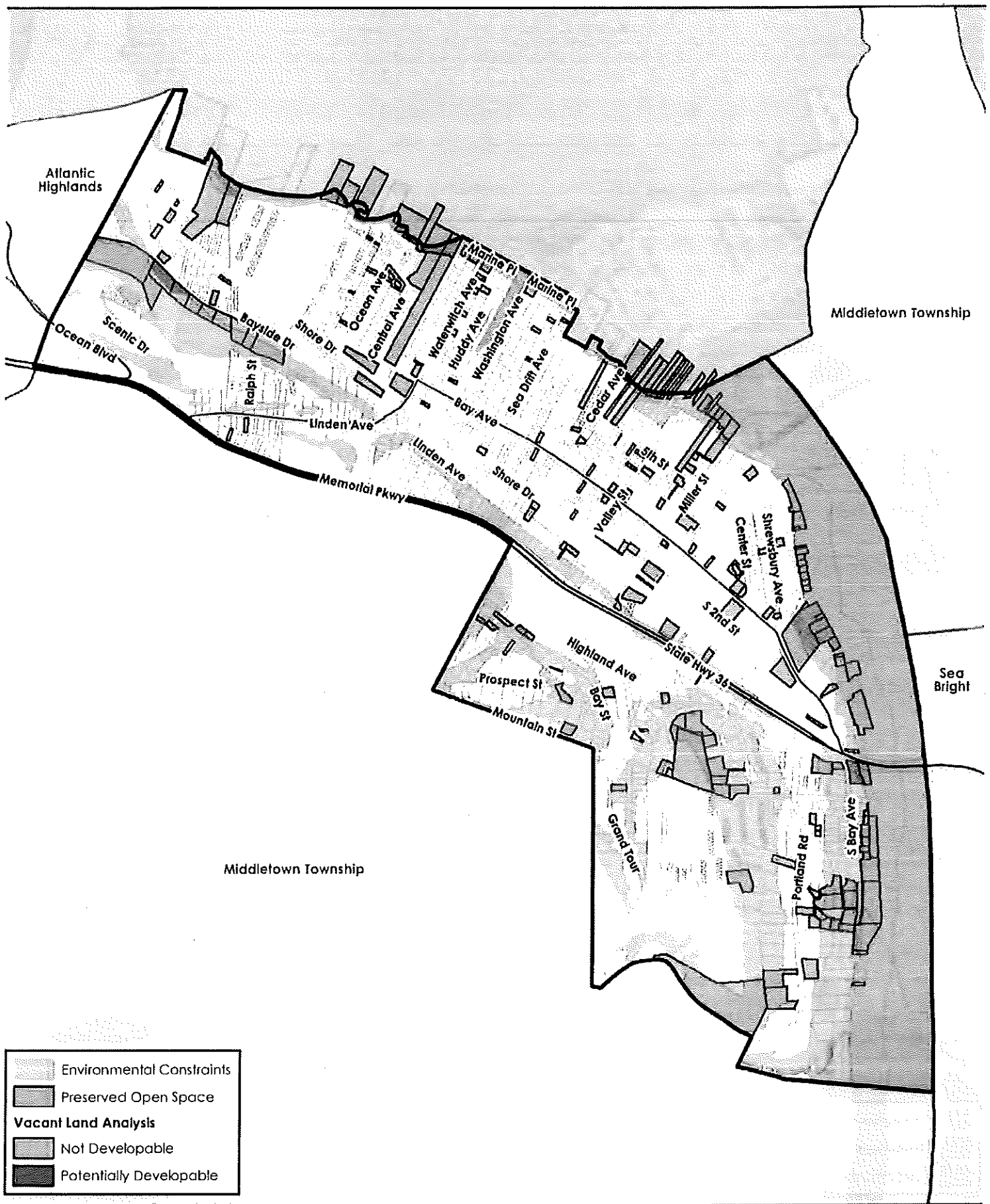


Existing Land Use Borough of Highlands, New Jersey



Environmental Constraints Borough of Highlands, New Jersey

Source: NJGIS, NJGIN, NJDEP, NJDOT



Source: NJGIS, NJGIN, NJDEP, NJDOT

Vacant Land Analysis Borough of Highlands, New Jersey

EXHIBIT B: 2018 INCOME LIMITS

Prepared by Affordable Housing Professionals of New Jersey (AHPNJ) - April 2018

2018 AFFORDABLE HOUSING REGIONAL INCOME LIMITS BY HOUSEHOLD SIZE

Income limits not officially adopted by the State of New Jersey. Contact your municipality to see if applicable in your jurisdiction. Additional information about AHPNJ income limits is posted on

| | | 1 Person | *1.5 Person | 2 Person | *3 Person | 4 Person | *4.5 Person | 5 Person | 6 Person | 7 Person | 8+ Person | Max Increase Rents*** | Max Increase Sales**** | Regional Asset Limit***** |
|---|----------|----------|-------------|----------|-----------|-----------|-------------|-----------|-----------|-----------|-----------|--------------------------|---------------------------|------------------------------|
| Region 1 Bergen, Hudson, Passaic and Sussex | Median | \$63,597 | \$68,140 | \$72,682 | \$81,767 | \$90,853 | \$94,487 | \$98,121 | \$105,389 | \$112,657 | \$119,926 | | | |
| | Moderate | \$50,878 | \$54,512 | \$58,146 | \$65,414 | \$72,682 | \$75,589 | \$78,497 | \$84,311 | \$90,126 | \$95,940 | | | |
| | Low | \$31,798 | \$34,070 | \$36,341 | \$40,884 | \$45,426 | \$47,243 | \$49,060 | \$52,695 | \$55,329 | \$59,963 | | 2.2% | \$175,679 |
| | Very Low | \$19,079 | \$20,442 | \$21,805 | \$24,530 | \$27,256 | \$28,346 | \$29,436 | \$31,617 | \$33,797 | \$35,978 | | 5.52% | |
| Region 2 Essex, Morris, Union and Warren | Median | \$66,755 | \$71,523 | \$76,291 | \$85,828 | \$95,364 | \$99,179 | \$102,993 | \$110,622 | \$118,252 | \$125,881 | | | |
| | Moderate | \$53,404 | \$57,218 | \$61,033 | \$68,662 | \$76,291 | \$79,343 | \$82,395 | \$88,498 | \$94,601 | \$100,705 | | | |
| | Low | \$33,377 | \$35,762 | \$38,146 | \$42,914 | \$47,682 | \$49,589 | \$51,497 | \$55,311 | \$59,126 | \$62,940 | | 2.2% | \$182,955 |
| | Very Low | \$20,026 | \$21,457 | \$22,887 | \$25,748 | \$28,609 | \$29,754 | \$30,898 | \$33,187 | \$35,475 | \$37,764 | | 1.22% | |
| Region 3 Hunterdon, Middlesex and Somerset | Median | \$75,530 | \$80,925 | \$86,320 | \$97,110 | \$107,900 | \$112,216 | \$116,532 | \$125,164 | \$133,796 | \$142,428 | | | |
| | Moderate | \$60,424 | \$64,740 | \$69,056 | \$77,688 | \$86,320 | \$89,773 | \$93,226 | \$100,131 | \$107,037 | \$113,942 | | | |
| | Low | \$37,765 | \$40,463 | \$43,160 | \$48,555 | \$53,950 | \$56,108 | \$58,266 | \$62,582 | \$66,898 | \$71,214 | | 2.2% | \$205,458 |
| | Very Low | \$22,559 | \$24,278 | \$25,996 | \$29,133 | \$32,270 | \$33,665 | \$34,960 | \$37,549 | \$40,139 | \$42,728 | | 2.37% | |
| Region 4 Mercer, Monmouth and Ocean | Median | \$69,447 | \$74,407 | \$79,368 | \$89,289 | \$99,209 | \$103,178 | \$107,146 | \$115,083 | \$123,020 | \$130,956 | | | |
| | Moderate | \$55,557 | \$59,526 | \$63,494 | \$71,431 | \$79,368 | \$82,542 | \$85,717 | \$92,066 | \$98,416 | \$104,765 | | | |
| | Low | \$34,723 | \$37,204 | \$39,684 | \$44,644 | \$49,605 | \$51,589 | \$53,573 | \$57,541 | \$61,510 | \$65,478 | | 2.2% | \$186,616 |
| | Very Low | \$20,834 | \$22,322 | \$23,810 | \$26,787 | \$29,763 | \$30,953 | \$32,144 | \$34,525 | \$36,906 | \$39,287 | | 5.13% | |
| Region 5 Burlington, Camden and Gloucester | Median | \$61,180 | \$65,550 | \$69,920 | \$78,660 | \$87,400 | \$90,896 | \$94,392 | \$101,384 | \$108,376 | \$115,368 | | | |
| | Moderate | \$48,944 | \$52,440 | \$55,936 | \$62,928 | \$69,920 | \$72,717 | \$75,514 | \$81,107 | \$86,701 | \$92,294 | | | |
| | Low | \$30,590 | \$32,775 | \$34,960 | \$39,330 | \$43,700 | \$45,448 | \$47,196 | \$50,692 | \$54,188 | \$57,684 | | 2.2% | \$161,977 |
| | Very Low | \$18,354 | \$19,665 | \$20,976 | \$23,598 | \$26,220 | \$27,269 | \$28,318 | \$30,415 | \$32,513 | \$34,610 | | 5.05% | |
| Region 6 Atlantic, Cape May, Cumberland, and Salem | Median | \$51,085 | \$54,734 | \$58,383 | \$65,681 | \$72,979 | \$75,898 | \$78,817 | \$84,655 | \$90,494 | \$96,332 | | | |
| | Moderate | \$40,868 | \$43,787 | \$46,706 | \$52,545 | \$58,383 | \$60,718 | \$63,054 | \$67,724 | \$72,395 | \$77,066 | | | |
| | Low | \$25,543 | \$27,367 | \$29,192 | \$32,840 | \$36,489 | \$37,949 | \$39,409 | \$42,328 | \$45,247 | \$48,166 | | 2.2% | \$136,680 |
| | Very Low | \$15,326 | \$16,420 | \$17,515 | \$19,704 | \$21,894 | \$22,769 | \$23,645 | \$25,397 | \$27,148 | \$28,900 | | C.00% | |

Moderate income is between 80 and 50 percent of the median income. Low income is 50 percent or less of median income. Very low income is 30 percent or less of median income.

* These columns are for calculating the pricing for one, two and three bedroom sale and rental units as per N.J.A.C. 5:80-26.4(a).

*** This column is used for calculating the pricing for rent increases for units (as previously calculated under N.J.A.C. 5:97-9.3). The increase for 2015 was 2.3%, the increase for 2016 was 1.1%, the increase for 2017 was 1.7%, and the increase for 2018 is 2.2% (Consumer Price Index for All Urban Consumers (CPI-U); Regions by expenditure category and commodity and service group). Landlords who did not increase rents in 2015, 2016, or 2017 may increase rent by up to the applicable combined percentage from their last rental increase for that unit. In no case can rent "or any particular apartment be increased more than one time per year."

**** This column is used for calculating the pricing for resale increases for units (as previously calculated under N.J.A.C. 5:97-9.3). The price of owner-occupied low and moderate income units may increase annually based on the percentage increase in the regional median income limit for each housing region. In no event shall the maximum resale price established by the administrative agent be lower than the last recorded purchase price.

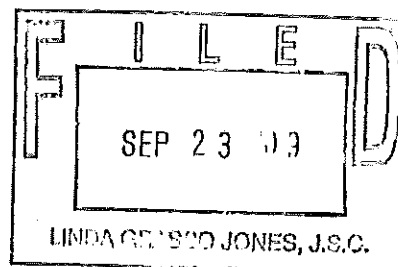
Low income tax credit developments may increase based on the low income tax credit regulations.

***** The Regional Asset Limit is used in determining an applicant's eligibility for affordable housing pursuant to N.J.A.C. 5:80-26.15(b)(3).

Note: Since the Regional Income Limits for Region 6 in 2017 were higher than the 2018 calculations, the 2017 income limits will remain in force for 2018 (as previously required by N.J.A.C. 5:97-9.2(c)).

APPENDIX B
COURT ORDER APPROVING FAIR SHARE HOUSING CENTER SETTLEMENT
AGREEMENT
FILED SEPTEMBER 23, 2019

Pashman Stein Walder Hayden PC
 By: Andrew Bayer, Esq. (033871988)
 Bell Works
 101 Crawfords Corner Road, Suite 4202
 Holmdel, NJ 07733-1985
 (732) 852-2481 (Phone)
 (609) 852-2482 (Facsimile)
 Attorneys for the Petitioner, Borough of Highlands



SUPERIOR COURT OF NEW JERSEY
 LAW DIVISION: MONMOUTH COUNTY
 DOCKET NO. MON-L-0012-17

IN THE MATTER OF
 THE APPLICATION OF THE
 BOROUGH OF HIGHLANDS,
 COUNTY OF MONMOUTH

CIVIL ACTION
 (Mt. Laurel)

**ORDER OF FAIRNESS AND
 PRELIMINARY COMPLIANCE**

This matter having been opened to the court by Pashman Stein Walder Hayden PC (Andrew Bayer, Esq. appearing), attorneys for Petitioner Borough of Highlands (the "Borough" or "Highlands") via a Declaratory Judgment Complaint to have the Court determine the Borough's fair share affordable housing obligation and to permit the Borough time to adopt a compliance plan in response to In Re Adoption of N.J.A.C. 5:96, 221 N.J. 1 (2015) ("Mt. Laurel IV"); and the Court having appointed Michael Bolan, P.P. A.I.C.P as the Special Court Master; and Fair Share Housing Center ("FSHC") (Adam Gordon, Esq. appearing) having participated in the declaratory judgment action as an interested party; and the Borough and Fair Share Housing Center having entered into a Settlement Agreement dated June 19, 2019; and the Court having scheduled a Fairness and Preliminary Compliance Hearing (the "Fairness Hearing") on August 9, 2019 to consider approval of the Settlement Agreement, and to determine whether the settlement is fair, reasonable and adequately protects the interest of very low, low and moderate income

households; and the Borough having provided proper public and actual notice of the Fairness Hearing; and the Court Special Master, Michael P. Bolan, AICP, P.P. having issued a report to the Court dated August 5, 2019 recommending Court approval of the Settlement Agreement subject to certain terms and conditions; and the Court having conducted a Fairness Hearing on August 9, 2019 and having considered the testimony of Susan Gruel, P.P., AICP and Special Master Michael Bolan, AICP, P.P.; and the court having admitted into evidence the (1) Certification of Service as to the Notice of Compliance Hearing and the Court Order establishing the hearing as P-1; (2) Settlement Agreement by and between Borough of Highlands and Fair Share Housing Center dated June 19, 2019 as P-2; and the court having considered the testimony and the evidence submitted; the arguments of counsel; and for the reasons set forth on the record on August 9, 2019; and for good cause having been shown;

IT IS on this 23rd day of ^{September}~~August~~ 2019;

ORDERED:

1. The Settlement Agreement is fair, reasonable and adequately protects the interests of very low, low and moderate-income households, and the Court hereby approves the Settlement Agreement.
2. The Court finds that the Borough's proposed affordable housing strategy as set forth in the Settlement Agreement is facially constitutional compliant and provides a fair and reasonable opportunity for the Borough to meet its obligation under Mt. Laurel IV subject to the Borough's compliance with the conditions set forth herein.
3. In conformance with the Settlement Agreement, the Borough's Rehabilitation Obligation is 65 units; the Borough's Prior Round Obligation is 20 units; and the Borough's Third Round (1999-2025) Prospective Need obligation is 72 units.
4. The Court hereby approves the Borough's Vacant Land Assessment prepared by Heyer Gruel & Associates appended to the Settlement Agreement finding that the Borough's Realistic Development Potential ("RDP") for the Third Round (1999-2025) is zero (0); however the Court finds the Borough has an additional RDP of 10 units resulting from the 49-unit development that occurred in the Borough on Block 101, Lot 27 and 30 and Block 102, Lots 8 and 9 with no affordable housing set aside. The Borough satisfies its 10-unit RDP though the following

mechanisms:

- Ptak Towers-2 units;
 - Monmouth Highlands Apartments market to affordable program-6 units; and
 - Rental bonus credits-2 units.
5. The Borough meets its Prior Round Obligation of twenty units through the following mechanisms:
- PtakTower-5 units;
 - Monmouth Highlands Apartments existing deed restricted units-6 units
 - Monmouth Highlands Apartments market to affordable program-4 units
 - Rental bonus credits-5 units
6. The Borough shall address its Rehabilitation Obligation of 65 units through participating in the Monmouth County program or by hiring a separate entity to rehabilitate affordable housing units within the Borough.
7. The Borough has an unmet need of 62 units remaining for its Third Round Prospective Need obligation which it addresses as follows:
- Ptak Towers-15 credits; and
 - Shadowlawn Redevelopment Area-Up to 59 credits (15% of up to 390 units based upon a density of 30 dwelling units/gross acre at 13 acres)
8. The parties shall abide by all terms and conditions in the Settlement Agreement and those terms are referenced as if fully set forth at length herein.
9. The Borough shall take all necessary action to prepare, adopt and endorse a Housing Element and Fair Share Plan; adopt an ordinance requiring a mandatory affordable housing set aside for all new multifamily residential developments of five (5) units or more with a set aside for rental developments at fifteen percent (15%) and for-sale developments at (20%) percent; adopt a Spending Plan; and it will also satisfy the other conditions listed in the Court Master's August 5, 2019 report within one hundred twenty days (120) days of the date of this Order. The Borough shall submit the adopted and endorsed Housing Element and Fair Share Plan along with all other documentation set forth in the Settlement Agreement and required by the Court Master's August 5, 2019 report to the Court Master and

interested parties for final review and recommendation by the Court Master, and for consideration and approval by the Court.

