



Town of Morristown

Round Four: Housing Element and Fair Share Plan

Prepared For:
THE TOWN OF

MORRISTOWN
200 South Street
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Adoption Date: June 19, 2025

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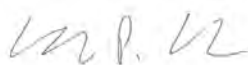
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Plan Date: 6/6/2025

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

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I. Introduction

This Housing Element and Fair Share Plan will exhibit the Town of Morristown's (the "Town" or "Morristown") commitment to providing a reasonable opportunity for providing its fair share of affordable housing. This document seeks to frame Morristown's efforts based on current best knowledge of the affordable housing framework created by the State, applicable past rules established by the Council on Affordable Housing (COAH), and the requirements of A4/S50¹ (the "Law" or "Amended Law") which governs municipal responsibilities concerning provisions of affordable housing in the Fourth Round.

This Plan has three sections. The first section ("Introduction") includes a brief history of New Jersey Housing Policy. The second section ("Housing Element") includes a Demographic Analysis, Housing Inventory, Employment Analysis, and review of land uses and policies, as required by statute. The third section (Fair Share Plan) summarizes the Town's affordable housing obligations for 2025-2035 and its plan for complying with these obligations.

A. History of New Jersey Affordable Housing Policy

1975 – 1985 | Mount Laurel Doctrine and the Fair Housing Act

In 1975 the New Jersey Supreme Court decided *Southern Burlington County NAACP v. the Township of Mount Laurel*, more commonly referred to as "Mount Laurel I," wherein it interpreted the New Jersey Constitution to create an affirmative obligation for developing municipalities to provide a "realistic opportunity for the construction of low- and moderate-income housing in their communities." In 1983, the New Jersey Supreme Court expanded the obligation from only developing municipalities to all municipalities in a decision commonly referred to as "Mount Laurel II". In addition, the Supreme Court required the establishment of each municipality's fair share obligation and required each municipality, through its zoning, to provide a realistic opportunity for the construction of that established fair share obligation. Subject to several prerequisites, conditions and requirements, Mount Laurel II also created the "builder's remedy" as a mechanism to enforce the doctrine in instances where a developer successfully demonstrated a municipality's zoning failed to create the requisite realistic opportunity. Under such circumstances, a plaintiff may be entitled to have its site rezoned for an inclusionary development with an affordable set aside if the site is available, developable, approvable, and suitable for the proposed project and all other requirements for a successful builder's remedy are met and all defenses defeated.

In 1985, in response to Mount Laurel II and the flood of litigation stemming from it, the Legislature adopted the Fair Housing Act ("FHA") to discourage litigation and incentivize voluntary compliance (see N.J.S.A. 52-27D-303). The FHA established, among other things, the

¹ Bill A4 AcaSca (2R). <<https://www.njleg.state.nj.us/bill-search/2024/A4>> Accessed May 8, 2025.

Bill S50 ScaSca (2R). <<https://www.njleg.state.nj.us/bill-search/2024/S50>>. Accessed May 8, 2025.

Council on Affordable Housing (“COAH”) as an administrative alternative to litigation and judicial intervention. COAH was charged with establishing various housing regions in the state, estimating regional affordable housing obligations, and adopting criteria and guidelines for the municipal determination of housing need as well as guidelines for satisfying those obligations. The FHA also linked municipal planning and zoning powers to the satisfaction of affordable housing obligations. Under the FHA, a municipal zoning ordinance is presumptively invalid if a municipality fails to adopt a housing element as part of its master plan or enacts zoning regulations that are inconsistent with their housing plan.

1987 – 2004 | Establishment and Administration of First Round and Second Round COAH Rules

After the adoption of the Fair Housing Act, COAH adopted procedural and substantive rules to effectuate the FHA’s legislative intent in both the First Round (1987-1993) (N.J.A.C 5:91 and 5:92) and Second Round (1993-1999) (N.J.A.C. 5:93). The Second Round substantive regulations (Chapter 93) superseded the First Round substantive regulations (Chapter 92) and recalculated the First Round obligations. Under COAH’s regulations, low-income households were defined as those with incomes no greater than 50 percent of the area median income (AMI), adjusted for household size, and moderate-income households were those with incomes no greater than 80 percent and no less than 50 percent of the median household income. AMI limits were calculated based upon housing regions as established by COAH.

2004 – 2010 | Third Round Litigation and Revisions

In December 2004, COAH promulgated its Third Round “Growth Share” methodology, which adjusted prior round obligations and devised a new system for projecting future municipal housing obligations. Growth Share obligations were based upon municipal growth and the Third Round was defined as the period of 1999-2014. The initial Growth Share methodology required municipalities to provide one affordable housing unit for every eight market rate units and one affordable unit for every 25 jobs created. In January 2007, the Appellate Division invalidated the Growth Share Methodology and required COAH to revise its rules, which it did in May 2008 via the Third Round substantive regulations of Chapter 97.

The FHA was subsequently amended in July 2008. This round of amendments, among other things, eliminated Regional Contribution Agreements and reduced non-residential development fees. In September 2008, Executive Order #114 amended the COAH rules to ensure consistency with the Highlands Regional Master Plan.

2010 – 2023 | COAH’s Noncompliance and Resumption of Court Responsibility

During this period, there was inaction and increased uncertainty in the realm of affordable housing.

After taking office Governor Chris Christie signed Executive Order No. 12, establishing the Housing Opportunity Task Force and charging them with a full review of the Fair Housing Act,

COAH, and COAH's regulatory structure. Ultimately, the task force recommended a model which included adjusted definitions of present and prospective need, a benchmark of 10 percent growth predicted by the State Planning Commission to guide obligations and transferring of procedural responsibility from COAH to the Home Mortgage Finance Agency (HMFA).

Further complicating matters, in October 2010, the Appellate Division invalidated a substantial portion of COAH's rules. Most notably, the Court invalidated the Third Round Growth Share methodology and ordered COAH to revise its rules in accordance with the decision. In addition, the Court prohibited certification of housing plans that rely upon municipally sponsored affordable housing projects without specified funding and required COAH to create an incentive structure for inclusionary developments.

In January 2011, the legislature passed S-1 / A-3447, which was subsequently vetoed. Then, in June Governor Christie issued a reorganization plan which transferred the administration of the State's affordable housing program from COAH to the New Jersey Department of Community Affairs. Upon challenge by the Fair Share Housing Center, the Appellate Court invalidated Governor Christie's Reorganization Plan in March 2012. The Supreme Court upheld this decision in July 2013.

In September 2013, the Supreme Court confirmed the invalidation of the previously adopted Third Round regulations, upholding that the methodology used for projecting housing needs in these rules was unconstitutional. In that ruling, the court established a February 2014 deadline for development and adoption of new COAH rules, which was eventually extended to November 2014. Significantly, no rules were adopted.

