

FOURTH ROUND

HOUSING ELEMENT AND FAIR SHARE PLAN

BOROUGH OF CHATHAM | MORRIS COUNTY, NEW JERSEY

JUNE 2025

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**FOURTH ROUND HOUSING ELEMENT
AND FAIR SHARE PLAN**

ADOPTED BY THE PLANNING BOARD: JUNE 18, 2025

ENDORSED BY THE MAYOR & COUNCIL:

PREPARED BY:



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NEW JERSEY PROFESSIONAL PLANNER LICENSE #5537

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A SIGNED AND SEALED ORIGINAL IS ON FILE WITH THE BOROUGH CLERK

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EXECUTIVE SUMMARY

This Fourth Round Housing Element and Fair Share Plan (HEFSP) has been prepared pursuant to the Amended Fair Housing Act (“FHA”) which was signed into law in March 2024. The Borough is required to adopt a Fourth Round HEFSP by June 30, 2025 in accordance with the FHA.

The HEFSP is a plan that addresses the affordable housing obligation as set forth by the FHA. There have been two (2) previous rounds of affordable housing in the State, the Prior Round which covered a time period from 1987 to 1999 and a Third Round which covered a time period from 1999-2025.

Chatham Borough received a Judgment of Compliance from Superior Court of the Third Round HEFSP originally on September 29, 2016 and then on December 5, 2022 for a 2022 Amended HEFSP. The Third Round obligation totaled 337 units of which 71 units were the Realistic Development Potential (RDP) obligation and the remaining 266 units were the Unmet Need obligation. The Borough is currently compliant with the Court approval providing 45 occupied affordable housing units and up to 15 units that are zoned for affordable housing towards the RDP. The Borough also received 17 bonus credits towards the RDP obligation. In addition, the Borough has a 100% affordable housing project located on Bowers Lane that is currently under construction for fifteen (15) family rental units that is credited towards the Unmet Need obligation.

The Fourth Round obligation, as approved by the Superior Court Order dated April 24, 2025, is eight (8) units for the present need (rehabilitation) and 181 affordable housing units for the prospective need (new construction). The Fourth Round period is a 10-year obligation period running from July 1, 2025 to June 30, 2035. As detailed in the Fourth Round HEFSP, the Borough has a five (5) unit RDP with 176 units of Unmet Need. The Borough is satisfying the RDP with a 100% family rental project on Borough owned property and two inclusionary developments. The Borough is also satisfying the Unmet Need obligation through a new overlay zoning district within the B-3 and B-5 zoning district.

INTRODUCTION & BACKGROUND

Since the 1975 New Jersey Supreme Court decision known as “Mount Laurel I”, New Jersey municipalities have had a constitutional obligation to provide opportunities for the creation of low and moderate housing units. This 1975 decision led to a body of case law, legislative changes, and rulemaking by a state agency that, collectively, is now referred to as the “Mount Laurel doctrine”. Through these actions, New Jersey municipalities have been assigned a specific number of affordable housing units that must be created or planned to “satisfy” their constitutional obligation, commonly referred to as their affordable housing obligation. The purpose of this Fourth Round Housing Element and Fair Share Plan is to present how Chatham Borough will address its affordable housing obligation.

Affordable housing in New Jersey is defined as housing units which are reserved for households with incomes not more than 80% of the regional median income. Each affordable unit, with limited exceptions,

must remain reserved for very-low-, low- and moderate-income households for a minimum of 30 years and for rental units, 40 years, and it is typically enforced by a deed restriction. Each affordable unit is eligible for one “credit” against the obligation and certain units are eligible for “bonus credits”. In addition to providing the minimum number of credits, municipalities must ensure diversity in the level of affordability – meaning very-low-, low- and moderate-income units – and diversity in the size of affordable units – meaning one-, two- and three-bedroom units.

Participation in this process, and therefore satisfaction of the affordable housing obligation, can be achieved voluntarily or involuntarily. However, our laws heavily incentivize voluntary compliance. Municipalities that do not voluntarily comply may be vulnerable to “builder’s remedy” litigation. A builder’s remedy is a litigation tool to compel the municipality to include a builder’s site in the Fair Share plan. However, to secure such a remedy, the developer must “succeed in litigation”, provide a “substantial” affordable housing set-aside and the developer’s “proposed project” must not clearly violate “sound land use planning”. The Supreme Court’s desire to ensure that developers who provide affordable housing do so in accordance with sound planning, which is a pillar of the Mount Laurel doctrine.