10. The Court will conduct a Compliance Hearing on December 23, 2019 at 11:00 a.m. for the Court to consider approval of the Borough's Housing Element and Fair Share Plan and the issuance of a Judgment of Compliance and Repose which will provide the Borough immunity from all Mt. Laurel lawsuits through July 1, 2025.
11. The Borough is hereby awarded immunity from Mt. Laurel lawsuits until one month after the date the Final Compliance Hearing is held.
12. Notice for the Final Compliance Hearing shall be published by the Borough on or before November 22, 2019, in a newspaper of general circulation in Monmouth County, Ocean County and Mercer County.
13. Any objections to the Borough's adopted and endorsed Housing Element and Fair Share Plan must be filed in writing together with copies of any supporting affidavits or documents on or before December 2, 2019 with the Hon. Linda Grasso Jones, Superior Court of New Jersey, Monmouth County Courthouse, Post Office Box 1266, Freehold, New Jersey 07728, with duplicate copies forwarded by mail to counsel for Fair Share Housing Center, counsel for the Borough of Highlands, and Special Michael P. Bolan, P.P, AICP.
14. The Borough of Highlands shall file any reply to those objections on or before December 9, 2019.
15. The Special Master shall submit his report to the court no later than December 16, 2019 opining whether the Borough's Housing Element and Fair Share Plan creates a realistic opportunity to satisfy the Borough's fair share of the regional need for housing affordable to low and moderate- income housing.
16. Upon such a finding, the court shall issue a Judgment of Compliance and Repose or the judicial equivalent of substantive certification pursuant to the New Jersey Fair Housing Act; which, once entered, will maintain the Borough of Highlands's immunity from all Mount Laurel lawsuits through July 1, 2025. A Final Judgment of Compliance and Repose may issue without further hearing should the Special Master file a certification of compliance that all conditions of the settlement have been met and no written objection to the Special Master's certification is received.
17. Counsel for the Borough shall provide copies of this Order to all counsel of record, the Court Master and the Service List within seven (7) days of the date hereof.

/s/ Linda Grasso Jones, J.S.C.

Hon. Linda Grasso Jones, J.S.C.

APPENDIX C

**BOROUGH OF HIGHLANDS
RESOLUTION #25-045
FILED JANUARY 16, 2025**



BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH

RESOLUTION 25-045

RESOLUTION OF THE BOROUGH OF HIGHLANDS, COUNTY OF MONMOUTH, COMMITTING TO COMPLY WITH AFFORDABLE HOUSING OBLIGATIONS FOR ROUND 4

WHEREAS, on March 20, 2024, Governor Murphy signed into law an Amendment to the Fair Housing Act (N.J.S.A. 52:27D-301 et seq.) (hereinafter "Amended FHA"); and

WHEREAS, the Amended FHA requires the Department of Community Affairs ("DCA") to produce non-binding estimates of fair share obligations on or before October 20, 2024; and

WHEREAS, the DCA issued a report on October 18, 2024 ("DCA Report") wherein it reported its estimate of the obligation for all municipalities based upon its interpretation of the standards in the Amended FHA; and

WHEREAS, the DCA Report identifies the Borough's Present Need, also referred to as its Rehabilitation Obligation, as 0 and its Round 4 Prospective Need as 30; and

WHEREAS, the Amended FHA provides that the DCA Report is non-binding, thereby inviting municipalities to demonstrate that the Amended FHA would support lower calculations of Round 4 affordable housing obligations; and

WHEREAS, the Amended FHA further provides that "[a]ll parties shall be entitled to rely upon regulations on municipal credits, adjustments, and compliance mechanisms adopted by COAH unless those regulations are contradicted by statute, including P.L. 2024, c.2, or binding court decisions" (N.J.S.A 52:27D-311 (m)); and

WHEREAS, COAH regulations authorize vacant land adjustments as well as durational adjustments; and

WHEREAS, based on the foregoing, the Borough of Highlands accepts the DCA calculations of its fair share obligations and commits to its fair share of 0 units present need and 30 units prospective need for Round 4 subject to any vacant land and/or durational adjustments it may seek as part of the Housing Element and Fair Share Plan it submits by the June 30, 2025 deadline the Amended FHA establishes; and

WHEREAS, the Borough of Highlands reserves the right to comply with any additional amendments to the FHA that the Legislature may enact; and

WHEREAS, the Borough of Highlands also reserves the right to adjust its position in the event of any rulings in the Montvale case (MER-L-1778-24) or any other such action that alters the deadlines and/or requirements of the Amended FHA; and

WHEREAS, in the event that a third party challenges the calculations provided for in this Resolution, the Borough of Highlands reserves the right to take such position as it deems appropriate in response thereto, including that its Round 4 Present or Prospective Need Obligations should be lower than described herein; and

WHEREAS, in light of the above, the Borough of Highlands finds that it is in the best interest of the Borough to declare its commitment to the obligations reported by the DCA on October 18, 2024 subject to the reservations set forth herein; and

WHEREAS, in addition to the above, the Acting Administrative Director issued Directive #14-24, dated December 13, 2024, and made the directive available later in the week that followed; and

WHEREAS, pursuant to Directive #14-24, a municipality seeking a certification of compliance with the FHA shall file an action in the form of a declaratory judgment complaint in the county in which the municipality is located within 48 hours after adoption of the municipal resolution of fair share obligations, or by February 3, 2025, whichever is sooner” and

WHEREAS, the Borough of Highlands seeks a certification of compliance with the FHA and, therefore, directs its Affordable Housing Counsel to file a declaratory relief action within 48 hours of the adoption of this resolution in Monmouth County and with the Program.

NOW, THEREFORE, BE IT RESOLVED on this 15th day of January, 2025 by the Borough of Highlands as follows:

1. All of the above Whereas Clauses are incorporated into the operative clauses of this resolution.
2. The Borough of Highlands hereby commits to the obligations the DCA reported on October 18, 2024, 0 units for the Present Need or rehab obligation and 30 for the Round 4 Prospective Need subject to all reservations of rights, which specifically include:
 - a. The right to a vacant land adjustment or a durational adjustment in accordance with COAH regulations;
 - b. The right to comply with the NJILGA Legislation or any other legislation that modifies its rights and obligations under current laws;

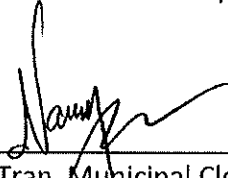
- c. The right to adjust its obligations based upon any ruling in the Montvale litigation or any other litigation; and
 - d. The right to adjust its obligations in the event of a third party challenge to the obligations of the Borough of Highlands and the Borough defends itself.
3. The Borough of Highlands hereby directs its Affordable Housing Counsel to file a declaratory judgment complaint in Monmouth County within 48 hours after adoption of this resolution attaching this resolution.
 4. The Borough of Highlands authorizes its Affordable Housing Counsel to attach this resolution as an exhibit to the declaratory judgment action that is filed and to submit and/or file this resolution with the Program or any other such entity as may be determined to be appropriate.
 5. This resolution shall take effect immediately, according to law.

Motion to Approve R 25-045:

| | INTRODUCED | SECOND | AYE | NAY | ABSTAIN | ABSENT |
|-----------|------------|--------|-----|-----|---------|--------|
| CERVANTES | | | X | | | |
| CHELAK | | X | X | | | |
| MELNYK | | | X | | | |
| OLSZEWSKI | | | X | | | |
| BROULLON | X | | X | | | |

This is a Certified True copy of the Original Resolution on file in the Municipal Clerk's Office.

DATE OF VOTE: January 15, 2025



Nancy Tran, Municipal Clerk
Borough of Highlands

APPENDIX D
ROUND FOUR DECLARATORY JUDGMENT COMPLAINT
(DOCKET NO. MON-L-000196-25)
FILED JANUARY 16, 2025

SURENIAN, EDWARDS, BUZAK & NOLAN LLC

311 Broadway, Suite A

Point Pleasant Beach, NJ 08742

(732) 612-3100

By: Jeffrey R. Surenian, JRS@Surenian.com; Attorney ID: 024231983

Michael C. Borneo, MCB@Surenian.com; Attorney ID: 006101999

Attorneys for Declaratory Plaintiff, Borough of Highlands

**IN THE MATTER OF THE
APPLICATION OF THE BOROUGH OF
HIGHLANDS, COUNTY OF
MONMOUTH, STATE OF NEW JERSEY**

**SUPERIOR COURT OF NEW JERSEY
LAW DIVISION: MONMOUTH COUNTY**

DOCKET NO.: MON-L-_____

CIVIL ACTION
AFFORDABLE HOUSING
PER DIRECTIVE # 14-24

**COMPLAINT FOR DECLARATORY
RELIEF PURSUANT TO
DIRECTIVE# 14-24**

Declaratory Plaintiff, the Borough of Highlands, County of Monmouth, State of New Jersey (hereinafter, "Highlands" or the "Borough"), a municipal corporation of the State of New Jersey, with principal offices located at 151 Navesink Avenue, Highlands NJ 07732, by way of this Declaratory Judgment Action ("DJ Action") as authorized under Directive # 14-24 of the Administrative Office of the Courts, alleges and says:

Background

1. The Borough of Highlands is a municipal corporation of the State of New Jersey.
2. The Planning Board of the Borough of Highlands (hereinafter, "Planning Board") is a municipal agency created and organized under the Municipal Land Use Law, N.J.S.A. 40:55D-1 et. seq., ("MLUL"), and, among other duties and obligations, is responsible for adopting the Housing Element and Fair Share Plan ("HEFSP") of Highlands' Master Plan.

3. Through this declaratory judgment action (“DJ Action”), Highlands seeks the following relief in relation to its Fourth Round (2025-2035) affordable housing obligation: (a) to secure the jurisdiction of the Affordable Housing Alternative Dispute Resolution Program (the “Program”) pursuant to P.L. 2024, c.2 (hereinafter, the “Act”) and the Court, pursuant to Directive # 14-24; (b) to have the Program and the Court approve the Borough of Highlands’ Present and Prospective affordable housing obligations as set forth in the binding resolution adopted by the Borough, attached hereto as Exhibit 1; (c) to have the Program and the Court approve a HEFSP to be adopted by the Planning Board and endorsed by the Council and issue a conditional or unconditional “Compliance Certification” pursuant to the Act or other similar declaration; (d) to the extent it is not automatically granted pursuant to the Act, through the filing of this DJ Action and binding resolution, to have the Program and the Court confirm Highlands’ immunity from all exclusionary zoning litigation , including builder’s remedy lawsuits, during the pendency of the process outlined in the Act and for the duration of Fourth Round, i.e., through June 30, 2035; and (e) to have the Program and the Court take such other actions and grant such other relief as may be appropriate to ensure that the Borough receive and obtain all protections as afforded to it in complying with the requirements of the Act, including, without limitation, all immunities and presumptions of validity necessary to satisfy its affordable housing obligations voluntarily without having to endure the expense and burdens of unnecessary third party litigation.

COUNT I

ESTABLISHMENT OF JURISDICTION UNDER P.L.2024, C. 2

4. The Borough of Highlands repeats and realleges each and every allegation as set forth in the previous paragraphs of this DJ Action as if set forth herein in full.
5. The Act represents a major revision of the Fair Housing Act of 1985, N.J.S.A. 52:27D-301 *et seq.*

6. Among other things, the Act abolished the Council on Affordable Housing (hereinafter, "COAH"), and replaced it with seven retired, on recall judges designated as the Program. Among other things, the Act authorized the Director of the Administrative Office of the Courts, (hereinafter, respectively, "Director" and "AOC") to create a framework to process applications for a compliance certification.
7. On or about December 13, 2024, the Director issued Directive # 14-24, which among other things, required municipalities seeking compliance certification to file an action in the form of a declaratory judgment complaint and Civil Case Information Statement in the County in which the municipality is located within 48 hours after the municipality's adoption of a binding resolution as authorized under the Act and attach a copy of said binding resolution to the DJ Action.
8. Highlands adopted a binding resolution establishing its present and prospective affordable housing obligations within the statutory window of time set forth in the Act and in accordance with the methodology and formula set forth in the Act, a certified copy of which resolution is attached to this DJ Action as Exhibit 1.
9. Based on the foregoing, Highlands has established the jurisdiction of the Program and the Court in regard to this DJ Action for a compliance certification as set forth hereinafter.

WHEREFORE, the Borough of Highlands seeks a declaratory judgment for the following relief:

- a. Declaring that the Borough has established jurisdiction for the Program and the Court to confirm its present and prospective affordable housing needs as set forth in the binding resolution attached as Exhibit 1 to this DJ Action or to adjust such determination consistent with the Act;

- b. Declaring the present and prospective affordable housing obligations of the Borough under the Act;
- c. Declaring the approval of the Borough's HEFSP subsequent to its adoption by the Planning Board and its endorsement by the Borough Council, including, as appropriate and applicable, (i) a Vacant Land Adjustment predicated upon a lack of vacant, developable and suitable land; (ii) a Durational Adjustment (whether predicated upon lack of sanitary sewer or lack of water); and/or (iii) an adjustment predicated upon regional planning entity formulas, inputs or considerations, as applicable; (iv) an adjustment based on any future legislation that may be adopted that allows an adjustment of the affordable housing obligations; (v) an adjustment based upon any ruling in litigation involving affordable housing obligations; and (vi) any other applicable adjustment permitted in accordance with the Act and/or applicable COAH regulations;
- d. Declaring that the Borough continues to have immunity from all exclusionary zoning litigation and all litigation related to its affordable housing obligations as established under the Program;
- e. Declaring and issuing compliance certification and immunity from exclusionary zoning litigation in accordance with the Act and Directive # 14-24 to the Borough of Highlands for the period beginning July 1, 2025 and ending June 30, 2035; and
- f. Declaring such other relief that the Program and Court deems just and proper within the parameters of the Act and applicable COAH regulations.

COUNT II
**DETERMINATION OF THE PRESENT AND PROSPECTIVE NEED OF THE
 BOROUGH OF HIGHLANDS**

10. Highlands repeats and realleges each and every allegation set forth in the previous paragraphs of this DJ Action as if set forth herein in full.
11. The Act adopted the methodology to calculate every municipality's present and prospective need affordable housing obligation for the Fourth Round (2025-2035) and beyond.
12. The Act directed the Department of Community Affairs ("DCA") to apply the methodology and to render a non-binding calculation of each municipality's present and prospective affordable housing obligations to be contained in a report to be issued not later than October 20, 2024.
13. The DCA issued its report on October 18, 2024.
14. Pursuant to the October 18, 2024 report, the DCA calculated Highlands' present and prospective affordable housing obligations as follows:

| PRESENT NEED (REHABILITATION OBLIGATION) | FOURTH ROUND PROSPECTIVE NEED OBLIGATION (2025-2035) |
|---|---|
| 0 | 30 |

15. Pursuant to the Act, a municipality desiring to participate in the Program is obligated to adopt a "binding resolution" determining its present and prospective affordable housing obligations to which it will commit based upon the methodology set forth in the Act.
16. Highlands adopted a binding resolution, a copy of which is attached hereto and made a part hereof as Exhibit 1 to this DJ Action.

17. The binding resolution maintains that the Present ("Rehabilitation") Need obligation of Highlands is 0 and its Prospective Need obligation is 30.
18. Highlands seeks the approval of and confirmation by the Program and the Court of the Present and Prospective affordable housing obligations as set forth in the binding resolution attached hereto and made a part hereof as Exhibit 1 or the adjustment of those obligations consistent with the Act and the applicable COAH regulations
19. Pursuant to the binding resolution, the Borough of Highlands reserves all rights to amend its affordable housing obligations in the event of a successful legal challenge, or legislative change, to the Act.
20. Pursuant to the binding resolution, Highlands specifically reserves the right to seek and obtain 1) a Vacant Land Adjustment predicated upon a lack of vacant, developable and suitable land; 2) a Durational Adjustment (whether predicated upon lack of sanitary sewer or lack of water); 3) an adjustment based on any future legislation that may be adopted that allows an adjustment of the affordable housing obligations; 4) an adjustment based upon any ruling in litigation involving affordable housing obligations; and 5) any other applicable adjustment permitted in accordance with the Act and/or applicable COAH regulations.

WHEREFORE, the Borough of Highlands seeks a declaratory judgment for the following relief:

- a. Declaring that the Borough has established jurisdiction for the Program and the Court to confirm its present and prospective affordable housing needs as set forth in the binding resolution attached as Exhibit 1 to this DJ Action or to adjust such determination consistent with the Act;

- b. Declaring the present and prospective affordable housing obligations of Highlands under the Act;
- c. Declaring the approval of Highlands' HEFSP subsequent to its adoption by the Planning Board and its endorsement by the Council, including, as appropriate and applicable, (i) a Vacant Land Adjustment predicated upon a lack of vacant, developable and suitable land; (ii) a Durational Adjustment (whether predicated upon lack of sanitary sewer or lack of water); (iii) an adjustment based on any future legislation that may be adopted that allows an adjustment of the affordable housing obligations; (iv) an adjustment based upon any ruling in litigation involving affordable housing obligations; and/or (v) any other applicable adjustment permitted in accordance with the Act and/or applicable COAH regulations;
- d. Declaring that the Borough continues to have immunity from all exclusionary zoning litigation and all litigation related to its affordable housing obligations as established under the Program;
- e. Declaring and issuing compliance certification and immunity from exclusionary zoning litigation in accordance with the Act and Directive # 14-24 to Highlands for the period beginning July 1, 2025 and ending June 30, 2035; and
- f. Declaring such other relief that the Program and Court deems just and proper within the parameters of the Act and applicable COAH regulations.

COUNT III
HOUSING ELEMENT AND FAIR SHARE PLAN

21. The Borough of Highlands repeats and realleges each and every allegation set forth in the previous paragraphs of this DJ Action as if set forth herein in full.
22. Pursuant to the Act, a Housing Element and Fair Share Plan (hereinafter, ("HEFSP")) must be prepared adopted by the Planning Board and endorsed, by June 30, 2025.
23. Highlands hereby commits for its professionals to prepare the appropriate HEFSP to address its affordable housing obligations, as determined by the Program and the Court which HEFSP shall apply as appropriate, any applicable adjustments, including, without limitation, 1) a Vacant Land Adjustment predicated upon a lack of vacant, developable and suitable land; 2) a Durational Adjustment (whether predicated upon lack of sanitary sewer or lack of water); 3) an adjustment based on any future legislation that may be adopted that allows an adjustment of the affordable housing obligations; 4) an adjustment based upon any ruling in litigation involving affordable housing obligations; and 5) any other applicable adjustment permitted in accordance with the Act and/or applicable COAH regulations.