In March 2015, in the case entitled *In re: Adoption of N.J.A.C. 5:96 & 5:97*, 221 N.J. 1 (2015), more commonly referred to as "Mount Laurel IV" the State Supreme Court determined that COAH was "moribund" and unable to carry out its duties as intended by the Fair Housing Act. The Court further held "that the courts may resume their role as the forum of first instance for evaluating municipal compliance with Mount Laurel obligations."

Thus, the Court designed a transitional process whereby municipalities could seek judicial approval of their HEFSPs. Those transitional procedures gave municipalities the choice whether to seek compliance voluntarily via a Declaratory Judgment (DJ) Action or to not file a DJ Action and risk being sued. During this period, and in the absence of COAH, many municipalities entered into court-mediated Settlement Agreements involving the Fair Share Housing Center.

2024 – Present | Adoption of A4 / S-50 and Fourth Round Methodology Changes and Department of Community Affairs

With the impending end of the Third Round in 2025, there was a push at the State level to implement new legislation that would reorganize the affordable housing process and end the

transitional and court-oriented process initiated by Mount Laurel IV. The result of this effort was A-4 / S-50, which was signed into law by Governor Phil Murphy on March 20, 2024. This legislation created a framework to be used for the Fourth Round and beyond. In summary, the Law:

1. Abolishes the Council on Affordable Housing ("COAH") and transfers its duties to the DCA and the Administrative Office of the Courts ("AOC");
2. Enables the DCA to implement the judicial methodology provided by Judge Mary C. Jacobson, A.J.S.C. in her March 8, 2018, decision, *In re Application of Municipality of Princeton* (the "Princeton Case"), to estimate every municipality's affordable housing obligation for the Fourth Round;
3. Creates the Affordable Housing Dispute Resolution Program (the "Program") to oversee disputes and provide for mediation; and
4. Expands the availability of bonus credits, while eliminating the previously offered "rental bonus credit." Bonus credits are further described in this Housing Element and Fair Share Plan.
5. Modifies applicable data and calculations underlying the methodology for calculation of affordable housing obligations, eliminating the prior dependence of Courts and court-appointed Special Adjudicators to deploy accepted methodologies to determine each municipality's affordable housing obligation.
6. Sets timeframes under which municipalities must act to preserve immunity from exclusionary zoning litigation.
7. Sets forth opportunities for bonus credits. Municipalities may only claim one type of bonus credit per affordable unit. Bonus credits may only satisfy 25% of a municipality's overall Fourth Round obligation. These credits include:
 - a. One (1) bonus credit for special needs or permanent supportive housing;
 - b. One (1) bonus credit for 100% affordable housing projects for which the host municipality has contributed towards the cost of the project, subject to certain minimum contribution requirements;
 - c. One (1) bonus credit for market rate units that are converted to affordable units;
 - d. One-half (0.5) bonus credit for ownership units created in a partnership sponsorship with a non-profit housing developer;
 - e. One-half (0.5) bonus credit for units located within a one-half mile radius (or a one-mile radius for projects located in a Garden State Growth Zone) of NJ Transit or Port Authority rail, bus, or ferry stations, including all light rail stations;
 - f. One-half (0.5) bonus credit for age-restricted units, subject to certain caps;

- g. One-half (0.5) bonus credit for each three-bedroom unit in excess of the three-bedroom requirements set forth in the Uniform Housing Affordability Controls;
- h. One-half (0.5) bonus credit for housing units constructed on previously developed land that was utilized for retail, office, or commercial space; and
- i. One-half (0.5) bonus credit for units whose affordability controls are extended for a new term of affordability;

Critically, the Amended Law requires that municipalities adopt a housing element and fair share plan no later than June 30, 2025, to maintain immunity from exclusionary zoning litigation.

B. Housing Element and Fair Share Plan Requirements

Municipal Land Use Law ("MLUL") + Fair Housing Act ("FHA")

The MLUL, through incorporation of the New Jersey FHA, requires municipalities to include a housing element in their master plans as a prerequisite to the zoning power. The principal purpose is to enumerate and provide the data, policies, and methods by which municipalities will meet housing needs, with particular attention to low- and moderate-income households.

Pursuant to Section 10 of P.L.1985, c.222 (C.52:27D-310) and as amended per Bill A4², as amended, the required contents of the housing element shall contain at least:

- 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, and in conducting this inventory the municipality shall have access, on a confidential basis for the sole purpose of conducting the inventory, to all necessary property tax assessment records and information in the assessor's office, including but not limited to the property record cards;*
- 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;*

² 2024 New Jersey Revised Statutes, Title 52 - State Government, Departments and Officers Section 52:27D-310 - Essential components of municipality's housing element. <<https://law.justia.com/codes/new-jersey/title-52/section-52-27d-310/>>. Accessed May 8, 2025.

Bill A4 Session 2024 – 2025. <https://www.njleg.state.nj.us/bill-search/2024/A4/bill-text?f=A0500&n=4_R1>. Accessed May 8, 2025.

- 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; and*
- 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.*

In addition to the statutory components of the Housing Element and Fair Share Plan detailed in 52:27D-310, [Administrative Directive #14-24](#)³; which promulgated the procedures and guidelines for implementing the Affordable Housing Dispute Resolution Program; contains a section entitled “Required Elements of Housing Element and Fair Share Plan.” In summary, the Directive requires four additional elements of the HEFSP to be included:

1. A site suitability analysis for each of the un-built inclusionary and/or 100% affordable sites in the plan and identification of each of the sites considered for development and rejected, along with the reasons for such rejection.
2. A concept plan for site development of any proposed inclusionary zone.
3. A detailed review of the credit worthiness of all existing units in the municipality

³ Civil – Affordable Housing Dispute Resolution Program – Implementation of L. 2024, c. 2.

https://www.njcourts.gov/sites/default/files/administrative-directives/2024/12/dir_14_24.pdf. Accessed May 8, 2025.

4. All ordinances and resolutions required to implement the plan attached as an Appendix to the HEFSP.

However, it should be noted that the requirement to adopt all implementing ordinances to effectuate the HEFSP as set forth in the Fair Housing Act is March 15, 2026. Given this discrepancy of the dates, the statutory necessity of implementing ordinances to be reviewed by the Planning Board and deemed consistent with this adopted HEFSP, and the potential for challenges to the HEFSP as adopted, any such ordinance amendments will be prepared following adoption of this plan element.

II. Housing Element: Municipal Summary

The Town of Morristown occupies roughly 3.01 square miles of Morris County. For regional and planning purposes, Morristown is in Housing Region 2, a region that consists of Essex, Morris, Union and Warren counties.