The Housing Element and Fair Share Plan

In accordance with the Fair Housing Act (as amended) this Housing Element and Fair Share Plan includes the following:

- 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 (10) 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 of low- and moderate-income housing and its capacity to accommodate its present and prospective housing needs, including its fair share of low- and moderate-income housing;
- f. A consideration of the lands most appropriate for construction of low- and moderate-income housing and of the existing structures most appropriate for conversion to, or rehabilitation for, low- and moderate-income housing, including a consideration of lands of developers who have expressed a commitment to providing 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); and
- h. 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.

Items (a) through (d) are included as an appendix item and items (e) through (h) are included in the body of this Fair Share Plan.

AFFORDABILITY REQUIREMENTS

Affordable housing is defined under New Jersey’s FHA as a dwelling, either for sale or rent, which is within the financial means of households of very-low-, low-, or moderate-income, as is measured within each housing region. Chatham Borough is in Region 2, which includes Essex, Morris, Union and Warren counties. Moderate-income households are those with annual incomes greater than 50%, but less than 80% of the regional median income. Low-income households are those with annual incomes that are 50% or less than the regional median income. Very-low-income households are a subset of “low-income” households and are defined as those with incomes 30% or less than the regional median income.

The regional median income uses the federal income limits established by Department of Housing and Urban Development (hereinafter “HUD”) on an annual basis. In the spring of each year, HUD releases updated regional income limits. It is from these income limits that the rents and sale prices for affordable units are derived.

For 2025, New Jersey Housing and Mortgage Finance Agency (NJHMFA) updated income limits for all housing regions in New Jersey. These income limits for Region 2 will be utilized for Chatham. See Table 1 for 2025 income limits for Region 2.

Table 1: 2025 Income Limits for Region 2					
Household Income Levels	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5-Person Household
Median	\$94,800	\$108,300	\$121,800	\$135,300	\$146,200
Moderate	\$75,840	\$86,640	\$97,440	\$108,240	\$116,960
Low	\$47,400	\$54,150	\$60,900	\$67,650	\$73,100

Table 1: 2025 Income Limits for Region 2					
Household Income Levels	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5-Person Household
Very Low	\$28,440	\$32,490	\$36,540	\$40,590	\$43,860
Source: New Jersey Housing and Mortgage Finance Agency					

PRESENT AND PROSPECTIVE NEED OBLIGATION

The fair share affordable housing obligation consists of a rehabilitation component (present need) and a new construction component (prospective need). Pursuant to the Amended Fair Housing Act (FHA), the NJ State Department of Community Affairs (DCA) was required to calculate the present need and prospective need obligations for municipalities within the State. The methodology to calculate the municipality's obligation was based on three main factors including the median household income as compared to the Region 2 median household income, the total municipal nonresidential property valuation as compared to the total Region 2 nonresidential property valuation and municipality's total developable land as compared to the developable land in Region 2.

The FHA entitled municipalities to adjust the obligation if the information used in the DCA calculation was outdated or in error. After reviewing the DCA methodology for the present and prospective need obligations, the Borough determined that the DCA calculation for the present and prospective need was correct, and the Borough Council adopted a binding resolution accepting the obligations (Resolution 25-87) on January 27, 2025. The resolution and supporting report were submitted to Superior Court on January 28, 2025.

The Borough's obligation for the Fourth Round is as follows

- **Present Need (Rehabilitation): 8 units.** The rehabilitation obligation can be defined as an estimate of the number of deteriorated housing units, based on 2020 US Census data, existing in Chatham Borough occupied by low- and moderate-income households.
- **Prospective Need: 181 units.** The prospective need obligation can be defined as the cumulative July 1, 2025, through June 30, 2035, new construction affordable housing obligation.

Rehabilitation (Present Need) Obligation: 8

Chatham Borough's rehabilitation obligation (present need) is eight (8) units. The rehabilitation obligation is not cumulative but is a recalculation based on the most recent census data.

The Borough will address the 8-unit rehabilitation obligation through participation in the Morris County Housing Rehabilitation Program to identify units in need of rehabilitation and assist income qualified homeowners with funding for the repair of their homes.

All rehabilitated units will comply with the definition of a substandard unit in N.J.A.C. 5:93-5.2(b), which states, “a unit with health and safety code violations that require the repair or replacement of a major system.” Major systems include weatherization, roofing, plumbing, heating, electricity, sanitary plumbing, lead paint abatement and/or load bearing structural systems. All rehabilitated units shall meet the applicable construction code. Additionally, all rehabilitated units shall be occupied by very-low, low- or moderate-income households and subject to 10-year affordability controls, which shall be placed on the property in the form of a lien or deed restriction. The average hard cost for the rehabilitation of a major system will be at least \$10,000.