WHEREFORE, the Borough of Highlands seeks a declaratory judgment for the following relief:

- a. Declaring that Highlands has established jurisdiction for the Program and the Court to confirm its present and prospective affordable housing needs as set forth in the binding resolution attached as Exhibit 1 to this DJ Action or to adjust such determination consistent with the Act;
- b. Declaring the present and prospective affordable housing obligations of Highlands under the Act;

- c. Declaring the approval of Highlands' HEFSP subsequent to its adoption by the Planning Board and its endorsement by the Council, including, as appropriate and applicable, (i) a Vacant Land Adjustment predicated upon a lack of vacant, developable and suitable land; (ii) a Durational Adjustment (whether predicated upon lack of sanitary sewer or lack of water); (iii) an adjustment based upon any ruling in litigation involving affordable housing obligations; and/or (vi) any other applicable adjustment permitted in accordance with the Act and/or applicable COAH regulations;
- d. Declaring that the Borough of Highlands continues to have immunity from all exclusionary zoning litigation and all litigation related to its affordable housing obligations as established under the Program;
- e. Declaring and issuing compliance certification and immunity from exclusionary zoning litigation in accordance with the Act and Directive # 14-24 to the Borough of Highlands for the period beginning July 1, 2025 and ending June 30, 2035; and
- f. Declaring such other relief that the program and Court deems just and proper within the parameters of the Act and applicable COAH regulations.

COUNT IV
CONFIRMATION OF IMMUNITY

- 24. The Borough of Highlands repeats and realleges each and every allegation set forth in the previous paragraphs of this declaratory judgment complaint as if set forth herein in full.
- 25. Pursuant to the Act, a municipality that complies with the deadlines in the Act for both determining present and prospective affordable housing obligations affordable housing

obligations and for adopting an appropriate HEFSP shall have immunity from exclusionary zoning litigation.

26. The Borough of Highlands has met the deadline for the adoption and filing of its binding resolution (and the filing of this DJ Action in accordance with Directive # 14-24) not later than January 31, 2025 by adopting the binding resolution attached to this DJ Action as Exhibit 1, and has committed to the adoption of its HEFSP by the June 30, 2025.

27. Without waiving any judicial immunity from exclusionary zoning litigation that Highlands possesses as a result of any applicable Judgment of Compliance and Repose entered in favor of the Borough in Round 3, Highlands has qualified for continued immunity under the Act while pursuing its certification of compliance in the instant matter.

WHEREFORE, the Borough of Highlands seeks a declaratory judgment for the following relief:

- a. Declaring that the Borough has established jurisdiction for the Program and the Court to confirm its present and prospective affordable housing needs as set forth in the binding resolution attached as Exhibit 1 to this DJ Action or to adjust such determination consistent with the Act;
- b. Declaring the present and prospective affordable housing obligations of Highlands under the Act;
- c. Declaring the approval of Highlands' HEFSP subsequent to its adoption by the Planning Board and its endorsement by the Council, including, as appropriate and applicable, (i) a Vacant Land Adjustment predicated upon a lack of vacant, developable and suitable land; (ii) a Durational Adjustment (whether predicated upon lack of sanitary sewer or lack of water); (iii) an adjustment based on any

future legislation that may be adopted that allows an adjustment of the affordable housing obligations; (iv) an adjustment based upon any ruling in litigation involving affordable housing obligations; and/or (v) any other applicable adjustment permitted in accordance with the Act and/or applicable COAH regulations;

- d. Declaring that Highlands continues to have immunity from all exclusionary zoning litigation and all litigation related to its affordable housing obligations as established under the Program;
- e. Declaring and issuing compliance certification and immunity from exclusionary zoning litigation in accordance with the Act and Directive # 14-24 to Highlands for the period beginning July 1, 2025 and ending June 30, 2035; and
- f. Declaring such other relief that the Program and Court deems just and proper within the parameters of the Act and applicable COAH regulations.

SURENIAN, EDWARDS, BUZAK & NOLAN LLC
Attorneys for the Declaratory Plaintiff,
Borough of Highlands

Jeffrey R. Surenian

By: _____
 Jeffrey R. Surenian, Esq.

Dated: January 16, 2025

CERTIFICATION PURSUANT TO R. 4:5-1

Jeffrey R. Surenian, Esq., of full age, hereby certifies as follows:

- 1. I am a member of the Firm of Surenian, Edwards, Buzak & Nolan LLC, attorneys for declaratory plaintiff, Borough of Highlands.

2. To the best of my knowledge, there is no other action pending in any court or any pending arbitration proceeding of which the matter in controversy herein is the subject and no such other action or arbitration proceeding is contemplated. To the best of my knowledge, there are no other parties who should be joined in this action.
3. The within Complaint was filed and served within the time prescribed by the Rules of Court.

I hereby certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

SURENIAN, EDWARDS, BUZAK & NOLAN LLC
Attorneys for the Declaratory Plaintiff
Borough of Highlands

Jeffrey R. Surenian

By: _____
 Jeffrey R. Surenian, Esq.

Dated: January 16, 2025

CERTIFICATION PURSUANT TO R. 1:38-7(b)

Jeffrey R. Surenian, Esq., of full age, hereby certifies as follows:

1. I am a member of the firm of Surenian, Edwards, Buzak & Nolan LLC, attorneys for Declaratory Plaintiff, Borough of Highlands.
2. I certify that confidential personal identifiers have been redacted from documents now submitted to the Court and will be redacted from all documents submitted in the future in accordance with R. 1:38-7(b).

I hereby certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

SURENIAN, EDWARDS, BUZAK & NOLAN LLC
*Attorneys for the Declaratory Plaintiff,
Borough of Highlands*

Jeffrey R. Surenian
By: _____
Jeffrey R. Surenian, Esq.

Dated: January 16, 2025

DESIGNATION OF TRIAL COUNSEL

Pursuant to R. 4:25-4, notice is hereby given that Jeffrey R. Surenian, Esq., attorney for the Declaratory Plaintiff, Borough of Highlands is designated as trial counsel in the above captioned matter.

SURENIAN EDWARDS BUZAK & NOLAN LLC
*Attorneys for Declaratory Plaintiff,
Borough of Highlands*

Jeffrey R. Surenian
By: _____
Jeffrey R. Surenian, Esq.

Dated: January 16, 2025

EXHIBIT 1



BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH

RESOLUTION 25-045

RESOLUTION OF THE BOROUGH OF HIGHLANDS, COUNTY OF MONMOUTH, COMMITTING TO COMPLY WITH AFFORDABLE HOUSING OBLIGATIONS FOR ROUND 4

WHEREAS, on March 20, 2024, Governor Murphy signed into law an Amendment to the Fair Housing Act (N.J.S.A. 52:27D-301 et seq.) (hereinafter "Amended FHA"); and

WHEREAS, the Amended FHA requires the Department of Community Affairs ("DCA") to produce non-binding estimates of fair share obligations on or before October 20, 2024; and

WHEREAS, the DCA issued a report on October 18, 2024 ("DCA Report") wherein it reported its estimate of the obligation for all municipalities based upon its interpretation of the standards in the Amended FHA; and

WHEREAS, the DCA Report identifies the Borough's Present Need, also referred to as its Rehabilitation Obligation, as 0 and its Round 4 Prospective Need as 30; and

WHEREAS, the Amended FHA provides that the DCA Report is non-binding, thereby inviting municipalities to demonstrate that the Amended FHA would support lower calculations of Round 4 affordable housing obligations; and

WHEREAS, the Amended FHA further provides that "[a]ll parties shall be entitled to rely upon regulations on municipal credits, adjustments, and compliance mechanisms adopted by COAH unless those regulations are contradicted by statute, including P.L. 2024, c.2, or binding court decisions" (N.J.S.A 52:27D-311 (m)); and

WHEREAS, COAH regulations authorize vacant land adjustments as well as durational adjustments; and

WHEREAS, based on the foregoing, the Borough of Highlands accepts the DCA calculations of its fair share obligations and commits to its fair share of 0 units present need and 30 units prospective need for Round 4 subject to any vacant land and/or durational adjustments it may seek as part of the Housing Element and Fair Share Plan it submits by the June 30, 2025 deadline the Amended FHA establishes; and

WHEREAS, the Borough of Highlands reserves the right to comply with any additional amendments to the FHA that the Legislature may enact; and

WHEREAS, the Borough of Highlands also reserves the right to adjust its position in the event of any rulings in the Montvale case (MER-L-1778-24) or any other such action that alters the deadlines and/or requirements of the Amended FHA; and

WHEREAS, in the event that a third party challenges the calculations provided for in this Resolution, the Borough of Highlands reserves the right to take such position as it deems appropriate in response thereto, including that its Round 4 Present or Prospective Need Obligations should be lower than described herein; and

WHEREAS, in light of the above, the Borough of Highlands finds that it is in the best interest of the Borough to declare its commitment to the obligations reported by the DCA on October 18, 2024 subject to the reservations set forth herein; and

WHEREAS, in addition to the above, the Acting Administrative Director issued Directive #14-24, dated December 13, 2024, and made the directive available later in the week that followed; and

WHEREAS, pursuant to Directive #14-24, a municipality seeking a certification of compliance with the FHA shall file an action in the form of a declaratory judgment complaint in the county in which the municipality is located within 48 hours after adoption of the municipal resolution of fair share obligations, or by February 3, 2025, whichever is sooner” and

WHEREAS, the Borough of Highlands seeks a certification of compliance with the FHA and, therefore, directs its Affordable Housing Counsel to file a declaratory relief action within 48 hours of the adoption of this resolution in Monmouth County and with the Program.

NOW, THEREFORE, BE IT RESOLVED on this 15th day of January, 2025 by the Borough of Highlands as follows:

1. All of the above Whereas Clauses are incorporated into the operative clauses of this resolution.
2. The Borough of Highlands hereby commits to the obligations the DCA reported on October 18, 2024, 0 units for the Present Need or rehab obligation and 30 for the Round 4 Prospective Need subject to all reservations of rights, which specifically include:
 - a. The right to a vacant land adjustment or a durational adjustment in accordance with COAH regulations;
 - b. The right to comply with the NJILGA Legislation or any other legislation that modifies its rights and obligations under current laws;

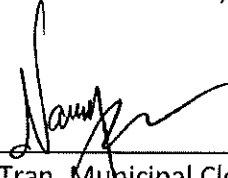
- c. The right to adjust its obligations based upon any ruling in the Montvale litigation or any other litigation; and
 - d. The right to adjust its obligations in the event of a third party challenge to the obligations of the Borough of Highlands and the Borough defends itself.
3. The Borough of Highlands hereby directs its Affordable Housing Counsel to file a declaratory judgment complaint in Monmouth County within 48 hours after adoption of this resolution attaching this resolution.
 4. The Borough of Highlands authorizes its Affordable Housing Counsel to attach this resolution as an exhibit to the declaratory judgment action that is filed and to submit and/or file this resolution with the Program or any other such entity as may be determined to be appropriate.
 5. This resolution shall take effect immediately, according to law.

Motion to Approve R 25-045:

| | INTRODUCED | SECOND | AYE | NAY | ABSTAIN | ABSENT |
|-----------|------------|--------|-----|-----|---------|--------|
| CERVANTES | | | X | | | |
| CHELAK | | X | X | | | |
| MELNYK | | | X | | | |
| OLSZEWSKI | | | X | | | |
| BROULLON | X | | X | | | |

This is a Certified True copy of the Original Resolution on file in the Municipal Clerk's Office.

DATE OF VOTE: January 15, 2025



Nancy Tran, Municipal Clerk
Borough of Highlands

**APPENDIX E
PTAK TOWERS
DOCUMENTATION**

104-DEED - BARGAIN AND SALE (Covenant as to Grantor's Acts)
CORP. TO IND. OR CORP. - Plain Language

GRVST-1

Copyright © 1982 By ALL-STATE LEGAL SUPPLY CO.
One Commerce Drive, Cranford, N.J. 07016**DEED**

This Deed is made on April 7, 1986

BETWEEN PET-MIL CORPORATION

| | |
|--------------------|---------------|
| COUNTY OF MONMOUTH | |
| CONSIDERATION | EXEMPT |
| RFT. | |
| DATE | 4/10/86 BY SD |

a corporation of the state of New Jersey
having its principal office at 25 South Service Road, Jericho, New York
referred to as the Grantor,

AND THE HOUSING AUTHORITY OF THE BOROUGH OF HIGHLANDS

whose post office address is 171 Bay Avenue, Highlands, New Jersey
referred to as the Grantee.

The word "Grantee" shall mean all Grantees listed above.

Transfer of Ownership. The Grantor grants and conveys (transfers ownership of) the property described below to the Grantee. This transfer is made for the sum of Five Million Six Hundred Thirty-five Thousand Nine Hundred Eighty-five and 00/100 DOLLARS-- (\$5,635,985.00) The Grantor acknowledges receipt of this money.

Tax Map Reference. (N.J.S.A. 46:15-2.1) Municipality of Highlands
Block No. 61 Lot No. 16, 19, 01 & 24 Account No.
☐ No property tax identification number is available on the date of this Deed. (Check box if applicable.)

Property. The property consists of the land and all the buildings and structures on the land in the Borough of Highlands of Highlands County of Monmouth and State of New Jersey. The legal description is:

BEGINNING at a point in the westerly line of Shore Drive, said point being distant northerly 150 feet from the intersection of said westerly line of Shore Drive with the northerly line of Valley Avenue, and running, thence (1) Along said westerly line of Shore Drive North 42 degrees 47 minutes West, a distance of 330.00 feet to a point, thence (2) South 46 degrees 30 minutes West, a distance of 115.00 feet to a point, thence (3) South 42 degrees 47 minutes East, a distance of 330.00 feet to a point, thence (4) North 46 degrees 30 minutes East, a distance of 115.00 feet to the point or place of BEGINNING.

The above description is in accordance with a survey prepared by Thomas P. Santry, P.A. dated April 22, 1985.

BEING the same premises conveyed to the Grantor herein by Deed from Power Electric Co., Inc., dated June 17, 1985, recorded July 23, 1985 in the Monmouth County Clerk's Office in Deed Book 4579, Page 710.

DEED

BOOK 4646 PAGE 462

Prepared by: *Anthony Giampapa*
(N.J.S.A. 46:15-13)

Anthony Giampapa, Esq.

NC 1845—AFFIDAVIT OF CONSIDERATION
RTF-1 (Rev. 1/1/81)

STATE OF NEW JERSEY
AFFIDAVIT OF CONSIDERATION OR EXEMPTION
(c. 49, P.L. 1968)

ALL-STATE LEGAL SUPPLY CO.
One Commerce Drive, Cranford, N.J. 07018
A O G R V —1

or
PARTIAL EXEMPTION
(c. 176, P.L. 1975)

To Be Recorded With Deed Pursuant to c. 49, P.L. 1968 (N.J.S.A. 46:15-3 et seq.)

STATE OF NEW JERSEY

COUNTY OF PASSAIC

FOR RECORDER'S USE ONLY

Consideration \$ _____
Realty Transfer Fee \$ EXEMPT
Date 4/10/86 By JD

*Use symbol "C" to indicate that fee is exclusively for county use.

(1) PARTY OR LEGAL REPRESENTATIVE (See Instructions #3, 4 and 5 on reverse side).

Deponent, MILTON D. PETRIDES, being duly sworn according to law upon his/her oath deposes and says that he/she is the Corporate Officer
(State Whether Grantor, Grantee, Legal Representative, Corporate Officer, Officer of Title Co., Lending Institution, etc.)
in a deed dated April 7, 1986, transferring real property identified as Block No. _____
Lot No. 16, 19, 21 & 24 located at Shore Drive, Borough of Highlands, County
of Monmouth, New Jersey and annexed hereto.

(2) CONSIDERATION (See Instruction #6)

Deponent states that, with respect to deed hereto annexed, the actual amount of money and the monetary value of any other thing of value constituting the entire compensation paid or to be paid for the transfer of title to the lands, tenements or other realty, including the remaining amount of any prior mortgage to which the transfer is subject or which is to be assumed and agreed to be paid by the grantee and any other lien or encumbrance thereon not paid, satisfied or removed in connection with the transfer of title is \$ 5,635,985.00.

(3) FULL EXEMPTION FROM FEE: Deponent claims that this deed transaction is fully exempt from the Realty Transfer Fee imposed by c. 49, P.L. 1968, for the following reason(s): Explain in detail. (See Instruction #7.) Mere reference to exemption symbol is not sufficient.

By or to the United States of America, this State, or any

instrumentality, agency or subdivision thereof.

(4) PARTIAL EXEMPTION FROM FEE NOTE: All boxes below apply to grantor(s) only. ALL BOXES IN APPROPRIATE CATEGORY MUST BE CHECKED. Failure to do so will hold claim for partial exemption. (See Instruction #8)

Deponent claims that this deed transaction is exempt from the increased portion of the Realty Transfer Fee imposed by c. 176, P.L. 1975 for the following reason(s):

- a) SENIOR CITIZEN (See Instruction #8)
- ☐ Grantor(s) 62 yrs. of age or over. ☐ Owned and occupied by grantor(s) at time of sale.
- ☐ One or two-family residential premises. ☐ No joint owners other than spouse or other qualified exempt owners.
- b) BLIND (See Instruction #8)
- ☐ Grantor(s) legally blind. ☐ Owned and occupied by grantor(s) at time of sale.
- ☐ One or two-family residential premises. ☐ No joint owners other than spouse or other qualified exempt owners.
- c) DISABLED (See Instruction #8)
- ☐ Grantor(s) permanently and totally disabled. ☐ Owned and occupied by grantor(s) at time of sale.
- ☐ One or two-family residential premises. ☐ Not gainfully employed.
- ☐ Receiving disability payments. ☐ No joint owners other than spouse or other qualified exempt owners.

*IN THE CASE OF HUSBAND AND WIFE, ONLY ONE GRANTOR NEED QUALIFY.

d) NEW CONSTRUCTION (See Instruction #8).

- ☐ Entire new improvement. ☐ Not previously occupied.
- ☐ Not previously used for any purpose.

Deponent makes affidavit to induce the County Clerk or Register of Deeds to receive the deed and accept the fee submitted herewith in accordance with the provisions of c. 49, P.L. 1968.

Subscribed and Sworn to before me

this 7th day of April, 19 86

Anthony J. Giampara
ANTHONY J. GIAMPARA
An Attorney at Law of New Jersey

MILTON D. PETRIDES

25 South Service Rd., Jericho, N.Y.

FOR OFFICIAL USE ONLY This space for use of County Clerk or Register of Deeds.

Instrument Number _____ County _____
Deed Number _____ Book _____ Page _____
Deed Dated _____ Date Recorded _____

IMPORTANT — BEFORE COMPLETING THIS AFFIDAVIT, PLEASE READ THE INSTRUCTIONS ON THE REVERSE SIDE HEREOF.

This form is prescribed by the Director, Division of Taxation in the Department of the Treasury, as required by law, and may not be altered or amended without the approval of the Director.