In compiling the analysis for the Housing Element, this report utilizes the following data:

1. American Community Survey ("ACS"): The most up to date information is the ACS estimates, which are generated between the decennial censuses. ACS figures are based on data collected over a 5-year period. The estimates represent the average characteristics of population and housing between 2018-2023 and DO NOT represent a single point in time. Comparisons will be made with the 2018-2023 ACS to show change over time. See URL link⁴ utilized in this HEFSP.
2. Decennial Census: Every ten years, the Census conducts detailed data collection to create an image that is as accurate as possible of the conditions throughout the country in that year. Data from the decennial census is used for comparison when equivalent ACS information is unavailable, as well as for longitudinal analysis. See URL link⁵ utilized in this HEFSP.
3. Comprehensive Housing Affordability Strategy ("CHAS"): The U.S. Department of Housing and Urban Development (HUD) utilizes both the ACS and Census to create the "CHAS" data, which demonstrates the extent of housing problems and housing needs, particularly for low income households. See URL link⁶ utilized in this HEFSP.
4. North Jersey Transportation Planning Authority ("NJTPA"): Every four years, the NJTPA updates its regional forecasts for population, households and employment as part of updating its long range transportation plan (LRTP), the region's blueprint for transportation investment. See URL link⁷ utilized in this HEFSP.
5. State or Other Agency Sources: for select data types, State sources are used instead of the Census Bureau when equivalent Census data does not exist or the State data provides a more complete picture.

A. Housing Conditions

The analysis in this section shall satisfy Part A of P.L.1985, c.222 (C.52:27D-310), which requires:

- A) *"Inventory of 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, and in conducting this inventory the municipality shall have access, on a confidential basis for the sole purpose of*

⁴ Total Population, Decennial Census. <<https://data.census.gov/table>>. Accessed May 8, 2025>.

⁵ Profile of General Population and Housing Characteristics, Decennial Census.

<<https://data.census.gov/table?d=DEC%20Demographic%20Profile>>. Accessed May 8, 2025.

⁶ Consolidated Planning/CHAS Data. <<https://www.huduser.gov/portal/datasets/cp.html>>. Accessed May 8, 2025.

⁷ Appendix E - 2050 Demographic Forecasts. <<https://www.njtpa.org/NJTPA/media/Documents/Planning/Plans-Guidance/Planning%20for%202050/draft%20final/E-2050-Demographic-Forecasts.pdf>>. Accessed May 8, 2025.

conducting the inventory, to all necessary property tax assessment records and information in the assessor's office, including but not limited to the property record cards"

Housing Stock by Age and Condition

According to the 2023 ACS, there are an estimated 9,318 housing units in Morristown which represented a 0.5% increase from 2020. In terms of age, 52.6% of Morristown's housing structures were built prior to 1970, suggesting that approximately half of the housing stock is older than 55 years.

Table 1: Year Structure Built

	UNITS	PERCENT
Total housing units	9,318	
Built 2020 or later	43	0.5
Built 2010 to 2019	1,284	13.8
Built 2000 to 2009	734	7.9
Built 1990 to 1999	568	6.1
Built 1980 to 1989	912	9.8
Built 1970 to 1979	876	9.4
Built 1960 to 1969	1,101	11.8
Built 1950 to 1959	1,187	12.7
Built 1940 to 1949	557	6.0
Built 1939 or earlier	2,056	22.1

Source: American Community Survey [2023](#)

The table below details the condition of housing within the Town of Morristown based on heating fuel, plumbing facilities, kitchen facilities. These factors help determine the number of inadequate housing units within the Town. According to the ACS, an estimate of 275 housing units in Morristown lacked either heating fuel, plumbing or kitchen facilities, which is an increase since 2018 (+138 new inadequate housing units).

Table 2: Housing Condition

	2023	PERCENT	2018	PERCENT	PERCENT CHANGE
Total	275	3.1	137	1.7	1.4
Lacking heating fuel	125	1.4	60	0.7	0.7
Lacking complete plumbing facilities	55	0.6	54	0.7	-0.1
Lacking complete kitchen facilities	95	1.1	23	0.3	0.8

Source: American Community Survey [2023](#) and [2018](#)

Housing Values and Costs

Since 2018, median home values in the Town have increased by \$92,900 (+20.2%). This change is accompanied by an increase in homes worth between \$500,000 and \$999,999 and a sharp decrease in homes worth between \$300,000 and \$499,999.

Table 3: Value for Owner-Occupied Housing Units

	2023	PERCENT	2018	PERCENT	PERCENT CHANGE
Total Owner-occupied units	3,213	-	3,032	-	5.96
Less than \$50,000	38	1.2	49	1.6	-0.4
\$50,000 to \$99,999	48	1.5	22	0.7	0.8
\$100,000 to \$149,999	33	1.0	9	0.3	0.7
\$150,000 to \$199,999	30	0.9	9	0.3	0.6
\$200,000 to \$299,999	277	8.6	202	6.7	1.9
\$300,000 to \$499,999	885	27.5	1,578	52.0	-24.5
\$500,000 to \$999,999	1,695	52.8	1,017	33.5	19.3
\$1,000,000 or more	207	6.4	146	4.8	1.6
Median (dollars)	\$552,800	-	\$459,900	-	20.2
<i>Source: American Community Survey 2023 and 2018</i>					

The tables below show the housing expenditures for those who own and rent in Morristown. The general affordability standard is that no more than 30% of gross income should be allocated for housing costs.

A cost burden is the ratio of housing costs to household income. For renters, housing cost is the gross rent (lease rent plus utilities). For owners, housing cost is the monthly owner costs, which may include mortgage, utilities, association fees, insurance, and real estate taxes.

In Morristown, about 27.2% of homeowners and renters spend more than 30% of their household income on housing costs. These figures indicate that more than 1/4th of households are burdened by unaffordable housing costs; where renters are more cost burdened than homeowners (renters at 21.1%; owners at 6.1%).

Table 4: Housing Cost Burden Overview Exceeding 30% Gross Income

RANGE	OWNER	RENTER	TOTAL	PERCENT
Cost Burden <=30%	2,635	3,715	6,350	72%
Cost Burden >30% to <=50%	250	955	1,205	14%
Cost Burden >50%	290	915	1,205	14%
Cost Burden Not available	35	50	85	1%
Total	3,210	5,635	8,850	100%
Source: CHAS 2017-2021 ACS				

Occupancy Characteristics and Type of Housing

As of 2023, the Town is predominately comprised of renter-occupied households, which comprise 63.9% of the Town's households. A total of 36.1% of households are owners, and 4.4% of the Town's housing units are vacant. Since 2018, the Town has seen a shift towards renter-occupied households, coming from a 1.1% decrease in owners and a 4.5% decrease in the Town's vacancy rate.

Table 5: Housing Tenure and Occupancy

	2023	PERCENT	2018	PERCENT	PERCENT CHANGE
Total	9,318		8,954		
Owner Occupied	3,213	36.1	3,032	37.2	-1.1
Renter Occupied	5,694	63.9	5,124	62.8	1.1
Vacant Units	411	4.4	798	8.9	-4.5
Source: American Community Survey 2023 and 2018					

Housing units with more than one occupant per room are considered overcrowded. Overcrowded households in the Town rose by 1.1% since 2018.