Prospective Need Obligation: 181 units

Vacant Land Adjustment and Realistic Development Potential (RDP) Analysis

If there is a lack of sufficient land to meet the new construction obligation, a municipality is entitled to rely on COAH regulations to adjust the new construction obligation downward pursuant to N.J.S.A 52:27D-311 (m). The adjusted number is known as the realistic development potential (RDP). The RDP represents the portion of the new construction affordable housing obligation that can theoretically be addressed with inclusionary development (defined as a mix of market and affordable units) on lots identified as being suitable in the Vacant Land Analysis (“VLA”). The portion of the new construction obligation for which there is insufficient land is known as the “unmet need”. The unmet need is calculated as the difference between the total obligation and the RDP.

The Borough undertook a current vacant land analysis which supports an RDP of five (5) units as shown in Table 2.

Parcel ID	Address	Block/Lot	Gross Lot Area	Net Lot Area	RDP Density Du/acre	Total Units	20% AH Setaside RDP	Notes
1	58 N Passaic	56/14	0.284	0.284	20	6	1	Borough owned lot
2	16 Walnut	86/35	0.62	0.62	12	7	1	Borough owned lot
3	589 Main Street	29/2	0.3	0.3	-	-	2	Proposed inclusionary development

Parcel ID	Address	Block/Lot	Gross Lot Area	Net Lot Area	RDP Density Du/acre	Total Units	20% AH Setaside RDP	Notes
4	311 Main Street	85/9	0.4	0.4	-	-	1	Proposed inclusionary development
Total RDP							5	

Unmet Need Determination

The Borough's prospective need obligation is 181 units and with a five (5) unit RDP, the Unmet Need is 176 units ($181-5=176$). The Amended FHA requires a municipality that receives an adjustment of the prospective need to identify sufficient parcels that are likely to redevelop during the Fourth Round to address 25 percent of the adjusted prospective need with realistic or meaningful zoning. While there are questions related to the interpretation of whether the "adjusted prospective need" refers to RDP or Unmet Need obligations, the Borough will provide meaningful zoning on parcels it believes are likely to redevelop over the next ten (10) years to address a minimum of 44 affordable housing units toward the unmet need ($176 \times 0.25 = 44$).

FAIR SHARE PLAN

Third Round Compliance Status

Pursuant to the Amended FHA, the Fourth Round Fair Share Plan is required to provide an assessment of the degree to which the prior rounds fair share obligations have been met as established by prior court approval. The municipality is required to determine to what extent the obligation is unfulfilled or whether the municipality has excess credits. If a prior round obligation remains unfulfilled the municipality shall address the prior round unfulfilled obligation in this Fourth Round Fair Share Plan. In addressing the status of the prior round projects, the municipality must demonstrate how any sites that were not built in the prior rounds continue to present a realistic opportunity. The Third Round Obligation totaled 337 units, which was divided between a 71-unit RDP and 266 Unmet Need. The following table provides the status of the projects that addressed the RDP obligation:

Table 3: Status of Prior Round Projects			
Program/Project	Unit Type	Status	Units
River Road Redevelopment The Ivy	Family Rental	Occupied	37
Schindler Court	Extension of Controls	Completed	8
AFD-4 Zoning District	Inclusionary Zoning	Zoned	5-7
4 Watchung Avenue	Inclusionary Zoning	Zoned	6-8
Total			56-60
Bonus Credits			17
Total			73-77
Surplus toward Unmet Need			2-6

The Bowers Avenue 100% affordable housing project of fifteen (15) family rental units was applied to the Third Round Unmet Need. However, it is reasonable to take these credits and apply them to the Third Round RDP and applying the AFD-4 and 4 Watchung Avenue zoning districts toward the Third Round Unmet Need obligation. In doing so, the Borough would have 77 units that are either occupied or under construction toward the Third Round RDP.

In addition, there has been one project, located at 246 Main Street, which produced three (3) affordable housing units through the Mandatory Setaside Ordinance requirement. The Borough believes that the Third Round projects continue to provide a realistic opportunity for the construction of affordable housing. Therefore, there are no unfulfilled units that need to be accounted for from the Third Round in the Fourth Round Fair Share Plan.

The Fourth Round Compliance Process

On March 20, 2024, Governor Murphy signed an amendment to the Fair Housing Act into law ("Amended FHA") that created new procedures and laws. The municipality must file a Housing Element and Fair Share Plan with the Court and Program by June 30, 2025, and comply with a series of other requirements to continue to have immunity from builder's remedy lawsuits and remain compliant with the Amended FHA.

The Borough took the necessary steps required by the Amended FHA by adopting a binding resolution and filing the declaratory relief action to establish the Fourth Round obligation. The Borough and the Planning Board will adopt, endorse and submit this Housing Element and Fair Share Plan with the Court and the Program prior to June 30, 2025, to comply with the Amended FHA deadline.