ORIGINAL — White copy to be retained by County.

DUPLICATE — Yellow copy to be forwarded by County to Division of Taxation, pursuant to N.J.A.C. 18:18—8.12.

TRIPPLICATE — Pink copy is your file copy.

WHITE AND YELLOW COPIES MUST BE SUBMITTED WITH DEED TO COUNTY RECORDING OFFICE

BOOK 4646 PAGE 463

Promises by Grantor. The Grantor promises that the Grantor has done no act to encumber the property. This promise is called a "covenant as to grantor's acts" (N.J.S.A. 46:4-6). This promise means that the Grantor has not allowed anyone else to obtain any legal rights which affect the property (such as by making a mortgage or allowing a judgment to be entered against the Grantor).

Signatures. This Deed is signed and attested to by the Grantor's proper corporate officers as of the date at the top of the first page. Its corporate seal is affixed.

Attested by

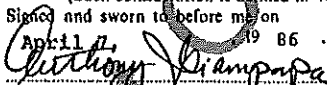
 MILTON D. PETRIDES Secretary

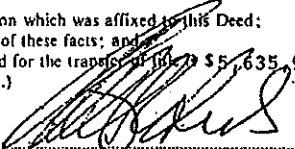
PET-MIL CORPORATION

 MILTON D. PETRIDES President

STATE OF NEW JERSEY, COUNTY OF PASSAIC SS.:
 I CERTIFY that on April 7, 1986
 MILTON D. PETRIDES

- personally came before me and this person acknowledged under oath, to my satisfaction, that:
- (a) this person is the Secretary of PET-MIL CORPORATION the corporation named in this Deed;
 - (b) this person is the attesting witness to the signing of this Deed by the proper corporate officer who is the President of the corporation;
 - (c) this Deed was signed and delivered by the corporation as its voluntary act duly authorized by a proper resolution of its Board of Directors;
 - (d) this person knows the proper seal of the corporation which was affixed to this Deed;
 - (e) this person signed this Deed to attest to the truth of these facts; and
 - (f) the full and actual consideration paid or to be paid for the transfer of this Deed is \$5,635,985.00 (Such consideration is defined in N.J.S.A. 46:15-5.)

Signed and sworn to before me on
 April 7, 1986

 ANTHONY J. CAMPAPA
 An Attorney at Law of New Jersey


 MILTON D. PETRIDES

4646 PAGE 464

021222
 RECORDS
 FREEHOLD COUNTY
 CLERK'S OFFICE
 APR 10 1986
 JANE G. CLAYTON
 COUNTY CLERK
 FREEHOLD N.J.

DEED

PET-MIL CORPORATION

Grantor.

TO

THE HOUSING AUTHORITY OF THE
 BOROUGH OF HIGHLANDS

Grantee.

Dated: April 7, 19 86

Record and return to:

Anthony J. Giampapa, P.C.
 1135 Clifton Avenue
 Clifton, New Jersey 07013

RTF EXEMPT

Pa. 1/022.00

BOOK 4646 PAGE 465

END OF DOCUMENT

APPENDIX F
MONMOUTH HIGHLANDS APARTMENTS
DOCUMENTATION

EXHIBIT "A"

THIS INDENTURE is made this 2nd day of February, 1994 by the Resolution Trust Corporation as Receiver for First Atlantic Federal Savings Association ("Grantor"), and Monmouth Housing Alliance ("Grantee") with an address at 90 Monmouth Street, Red Bank, NJ 07701.

WITNESSETH, that Grantor for and in consideration of the sum of One Dollar (\$1.00) lawful money of the United States of America, unto it well and truly paid by Grantee at and before the sealing and delivery of these presents, the receipt whereof is hereby acknowledged, has remised, and quitclaimed and by these presents does remise, release and quitclaim unto Grantee, its successors and assigns:

ALL THAT CERTAIN real property described in the Exhibit "B" attached hereto and made a part hereof;

TOGETHER with all and singular the tenements, hereditaments and appurtenances whatsoever thereunto belonging, or in any wise appertaining, and the reversions, remainders, rents, issues and profits thereof, and all the estate, right, title, interest, property, claim and demand whatsoever in and to the same and every part thereof (hereinafter the "Property");

Tax Map Reference: (N.J.S.A. 46:15-2.1) Municipality of Borough of Highlands Block No. 5.01 Lot No. 5.01 to 5.06 Map No. 1

No property tax identification number is available on the date of the deed. (Check if applicable)

UNDER AND SUBJECT, nevertheless, to all rights, reservations, restrictions and covenants of record including, without limitation, a Land Use Restriction Agreement and Recapture & Reinvestment of Profits Agreement to be recorded simultaneously herewith, the covenants, condition and restriction to which the hereby granted Property and improvements now existing or hereinafter thereon shall be and remain subject.

TO HAVE AND TO HOLD all and singular the above described Property, with the appurtenances, unto the Grantee, its successors and assigns, forever.

IN WITNESS WHEREOF the Grantor has caused this Deed to be duly executed the day and year first above written.

GRANTOR:
Resolution Trust Corporation as
Receiver for
First Atlantic Federal Savings
Association

By: Richard J. Weber
Title: Attorney-in-Fact

Witness: Susan M. Toney

GRANTEE:
Monmouth Housing Alliance

By: Richard J. Weber
Its Authorized Agent Richard J. Weber
Title: Vice President & Attorney

Witness: Felicia R. Brannan

Prepared by Jonathan Beyer
Senior Attorney, RTC-VFO

| |
|-----------------------------------|
| COUNTY OF MONMOUTH |
| CONSIDERATION |
| RTF <u>Grant</u> 2001 RTF |
| DATE <u>2-28-94</u> BY <u>RJS</u> |

085290-0830

RTF: Grant
Ch. 24 -
Medbank
Midstate
Monmouth
P.O. Box 696
Red Bank NJ
07753

EXHIBIT A

LEGAL DESCRIPTION FOR
Block 20, Lots 5.01 to 5.16 inclusive
37 Navesink Avenue, Borough of Highlands
County of Monmouth, State of New Jersey

ALL that certain tract or parcel of land and premises situate, lying and being in the Borough of Highlands, County of Monmouth and State of New Jersey, commonly known as 37 Navesink Avenue and more particularly described as follows:

BEGINNING at the intersection of the southwesterly line of New Jersey State Highway route 36 (80 feet wide) with the westerly line of Lot 4 in Block 20; said point being 112.20 feet measured westerly along said line of New Jersey State Highway Route 36 from its intersection with the westerly line of Portland Road, (50 feet wide) and from said beginning point running:

- 1) Along said line of Lot 4, South 47 degrees 26 minutes 10 seconds west 104.37 feet to a point in the northeasterly line of Highland Avenue (50 feet wide); thence
- 2) Along said line of Highland Avenue, North 36 degrees 47 minutes 00 seconds west, 150.15 feet in the southeasterly line of Lot 6; thence
- 3) Along said Lot 6, North 47 degrees 03 minutes 38 seconds east, 77.97 feet to a point in the southwesterly line of New Jersey State Highway Route 36; thence
- 4) Along said line of New Jersey State Highway Route 36, south 46 degrees 52 minutes 02 seconds east, 150.32 feet to the point and place of BEGINNING.

BEING KNOWN and designated as Lots 5.01 through 5.16 in Block 20 as shown on the Borough of Highlands, County of Monmouth Tax Map.

The above description was drawn in accordance with a survey made by Abbington-Nay Associates, C.E.L.S.P.P., dated May 19, 1987.

NOTICE

DB5290-0831

198914
RECORDED
FEB 28 1994 8:39 AM
MONMOUTH COUNTY CLERK
JANE G. CLAYTON

NC 1645—AFFIDAVIT OF CONSIDERATION
RTF-1 (Rev. 1/1/88)STATE OF NEW JERSEY
AFFIDAVIT OF CONSIDERATION OR EXEMPTION
(c. 49, P.L. 1968)
OF
PARTIAL EXEMPTION
(c. 176, P.L. 1975)ALL-STATE LEGAL SUPPLY CO.
One Commerce Drive, Cranford, N.J. 07014

ADGRVST-2

To Be Recorded With Deed Pursuant to c. 49, P.L. 1968, as amended by c. 225, P.L. 1985 (N.J.S.A. 46:15-5 et seq.)

STATE OF NEW JERSEY
COUNTY OF MONMOUTH } ss.

FOR RECORDER'S USE ONLY

Consideration \$ _____
Realty Transfer Fee \$ Exempt
Date 2-28-94 by RB

*Use symbol "C" to indicate that fee is exclusively for county use.

(1) PARTY OR LEGAL REPRESENTATIVE (See Instructions #3, 4 and 5 on reverse side)

Deponent, Richard J. Weber, being duly sworn according to law upon his/her oath deposes and says that he/she is the Vice President and Attorney
(State whether Grantor, Grantee, Legal Representative, Corporate Officer, Officer of Title Co., Lending Institution, etc.)
in a deed dated February 2, 1994, transferring real property identified as Block No. 20
Lot No. 5.01 to 5.16 inclusive 37 Navesink Avenue, Borough of Highlands, Monmouth County
(Street Address, Municipality, County)

(2) CONSIDERATION (See Instruction #6)

Deponent states that, with respect to deed hereto annexed, the actual amount of money and the monetary value of any other thing of value constituting the entire compensation paid or to be paid for the transfer of title to the lands, tenements or other realty including the remaining amount of any prior mortgage to which the transfer is subject or which is to be assumed and agreed to be paid by the grantee and any other lien or encumbrance thereon not paid, satisfied or removed in connection with the transfer of title is \$ 1.00

(3) FULL EXEMPTION FROM FEE Deponent claims that this deed transaction is fully exempt from the Realty Transfer Fee imposed by c. 49, P.L. 1968, for the following reason(s): Explain in detail. (See Instruction #7.) Mere reference to exemption symbol is not sufficient.

(a) Consideration less than \$100.00

(4) PARTIAL EXEMPTION FROM FEE NOTE: All boxes below apply to grantor(s) only. ALL BOXES IN APPROPRIATE CATEGORY MUST BE CHECKED. Failure to do so will void claim for partial exemption. (See Instructions #8 and #9)

Deponent claims that this deed transaction is exempt from the increased portion of the Realty Transfer Fee imposed by c. 176, P.L. 1975 for the following reason(s):

a) SENIOR CITIZEN (See Instruction #8)

- ☐
- Grantor(s) 62 yrs. of age or over.*
-
- ☐
- One or two-family residential premises

- ☐
- Owned and occupied by grantor(s) at time of sale.
-
- ☐
- No joint owners other than spouse or other qualified exempt owners.

b) BLIND (See Instruction #8)

- ☐
- Grantor(s) legally blind.*
-
- ☐
- One or two-family residential premises.

- ☐
- Owned and occupied by grantor(s) at time of sale.
-
- ☐
- No joint owners other than spouse or other qualified exempt owners.

DISABLED (See Instruction #8)

- ☐
- Grantor(s) permanently and totally disabled.*
-
- ☐
- One or two-family residential premises.
-
- ☐
- Receiving disability payments.

- ☐
- Owned and occupied by grantor(s) at time of sale.
-
- ☐
- Not gainfully employed.
-
- ☐
- No joint owners other than spouse or other qualified exempt owners.

*IN THE CASE OF HUSBAND AND WIFE, ONLY ONE GRANTOR NEED QUALIFY.

c) LOW AND MODERATE INCOME HOUSING (See Instruction #8)

- ☐
- Affordable According to HUD Standards
-
- ☐
- Reserved for Occupancy.
-
- ☐
- Meets Income Requirements of Region
-
- ☐
- Subject to Resale Controls.

d) NEW CONSTRUCTION (See Instruction #9)

- ☐
- Entirely new improvement.
-
- ☐
- Not previously used for any purpose.
-
- ☐
- Not previously occupied.

Deponent makes this Affidavit to induce the County Clerk or Register of Deeds to record the deed and accept the fee submitted herewith in accordance with the provisions of c. 49, P.L. 1968.

Subscribed and Sworn to before me

this 8th day of February, 1994

Felicia R. BonaimoRichard J. Weber
3455 Route 66, Neptune NJ
07753First Atlantic Federal
Savings Associationc/o Resolution Trust Corp.
P.O. Box 1500

Valley Forge PA 19482

FELICIA R. BONAIMO
Notary Public of New Jersey
My Commission Expires Jan. 12, 1999FOR OFFICIAL USE ONLY This space for use of County Clerk or Register of Deeds.
Instrument Number _____ County _____
Deed Number _____ Book _____ Page _____
Deed Dated _____ Date Recorded _____IMPORTANT - BEFORE COMPLETING THIS AFFIDAVIT, PLEASE READ THE INSTRUCTIONS ON THE REVERSE SIDE HEREOF.
This form is prescribed by the Director, Division of Taxation in the Department of the Treasury, as required by law, and may not be altered or amended without the approval of the Director.

ORIGINAL — White copy to be retained by County.

DUPLICATE — Yellow copy to be forwarded by County to Division of Taxation on partial exemption from fee (N.J.A.C. 18:16—8.12).

TRIPLICATE — Pink copy is your file copy.

085290-0832

WHITE AND YELLOW COPIES MUST BE SUBMITTED WITH DEED TO COUNTY RECORDING OFFICE

ACKNOWLEDGEMENT

STATE/Commonwealth of NEW JERSEY
COUNTY OF MONTGOMERY

On this the 8th day of February, 1994, before me, the undersigned notary public, personally appeared Richard J. Weber, known to me to be the Vice Pres. & Attorney, and whose name is subscribed to the within instrument and acknowledged that he/she executed same for the purpose therein contained.

IN WITNESS THEREOF, I hereunto set my hand and official seal

Felicia R. Bonanno
Notary Public

FELICIA R. BONANNO
Notary Public of New Jersey
My Commission Expires Jan. 12, 1999

STATE/Commonwealth of Pennsylvania
COUNTY OF Montgomery

On this 2nd day of February, 1994, before me personally came Linda Harrison, to me personally known to be the person described and appointed attorney-in-fact for the Resolution Trust Corporation in its capacity as Receiver/Conservator for First Atlantic Federal Savings Association, and acknowledged that s/he had executed the foregoing instrument as the act of the said Corporation.

Notarial Seal
Susan L. Tarry, Notary Public
Upper Merion Township, Montgomery County
My Commission Expires July 14, 1999

Susan L. Tarry
Notary Public

END OF DOCUMENT

085290-0833

ATTACHMENT "A"

October 1992
Version 2.0

LAND USE RESTRICTION AGREEMENT

BY AND BETWEEN

Resolution Trust Corporation as
Receiver of First Atlantic Federal
Savings Association

AND

Monmouth Housing Alliance

(MULTIFAMILY PROPERTIES)

CU
NAAC

195915

RECORDED
FEB 28 1994 8:40 A:
MONMOUTH COUNTY CLER.
JANE G. CLAYTON

NOTE: THIS DOCUMENT MUST BE REFERENCED IN THE DEED, AND MUST BE RECORDED AND TIME
STAMPED IMMEDIATELY AFTER THE DEED

1530
Jky 4/1
Mabink, M. J. Steinman
P.O. Box 696
Neptune NJ
07753

DB5290-0834

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LAND USE RESTRICTION AGREEMENT

THIS LAND USE RESTRICTION AGREEMENT (this "Agreement") is made and entered into this 2nd day of February, 1994, by and between Resolution Trust Corporation, established pursuant to Section 501(a) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, acting in its capacity as receiver for First Atlantic Federal Savings Association ("Seller"), and Monmouth Housing Alliance, a _____ ("Owner").

Recitals

Owner has purchased from Seller certain land described on Exhibit A attached hereto and incorporated herein by reference, together with the improvements located thereon, including a 16 -unit rental housing project commonly known as Highview Residential Community, Highview Apartments, 37 Navesink Avenue, Highlands, NJ (said land and improvements are hereinafter collectively referred to as the "Property"), which constitute an "eligible multifamily housing property" as defined in Section 21A(c)(9)(D) of the Federal Home Loan Bank Act (12 U.S.C. §1441a(c)(9)(D)), as amended.

Pursuant to Section 21A(c) of the Federal Home Loan Bank Act (12 U.S.C. §1441a(c)), as amended, Owner must agree to comply with certain occupancy and rent restrictions for the remaining useful life of the Property, and the parties hereto have entered into this Agreement to evidence Owner's agreement to comply with such restrictions.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows.

ARTICLE I

Definitions

Section 1.1. General. Capitalized terms used in this Agreement shall have, unless the context clearly requires otherwise, the meanings specified in this Article I. Certain additional terms may be defined elsewhere in this Agreement.

(a) "Act" means Section 21A of the Federal Home Loan Bank Act (12 U.S.C. §1441a), as amended, or any corresponding provision or provisions of succeeding law as it or they may be amended from time to time.

(b) "Agency" means the State Housing Finance Agency or any agency, corporation or authority of the United States government that normally engages in activities related to the preservation of affordable housing which is a successor to or assignee of RTC with respect to its powers and responsibilities hereunder.

(c) "Agreement" means this Land Use Restriction Agreement, as it may from time to time be amended.

(d) "Annual Income" means "income" as defined in Section 3(b)(4) of the United States Housing Act of 1937 and as determined in accordance with the regulations thereunder promulgated by the Secretary.

(e) "Lower-Income Families" means families and individuals whose Annual Incomes do not exceed 80 percent of area median income in the area in which the

Property is located, as determined by the Secretary under Section 3(b)(2) of the United States Housing Act of 1937 (42 U.S.C. §1437a(b)(2)), with adjustment for family size.

(f) "Owner" means Monmouth Housing Alliance, as set forth at the beginning of this Agreement, or any successor in title to the Property.

(g) "Qualified Tenant" means a family or individual tenant of a Qualifying Unit who satisfies the requirements of Section 2.2(a) of this Agreement with respect to such Qualifying Unit.

(h) "Qualifying Unit" means a Unit that (i) is rented to either a Lower-Income Family or Very Low Income Family and (ii) is used in complying with the lower-income occupancy requirements of Section 2.2(a). Any Unit rented to a Lower-Income Family or Very Low Income Family that is not needed to meet the lower income occupancy requirements of Section 2.2(a) will not be deemed a Qualifying Unit and will not be subject to the rent restrictions of Article IV.

(i) "RTC" means the Resolution Trust Corporation, established pursuant to Section 501(a) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

(j) "Regulations" means the regulations promulgated pursuant to the Act by RTC or any successor, as amended from time to time.