Table 6: Occupants Per Room + Inadequate Units in Occupied Housing Units

OCCUPANTS PER ROOM	2023	PERCENT	2018	PERCENT
Total	8,907		8,156	
1.00 or less	8,599	96.5	7,964	97.6
1.01 to 1.50	141	1.6	114	1.4
1.51 or more	167	1.9	78	1.0
Source: American Community Survey 2023 and 2018				

Since 2018, the Town's housing stock has increased from 8,954 units to 9,318 units.

Table 7: Housing Type and Size

HOUSING UNITS	2023	PERCENT	2018	PERCENT	PERCENT CHANGE
Total housing units	9,318		8,954		
1-unit, detached	2,330	25.0	2,024	22.6	2.4
1-unit, attached	833	8.9	898	10.0	-1.1
2 units	617	6.6	1,280	14.3	-7.7
3 or 4 units	992	10.6	826	9.2	1.4
5 to 9 units	517	5.5	609	6.8	-1.3
10 to 19 units	822	8.8	627	7.0	1.8
20 or more units	3,133	33.6	2,690	30.0	3.6
Mobile home	74	0.8	0	0.0	0.8
Boat, RV, van, etc.	0	0.0	0	0.0	0
Source: American Community Survey 2023 and 2018					

Table 8: Number of Bedrooms Per Unit

ROOMS	2023	PERCENT	2018	PERCENT	PERCENT CHANGE
Total	9,318		8,954		
No Bedroom	526	5.6	344	3.8	1.8
1 Bedroom	2,887	31.0	2,498	27.9	3.1
2 Bedrooms	2,902	31.1	3,350	37.4	-6.3
3 Bedrooms	1,820	19.5	1,406	15.7	3.8
4 Bedrooms	924	9.9	908	10.1	-0.2
5 or + Bedrooms	259	2.8	448	5.0	-2.2
Source: American Community Survey 2023 and 2018					

Existing Low- and Moderate-Income Housing Units

Based on review of available records, there are 709 LMI units in Morristown. Morristown is following the applicable requirements regarding unit monitoring and reporting. Specifically, the Town completed the statutorily required updates to its housing project status report by the DCA deadline of February 15, 2025. These updates are included in the State's new Affordable Housing Monitoring System and should be considered to fulfill the Town's obligation to specify the creditworthiness of existing affordable units.

Substandard Housing

The table below utilizes data from the ACS and CHAS to analyze the “4 housing problems” in a consolidated format for consideration of overall substandard housing. The four housing problems as defined by HUD are:

1. Incomplete kitchen facilities;
2. Incomplete plumbing facilities;
3. Overcrowding (i.e. 1.01 or more persons per room); and
4. High housing costs (i.e. cost burden).

The following table shows data for indicators of substandard housing for Morristown. In general, the biggest “housing problem” can be concluded as cost burden (ratio of housing costs to household income).

Table 10: Substandard Housing Indicators

	OWNER	RENTER
Household has 1 of 4 Housing Problems	555	2,030
Housing Cost Burden = 30+%	540	1,870
Source: CHAS 2017-2021 ACS		

B. Housing Projections

The analysis in this section shall satisfy Part B of P.L.1985, c.222 (C.52:27D-310), which requires:

- 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.”

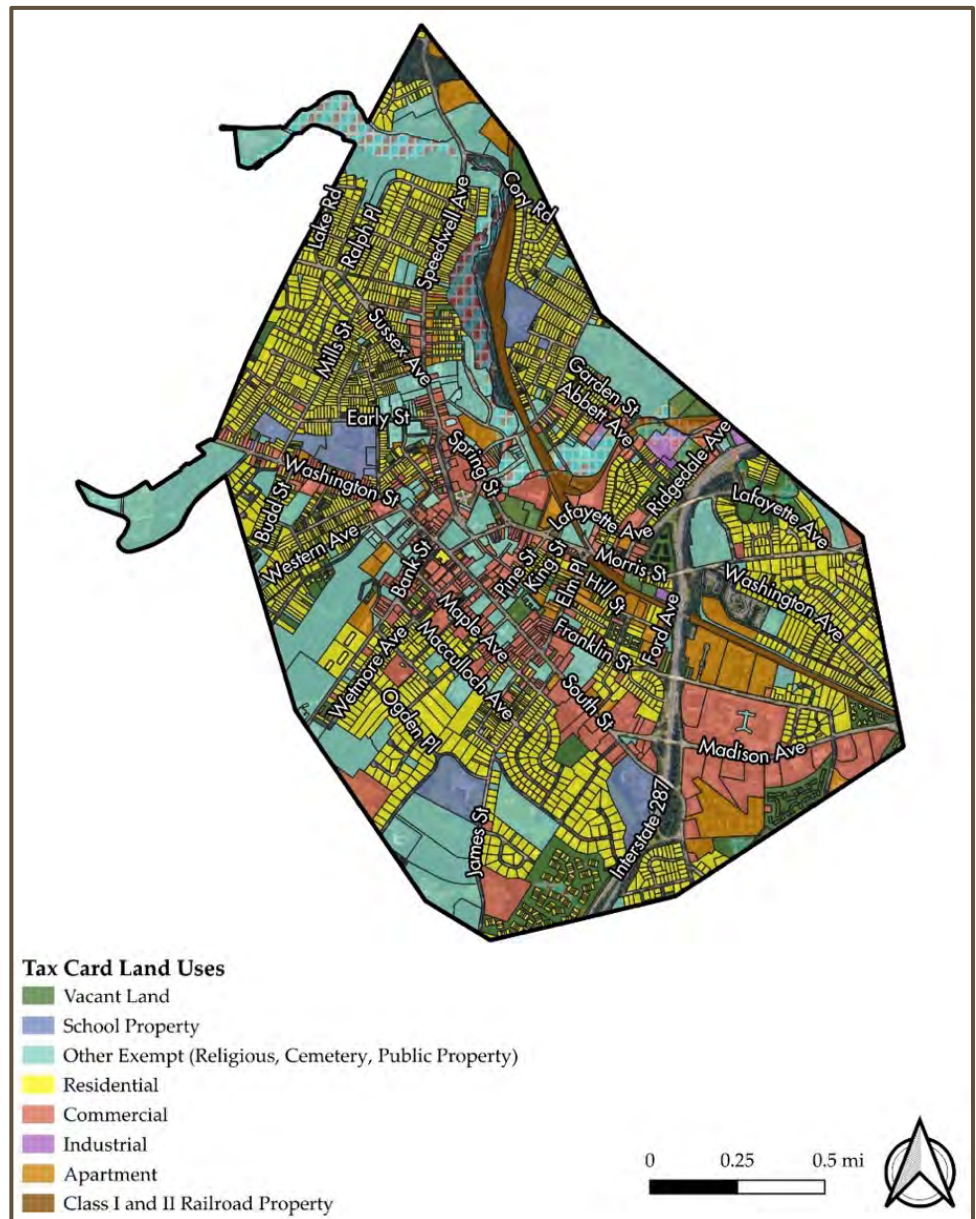
Projection of Housing Stock

Below is a general prediction by NJTPA estimating the Town of Morristown’s household population growth to 8,497 households in 2050.