Consideration of Affordable Housing Options

The Borough received four proposals from developers for developments that include affordable housing units. A non-profit developer is proposing to work with the Borough and construct and manage four (4) family rental units on Borough owned property. The Borough is including this project in the HEFSP. Three developers proposed inclusionary housing projects. Two of which are included in the HEFSP, 589 Main Street and 311 Main Street. One additional developer proposed a 43-unit inclusionary development located at 23-33 South Passaic Avenue which would have provided six (6) units of affordable housing. The proposed development would have required off-site improvements and use of Borough streets and sidewalks as well as an increase in building height exceeding the ordinance requirements. As such, the Borough was not in favor of a project that was not consistent with the overall downtown land use goals and objectives.

The Borough believes that the zoning proposed in this Fair Share Plan represents the best options for affordable housing in the Borough. The mechanisms within this Fourth Round Fair Share Plan satisfy the Borough's affordable housing obligation as adjusted. While the Borough recognizes that developers may, in the future, present sites that possess characteristics that could lend themselves to affordable housing development, additional sites are not needed to satisfy the obligation at this time.

Satisfaction of the Fourth Round Affordable Housing Obligation

Realistic Development Potential: 5 units

The Borough is addressing an RDP obligation of five (5) units with a 100% family rental project and two small inclusionary infill developments, one of which is on a parcel that contains a vacant bank and the other is located on a vacant parcel.

The affordable housing rules require municipalities to designate sites that are "suitable, approvable, available and developable", as defined in N.J.A.C. 5:93-1. These terms are defined as follows:

- *Suitable site means a site that is adjacent to compatible land uses, has access to appropriate streets and is consistent with the environmental policies delineated in N.J.A.C. 5:93-4.*
- *Approvable site means a site that may be developed for low and moderate income housing in a manner consistent with the rules and regulations of all agencies with jurisdiction over the site. A site may be approvable although it is not currently zoned for low and moderate income housing.*
- *Available site means a site with clear title, free of encumbrances which preclude development for low and moderate income housing.*

- *Developable site means a site that has access to appropriate water and sewer infrastructure and is consistent with the applicable areawide water quality management plan (including the waste management plan) or is included in an amendment to the areawide water quality management plan submitted to and under review by the NJ Department of Environmental Protection.*

100% MUNICIPALLY SPONSORED AFFORDABLE HOUSING - PROPOSED

AH-1 Zoning District: - 4 family rental units + 1 bonus credit

The Borough will zone Block 56, Lot 14, which is 0.29 acres in size with frontage on North Passaic Avenue, to permit a 100% municipally sponsored affordable housing project consisting of four (4) family rental units. The Borough owns the parcel which is vacant and not otherwise encumbered or used for a public purpose, to a non-profit developer that will construct and manage the development. The Borough is eligible for one (1) bonus credit (25% of the RDP or 5 = 1). The FHA permits the Borough to apply one full bonus credit for each unit that is in a 100% affordable housing development while not exceeding 25% of the RDP provided the Borough, at a minimum, either donates the parcel to the non-profit developer or contributes 3% of the project cost.

COAH's Second Round rules at N.J.A.C. 5:93-1.3 and N.J.A.C. 5:93:5.5 for 100% affordable projects are addressed as follows:

- ✓ Site Control – The Borough owns the parcel.
- ✓ Suitable Site – The site is suitable as defined in COAH's regulations at N.J.A.C. 5:93-1.3, which indicates that a suitable site is one in which it is adjacent to compatible uses, has access to appropriate streets and is consistent with environmental policies in N.J.A.C. 5:93-4.
 - *The site has a clear title and is free of encumbrances that preclude development of affordable housing.* To our knowledge, the site has a clear title and no legal encumbrances that would preclude its development for affordable family rental housing.
 - *The site is adjacent to compatible land uses and has access to appropriate streets.* Memorial Park, a Borough owned park, is located to the south and west of the site and single-family detached units are located to the east and north of the site. The site has approximately 50 feet of frontage on North Passaic Avenue. North Passaic Avenue is a County owned road and classified as a minor arterial road, which is an appropriate road to provide access to a small 100% AH project.
 - *Adequate sewer and water capacity is available.* The site is within the Borough sewer service area and the Borough Engineer has confirmed that adequate sewer and water capacity is available to service the four (4) unit development.
 - *The site can be developed in accordance with R.S.I.S.* Development of the site will be consistent with the Residential Site Improvement Standards, N.J.A.C. 5:21-1 et seq.