(k) "Related Entity" means, with respect to any party which has been an Owner hereunder: (i) any spouse, parent, child, grandchild, brother or sister of such Owner; or (ii) any person or entity (A) that directly or indirectly controls or is controlled by or is under common control with such Owner, (B) that is an officer of, partner in or trustee of, or serves in a similar capacity with respect to, such Owner or of which such Owner is an officer, partner or trustee, or with respect to which such Owner serves in a similar capacity, or (C) that is the beneficial owner, directly or indirectly, of 10% or more of any class of equity securities of such Owner or of which such Owner is directly or indirectly the owner of 10% or more of any class of equity securities.

(l) "Secretary" means the Secretary of Housing and Urban Development.

(m) "State" means the state in which the Property is located.

(n) "State Housing Finance Agency" means the public agency, authority, corporation, or other instrumentality of the State that has the authority to provide residential mortgage loan financing throughout the State.

(o) "Term" means the period commencing on the date hereof and continuing until the earliest to occur of the following:

(1) the date upon which there is an involuntary loss of the Property by Owner caused by seizure, condemnation, foreclosure or deed in lieu of foreclosure of a mortgage or deed of trust securing a bona fide loan from an institutional lender, or upon which there is a change in federal law which prevents RTC or the Agency from enforcing this Agreement; provided, however, that in the event of loss of the Property by foreclosure or deed in lieu of foreclosure, if the party which was Owner at the time of or immediately prior to such foreclosure or deed in lieu of foreclosure, or a Related Entity of such party, acquires an ownership interest in the Property at any time thereafter, then the covenants and restrictions set forth in this Agreement shall be revived and shall remain in force until the further occurrence of an event described in this subsection;

(2) the date upon which there is a total involuntary loss of the use of the Property for residential housing purposes by Owner caused by fire or other

casualty;

(3) the date upon which there is a partial involuntary loss of the Property, or of the use thereof for residential housing purposes, caused by seizure or condemnation or by fire or other casualty, which partial loss shall not have been restored through repair or other restoration measure, in which event the covenants and restrictions hereof shall be modified to reflect the appropriate numbers of Units to be held available for Lower-Income Families and Very Low-Income Families, based upon the reduced number of Units in the Property and the percentages of Units for Lower-Income Families and Very Low-Income Families previously required to be maintained in the Property, which covenants and restrictions shall remain in effect for the remainder of the Term;

(4) the date upon which RTC or the Agency determines, in accordance with the Regulations, (i) that all or a portion of the Property is obsolete as to physical condition, location or other factors, making it unusable for housing purposes, and (ii) that no reasonable program of modifications is financially feasible to return the Property or a portion of the Property to useful life; or

(5) the date which is the later of (i) forty (40) years from the date of this Agreement or (ii) fifty (50) years from the date the Property was initially occupied as multifamily housing.

(p) "Unit" means a residential accommodation constituting a part of the Property and containing separate and complete living facilities.

(q) "Very Low-Income Families" means families and individuals whose Annual Incomes do not exceed 50 percent of area median income in the area in which the Property is located, as determined by the Secretary under Section 3(b)(2) of the United States Housing Act of 1937 (42 U.S.C. §1437a(b)(2)), with adjustment for family size.

Section 1.2. Generic Terms. Unless the context clearly indicates otherwise, where appropriate the singular shall include the plural and the masculine shall include the feminine or neuter, and vice versa, to the extent necessary to give the terms defined in this Article I and/or the terms otherwise used in this Agreement their proper meanings.

ARTICLE II

Use and Occupancy of the Property

Section 2.1. Use of the Property. During the Term, Owner will maintain the Property as multifamily rental housing and will rent or hold available for rental each Unit on a continuous basis; provided, however, that Owner may convert a portion of the Property to a use other than multifamily rental housing if Owner shall continue to observe and perform the covenants and restrictions contained in Sections 2.2 and 3.1 hereof.

Section 2.2. Occupancy Requirements.

(a) Subject to subsections (c) and (d), during the Term, Owner will make continuously available for occupancy by Lower-Income Families as Qualifying Units (including compliance with Article III hereof) not less than 6 Units, of which not less than 3 Units shall be made available for occupancy by Very Low-Income Families. Owner shall use its best efforts, subject to current market conditions, (i) to distribute Units reserved for Lower-Income Families and Very Low-Income Families among unit sizes in proportion to the distribution of unit sizes in the Property and (ii) to avoid concentration of Lower-Income Families or Very Low-Income Families in any area or areas of the Property.

(b) (i) The determination of whether the Annual Income of a family or individual occupying or seeking to occupy a Qualifying Unit exceeds the applicable income limit shall be made prior to admission of such family or individual to occupancy in a Qualifying Unit (or to designation of a Unit occupied by such family or individual as a Qualifying Unit), except that with respect to families or individuals occupying Units on the date hereof, such determination shall be made within 60 days prior to the designation of any such Unit as a Qualifying Unit. Thereafter such determinations shall be made at least annually on the basis of an examination or reexamination of the current income of the family or individual.

(ii) If the Annual Income of a Qualified Tenant which is a Very Low-Income Family shall be determined upon reexamination to exceed the applicable income limit for Very Low-Income Families, but not the applicable income limit for Lower-Income Families, the Unit shall be counted as occupied by a Qualified Tenant which is a Lower-Income Family other than a Very Low-Income Family during such family's or individual's continuing occupancy of such Unit in accordance with clause (iii) below and Owner shall be required to make the next available Qualifying Unit available for occupancy in accordance with clause (iv) below.

(iii) If the Annual Income of a Qualified Tenant shall be determined upon reexamination to exceed the applicable income limit for Lower-Income Families, the Unit occupied by such family or individual shall be counted as occupied by a Qualified Tenant (and such family shall be considered, for purposes of subsection (a) and Article III, a Qualified Tenant which is a Lower-Income Family other than a Very Low-Income Family) so long as (A) the Annual Income of such family or individual shall not be determined to exceed 140 percent of the applicable income limit for Lower-Income Families, or (B) if the Annual Income of such family or individual shall be determined to exceed 140 percent of the applicable income limit for Lower-Income Families, so long as each Unit of comparable or smaller size in the Property which is or becomes available is occupied or held available for occupancy by a new resident whose Annual Income does not exceed the applicable income limit for Lower-Income Families (or a Unit other than a Qualifying Unit occupied by a family or individual whose Annual Income is determined to not exceed the applicable income limit for Lower-Income Families is designated a Qualified Unit) until the occupancy requirements of subsection (a) are met without counting such over-income family or individual. If the Annual Income of a Qualified Tenant shall be determined to exceed 140 percent of the applicable income limit for Lower-Income Families, Owner shall not be required to observe, with respect to such tenant, the restrictions on maximum rents provided under Article III.

(iv) If the required occupancy by Very Low-Income Families is not met at any time, but the requirement as to occupancy by Lower-Income Families other than Very Low-Income Families is met, Owner shall be required to make each available Unit in the Property available to a Very Low-Income Family until the required occupancy by Very Low-Income Families is achieved. If the required occupancy by Very Low-Income Families is not met at any time but the total requirement as to occupancy by Lower-Income Families including Very Low-Income Families is met, Owner shall not be required to make the next available Unit in the Property available to a Very Low-Income Family but shall be required to make each Qualifying Unit vacated by a Lower-Income Family available for occupancy by a Very Low-Income Family until the required occupancy by Very Low-Income Families is achieved. Notwithstanding the foregoing two sentences, the State Housing Finance Agency may, upon application by Owner, permit any such Qualifying Unit to be rented to a Lower-Income Family other than a Very Low-Income Family if the Agency determines (i) that Owner has taken reasonable steps to rent such Unit to a Very Low-Income Family and has been unable to do so and (ii) that continued vacancy will cause financial hardship to the Property. If the Agency shall not have responded to an application by Owner pursuant to the preceding sentence within 90 days from the date of submission thereof, such application shall be deemed to have been granted.

(v) If neither the required occupancy by Very Low-Income Families nor the required occupancy by Lower-Income Families other than Very Low-Income Families is met at any time, preference (as between potential tenants on a waiting list or simultaneous applicants) must be given to Very Low-Income Families in the renting of each Unit in the Property which becomes available until the requirement as to occupancy by Lower-Income Families other than Very Low-Income Families is met, after which the rule of clause (iv) will apply, if necessary.

(vi) A Unit that was occupied by a Qualified Tenant and becomes vacant shall be counted as occupied by a Qualified Tenant until it is reoccupied for a period in excess of thirty-one (31) days, at which time the Unit shall be considered to be occupied by a Qualified Tenant only if the family or individual then occupying the unit satisfies the definition of a Qualified Tenant.

(c) (i) Anything to the contrary in the foregoing notwithstanding, Owner will not terminate the occupancy of any tenants in occupancy on the date hereof that are not Lower-Income Families or Very Low-Income Families for purposes of meeting the requirements of this Section. In the event that Owner is unable to comply with the occupancy requirements of this Section because of the occupancy at the date hereof of any Units by tenants who are not Lower-Income Families or Very Low Income Families, or who have not been determined to be Qualified Tenants, Owner will be in compliance with this Section if each Unit which thereafter becomes vacant is occupied or held available for occupancy by Lower-Income Families or Very Low-Income Families, as the case may be, in accordance with the requirements of subsection (b) until the lower-income occupancy requirements of such subsection are met.

(ii) If a Unit has been designated as or determined to be a Qualifying Unit, Owner must continue to treat such Unit as a Qualifying Unit for as long as it is continuously occupied by a tenant whose income does not exceed 140 percent of the applicable income limit for Lower-Income Families.

(d) Notwithstanding the foregoing, the Secretary or the State Housing Finance Agency may, upon application by Owner, temporarily reduce the lower-income occupancy requirements set forth in subsection (a) if the Secretary or the State Housing Finance Agency determines that Owner's compliance with such requirements is no longer financially feasible. Owner will make a good-faith effort to return the lower-income occupancy to the level required by subsection (a), and the Secretary or the State Housing Finance Agency, as appropriate, will review the reduction annually to determine whether financial infeasibility continues to exist.

ARTICLE III

Rent

Section 3.1 Rent Limitations for Qualified Tenants.

(a) (i) The rent charged by Owner for Qualifying Units occupied by Very Low Income Families shall not exceed the maximum rent for Qualified Tenants who are Very Low-Income Families for units of the applicable size in the area, as established by RTC or the Agency or the Secretary. Such maximum rent shall be not greater than 30% of the adjusted income of a family whose income equals 50% of area median income, with adjustment for family size based upon unit type.

(ii) The rent charged by Owner for Qualifying Units occupied by Lower-Income Families other than Very Low-Income Families shall not exceed the maximum rent for Qualified Tenants who are Lower-Income Families other than Very Low-Income Families for units of the applicable size in the area, as established by RTC or the Agency or the Secretary. Such maximum rent shall be not greater

than 30% of the adjusted income of a family whose income equals 65% of area median income, with adjustment for family size based upon unit type.

(iii) For purposes of calculating maximum rents under this section, (x) the adjustment for family size based upon unit type shall be calculated on the basis of the number of bedrooms in such unit as set forth at Exhibit B hereto and (y) the adjusted income of a family shall be calculated by subtracting from the annual income of a family at the applicable maximum income level the specific adjustments set forth at Exhibit B hereto.

(b) Owner may make a written request to RTC for the schedule of maximum rents applicable to the Property as of the date hereof, and RTC shall provide such schedule within thirty days after (i) the date hereof or (ii) the date RTC receives such request, whichever is later. Such rents shall be subject to annual adjustment upon publication by the U.S. Department of Housing and Urban Development of revised income limits for area lower-income and very low-income families, which adjustment shall be based upon changes in the applicable area median income limits.

(c) If a Qualified Tenant ceases to be considered a Qualified Tenant in accordance with Section 2.2(b), Owner shall, subject to the terms of the lease and applicable law, be free to condition such family's or individual's continued occupancy in the Property upon its payment of a rental charge not subject to the limitations of this Article III.

ARTICLE IV

Administration

Section 4.1. Lease Provisions. All tenant leases entered into with Qualified Tenants during the Term shall contain provisions wherein each individual lessee (i) certifies the accuracy of the information provided in connection with the examination or reexamination of Annual Income of the household of such lessee, and (ii) agrees that the Annual Income and other eligibility requirements shall be deemed substantial and material obligations of his or her tenancy, that he or she will comply promptly with all requests for information with respect thereto from Owner or RTC or the Agency, and that his or her failure to provide accurate information regarding such requirements (regardless of whether such inaccuracy is intentional or unintentional) or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of his or her tenancy and constitute cause for immediate termination thereof.

Section 4.2. Examination and Reexamination of Incomes.

(a) Owner shall be responsible for determination of the Annual Income and family composition of Qualified Tenants, and for reexamination of Annual Income and family composition of Qualified Tenants at least annually, in accordance with procedures prescribed by RTC or the Agency.

(b) As a condition of admission to occupancy of a Qualifying Unit, Owner shall require the household head and other such household members as it designates to execute an RTC or Agency approved release and consent authorizing any depository or private source of income, or any Federal, State or local agency, to furnish or release to Owner and to RTC or the Agency such information as Owner or RTC or the Agency determines to be necessary. Owner shall also require the household to submit directly documentation determined to be necessary. Information or documentation shall be determined to be necessary if it is required for purposes of determining or auditing a household's eligibility as a Qualified Tenant, or for verifying related information. The use or disclosure of information obtained from a household or from another source

pursuant to this release and consent shall be limited to purposes directly connected with administration of this Agreement.

(c) Owner shall not be deemed to be in violation of Articles II and III of this Agreement if, in determining Annual Income and family composition of a Qualified Tenant, (i) Owner has relied in good-faith upon information which is supplied to Owner by the tenant, (ii) Owner has no reason to believe such information is false, and (iii) Owner shall have complied with all requirements of RTC or the Agency with respect to verification of household income and family composition.

Section 4.3. Certification by Owner. During the Term, on each anniversary of the date upon which this Agreement was first recorded in the land records of the jurisdiction in which the Property is located, or upon such other annual date as RTC or the Agency, in its discretion, upon reasonable notice to the Owner, shall establish, Owner shall submit to RTC or the Agency a certification, in a form prescribed by RTC or the Agency, as to Owner's compliance with all of the terms and provisions of this Agreement.

Section 4.4. Maintenance of Documents. All tenant lists, applications, leases, waiting lists, income examinations and reexaminations relating to the Property shall at all times be kept separate and identifiable from any other business of Owner which is unrelated to the Property, and shall be maintained, as required by RTC or the Agency, in a reasonable condition for proper audit and subject to examination and photocopying during business hours by representatives of RTC or the Agency.

Section 4.5. Compliance Review. RTC or the Agency periodically will monitor Owner's compliance with the requirements of this Agreement. In conducting its compliance review, RTC or the Agency will rely primarily on information obtained from Owner's records and reports, findings from on-site monitoring, and audit reports. RTC or the Agency may also consider relevant information gained from other sources, including litigation and citizen complaints. Owner shall cooperate with RTC or the Agency in any such compliance review and shall furnish all notices, information and reports reasonably required by RTC or the Agency for such purpose.

Section 4.6. Administrative Fee.

(a) In order to compensate RTC or the Agency for the review performed pursuant to Section 4.5, Owner shall pay to RTC (in its corporate capacity and not as receiver or conservator for the savings institution identified on the first page of this Agreement) or the Agency, as applicable, an annual administrative fee for the first twelve month period of this Agreement in the amount of \$50 per Qualifying Unit required to be held available under Section 2.2(a) hereof, but in no event less than \$250.

(b) If RTC or the Agency shall find the Property not to be in compliance with the terms hereof (including the requirements of this Article IV), Owner shall pay to RTC or the Agency, as applicable, an additional administrative fee in an amount prescribed from time to time by RTC or the Agency, which amount, for the first twelve month period of this Agreement, shall be \$50 per Qualifying Unit required to be held available under Section 2.2(a) hereof, for additional monitoring and enforcement activities undertaken with respect to the Property. The annual fee payable in the event of noncompliance shall be in addition to, and distinct from, the amount due pursuant to Section 4.6(a), as well as any reimbursements of costs and legal fees to which RTC or the Agency may be entitled as a result of judicial enforcement action, and such fee shall be payable without respect to whether RTC or the Agency undertakes or succeeds in judicial enforcement action. RTC or the Agency shall be entitled to undertake additional monitoring and enforcement activities, and to be compensated therefor, for a period of up to three years following its most recent finding of noncompliance

with respect to the Property.

(c) For each twelve month period after the first twelve month period of this Agreement, the administrative fees payable hereunder shall be the amounts set forth in subsections (a) and (b) of this Section 4.6, as applicable, multiplied by the increase in the Consumer Price Index for All Urban Consumers (CPI-U) published by the Bureau of Labor Statistics of the United States Department of Labor (or any generally recognized successor to such Index) between the date hereof and the latest publication of such Index immediately preceding the applicable anniversary date of this Agreement.

Section 4.7. Releases.

(a) RTC shall --

(i) execute such documents as may be required to evidence release of the Property from the covenants and restrictions set forth in this Agreement based upon the expiration of the Term as provided in Section 1.1(o) hereof (subject, in the event of foreclosure or deed in lieu of foreclosure, to revival as set forth in Section 1.1(o)(1)), upon receipt from Owner of a certification as to the occurrence of the event giving rise to such expiration and such other evidence as RTC or the Agency may reasonably require; and

(ii) execute an appropriate modification to this Agreement to reflect reduced requirements for occupancy by Qualified Tenants in the event of a partial loss of the Property as provided in Section 1.1(o)(3) hereof.

(b) If RTC shall have contracted with the Agency for the performance of its responsibilities hereunder, the Agency shall execute the appropriate release and/or modification to this Agreement in the name of RTC in accordance with the terms of subsection (a) of this Section 4.7, and shall provide appropriate evidence to Owner of its authorization so to act in the name of RTC.

ARTICLE V

Representations and Warranties of Owner

Section 5.1. Representations and Warranties. Owner represents and warrants to RTC that:

(a) Valid Execution. Owner has validly executed this Agreement and the same constitutes the binding obligation of Owner. Owner has full power, authority and capacity (i) to enter into this Agreement, (ii) to carry out Owner's obligations as described in this Agreement and (iii) to assume responsibility for compliance with all applicable federal rules and regulations, including, without limitation, the Regulations.