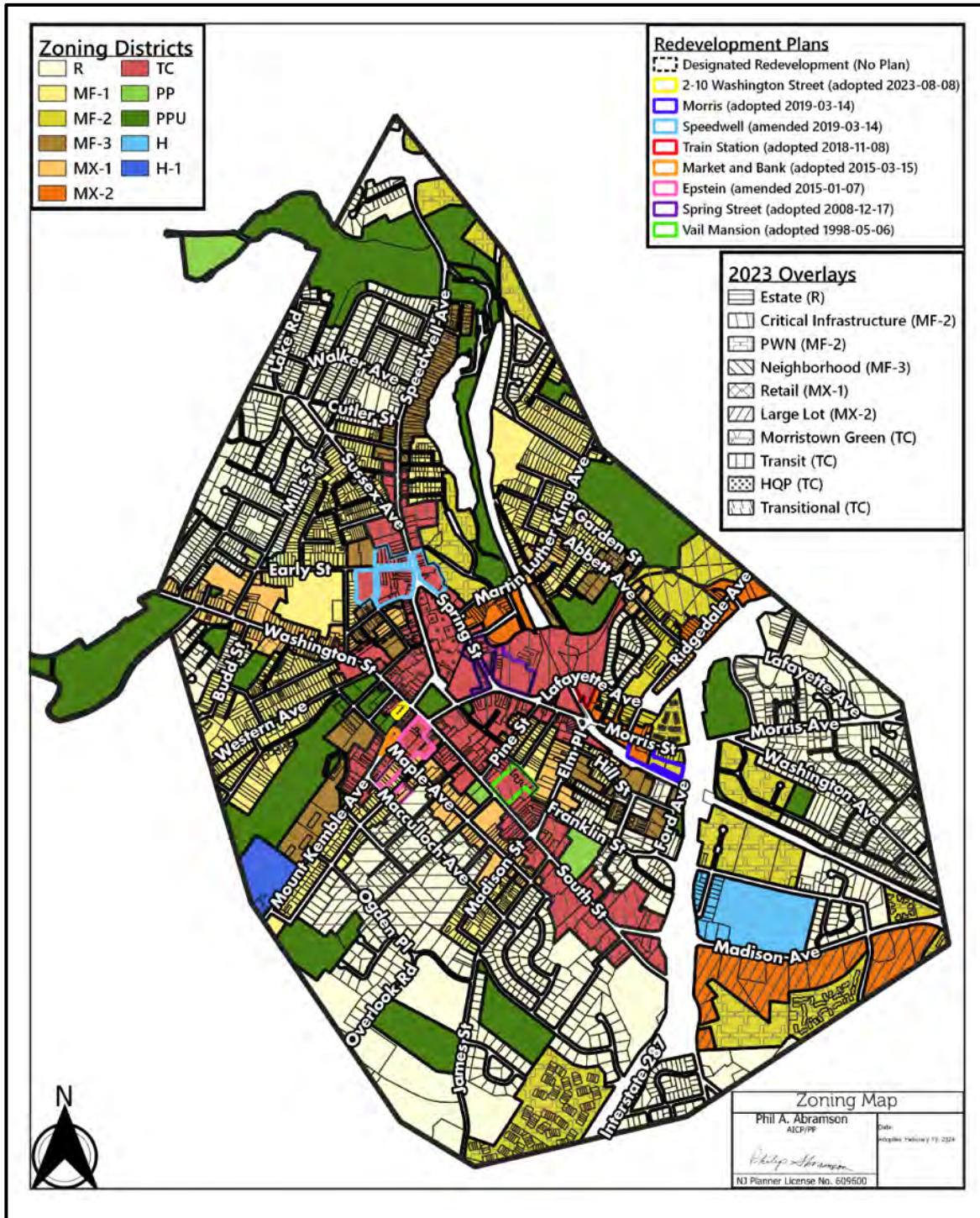
Table 11: Housing Unit Projection

YEAR	HOUSEHOLDS	ANNUALIZED % CHANGE
2015	7,782	-
2050 (Predicted)	8,497	0.3%
Source: U.S. Census, NJTPA		

Zoning regulations and existing capital infrastructure may help determine where growth is expected and where new housing units are likely to be developed in the future.

Figure 1: Existing Land Use Map*Town of Morristown Land Use Map⁹*

⁹ Map Note: Classifications are based on assessor records. "Vacant land" as depicted on this map should not be construed to limit or supersede any conclusions made in the Vacant Land Adjustments.

Figure 2: Existing Zoning Map*Town of Morristown Zoning Map*

C. Demographic Characteristics

The analysis in this section shall satisfy Part C of P.L.1985, c.222 (C.52:27D-310), which requires:

- C) "An analysis of the municipality's demographic characteristics, including but not necessarily limited to, household size, income level and age."

Population General

The population estimate for Morristown in 2023 was 20,571, which represents an increase of 391 from the 2020 Census (-1.9%). Interestingly, the NJTPA predicts Morristown's population to decline to 20,500 people in 2050.

Table 13: Historic Population Growth

YEAR	POPULATION	CHANGE	% CHANGE
1940	15,270	-	0.5%
1950	17,124	1,854	12.1%
1960	17,712	588	3.4%
1970	17,662	-50	-0.3%
1980	16,614	-1,048	-5.9%
1990	16,189	-425	-2.6%
2000	18,544	2,355	14.5%
2010	18,411	-133	-0.7%
2020	20,180	1,769	9.6%
2023	20,571	391	1.9%
2050 (Predicted)	20,500	-71	-

Source: [NJ State Data Center, New Jersey Population Trends 1790 to 2000](#), [US Census Bureau; NJTPA, "Appendix E - 2050 Demographic Forecasts"](#)

Population Composition by Age

The estimated current median age in Morristown is 34, compared to 42.7 for Morris County and 40.1 for New Jersey.

Table 14: Population by Age

AGE RANGE	MORRISTOWN	PERCENT	MORRIS COUNTY	PERCENT
Under 5 years	1,252	6.2	25,471	5.0
5 to 9 years	589	2.9	28,352	5.6
10 to 14 years	879	4.3	31,448	6.2
15 to 19 years	1,418	7.0	33,164	6.5
20 to 24 years	1,337	6.6	29,593	5.8
25 to 34 years	4,970	24.5	57,194	11.2
35 to 44 years	2,702	13.3	65,510	12.8

AGE RANGE	MORRISTOWN	PERCENT	MORRIS COUNTY	PERCENT
45 to 54 years	2,056	10.2	72,196	14.1
55 to 59 years	1,148	5.7	39,717	7.8
60 to 64 years	1,095	5.4	36,971	7.2
65 to 74 years	1,698	8.4	50,990	10.0
75 to 84 years	727	3.6	27,021	5.3
85 years and over	385	1.9	12,748	2.5
Median Age	34	-	42.7	-
Source: American Community Survey				

Households

According to the US Census Bureau's classification system, people either live in a household, housing unit, or in "group quarters." Two types of "households" exist: family and non-family. A "household" consists of one or more persons living and eating together separately from other persons who may be in the same building. A "family" is a household with two or more related persons living together in the same housing unit.