- *The site is located in a “Smart Growth Planning Area.”* The 2001 Adopted State Plan Map and the proposed updated Preliminary State Plan Map, which is currently in the cross acceptance process, designates the property as being in Metropolitan Planning Area (PA 1). Among the intentions of the Metropolitan Planning Area are to provide for much of the state’s future redevelopment; promote growth in compact forms; and redesign areas of sprawl. It is a preferred location for affordable housing development.
- *The development is not within the jurisdiction of a Regional Planning Agency or CAFRA.* The site is outside of the Pinelands, Highland, CAFRA and Meadowlands planning areas.
- *The site will comply with all applicable environmental regulations.* There are no Category One streams, wetlands or known contaminated sites located on the property.
- *The site will not affect any historic or architecturally important sites and districts.* There are no historic or architecturally important sites or buildings on the property or in the immediate vicinity that will affect the development of affordable housing.
- ✓ Developable Site – In accordance with N.J.A.C. 5:93-1.3, a developable site has access to appropriate sewer and water infrastructure and is consistent with the area wide water quality management plan.
- ✓ Approvable Site – Pursuant to N.J.A.C. 5:93-1.3, an approvable site may be developed for low- and moderate-income housing in a manner consistent with the rules or regulations of all agencies with jurisdiction over the site. The site will be zoned for a 4-unit 100% family rental affordable project providing the zoning necessary for the proposed affordable housing development.
- ✓ Administrative Entity – The future developer will own and operate the affordable units pursuant to the applicable state regulations. For the proposed Fourth Round affordable units, the developer will affirmatively market the units, income qualify applicants, place a minimum of 40-year affordability control deed restrictions on the units and provide long-term administration of the units in accordance with COAH’s rules at N.J.A.C. 5:93 et seq. and UHAC rules per N.J.A.C. 5:80-26.1, or any successor regulation, with the exception that in lieu of 10% affordable units in rental projects being required to be at 35% of median income, 13% of affordable units in such projects shall be required to be at 30% of median income.
- ✓ Low/Moderate Income Split – At least half of all the affordable units developed at the site will be affordable to low-income households (13% of all affordable units will be very low-income) and an odd number of affordable units will always be split in favor of the low-income unit per N.J.A.C. 5:80-26.1.
- ✓ Affirmative Marketing – The developer will affirmatively market the units in accordance with UHAC per N.J.A.C. 5:80-26.1.

- ✓ Controls on Affordability – The Borough’s developers’ agreement and zoning ordinance will require a minimum 40-year affordability control deed restrictions on the units in accordance with N.J.A.C. 5:93 et seq. and N.J.A.C. 5:80-26.1.
- ✓ Bedroom Distribution – The units will be required to be developed in accordance with UHAC bedroom distribution requirements in accordance with N.J.A.C. 5:80-26.3.
- ✓ Funding –The developer will pursue funding from Federal, State, and County agencies for support in the funding of the project. In addition, the municipality will utilize Affordable Housing Trust Funds to aid in a gap in funding, if necessary.
- ✓ Construction Schedule – The developer will begin construction of the affordable family rental units within two (2) years of the Borough receiving a Final Judgment of Compliance from Superior Court. The developer will be responsible for monitoring the construction and overall development activity.

INCLUSIONARY DEVELOPMENT – PROPOSED

589 Main Street: 2 family rental units

The developer is proposing to construct nine (9) family rental units with two (2) units deed restricted for affordable housing on Block 29, Lot 2, which is a 0.3 acre vacant parcel located at the western edge of the Borough. Surrounding uses include a mix of multi-family housing and commercial uses.

The site is suitable. The site is suitable as it is adjacent to compatible land uses, has access to appropriate streets and is consistent with the environmental policies delineated in N.J.A.C. 5:93-4. Commercial uses are located to the north and west, a commuter parking lot to the east and multi-family residential units to the south. The site has approximately 80 feet of frontage on Main Street (Route 124), which is a state highway, providing access to an appropriate street for this small infill inclusionary development. In addition, there are no wetlands, Category One streams, steep slopes or known contamination on the property.

The site is approvable. The site will be developed in a manner consistent with the rules and regulations of all agencies with jurisdiction over the site which includes the Borough, NJ Department of Transportation and Morris County. The site is outside of the Pinelands, Highlands, CAFRA and Meadowlands planning areas. The Borough will zone the site for a maximum of nine (9) multi-family residential rental units including two (2) units deed restricted as affordable housing. Draft ordinances and concept plans are in the appendix to this Plan. The site will be developed consistent with the Residential Site Improvement Standards, N.J.A.C. 5:21-1 et seq. The Borough will require minimum 40-year affordability control deed restrictions on the affordable housing units in accordance with UHAC.

The site is available. The site has no known legal encumbrances or deed restrictions that would preclude the development of affordable housing, and there are no known historic or architecturally important sites or buildings on the property that will affect the development of affordable housing.

The site is developable. The site has access to appropriate water and sewer infrastructure and is consistent with the applicable areawide water quality management plan. The site is within the Borough's sewer service area (Madison Chatham Joint Meeting Sewer Treatment Plant) and the Borough Engineer has indicated that adequate sewer capacity and infrastructure are available and accessible.