(b) No Conflict or Contractual Violation. To the best of Owner's knowledge the making of this Agreement and Owner's obligations hereunder:

(i) will not violate any contractual covenants or restrictions (A) between Owner or any third party or (B) affecting the Property;

(ii) will not conflict with any of the instruments that create or establish Owner's authority;

(iii) will not conflict with any applicable public or private restrictions;

(iv) do not require any consent or approval of any public or private authority which has not already been obtained; and

(v) are not threatened with invalidity or unenforceability by any action, proceeding or investigation pending or threatened, by or against (A) Owner, without regard to capacity, (B) any person with whom Owner may be jointly or severally liable, or (C) the Property or any part thereof.

(c) No Litigation. No litigation or proceedings are pending or, to the best of Owner's knowledge, threatened against Owner which if adversely determined could individually or in the aggregate have an adverse effect on title to or the use and enjoyment or value of the Property, or any portion thereof, or which could in any way interfere with the consummation of this Agreement.

(d) No Bankruptcy. There is not pending or, to Owner's best knowledge, threatened against Owner any case or proceeding or other action in bankruptcy, whether voluntary or otherwise, any assignment for the benefit of creditors, or any petition seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for Owner under any federal, state or other statute, law, regulation relating to bankruptcy, insolvency or relief for debtors.

Section 5.2. Indemnification. Owner agrees to indemnify and hold harmless RTC or the Agency from and against all liabilities, losses, claims, damages, judgments, costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by RTC or the Agency as a result of any material inaccuracy in any of the representations and warranties contained in Section 5.1.

ARTICLE VI

Enforcement and RemediesSection 6.1. Remedies of RTC or the Agency.

(a) If Owner defaults in the performance of any of its obligations under this Agreement or breaches any covenant, agreement or restriction set forth herein, and if such default remains uncured for a period of sixty (60) days after notice thereof shall have been given by RTC or the Agency (or for an extended period approved in writing by RTC or the Agency if the default or breach stated in such notice can be corrected, but not within such 60-day period, unless Owner does not commence such correction or commences such correction within such 60-day period but thereafter does not diligently pursue the same to completion within such extended period), RTC or the Agency shall be entitled to apply to any court having jurisdiction of the subject matter for specific performance of this Agreement, for an injunction against any violation of this Agreement, for the appointment of a receiver to take over and operate the Property in accordance with the terms of this Agreement, or for such other relief as may be appropriate, it being acknowledged that the beneficiaries of Owner's obligations hereunder cannot be adequately compensated by monetary damages in the event of Owner's default. RTC or the Agency shall be entitled to its reasonable attorneys' fees in any such judicial action in which RTC or the Agency shall prevail.

(b) Each right, power and remedy of RTC or the Agency provided for in this Agreement now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by RTC or the Agency of any one or more of the rights, powers or remedies provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by RTC or the Agency of any or all such other rights, powers or remedies.

Section 6.2. Remedies of Other Parties. The occupancy requirements set forth in Section 2.2 of this Agreement also shall inure to the benefit of, and may be judicially enforced against Owner by, affected Lower-Income Families and Very Low-Income Families. Any such party that prevails in any such judicial action shall be entitled to its reasonable attorneys' fees.

Section 6.3. Reliance Upon Information. In carrying out its obligations hereunder, Owner shall be entitled to rely upon information provided by RTC or the Agency with respect to (i) income limits applicable to Lower-Income Families and Very-Low Income Families, (ii) the method for calculating the incomes of such families and (iii) the maximum rents which may be charged to such families pursuant to Section 3.1 hereof.

ARTICLE VII

Miscellaneous

Section 7.1. Amendments. This Agreement may not be amended or modified except by written instrument signed by each party hereto.

Section 7.2. Notices. All notices required or permitted to be given under this Agreement must be in writing and will be deemed to have been duly given if delivered personally or mailed, postage prepaid, by registered or certified United States mail, return receipt requested, addressed to the parties at the following addresses:

If to RTC: Resolution Trust Corporation
801 17th Street, N.W.
Washington, DC 20434-0001
Attention: Director, Affordable Housing
Disposition Program

with copies to: Resolution Trust Corporation
801 17th Street, N.W.
Washington, DC 20434-0001
Attention: Senior Vice President,
Assets/Real Estate

Resolution Trust Corporation
801 17th Street, N.W.
Washington, DC 20434-0001
Attention: Assistant General Counsel, Real
Estate

Resolution Trust Corporation
1000 Adams Avenue
Norristown, PA 19403-2402
Attention: Helen Manogue, Affordable
Housing Disposition Specialist

If to Owner: Monmouth Housing Alliance
90 Monmouth Street
Red Bank, NJ 07701
Attention: _____

Any party may change its address for notice purposes by giving notice to the other parties in accordance with this Section 7.2.

Section 7.3. Entire Agreement. This Agreement contains the entire understanding between the parties hereto with respect to the subject matter hereof.

Section 7.4. Governing Law. This Agreement, as it may affect the rights, remedies and obligations of RTC or the Agency, shall be governed by and construed in accordance with federal law. Insofar as federal law does not apply, the provisions of this Agreement shall be governed by and construed in accordance with the laws of the State.

Section 7.5. Severability. This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations. If any provision of this Agreement or the application thereof to any person or circumstance shall be held invalid or unenforceable, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

Section 7.6. Binding Effect; Covenants Running with the Land. During the Term, this Agreement and the covenants, reservations and restrictions contained herein shall be deemed covenants running with the land for the benefit of RTC and its successors, and shall pass to and be binding upon Owner's heirs, assigns and successors in title to the Property, or if the Property shall not include title to land, but shall include a leasehold interest in land, this Agreement and the covenants, reservations et al shall bind the leasehold interest as well as the Property and shall pass to and be binding upon all heirs, assigns and successors to such interests; provided, however, that upon expiration of the Term in accordance with the terms hereof said covenants, reservations and restrictions

shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments. If a portion or portions of the Property are conveyed, all of such covenants, reservations and restrictions shall run to each portion of the Property. Owner, at its cost and expense, shall cause this Agreement to be duly recorded or filed and re-recorded or refiled in such places, and shall pay or cause to be paid all recording, filing, or other taxes, fees and charges, and shall comply with all such statutes and regulations as may be required by law, in the opinion of qualified counsel, in order to establish, preserve and protect the ability of RTC or the Agency to enforce this Agreement.

Section 7.7. Counterparts. This Agreement and any amendments hereto may be executed in several counterparts, each of which shall be deemed to be an original copy, and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

Section 7.8. Section Titles. Section titles and the table of contents are for descriptive purposes only and shall not control or limit the meaning of this Agreement as set forth in the text.

IN WITNESS WHEREOF, the undersigned have hereunto affixed their signatures and seals as of the date first above written.

SELLER:
RESOLUTION TRUST CORPORATION
in its capacity as Receiver
for First Atlantic Federal Savings
Association

By: [Signature]
Title: Attorney-in-Fact

OWNER: Monmouth Housing Alliance

By: [Signature]
Title: Richard J. Weber
Vice President and Attorney

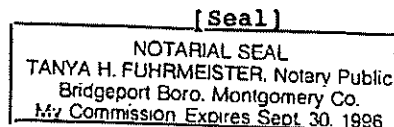
Acknowledgements

STATE/Commonwealth of PENNSYLVANIA
COUNTY OF MONTGOMERY

SS:

On this 2nd day of February, 1994, before me personally came Linda H. Harrison, to me personally known to be the person described and appointed attorney-in-fact for the Resolution Trust Corporation in its capacity as Receiver/Conservator for First Atlantic Federal Savings Association, and acknowledged that s/he had executed the foregoing instrument as the act of the said Corporation.

Tanya H. Fuhrmeister
Notary Public
My Commission Expires: _____



STATE/Commonwealth of NEW JERSEY
COUNTY OF MONMOUTH

SS:

On this 8th day of February, 1994, before me personally came Richard J. Weber, to me known, who being by me duly sworn, did depose and say that s/he resides at 3455 Route 66, Neptune, New Jersey; that s/he is the Vice President & Attorney of Monmouth Housing Alliance, the corporation described in, and which executed the above instrument; that s/he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation and that s/he signed her/his name thereto by like order.

Felicia R. Bonanno
Notary Public
My Commission Expires: _____

[Seal]
FELICIA R. BONANNO
Notary Public of New Jersey
My Commission Expires Jan. 12, 1999

HFLURA Version 2.0

END OF DOCUMENT

DB5290-0849

APPENDIX G
SHADOWLAWN REDEVELOPMENT PLAN

Shadow Lawn Mobile Home Park Redevelopment Plan

Prepared for:

The Borough of Highlands
Monmouth County, New Jersey

October 16, 2018

Revised November 14, 2018

Prepared By:



**Consulting & Municipal
ENGINEERS**

A handwritten signature in black ink, appearing to read 'C. Dochney', is positioned above a horizontal line.

Christopher N Dochney, PP, AICP
License No. 06225

A handwritten signature in black ink, appearing to read 'Maryann Buccic-Carter', is positioned above a horizontal line.

Maryann Buccic-Carter, PP, AICP
License No. 04905

The original document was appropriately signed and sealed in accordance with NJAC 13:41

Borough of Highlands



Mayor and Council

Rick O'Neil – Mayor
Carolyn Broullon – Council President
Claudette D'Arrigo
Ken Braswell
Rosemary Ryan

Land Use Board

Andrew Stockton - Chairman
Rob Burton – Chief of Police
Rick O'Neil – Mayor
Ken Braswell – Councilman
Frank Nolan
Chris Francy
Rob Knox
Larry Colby
Art Gallagher
Christian Lee – Alternate
Frank Montecalvo – Alternate

Nancy O'Neil – Board Secretary
Greg Baxter – Board Attorney

Kim Gonzales – Borough Administrator
Brian J. Chabarek – Borough Attorney

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INTRODUCTION

Redevelopment is the process of rebuilding a previously developed area that has fallen into a state of disrepair and has become detrimental to the general welfare of the community. This can involve the acquisition and demolition of existing structures and facilities if needed to make way for new improvements. Redevelopment planning is the process of determining how the redevelopment of particular properties can best improve a community, and to use local government powers to encourage development and growth where it otherwise would be unlikely to happen.

New Jersey laws allow for a municipality to utilize redevelopment as a tool to stimulate economic development and improve conditions on properties that meet certain statutory criteria that qualify them as being '*in need of redevelopment*.' Redevelopment as a planning instrument offers a number of potential benefits to the Borough. Through redevelopment, the Borough is allowed more flexibility to negotiate with, and offer financial incentives such as long-term tax abatements to potential developers, than is otherwise available through standard land development procedures. Under redevelopment the Borough can take a more proactive approach to improving targeted areas. This can be used as a means to stimulate development where it might not occur through market forces and private capital alone.

In December of 2016, the Mayor and Council of the Borough directed the Land Use Board, in Resolution 16-228, to undertake an investigation of the area of Block 105.107, Lot 1.1, the Shadow Lawn Mobile Home Park on Ocean Boulevard, to determine if it met the statutory criteria as found in N.J.S.A. 40A:12A-5 to be designated as an Area in Need of Redevelopment. The Land Use Board after conducting the required investigation and holding a public hearing, recommended that the area met the statutory criteria. The Mayor and Council accepted this recommendation in Resolution 18-069, that the area was found to meet the necessary statutory criteria, and the site was designated as an Area in Need of Redevelopment in March of 2018.

This Plan provides a detailed guide for the revitalization of this property. It shall serve as the formal planning and zoning regulatory document to establish permitted land uses, building and dimensional standards, and design standards for all development within the Area.

STATUTORY REQUIREMENTS

This Plan and the provisions herein have been prepared pursuant to Section 7 of the Local Redevelopment and Housing Law (LRHL) (N.J.S.A. 40A:12A-7), which provides that "no redevelopment project shall be undertaken or carried out except in accordance with a redevelopment plan adopted by ordinance of the municipal governing body, upon its finding that the specifically delineated project area is located in an area in need of redevelopment...according to criteria set forth in section 5...as appropriate." Pursuant to the requirements of the LRHL, this Redevelopment Plan includes an outline for the planning, development, redevelopment, or rehabilitation of the redevelopment area sufficient to indicate:

1. Its relationship to definite local objectives as to appropriate land uses, density of population and improved traffic and public transportation, public utilities, recreational and community facilities, and other public improvements.
2. Proposed land uses and building requirements in the redevelopment area.
3. Adequate provision for the temporary and permanent relocation, as necessary, of residents in the redevelopment area, including an estimate of the extent to which decent, safe and sanitary dwelling units affordable to displaced residents will be available to them in the existing local housing market.
4. An identification of any property within the redevelopment area proposed to be acquired in accordance with redevelopment plan;
5. Any significant relationship of the redevelopment plan to:
 - (a) The Master Plans of contiguous municipalities;
 - (b) The Master Plan of the County in which the municipality is located, and;
 - (c) The State Development and Redevelopment Plan (the "SDRP") adopted pursuant to the "State Planning Act," P.L. 1985, c.398 (C.52:18A-196 et al.).
6. As of the date of the adoption of the resolution finding the area to be in need of redevelopment, an inventory of all housing units affordable to low and moderate income households, as defined pursuant to section 4 of P.L.1985,c.222 (C.52:27D-304), that are to be removed as a result of implementation of the redevelopment plan, whether as a result of subsidies or market conditions, listed by affordability level, number of bedrooms, and tenure.
7. A plan for the provision, through new construction or substantial rehabilitation of one comparable, affordable replacement housing unit for each affordable housing unit that has been occupied at any time within the last 18 months, that is subject to affordability controls and that is identified as to be removed as a result of implementation of the redevelopment plan. Displaced residents of housing units provided under any State or federal housing subsidy program, or pursuant to the "Fair Housing Act," P.L.185,c.222 (C.52:27D-301 et

al.), provided they are deemed to be eligible, shall have first priority for those replacement units provided under the plan; provided that any such replacement unit shall not be credited against a prospective municipal obligation under the "Fair Housing Act," P.L.185,c.222 (C.52:27D-301 et al.), if the housing unit which is removed had previously been credited toward satisfying the municipal fair share obligation. To the extent reasonably feasible, replacement housing shall be provided within or in close proximity to the redevelopment area. A municipality shall report annually to the Department of Community Affairs on the progress in implementing the plan for the provision of comparable, affordable replacement housing required pursuant to this section.

The LRHL provides that "a redevelopment plan may include the provision of affordable housing in accordance with the "Fair Housing Act," P.L. 1985, c.222 (C.52:27D-301 et al.) and the housing element of the municipal master plan." Finally, the Plan is required to describe its relationship to pertinent municipal development regulations, and must note whether the provisions of the Plan supersede applicable provisions of the development regulations of the municipality or constitute an overlay zoning district.

DESCRIPTION OF REDEVELOPMENT AREA

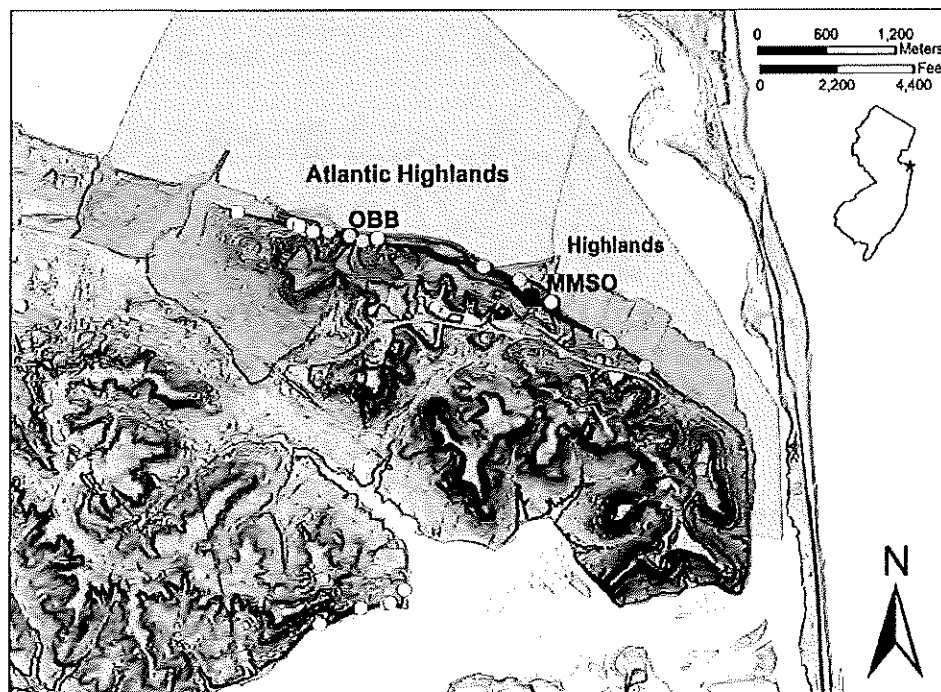
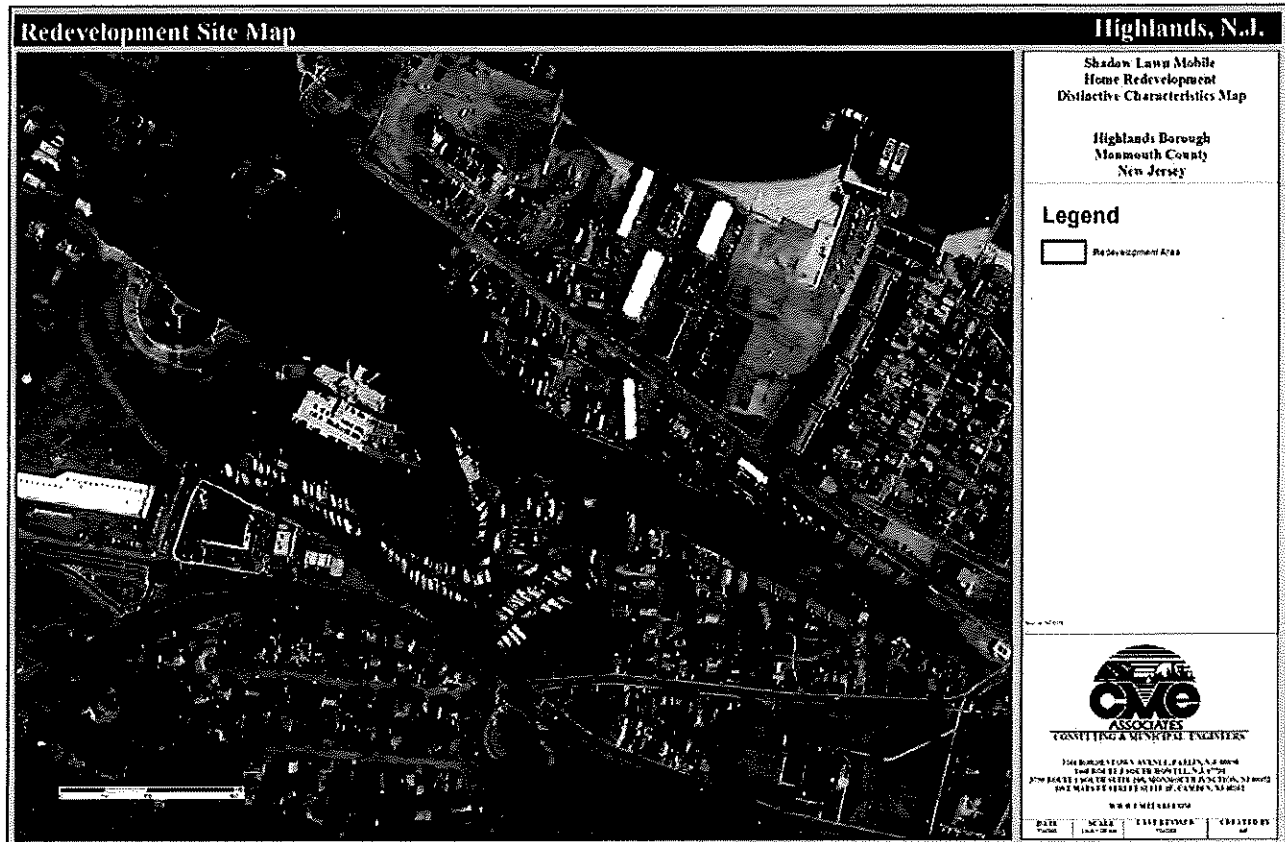
The Area governed by this Redevelopment Plan includes the following tax parcels:

- Block 105.107, Lot 1.1

The Redevelopment Area Boundary map on the following page illustrates the extents of the lands governed by this Redevelopment Plan. The area is located on Ocean Boulevard, just north of Route 36 in the western end of the Borough on top of the hill overlooking Sandy Hook Bay. The 13.1 acre site is currently developed with the Shadow Lawn Mobile Home Park, which consists of approximately 100 mobile home dwellings, and a small apartment building, organized around a single street named Laurel Drive. One narrow driveway provides access to the site from Ocean Boulevard, while an exit only driveway provides access to Route 36 on the eastern end of the site.