Table 15: Population by Housing Type

	TOWN OF MORRISTOWN	MORRIS COUNTY
	2019-2023	2019-2023
Total Households	8,907	191,840
Average Household Size	2.22	2.61
Source: American Community Survey 2019-2023		

Immigration

Foreign born residents make up 20.9% percent of the Town of Morristown's population, which is higher than the County (19.6%) and lower than State (23.5%) levels.

Table 16: Residents Place of Birth

	MORRISTOWN		MORRIS COUNTY		NEW JERSEY	
	COUNT	PERCENT	COUNT	PERCENT	COUNT	PERCENT
Total	20,256		510,375		9,267,014	
Born in United States	15,296	75.5	401,982	78.8	6,849,548	73.9
Foreign Born	4,228	20.9	100,222	19.6	2,181,755	23.5
Naturalized Citizen	1,488	35.2	60,952	60.8	1,241,100	56.9
Not a Citizen	2,740	64.8	39,270	39.2	940,655	43.1

Source: American Community Survey [2023](#)

Income and Poverty Status

The median household income for Morristown grew from 2023 to 2018, growing 20.4% and lesser the County (21.2%) and the State (22.1%).

Table 17: Household Median Income

	2023	2018	CHANGE	% CHANGE
Town of Morristown	115,409	95,885	19,524	20.4
Morris County	134,929	111,316	23,613	21.2
New Jersey	99,781	81,740	18,041	22.1

Source: American Community Survey [2023](#) and [2018](#)

In Morristown, 1,839 residents (9.2%) live below the poverty line, an increase from 5.9% in 2018. In this regard, the Town had a similar trajectory to Morris County, which experienced an increase from 4.5% to 4.6% over the same period.

Table 18: Poverty Status

MORRISTOWN TOWN	2023	PERCENT	2018	PERCENT	CHANGE
Total Persons	19,920		18,473		1,447
Total Below Poverty	1,839	9.2	1,096	5.9	3.3
MORRIS COUNTY	2023	PERCENT	2018	PERCENT	CHANGE
Total Persons	507,823		485,909		21,914
Total Below Poverty	23,392	4.6	21,856	4.5	0.1

Source: American Community Survey [2023](#) and [2018](#); Morris County [ACS Survey 2023 and 2018](#)

D. Multigenerational Housing Continuity

The analysis in this section shall satisfy Part G of P.L.1985, c.222 (C.52:27D-310), which requires:

- 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).”*

On November 8, 2021, the Senate and General Assembly of the State of New Jersey adopted C.52:27D-329.20¹⁰, which establishes the “Multigenerational Family Housing Continuity Commission” for the purpose of conducting research, obtaining public input, and adopting recommendations on how to most effectively advance the goal of enhancing multigenerational family housing continuity, which can be defined broadly as the degree to which senior citizens are able to reside at the homes of their extended families.

In short, the bill requires a municipal housing plan element to provide 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 commission.

The municipality is committed to promoting intergenerational harmony through the provision of diverse housing options in a manner consistent with the regulation. No municipal ordinances have been identified which detract from the goal of preserving multigenerational family continuity. The Town offers a range of programs and services to support its seniors and make it possible for seniors to continue to thrive in Morristown if they choose to do so. These services include a thriving Senior Center, access to Colonial Coach, a free bus service provided by the Town, and assistance with grocery shopping. Additionally, the Town supports Morris Habitat for Humanity by marketing its Aging in Place program. Providing services for seniors locally allows them to continue to live in the same community as family members of other generations, even if not under the same roof, and the benefits of such programs in promoting multigenerational continuity is magnified by the dense and walkable nature of the Town. As will be noted subsequently, the municipality, in setting forth its compliance plan, is abiding by the limitations included in the statute as it relates to age-restricted housing.

¹⁰ P.L. 2021, Chapter 273, approved November 8, 2021. Senate, No. 2727. <https://pub.njleg.gov/Bills/2020/AL21/273_.HTM>. Accessed May 8, 2025.

E. Employment Data

The analysis in this section shall satisfy Part D of P.L.1985, c.222 (C.52:27D-310), which requires:

- C) *“An analysis of the existing and probable future employment characteristics of the municipality.”*

Below is a general prediction by NJTPA for the Town of Morristown’s employment forecast, which is a growth to 28,060 in 2050.

Table 19: Employment Projection

YEAR	LABOR FORCE	CHANGE	ANNUALIZED % CHANGE
2015	25,938		
2050 (Predicted)	28,060	2,122	0.2
Source: NJTPA			

III. Fair Share Plan: Obligations and Compliance Plan

A. Introduction

As previously noted, the methodology of calculating and fulfilling municipal obligations is set forth in the Amended Law, in concert with a wide range of pre-existing rules and regulations. Notably, many of the rules and regulations that will govern affordable housing administration under the Fourth Round are still being drafted and released at the time that this Plan is being written.

The housing need obligations discussed herein consist of the following components: Prior Round Compliance; Present Need or “Rehabilitation Obligation;” and the “Prospective Need.” Collectively, the Present Need and the Prospective Need are referred to as the Fourth Round obligation.

The housing obligations contained within this document reflect the *Decision and Order Fixing Municipal Obligations for “Present Need” and “Prospective Need” for the Fourth Round Housing Cycle* (Docket No. MRS-L-268-25). As reflected in this document, which is included as **Appendix A**, the Town’s Prospective Need is 285 and its Present Need is 140.

The purpose of this section of the Plan is to set forth the Town of Morristown’s proposed approach to satisfying its Fourth Round obligation.

B. Prior Round Need Compliance “Look Back” (2015-2025)

Morristown has a history of fulfilling its affordable housing obligations. In January 2019, the Town received a Final Judgment of Compliance and Repose (“JCR”) relating to its Third Round obligation. The JCR was issued after a period of negotiation and settlement, primarily between the Town and Fair Share Housing Center (“FSHC”). Prior to issuance of the JCR, the Town, FSHC, and other intervenors entered into a Settlement Agreement in August 2017. Correspondingly, the Town adopted its Third Round HEFSP in August 2018. The HEFSP and settlement agreements set forth the Town’s Third Round obligation and identified the actions required by the Town to fulfill these obligations. Subsequently, in August 2021, the Town and FSHC agreed to a Consent Order Resolving FSHC’s June 21, 2021, Motion to Enforce (the “Consent Order”).