311 Main Street: 1 family rental unit and in-lieu contribution

The developer is proposing to construct nine (9) townhouse units with one (1) unit deed restricted for affordable housing with an in lieu contribution (fractional unit option in accordance with the Borough's ordinance) on Block 85, Lot 9, which is a 0.4-acre vacant parcel located in the center of the Borough's downtown.

The site is suitable. The site is suitable as it is adjacent to compatible land uses, has access to appropriate streets and is consistent with the environmental policies delineated in N.J.A.C. 5:93-4. Surrounding uses include mostly office and commercial uses to the east, north and west and the NJ Transit rail line is located to the south. The site has approximately 100 feet of frontage on Main Street (Route 124) which is a state highway and 250 feet along Railroad Plaza Road which is a Borough owned roadway, both roads deemed to be appropriate streets for access to this small infill inclusionary development. In addition, there are no wetlands, Category One streams, steep slopes or known contamination on the property.

The site is approvable. The site will be developed in a manner consistent with the rules and regulations of all agencies with jurisdiction over the site which includes the Borough, State DOT and Morris County. The site is outside of the Pinelands, Highlands, CAFRA and Meadowlands planning areas. The Borough will zone the site for a maximum of nine (9) townhouse units including one (1) unit deed restricted as affordable housing. Draft ordinances and concept plans are in the appendix to this Plan. The site will be developed consistent with the Residential Site Improvement Standards, N.J.A.C. 5:21-1 et seq. The Township will require a minimum 40-year affordability (rental units) controls (deed restrictions) on the affordable housing unit in accordance with UHAC.

The site is available. The site has no known legal encumbrances or deed restrictions that would preclude the development of affordable housing, and there are no known historic or architecturally important sites or buildings on the property that will affect the development of affordable housing. While the site is located in the locally designated Main Street Historic District the existing building on site is not considered a contributing structure and as such the proposed project will not have a significant impact on the Main Street Historic District.

The site is developable. There are no wetlands, Category One streams or known contaminated sites on the property. The site is within the Borough's sewer service area (Madison Chatham Joint Meeting Sewer Treatment Plant) and the Borough Engineer has indicated that adequate sewer capacity and infrastructure are available and accessible.

Table 3: Satisfaction of the Fourth Round 5 Unit RDP					
Project	Unit Type	Status	Units	Bonus Credits	Total Credits
58 North Passaic ESHIN	100% Municipally Sponsored Family For Rent	Proposed	4	1	5
589 Main Street	Inclusionary Development Family For Rent	Proposed	2	-	2
311 Main Street	Inclusionary Development Family For Rent/Sale	Proposed	1	-	1
Total			7	1	8
Surplus Credits		3 units toward Unmet Need			

OBLIGATION MICRO-REQUIREMENTS

Per the Amended FHA, the Borough must address a variety of minimum or maximum credits in satisfying its Fourth Round fair share obligation. The Borough must meet a rental obligation, total family unit obligation, the very low-income obligation and not exceed the maximum senior unit cap. The micro-requirements are based on the RDP of five (5) units.

Maximum Bonus Credits = 1 unit

.25 (Obligation) = 1 unit | .25 (5) = 1.25 (round down to 1)

The Borough does not exceed the maximum number of bonus credits and is requesting bonus credits for one (1) unit from the 100% Municipally Sponsored Affordable Housing project in which the Borough will donate the parcel to the non-profit developer.

Minimum Rental = 2 units

.25 (Obligation) = 2 units | .25 (5) = 1.25, round up to 2 units

This obligation is satisfied with a total of 7 credits associated with 58 North Passaic (4), 589 Main Street (2) and 311 Main Street (1 unit).

Maximum Senior = 1 unit

.30 (Obligation) = 1 unit | .30 (5) = 1.5, round down to 1 unit

This maximum senior units are not exceeded as no senior units are proposed.

Minimum Family = 2 units

.50 (Obligation-bonus) = 2 units | .50 (5-1=4) = 2 units

This obligation is satisfied with a total of 7 credits associated with 58 North Passaic (4), 589 Main Street (2) and 311 Main Street (1 unit).

Minimum Family Rental: 1 unit

.50 (rental obligation) = 1 unit | .50 (2) = 1

This obligation is satisfied with a total of 5 credits associated with 58 North Passaic (4) and 589 Main Street (2).

Minimum Very Low Income = 1 unit

.13 (AH units)= 1 unit | .13 (5) = 0.65, round up to 1 unit

This obligation is satisfied with credits including one (1) credit from the 58 North Passaic Avenue 100% affordable housing project.