Geographically located on Sandy Hook Bay, most of the Borough of Highlands sits just above sea level. However this site sits near the top of a steep cliff which rises 120 feet above sea level. Immediately to the north and west of the area is the Eastpointe Condominium tower, a 16 story residential building, which contains approximately 165 dwelling units and associated parking. Further west along Ocean Boulevard is the Mt. Mitchill Scenic Overlook Park which provides views of the Raritan and Sandy Hook Bays, and to New York City to the north. Just to the south of the area is a CVS pharmacy and a Quick Check gas station and convenience store on Route 36. To the east of the area and down the hill are residential neighborhoods made up primarily of detached single-family homes.

Slopes within the Atlantic Highlands region of Monmouth County are susceptible to rainfall induced shallow landslides, and are being actively monitored by the United States Geological Survey (USGS) for slope movement, rainfall, soil moisture, and other hazardous conditions that could destabilize the slopes. The Redevelopment Area, being located at the top of the coastal bluff overlooking Sandy Hook Bay, is made up of slump block and is susceptible to these types of landslides. The topography of this ridgeline creates slopes in excess of 20 percent over much of the property. There have also been a number of landslides recorded along the bluffs in the region which have resulted in significant property damage.



Location of historic landslides in the Atlantic Highlands Region (from NJGWS database)

RELATIONSHIP TO LOCAL OBJECTIVES

This Plan provides standards to facilitate the redevelopment of the site known as the Shadow Lawn Mobile Home Park, into a mixed use area that provides a multitude of residential and commercial opportunities for the community. The objectives of the Redevelopment Plan are as follows:

1. Encourage new development activity and economic opportunity for the Borough.
2. Stimulate the redevelopment of underutilized land in a manner that will complement and capitalize on the unique topography and geographic location of the area.
3. Provide for flexibility and creativity with respect to design of buildings and improvements within the Redevelopment Area while ensuring that the aesthetics of redevelopment projects are of a high standard.
4. Redevelop the property in a manner that will minimize the hazards posed by the threat of landslides on the bluff, and protect critical environmental resources.
5. Develop new housing options to attract new residents to the Borough of Highlands which will help to support businesses in the area.
6. Provide new opportunities for affordable housing for area residents.
7. Allow for new commercial development to serve the needs of the community.
8. Provide for the redevelopment of the Area in a manner consistent with the Borough's Master Plan Land Use Plan Element.

The Redevelopment Plan objectives articulated above are consistent with and seek to advance the goals of the Borough's Master Plan Reexamination Report, and the State Development and Redevelopment Plan, as discussed herein.

LAND USE PLAN

Relationship to the Borough's Zoning and Land Development Regulations

In order to implement the Plan consistent with the objectives herein, the Redevelopment Area shall be developed in accordance with the standards detailed in this Redevelopment Plan. Except where otherwise noted, this Plan shall supersede the underlying zoning regulations including use, bulk, and design standards of the Borough's Land Use Ordinance as they relate to the area governed by this Redevelopment Plan. The definition of terms found in the Borough's Land Use Ordinance shall apply unless otherwise noted herein.

All development within the Redevelopment Area must be approved by the Land Use Board of the Borough of Highlands, and shall be submitted following the normal subdivision and site plan submission and review procedures as found in N.J.S.A. 40:55D-1 et seq, and those within the Borough's Land Use Ordinance.

Land Use and Building Requirements

Compliance with the following standards shall be treated as zoning requirements. Any deviation from these standards that would result in a "d" variance as per N.J.S.A. 40:55D-70.d of the municipal land use law, shall be addressed as an amendment to the Plan. The Land Use Board shall not have the authority to allow deviations from these standards which would result in a "d" variance.

The Land Use Board shall have the authority to grant any deviations from these standards which would result in a "c" variance, as per N.J.S.A. 40:55D-70.c, to the same extent that they may grant relief from such standards under normal subdivision and site plan review processes.

Land Use Regulations

The intent and purpose of these land use regulations are to allow for a flexible redevelopment of the site with a potential range of residential uses, from single-family detached dwellings to mid-rise multi-family dwellings, and also to permit appropriate complementary commercial uses that could take advantage of the scenic views offered by the location at the top of the bluff.

Definitions

Critical Slope Area – Any topographic slope of fifteen percent (15%) or greater.

All other definitions used within the Borough's Land Use Ordinance shall apply.

Permitted Principal Uses

The following uses are permitted as principal uses within the Redevelopment Area:

Residential Uses:

- Single-family detached dwellings
- Two-family dwellings
- Townhouses
- Multi-family dwellings

Public Uses:

- Municipal facilities and essential services
- Public parks and recreation spaces

Commercial Uses

- Retail sales and services
- Restaurants, bars, taverns, and other eating establishments
- Professional, administrative, and business offices

Other Uses:

- Any other use which is substantially similar in nature to the uses listed as permitted principal uses.
- Mixed-use buildings consisting of any combination of the above listed permitted uses

Conditionally Permitted Uses

The following uses are permitted as conditional uses, with the required conditions for approval noted below:

- Hotel
 - a. Minimum Lot Area shall be 5 acres.
 - b. Each unit for rental shall have a minimum gross floor area of 350 square feet.
 - c. An off-street drop off area shall be provided for guests checking in and out.
 - d. A restaurant, tavern, or bar shall be permitted as an accessory use to a hotel, subject to additional parking being provided at the ratio according to the parking requirements listed in this Plan.
- Bed and Breakfast
 - a. Minimum Lot Area shall be 10,000 square feet.
 - b. With the exception of minimum lot area, all standards for a single or two family dwelling shall be met.
 - c. An off-street drop off area shall be provided for guests checking in and out.
 - d. The service of food shall be limited to guests of the establishment only.

Prohibited Uses

- Industrial Uses
- Take Out Restaurants
- Gas stations/Automobile Service Stations
- Automobile Repair Garages
- Automobile sales
- Drive-thru facilities

Permitted Accessory Uses

- Off-street surface parking lots;
- Structured parking garages;
- Signs;
- Utility buildings which are incidental to residential uses;
- Residential clubhouses or common recreation areas;
- Any other use or structure that is deemed by the Land Use Board to be customary, incidental, and accessory to the principal uses or structures permitted herein.

Area, Yard, and Building Requirements

Except where otherwise noted, the following area requirements shall apply to all development within the Redevelopment Area:

Single-family or two-family dwellings:

- Minimum Lot Area – 5,000 square feet per dwelling
- Minimum Front Yard Setback – 20 feet
- Minimum Side Yard Setback – 8 feet
- Minimum Rear Yard Setback – 30 feet
- Maximum Building Height – 2.5 stories or 35 feet
- Maximum Building Coverage – 30 percent

Townhouses:

- Minimum Lot Area – 2,000 square feet per dwelling
- Max number of units per structure – 5 dwellings
- Minimum Front Yard Setback – 12 feet
- Minimum Side Yard Setback – 15 feet
- Minimum Rear Yard Setback – 30 feet
- Maximum Building Height – 3 stories or 40 feet
- Maximum Building Coverage – 50 percent

Multi-family dwellings, or mixed-use buildings which contain residential uses:

- Minimum Front Yard Setback – 25 feet
- Minimum Side Yard Setback – 25 feet
- Minimum Rear Yard Setback – 50 feet
- Maximum Building Height – 10 stories or 125 feet
- Maximum Building Coverage – 50 percent

All other permitted uses:

- Minimum Front Yard Setback – 25 feet
- Minimum Side Yard Setback – 25 feet
- Minimum Rear Yard Setback – 60 feet
- Maximum Building Height – 3 stories or 40 feet
- Maximum Building Coverage – 35 percent

Overall Density Requirements:

- The maximum permitted residential density over the entire Redevelopment Area shall not exceed 30 dwelling units per gross acre.
- For the purposes of calculating residential density, if any hotel or bed and breakfast is proposed within the Redevelopment Area, each guest room shall be considered a residential dwelling unit.

Multi-family Residential Minimum Unit Floor Area Requirements:

- Studio apartment – 400 square feet
- One bedroom apartment – 550 square feet
- Two bedroom apartment – 700 square feet
- Three bedroom apartment – 900 square feet

Accessory Structure Requirements

- No accessory structures shall be permitted within the required front yard area.
- The minimum required rear and side yard setbacks for an accessory structure shall be one-half that of the principal structure.
- The maximum permitted height of any accessory structure shall be 15 feet.

Additional Requirements

- Commercial uses shall be permitted only as a part of a planned mixed-use development which includes residential uses.

- Commercial uses shall be limited to occupying no greater than 25 percent of the Redevelopment Area. This shall include any structures and associated parking, circulation, or accessory uses and facilities with any non-residential use.
- The maximum total floor area of all commercial uses within the Redevelopment Area shall not exceed 25,000 square feet.
- The permitted impervious coverage anywhere within the Redevelopment Area shall be subject to the review and approval of the Land Use Board Engineer, and/or any qualified professional retained by the Land Use Board or the Borough to review any redevelopment applications for this Area.
- All impervious coverage shall be the minimum necessary to effectuate the goals of this Redevelopment Plan, and shall be designed with the intent to minimize detrimental impacts to the stability of the slopes within the site.
- More than one permitted principal use or structure may be permitted on a single lot. In such an instance the minimum separation between buildings shall be as follows:
 - a. For buildings of 1-3 stories in height: 25 feet
 - b. For buildings of 4-6 stories in height: 50 feet
 - c. For buildings of 7 stories in height or greater: 75 feet
- Where more than one principal use is proposed on a site, the bulk standards for each use shall apply separately.
- A landscaped buffer of at least 50 feet in width shall be provided for any development which will abut a residential property or residentially zoned property.
- A landscaped buffer of 50 feet in width shall be provided along the frontage of Ocean Drive.

Off-Street Parking Requirements

Off-street parking shall be provided on site for each use at the following ratios:

| Use | Parking Requirement |
|---|---|
| Single-family dwellings | 2 spaces / dwelling |
| Two-family dwellings | 2 spaces / dwelling |
| Townhouses | 2 spaces / dwelling |
| Multi-family dwellings | 1.7 spaces / dwelling unit |
| Municipal Facilities | 1 space / employee on maximum shift |
| Professional, Administrative, Business Offices | 1 space / 300 square feet gross floor area |
| Public Parks and Recreation | At the discretion of the Land Use Board |
| Retail Sales and Services | 1 space / 250 square feet of gross floor area |
| Restaurants, Bars, Taverns, Eating Establishments | 1 space / 3 seats |
| Hotel | 1.2 spaces / sleeping room |
| Bed and Breakfast | 1 space / guest room + 2 |
| Any other use | At the discretion of the Land Use Board |

Where any required parking calculation results in a fraction of a parking space, the required amount of off-street parking shall be rounded up to the nearest whole number of parking spaces.

Critical Slope Areas

Given the nature of the slump block of the ridgeline and bluffs of the Redevelopment Area, special consideration shall be given to protection of the slopes in any grading, soil disturbance, and stormwater management plans. Any application for development or redevelopment within the Redevelopment Area shall include a geotechnical report and feasibility study prepared by a qualified professional engineer that has demonstrated experience in analysis of slump block areas and landslide prone areas from prior projects. The report shall contain at minimum the following information:

- A review of relevant previous professional studies and reports regarding slump blocks and landslides within the Area, including:
 - Slump Blocks in the Atlantic Highlands of New Jersey, by James P. Minard (1974)
 - Report of Atlantic Highlands-Highlands, Environmental Impact Statement, by Converse Ward Davis Dixon, (1978), provided in Appendix D.
 - USGS Landslide Monitoring in the Atlantic Highlands Area, New Jersey (active)
- An analysis of the soil conditions within the Redevelopment Area, and their suitability to support any proposed development.
- An analysis of the potential impacts of construction activity on the stability of the soils and the slopes.
- A detailed plan to protect and stabilize the slopes prior to, during, and after construction of any development project.
- An analysis of the impacts of stormwater on the stability of the soils and slopes on site.
- A detailed plan to minimize any potential impacts of stormwater on the stability of soils and slopes on the site.
- The geotechnical report and related plans shall be subject to the review and approval of the Board Engineer, and/or any other qualified geotechnical professional retained by the Borough or the Land Use Board for the purposes of reviewing any redevelopment applications within the Redevelopment Area.
- It shall be the developer's obligation to bear the cost of any Geotechnical Engineering expert retained by the Land Use Board, via application escrow.

Critical slope areas shall have the following protections:

- Except as otherwise noted herein, all development shall conform to the standards of the Borough's Steep Slopes and Slump Blocks Ordinance, found in §21-84B of the Zoning Ordinance.
- A redeveloper shall demonstrate that the disturbance of any critical slope area is necessary for the proposed development of the site.

- A redeveloper shall demonstrate that non-critical areas have been utilized to the maximum extent reasonably practicable, and that disturbance of critical slope areas has been minimized.
- Appropriate revegetation and landscaping of any disturbed critical slope areas shall be provided to help to adequately stabilize the slope in accordance with best practices for soil conservation and stormwater management techniques.
- No drainage shall be permitted to flow overland down critical slope areas, and all drainage shall be designed to minimize any impacts to existing down gradient facilities.

Design Standards

The following standards are intended to provide guidance in regards to the aesthetics of buildings, landscaping, and other site amenities and design features in order to encourage a high standard of development.

Any deviation from the following Design Standards of this Redevelopment Plan shall be treated as a design waiver. The Land Use Board shall have the authority to grant design waivers as an exception to these standards if it finds that the proposed conditions are satisfactory, and will generally advance the purposes of this Redevelopment Plan, without any substantial detriment to the public welfare or the intent of this Plan.

Redevelopment of the Area shall comply with the following design standards:

General Design Standards

- The design of buildings and landscaping within the Redevelopment Area shall be considerate of the site's prominent location as a potentially highly visible gateway into the Borough of Highlands. Attention should be given to the aesthetics of the building and site design as it would be visible from Route 36, within the site itself, and from the rest of the Bough at the bottom of the cliffs, or from Sandy Hook. All buildings and landscaping shall be designed to be attractive from each of these points of view.
- Buildings shall be designed using a color palette that complements the architectural context of the surrounding area.
- The visual impact of any parking facilities, or other accessory structures or uses shall be minimized to the greatest extent feasible.
- Blank, or featureless walls shall be avoided.

Architectural Design Standards

- Primary exterior building materials shall be wood, brick, stone, stucco, metal, glass, or other similarly durable and attractive materials.
- Exterior building walls shall be consistent in their quality and finish on all elevations visible from a public right-of-way.
- Buildings which have a horizontal width of greater than 100 feet shall be designed so as to visually separate the proportions into vertical segments.
- No building shall have a wall with an uninterrupted length of more than 60 feet without including a change in the vertical plane of the facade. This may be achieved through any one or combination of the following:
 - Pilasters, bay windows, building step-backs, and other façade recesses or projections.
 - The step-back or projection shall be a minimum of 18 inches from the primary building façade.

- The changes in the building façade plane shall occur over at least two stories of a building which is 3 stories in height or greater. For buildings less than 3 stories in height, the change may occur on only a single story.
- If exterior shutters are used, they shall be sized and mounted to fit their window opening, whether or not they are actually operable.

Landscaping and Fence Design Standards

- Sidewalks of at least 5 feet in width shall be provided along the frontage of all streets within and adjacent to the Redevelopment Area.
- Sidewalks of at least 5 feet in width shall be provided to provide access between any proposed Redevelopment Project and the public right-of-way.
- Where the foundation of a building is exposed, it shall be screened by plant materials.
- Shade trees shall be required along the frontage of any public right-of-way, or any private access road within the Redevelopment area.
- Shade trees shall be located within 10 feet of the curb, and spaced no greater than 40 feet apart.
- Shade trees shall be a deciduous species which is native to the Monmouth County region.
- Shade trees shall have a minimum caliper of 2.5 inches at the time of planting.
- No chain link fences shall be permitted.
- Barbed wire, razor wire, or other such materials are prohibited on any fence within the Redevelopment Area.
- Fences in a front yard area shall have a maximum height of 4 feet.
- Fences in a side or rear yard area shall have a maximum height of 6 feet.
- Retaining walls shall be constructed of a material which will complement the design of buildings and landscaping on the site.
- Where a buffer is required, it shall be made up of a mixture of dense evergreen planting materials of sufficient quantity and shape to effectively visually screen the Redevelopment Area from adjacent land uses.