The Town's commitments, as set forth in the Settlement Agreement and Consent Order and the corresponding status of these commitments, are reflected in the tables below:

Unique Actions Required by Settlement Agreement / Consent Order

PROJECT/ACTION	STATUS
Disburse a total of \$480K from the Town's AHTF to Homeless Solutions	COMPLETED
Adopt Mandatory Set-Aside Ordinances	COMPLETED
Appoint Administrative Agent	COMPLETED

Projects required to satisfy Third Round Realistic Development Potential ("RDP"):

PROJECT/ACTION	REQUIREMENT	STATUS
1 Mount Kemble Ave: Homeless Solutions	21 Credits	CONSTRUCTED
Speedwell Ave Redevelopment Phase 2	28 Credits	CONSTRUCTED
Morris Street Redevelopment Phase 1	8 Credits	CONSTRUCTED
Market & Bank (Off-Site at 43-47 MLK Ave)	10 Credits	CONSTRUCTED
Spring Street Redevelopment Phase 2	3 Credits	CONSTRUCTED
Epstein (Building C Units)	3 Credits	CONSTRUCTED
10 Willow: Habitat for Humanity	2 Credits	CONSTRUCTED
18 Willow: Habitat for Humanity	2 Credits	CONSTRUCTED
86-88 MLK: Homeless Solutions	6 Credits	CONSTRUCTED
17 Orchard Street	2 Credits	UNDER CONSTRUCTION
9 Hazel Street	2 Credits	CONSTRUCTED
35 Turtle Road	3 Credits	CONSTRUCTED
George Street Commons: 7 George Street	2 Credits	UNDER CONSTRUCTION
Evergreen Terrace: 9 Prospect Street	2 Credits	CONSTRUCTED

Ridgedale Commons: 68-74 Ridgedale Ave	4 Credits	UNDER CONSTRUCTION
Franklin Village	8 Credits	CONSTRUCTED
48-50 South Street	2 Credits	CONSTRUCTED
Morristown Gateway: 12 Ridgedale Avenue	4 Credits	CONSTRUCTED

Actions to satisfy Third Round Unmet Need requirements:

REQUIREMENT	REQUIREMENT	STATUS
Morris Street Redevelopment Plan	28 Credits*	Complete
Speedwell Phases 3 and 4 Redevelopment Plan	17 Credits	Redevelopment Plan in place for Phase 4. Amendment of Phase 3 Redevelopment Plan pending litigation (unchanged from Consent Order).
Train Station Redevelopment Plan	13 Credits	Redevelopment Plan in Place for 13 units; Redevelopment Agreement adopted; Site Plan approval granted
Spring Street Redevelopment Plan	21 Credits*	Compliant Redevelopment Plan in place; redevelopment agreement adopted
North Park / Washington Redevelopment Plan	15 Credits*	Compliant Redevelopment Plan in place
*Obligation established in Settlement Agreement was later amended in Consent Order. Requirement listed in this table reflects obligation set forth in the Consent Order.		

Projects Towards Third Round Unmet Need Resulting from Set-Aside Ordinances¹¹

PROJECT	CREDITS	STATUS
81 Martin Luther King Ave.	2 Credits	Under construction
126 South Street	4 Credits	Approved. Demolition has commenced.
28 Schuyler Place	4 Credits	Under construction
78-80 Washington Street	3 Credits	Approved

Actions to Satisfy Third Round Present Need (166 units)

PROJECT	STATUS
Participation in Morris County's rehabilitation program (Morris County CDBG Program)	Participated.
Retain an administrative agent to launch and market the local rehabilitation program	<p>Morristown retained an administrative agent. The administrative agent launched the Home Improvement Program in May 2023, and has marketed it. To date, 77 pre-applications were received. Three of these were determined to be duplicates and 35 were terminated for various reasons. There are presently 33 households active in the applicant pool.</p> <p>Six complete applications were received. Of these, one is under eligibility review and three were terminated. Two cases have been completed and are credited towards the Third Round Present Need obligation. A total of \$46,700 was spent between the two contracts.</p>
Rehabilitation activities undertaken by Morristown Housing Authority	<p>Morristown contributed \$250,000 from its Affordable Housing Trust Fund to fund qualified improvements in 22 public housing units at Manahan Village.¹²</p> <p>The Consent Order states: "the Morristown Housing Authority is in the process of entering the Rental</p>

¹¹ Projects were approved at 23 South Street (4 LMI units), 161 Madison Avenue (4 LMI units), and 45 Morris Street (6 LMI units, litigation pending) that would have created new affordable housing units as a result of the set-aside ordinance. The approvals for these projects have expired and, as a result, the projects are not included in this table.

¹² Morristown Mid-Point Review. <https://www.townofmorristown.org/vertical/sites/%7B0813EA2E-B627-4F82-BBB0-DDEE646947B5%7D/uploads/Morristown_Mid_Point_Review.pdf>. Accessed May 8, 2025.

	Assistance Demonstration (“RAD”) program to convert their property from public housing to Section 8 accounts. The conversion will allow the MHA to use their existing buildings as collateral to reinvest in the wholesale rehabilitation of units and address the remaining rehabilitation obligation.” This RAD conversion and rehabilitation took place at the Morristown Senior Village Apartments, fulfilling the remaining 142 units of Third Round Rehabilitation Need which remain after accounting for the two completed Home Improvement Program projects and the aforementioned 22 public housing units rehabilitated at Manahan Village.
Allocate funding for qualified rehabilitation projects	In its 2018 Spending Plan, Morristown allocated \$685,061 from its Affordable Housing Trust Fund for rehabilitation projects.

As demonstrated in the tables above and supported by the issuance of the JCR, Morristown has fully satisfied its obligations under the Third Round as articulated in the Settlement Agreement and Consent Order. As such, no obligation is carried forward to the Fourth Round.

C. Present and Prospective Need Obligation (2025-2035)

The analysis in this section shall satisfy Part E of P.L.1985, c.222 (C.52:27D-310), which requires:

- 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 P.L.2024, c.2 (C.52:27D-304.1)”

Present Need (Rehabilitation Share)

The Rehabilitation Share is described as “deficient housing units occupied by low- and moderate-income households within a municipality and is a component of “present need” under N.J.A.C. 5:93-1.3. In Morristown, the rehabilitation obligation through the end of the Fourth Round (i.e. July 2035) has been determined to be 140.

The Town plans to address this obligation through the continuation of its existing Home Improvement Program. This program was launched by the Town in May 2023, is vigorously marketed, and is funded via the Town’s Affordable Housing Trust Fund. The Town currently contracts with an outside firm to administer this program and intends to continue to do so during the Fourth Round. The program funds up to \$24,000 in qualified improvements per applicant. This is an actively marketed program which has received 77 pre-applications and six

complete applications. Since being launched, the program has funded two completed rehabilitation projects. If updated rules are released that necessitate amendments to the program, the Town will make the necessary amendments.