Unmet Need: 44 units (25% of 176 units)***Unmet Need Proposed: 44 units******RDP Surplus Units: 3 units******Overlay Zone: Business-Affordable Housing Overlay District (B-AHO): 41 credits***

The remaining obligation is known as the Fourth Round Unmet Need. The Amended FHA requires a municipality that receives an adjustment of the prospective need to identify sufficient parcels that are likely to redevelop during the Fourth Round to address 25 percent of the adjusted prospective need with realistic or meaningful zoning. The Borough will address the Unmet Need Obligation through an overlay district permitting multi-family inclusionary residential housing at a density of 21.1 dwelling units per acre on the following parcels that are in the Business-3 (B-3) and Business-5 (B-5) zoning districts:

- Block 49, Lot 1 (0.48 acres)
 - This parcel contains several business uses within a structure that presents as a single family structure. The improvement to land value is 0.45, which means the building is worth significantly less than the land.
- Block 49, Lot 2 (4.03 acres)
 - This parcel contains an office building with a large parking lot at the rear of the parcel. The improvement to land value is 1.22 which means the building is worth slightly more than the land value.
- Block 49, Lot 3 (1.27 acres)
 - This parcel contains an office building that is occupied as condominium units. The improvement to land value is 1.77 which means the building is worth more than the land value. While the property is located in a State designated historic district, the building is not a contributing resource within the historic district.
- Block 129, Lot 1 (2.92 acres)
 - This parcel contains an office building with garage and surface parking areas. The improvement to land value is 2.7 which means the building is worth significantly more than the land.
- Block 129, Lots 3 & 4 (1.0 acres)
 - The parcels contain two separate office buildings with parking in the rear yard. The improvement to land value for Lot 3 is 2.2 and for lot 4 it is 1.8.

This area within the Borough represents a concentration of office uses that have varying improvement to land value ratios which value and could be a signal that the property is more apt for future redevelopment. In addition, most of the office buildings are currently experiencing some vacancies. The Borough believes this area presents the best option to create a meaningful opportunity to capture affordable housing as office space continues to struggle to remain viable in a region that is experiencing higher remote working rates.

An overlay zone is a zoning option that allows a property owner to develop at higher densities for residential development provided they set aside at least 20% of the units as affordable housing available to low-and moderate-income households. This type of zoning is known as inclusionary zoning. The property owner is not required to develop pursuant to the overlay zone and may continue the use or apply for an expansion or change in use in conformance with the underlying B-3 and B-5 zoning standards.

The proposed ordinance amendment is included in the appendix and represents a meaningful zoning option for future affordable housing opportunities. The total overlay zone area is 9.7 acres and at a density of 21.1 units per acre a total of 206 units may be possible to develop and with a set aside of 20% for affordable housing, 41 affordable housing units may be achieved which satisfies most of the 44-unit Unmet Need requirement.

PRESERVATION OF MULTIGENERATIONAL FAMILY CONTINUITY

The 2024 FHA 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). The Commission has the primary goal of enabling senior citizens to reside at the homes of their extended families, thereby preserving and enhancing multigenerational family continuity. A review of the Borough's ordinance indicates that there are no ordinances that would specifically create a detraction from meeting the Commission's goal of enabling senior citizens to reside at the homes of their extended families. In fact, the Borough defines a family that is permitted to live in a single family dwelling in such a way that a senior citizen may live in that single family dwelling unit with their extended family which is a permitted use in the residential zoning districts. The Chatham Borough ordinances advance the multigenerational family continuity goal.

STATE DEVELOPMENT AND REDEVELOPMENT PLAN CONSISTENCY

The Fourth Round Housing Element and Fair Share Plan is consistent with the 2001 State Development and Redevelopment Plan (SDRP) and draft SDRP as the proposed 100% affordable housing parcel, inclusionary development parcels and overlay zoning district are within a PA-1 (Metropolitan Planning Area). The development of affordable housing in a PA-1 is consistent with the overall State Development and Redevelopment Plan goal to direct redevelopment and growth into Metropolitan Planning Areas where the intentions of the Metropolitan Planning Area are to provide for much of the state's future redevelopment; promote growth in compact forms; and redesign areas of sprawl. It is a preferred location for affordable housing development.

AFFORDABLE HOUSING ADMINISTRATION & AFFIRMATIVE MARKETING

Chatham Borough adopted an Affordable Housing Ordinance in accordance with COAH's substantive rules and UHAC. The Affordable Housing Ordinance governs the establishment of affordable units in the Borough as well as regulating the occupancy of such units. The Borough's Affordable Housing Ordinance covers the phasing of affordable units, the low/moderate income split, bedroom distribution, occupancy standards, affordability controls, establishing rents and prices, affirmative marketing, income qualification, etc. The Borough will update the Affordable Housing Ordinance as needed and determined by the Program or Court.