Parking and Circulation Design Standards

- Loading and service areas shall be located to the side or rear of a building, and shall be screened from public view.
- Parking lots or structured parking garages shall be located interior to the site, and shall be screened from public view.
- Parking lots shall be surrounded by any combination of a garden wall, fence, or landscaping of a minimum height of 3 feet.
- Structured parking garages shall be designed to be visually integrated with the building(s) they are intended to serve. The architectural style, materials, and massing should complement the building(s).

- Circulation design shall be provided in accordance with the standards of the Borough's Land Use Ordinance.

Lighting Standards

- The maximum height of any freestanding light shall be 15 feet, or the height of the principal structure on the property, whichever is lesser.
- All lighting shall include shields and shall be directed towards the site.
- All lighting shall be provided in accordance with the standards of the Borough's Land Use Ordinance.

Mechanical Equipment and Utilities Standards

- All mechanical equipment shall be located internally within a building, or to the side or rear of a principal building and shall be screened from public view.
- Where feasible, utilities shall be located underground.
- Utility meters shall be located internally within a building, or to the side or rear of a principal building, and shall be screened from public view.
- Trash and recycling storage facilities shall be located within each principal building.
- Permanent outside storage of trash or recyclable materials shall be prohibited.

Signage Standards

- All signage shall be in accordance with the Borough's Land Use Ordinance.

RELATIONSHIPS TO OTHER PLANS

Borough of Highlands Plans

Pursuant to the LRHL, "all provisions of the Redevelopment Plan shall be either substantially consistent with the municipal master plan or designed to effectuate the master plan." (N.J.S.A. 40A:12A-7d).

Borough of Highlands Master Plan Reexamination Report (2016)

The Borough's Master Plan was adopted in 2004. The Borough adopted its most recent reexamination report of the Master Plan in December of 2016. The following goals and objectives of the Master Plan have a relationship to this Redevelopment Plan:

- To meet the needs of the Borough with the creation of mixed use development of exceptional design quality, a waterfront destination for activity and relaxation.
- A redeveloped community offering homes, employment, services, civic spaces, and leisure in a quality environment which will form part of the established communities of the Bayshore Region.
- To protect the existing natural resource base through sensitive design, energy efficiency, sustainable waste management, and to minimize the impact on the local environment.
- Strive to increase the percentage of owner-occupied housing in the Borough.
- Require that infill development be compatible with the neighborhood and conform to the setbacks of existing buildings on the block.
- Create attractive gateways at the principal entrances to the Borough through upgraded land uses, streetscape improvements, and signage.
- Encourage redevelopment in areas that need rehabilitation or improvement.
- Capitalize on the economic resources represented by Sandy Hook, Route 36, the Twin Lights, the New York Ferry, and the physical attractiveness of the area.
- Encourage neighborhoods to improve their aesthetic appeal and identity.

The Master Plan Reexamination included a specific discussion for Shadow Lawn Mobile Home Park:

- This is one of the few tracts of land left for development in the Borough. The Borough's 2016 Housing Element references this site as a potential location to include affordable housing in a development. It is a recommendation of this report to create a new mixed use zoning district consisting of this lot to encourage the redevelopment of the site, taking into consideration its proximity to Route 36 and multi-family zone districts, and its location of top of the hill.

- The Shadow Lawn Mobile Home Park should be rezoned to a mixed use district which would permit multi-family housing at a density of 30 units per acre, as well as restaurants, retail space, and office uses.
- The Land Use Plan Map, identifies the lands within this Redevelopment Area as being proposed for mixed use development.

In addition to general land use goals and recommendations, the Plan noted issues with regard to the stability of the slopes on which the site is located. The Plan recommends that the Borough review and update their steep slope protection ordinances, and work with the US Geological Survey to mitigate any issues of erosion and slumping of cliffs.

This Plan is intended to carry out the recommendations of the Master Plan Reexamination Report by creating new use, dimension, and design regulations specific to the Shadow Lawn Mobile Home Park.

Highlands Borough Housing Element and Fair Share Plan (2016)

The Borough's Housing Element and Fair Share Plan (HEFSP) indicates that based on a preliminary report issued by the Superior Court's appointed Regional Master, Richard Reading, that the Borough must provide 55 affordable housing units to meet its Round 3 (1999-2025) affordable housing fair share obligation. However, the Superior Court, Monmouth County Vicerage, has yet to make a legal determination as to the Borough's fair share obligation for the Prior Round (1987-1999) or the Borough's Round Three obligation. The Plan specifically notes that this site has the potential to be rezoned and developed with a mixed use development. The Plan notes show that if the site were to be developed with multi-family housing, with an affordable housing set aside of 15% of units for rentals, or 20% of units for for-sale, the site could produce approximately 16-25 units of affordable housing for the Borough. The HEFSP included the potential for 16 units on the site through inclusionary development to address this need as part of the mechanisms identified to bring the Borough into compliance with fair share housing requirements.

This Redevelopment includes an affordable housing requirement, and will implement the recommendations of the Housing Element and Fair Share Plan to help the Borough reach its fair share affordable housing goals.

Monmouth County Plans

Monmouth County Master Plan (2016)

The Monmouth County Master Plan includes the following goals and objectives which are relevant to this Plan:

- Promote beneficial development and redevelopment that continues to support Monmouth County as a highly desirable place to live, work, play, and stay.
- Encourage the redevelopment and revitalization of highway commercial corridors that incorporate multi-purpose uses, higher design standards, are located outside Special Flood Hazard Areas, and improve circulation both on and off-site.

The Plan also identifies Highlands Borough as a priority growth reinvestment area, which is an area that the County wishes to highly encourage intense development, redevelopment, revitalization, and hazard mitigation investments.

This Plan will further the goals of the County Master Plan.

Bayshore Region Strategic Plan (2006)

The Monmouth County Planning Board adopted the Bayshore Region Strategic Plan in September of 2006. This document provides an assessment of existing conditions and makes recommendations for land use and economic development for all of the communities which lie along the Raritan and Sandy Hook Bays in the northern end of the County. The plan identifies the area on Route 36 near the site as a strategic gateway into Highlands Borough, and recommends creating a center of activity around the intersection of Route 36 and Linden Avenue.

This Plan will contribute to the development of this site as an attractive gateway into the Borough, and help to transform the area into a center for activity along Route 36.

State Plans

State Development and Redevelopment Plan (2001)

The State Plan Policy Map and State Development and Redevelopment Plan (SDRP) classify the Redevelopment Area as being within the Metropolitan Planning Area (PA-1). The Metropolitan Planning Area is made up of existing urban centers and post-war suburbs that have strong ties to a major metropolitan center. The intention of the State Plan is that the majority of future growth and redevelopment be directed to lands within Planning Areas 1 and 2. These areas have the available infrastructure to support compact growth and development, and by directing growth to these areas, the character of existing communities can best be protected.

The goals, objectives, and provisions of this Redevelopment Plan are intended to guide the revitalization of the Redevelopment Area in a manner consistent with the State Plan policies established for the Metropolitan Planning Area in which the Redevelopment Area is located. These goals are advanced by redeveloping lands in an area with existing infrastructure capacity.

Draft State Strategic Plan (2011) – not officially adopted

The State Strategic Plan was developed in 2011 as an update to the State Development and Redevelopment Plan, however it has not as of yet been officially adopted. The goals of this Draft Plan included:

- Enhance opportunities for attraction and growth of industries of statewide and regional importance.
- Guide and inform regional planning so that each region of the State can experience appropriate growth according to the desires and assets of that region.
- Ensure that strategies for growth include preservation of our State's critical natural, agricultural, scenic, recreation, and historic resources, recognizing the role they play in sustaining and improving the quality of life for New Jersey residents and attracting economic growth.
- The State Strategic Plan lists all areas that located within the Metropolitan Planning Area (PA-1) of the State Development and Redevelopment Plan, as being within "priority growth investment areas" where public and private investment to support development and redevelopment should be encouraged and supported.

Other Plans

Master Plans of Contiguous Municipalities

The Redevelopment Area is located in the western end of the Borough, and is adjacent to the Borough of Atlantic Highlands, and the Township of Middletown.

The Borough of Atlantic Highlands most recently adopted a Master Plan in May of 2006, and last revised the Plan in August of 2007. The Plan notes that future land uses for the areas adjacent to Highlands Borough are currently zoned for and used as single-family residences, and no changes are proposed for this land use pattern.

Middletown Township sits directly across Route 36 from the Redevelopment Area. The areas of Middletown adjacent to Route 36 are currently developed with low-density single family dwellings. The Township adopted a Master Plan Reexamination Report in August of 2014. The future land use map of the Plan identifies these areas to remain as single family dwellings, and further west of the Area multi-family dwellings are proposed.

This Plan proposes a mix of residential and commercial uses which will complement the surrounding the residential communities both within Highlands Borough and the adjacent municipalities.

ADMINISTRATIVE AND PROCEDURAL REQUIREMENTS

Acquisition and Relocation

The Area governed by this Redevelopment Plan is a Non-Condemnation Redevelopment Area. The use of eminent domain for the acquisition of property is not authorized by this Plan. Provisions for the acquisition of property will not be required. However, the Redevelopment Area contains residential uses, as there are approximately 100 mobile home units on the site. It is estimated that approximately 50 units are occupied at the present time. Provisions for providing relocation assistance for any current residents of the mobile home community will be necessary.

The Borough and/or the redeveloper will provide relocation assistance to all residents pursuant to applicable State and Federal laws as necessary.

Any approval for development which would result in the retirement of the mobile home park or the removal of any residents of the mobile home park shall condition such an approval that the applicant or redeveloper provide proof, to the satisfaction of the Land Use Board, that adequate private residential facilities and circumstances exist for the relocation of those residents consistent with the requirements of N.J.S.A. 46:8C-21. Although N.J.S.A. 46:8C-21 is invoked by an application for one (1) or more variance(s), the requirements of N.J.S.A. 46:8C-21 shall apply to the aforementioned circumstances regardless of whether or not the application requires one (1) or more variance(s). For purposes of this chapter, "adequate private residential facilities and circumstances" shall share the definition of "comparable housing or park site" as provided in N.J.S.A. 2A:18-61.7(a). A redeveloper must provide proof of compliance with this paragraph to the Land Use Board prior to obtaining final approval. This Section is not severable from the other provisions of the chapter and the zoning modifications herein are conditioned upon the above relocation provision.

Inventory and Replacement of Affordable Housing

The Redevelopment Area governed by this Redevelopment Plan contains no housing units previously identified as affordable to low and moderate income households, as defined pursuant to section 4 of P.L.1985, c.222 (C.52:27D-304). No deed restricted affordable units for which the Borough is eligible to receive affordable housing credits pursuant to the Fair Housing Act and its implementing regulations, including Uniform Housing Affordability Controls, N.J.A.C. 5:80-26.1 et. Seq., will be removed as a result of implementation of this Redevelopment Plan. For that reason, the Borough is not required to plan for the provision of new or substantially rehabilitated affordable housing as a result of the implementation of this Redevelopment Plan.

This Redevelopment Plan however does require that affordable housing units as defined in Section 4 of P.L.1985, c.222 (C.52:27D-304), be included within any residential development to assist in meeting the Borough's fair share affordable housing obligations.

Amending the Redevelopment Plan

Upon compliance with the requirements of applicable law, the Borough Mayor and Council may amend, revise, or modify this Redevelopment Plan in general or for specific properties within the Redevelopment Area as circumstances may make such changes necessary and appropriate. The review and approval of any proposed amendments shall be undertaken in accordance with the procedures set forth in the LRHL. Any proposed changes in the Land Use Plan, including changes to permitted uses, building height, building setbacks, parking requirements, or other bulk standards, shall require notice and public hearings in a manner similar to the adoption of the original Plan.

Redevelopment Powers

The Borough may use any and all redevelopment powers granted to it pursuant to the LRHL to effectuate this Plan, except that the use of eminent domain shall be prohibited. The Borough may enter into agreements with a designated redeveloper(s) in connection with the construction of any aspect of the Redevelopment Plan, including off-site improvements.

Conveyance of Land

The Borough may sell, lease, or otherwise convey to a redeveloper for redevelopment, subject to restrictions, controls and requirements of the Redevelopment Plan, all or any of the properties designated in need of redevelopment within the Redevelopment Area of this Plan that it owns or may acquire via means other than eminent domain. The Borough may also use its redevelopment powers pursuant to the LRHL to enter into other agreements with a designated redeveloper or developers in connection with the implementation of the Redevelopment Plan.

Duration of the Plan

The Redevelopment Plan, as it may be amended from time to time, shall be in full force and effect upon its adoption by ordinance by the Borough of Highlands Mayor and Council, and shall be in effect until the Mayor and Council shall by ordinance adopt new regulations to supersede those found in this Redevelopment Plan.

REDEVELOPER OBLIGATIONS

Redevelopment under the terms of this Redevelopment Plan shall only be undertaken pursuant to a redevelopment agreement entered into between the Borough, acting as the Redevelopment Agency, and a designated redeveloper. The following restrictions and controls on redevelopment shall apply notwithstanding the provisions of any zoning or development ordinance or other regulations now or hereafter in force:

- The redeveloper will be obligated to carry out the specified improvements in accordance with this Redevelopment Plan.
- The redeveloper, its successors or assignees, shall develop the Redevelopment Area in accordance with the uses and building requirements specified in the Redevelopment Plan.
- Until the required improvements are completed and a certificate of completion is issued, the redeveloper covenants provided for in N.J.S.A. 40A:12A-9 and imposed in any redevelopment agreement, lease, deed or other instruments shall remain in full force and effect.
- The redevelopment agreement(s) shall contain provisions to assure the timely construction of the redevelopment project, the qualifications, financial capability and financial guarantees of the redeveloper(s) and any other provisions necessary to assure the successful completion of the project.
- The redevelopment agreement(s) shall provide provisions requiring that sufficient funds be deposited in escrow to allow the Borough and/or the Borough Land Use Board to hire their own independent geotechnical engineering expert to review the geotechnical report and the proposed plans of the redeveloper(s).
- The redevelopment agreement(s) shall provide provisions for the appropriate relocation assistance in compliance with all applicable Federal or State laws for any residents removed as a result of any redevelopment project(s).

AFFORDABLE HOUSING REQUIREMENTS

The redeveloper shall provide for an affordable housing component to the project so as to contribute towards the Borough's constitutional fair share obligation through any lawful mechanism recognized by the Fair Housing Act and the Council on Affordable Housing's implementing regulations as agreed upon by the Borough. Compliance with this requirement shall be included in any redevelopment agreement(s) entered into by the Borough and the designated redeveloper(s).

Any redevelopment project(s) within the Redevelopment Area shall include affordable residential units in compliance with the Borough's Housing Element and Fair Share Plan, and any ordinances adopted to implement the Housing Element and Fair Share Plan.

LAND USE BOARD REVIEW PROCESS

Pursuant to N.J.S.A. 40A:12A-13, all applications for development of sites governed by this Redevelopment Plan shall be submitted to the Borough Land Use Board for review and approval. The following provisions shall govern review of any proposed redevelopment projects for the redevelopment area:

- No building or zoning permit shall be issued by the construction or zoning official for any work resulting in a change of intensity of development or change of use for any properties or buildings within the area of the Redevelopment Plan without prior review and approval of the work by the Land Use Board, or the Borough Mayor and Council if necessary.
- Regular maintenance and minor repair shall not require Land Use Board review and approval.
- As part of site plan approval, the Land Use Board may require the redeveloper to furnish performance guarantees pursuant to N.J.S.A. 40:55D-53 and as required in the Borough's Land Use Ordinance. The performance guarantees shall be in favor of the Borough of Highlands, and the Borough Engineer shall determine the amount of any performance guarantees.
- Any subdivision of lots or parcels of land within the Redevelopment Area shall be in compliance with the Redevelopment Plan and reviewed by the Land Use Board pursuant to the Local Redevelopment and Housing Law and N.J.S.A. 40:55D-1 et seq.
- Once a property has been redeveloped in accordance with the Redevelopment Plan, it may not be converted to any use not expressly permitted in this Redevelopment Plan. No non-conforming use, building, or structure may be expanded or made more non-conforming in nature after adoption of this Redevelopment Plan. A use or structure not conforming to the requirements of this Redevelopment Plan may not be reconstructed in the event of its destruction. The Land Use Board shall determine the issue of whether the non-conforming use or building structure has been "destroyed."
- The regulations and controls of this Redevelopment Plan shall be implemented, where applicable, by appropriate covenants, or other provisions and through agreements between the redeveloper and Borough pursuant to N.J.S.A. 40A:12A-8 and 40A:12A-9.
- The extent of the redeveloper's responsibility for any installation or upgrade of infrastructure related to the development of the Redevelopment Area, or contribution thereto, shall, whether on-site or off-site, be subject to a redevelopment agreement with the Borough of Highlands, as the municipal redevelopment agency.
- A redeveloper shall be required to pay all applicable escrow fees and other required charges in accordance with applicable provisions of the Borough Ordinance and State law. Additionally, a redeveloper shall be required to pay their proportional share of the cost of any studies, plans, reports, or analyses prepared by the Borough or its designated redevelopment entity as part of this Redevelopment Plan. Any such payments required to reimburse the Borough shall be specified in the redevelopment agreement.

The above provisions are all subject to approval by ordinance and/or resolution according to law. If a court of competent jurisdiction finds any word, phrase, clause, section, or provision of this Redevelopment Plan to be invalid, illegal, or unconstitutional, the word, phrase, clause, section, or provision shall be deemed severable, and the remainder of the Redevelopment Plan and implementing ordinances shall remain in full force and effect.

AMENDMENT TO ZONING MAP AND DEVELOPMENT REGULATIONS

The Borough's Zoning Map is hereby amended to reference this Redevelopment Plan as a zoning district encompassing the Redevelopment Area as illustrated in the Redevelopment Area Map. Additionally, the listing of zoning districts in the Borough of Highlands Land Use Ordinance is hereby amended to include a reference to this Redevelopment Plan constituting such substitute zoning districts.

Where specifically provided for herein, the development standards set forth in this Redevelopment Plan shall supersede the Land Use Ordinance of the Borough of Highlands. In all other instances, the Borough Land Use Ordinance shall remain in full force and effect.

APPENDICES

Appendix A:

Resolution of the Governing Body designating the Area in Need of
Redevelopment