The Borough also established the position of the Municipal Housing Liaison and appointed a staff member to the position. The Borough relies on their affordable housing administrator to conduct the administration and affirmative marketing of its affordable housing sites. The affirmative marketing plans are designed to attract buyers and/or renters of all majority and minority groups, regardless of race, creed, color, national origin, ancestry, marital or familial status, gender, affectional or sexual orientation, disability, age or number of children to the affordable units located in the Borough. Additionally, the affirmative marketing plan is intended to target those potentially eligible people who are least likely to apply for affordable units and who reside in the Borough's housing region, Region 2, consisting of Morris, Essex, Union and Warren counties. The Borough will continue to rely on the Affirmative Marketing Plan adopted in the Third Round and will update it as required by new permanently adopted Uniform Housing Affordability Controls provided by the Department of Community Affairs.

The administrative agent, who is a consultant to the Borough, is responsible for the marketing, the setting of sale and rental prices for affordable units, income certification of applicants, creation of a waiting list of income certified applicants and the initial random selection process for new affordable housing units. The Borough's Operating Manual, which describes the policies and procedures used to create affordable housing units and fill them with income-eligible families, is available on the Borough's website.

The existing affirmative marketing plan includes regulations for qualifications of income eligibility, price and rent restrictions, bedroom distribution, affordability control periods, and unit marketing in accordance with N.J.A.C. 5:80-26.1 et seq. All newly created affordable units will comply with the 30-year affordability control required by UHAC, N.J.A.C. 5:80-26.5 and 5:80-26.11. This plan must be adhered to by all private, non-profit, and municipal developers of affordable housing units and must cover the period of deed restriction or affordability controls on each affordable unit.

AFFORDABLE HOUSING TRUST FUND

A development fee ordinance was adopted to create a dedicated revenue source for affordable housing.

The future Spending Plan will cover anticipated revenues, collection of revenues, and the use of revenues, which will be prepared in accordance with COAH's applicable substantive rules. All collected revenues will be placed in the Borough's Affordable Housing Trust fund and may be dispensed for the use of eligible affordable housing activities including, but not limited to:

- New construction of affordable housing units and related development costs;
- Extensions or improvements of roads and infrastructure directly serving affordable housing development sites;
- Acquisition and/or improvement of land to be used for affordable housing;

- Purchase of affordable housing units for the purpose of maintaining or implementing affordability controls,
- Maintenance and repair of affordable housing units;
- Repayment of municipal bonds issued to finance low- and moderate-income housing activity; and
- Any other activity as specified in the approved spending plan.

At least 30% of collected development fees, excluding expenditures made since July 17, 2008, when affordability assistance became a statutory requirement in the Fair Housing Act, shall be used to provide affordability assistance to low- and moderate-income households in affordable units included in a municipal Fair Share Plan. At least one-third (1/3) of the affordability assistance must be expended on very-low income units. Additionally, no more than 20% of the revenues collected from development fees each year, shall be expended on administration, including, but not limited to, salaries and benefits for municipal employees or consultant fees necessary to prepare or implement a rehabilitation program, a new construction program, a housing element and fair share plan, and/or an affirmative marketing program.

MONITORING

The Borough will comply with monitoring provisions consistent with those required by the FHA. The monitoring requires regular tracking of progress toward meeting the Borough's affordable housing obligation and ensuring the affordable units and the Affordable Housing Trust fund are administered properly as follows:

- On or before February 1st of each year, the Borough will provide annual reporting of the status of all affordable housing activity within the municipality and the Affordable Housing Trust fund accounting through posting on the municipal website and on the DCA website.
- Midpoint Review. The Borough will post on the municipal website and submit to the DCA website a status report as to its implementation of its Plan and an analysis of whether any unbuilt sites or unfulfilled mechanisms continue to present a realistic opportunity. Such posting shall invite any interested party to submit comments to the Program and Superior Court, regarding whether any sites no longer present a realistic opportunity and should be replaced. Any interested party may by motion request a hearing before the Court regarding these issues.

COST GENERATION

The Borough's Land Development Ordinance has been reviewed to eliminate unnecessary cost generating standards. The Borough will adopt, if needed, Planning Board rules for expediting the review of

development applications containing affordable housing. Such expedition may consist of, but is not limited to, scheduling pre-application conferences and special monthly public hearings. Furthermore, development applications containing affordable housing shall be reviewed for consistency with the Land Development Ordinance, Residential Site Improvement Standards (N.J.A.C. 5:21-1 et seq.) and the mandate of the FHA regarding unnecessary cost generating features. Chatham Borough shall comply with COAH's requirements for unnecessary cost generating requirements, N.J.A.C. 5:93-10.1, procedures for development applications containing affordable housing, N.J.A.C. 5:93-10.4, and requirements for special studies and escrow accounts where an application contains affordable housing.