The Town will commit at least \$10,000 per unit to fund this rehabilitation effort. This will require a total contribution of approximately \$1,400,000. Pursuant to rules that allow municipalities to utilize money collected from development fees for this purpose, the Town will fund this program through its Affordable Housing Trust Fund. If, throughout the course of the Fourth Round, the Town receives a complete and eligible application to the Home Improvement Program and there is not sufficient funding in the Affordable Housing Trust Fund to fund the project, the Town will make up this financial short-fall through other means. The Town's obligation shall not exceed \$10,000 per unit and shall not continue after the Town has satisfied its 140 unit present need obligation.

Finally, the Town will participate in Morris County's rehabilitation program to the extent that it continues to exist in the Fourth Round. Completed projects within Morristown under this program may also satisfy the Town's present need obligation.

Prospective Need Obligation

As noted, Morristown has a Fourth Round prospective need of 285.

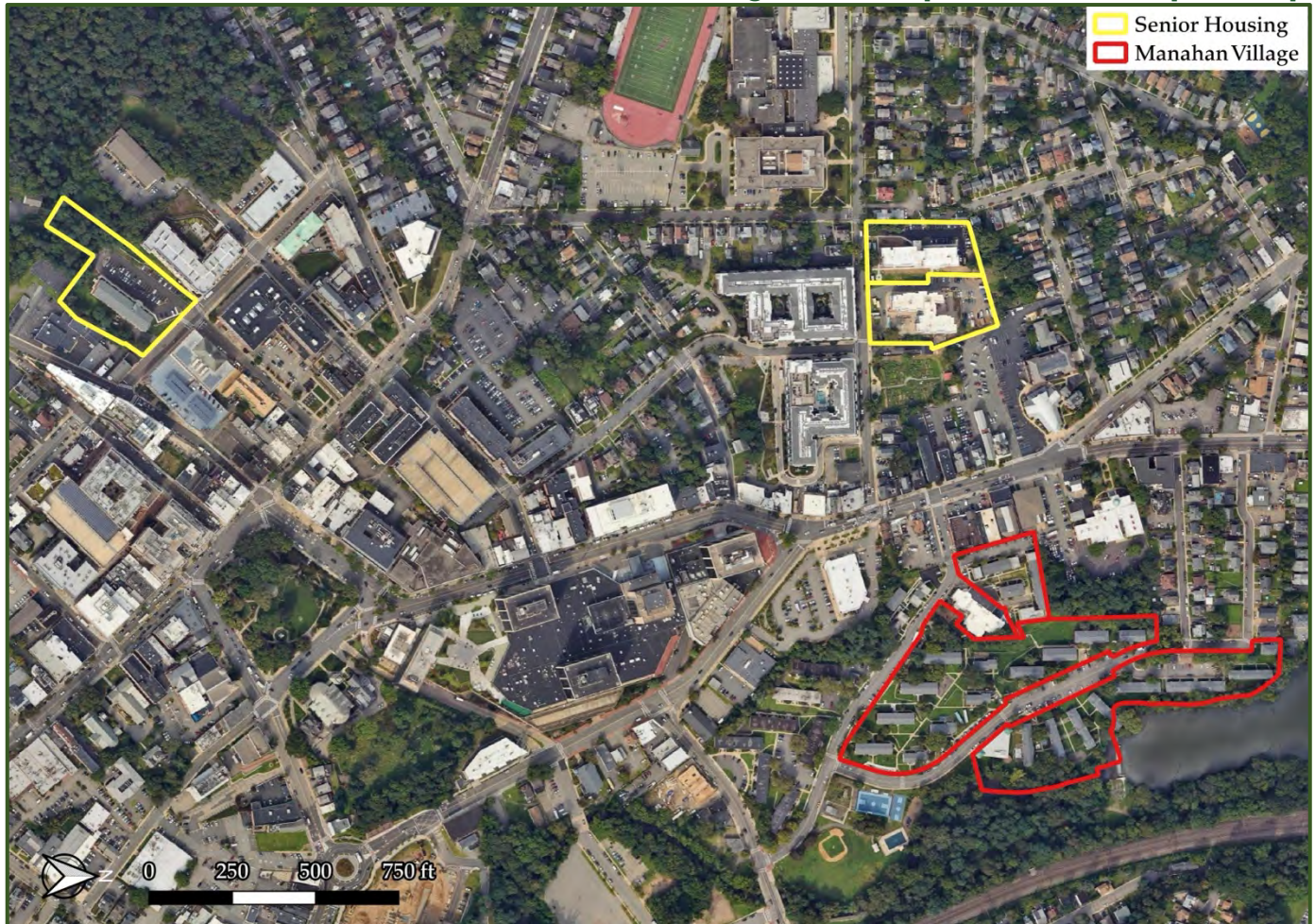
The Town proposes to satisfy this its prospective need obligation through the following projects:

PROJECT	UNITS	BONUS CREDITS	TOTAL CREDITS	NOTES
Manahan Village	178	71 ¹³	249	Site includes 200 affordable units. 22 units were previously counted towards Third Round Present Need obligation. Remainder of units (178) are being applied to Fourth Round Prospective Need obligation. 0.5 TOD bonus credits per unit as site is within .5 miles of Morristown Train Station (up to maximum cap of 25% of the prospective need).
Morristown Senior Village Apartments	36	0	36	Property consists of 270 age-restricted affordable units. 142 units were previously counted towards Third Round Present Need obligation. 36 units are being counted towards Fourth Round Prospective Need. 92 units remain as "carry forward" credits to count towards potential future rounds.
Total	214	71	285	

¹³ The maximum number of bonus credits the Town may claim is 71 (25% of the Town's Prospective Need, 285).

The sites are shown in the map below.

Figure 3: Prospective Need Projects Map



Additional detail about each project is included below, including an analysis assessing the appropriateness of including each site. As required under N.J.A.C. 5:93-1, municipalities shall designate sites that are available, suitable, developable and approvable. As such, prospective need sites must meet the following criteria.

1. "Available site" – a site with clear title, free of encumbrances which preclude development for low- and moderate-income housing.
2. "Suitable site" – 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.
3. "Developable site" – a site that has access to appropriate water and sewer infrastructure, and is consistent with the applicable area wide water quality management plan

(including the wastewater management plan) or is included in an amendment to the area wide water quality management plan submitted to and under review by DEP.

4. “Approvable site” – a site that 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. A site may be approvable although not currently zoned for low- and moderate-income housing.

Manahan Village

Site Overview

Manahan Village is an existing multifamily complex that contains 200 affordable family rental units across twenty-six buildings. The property is designated Block 3401, Lot 1; Block 5002, Lot 1; and Block 5002, Lot 3 in Morristown’s property tax records. It is known by the street addresses 14 Flagler Street, 6-10 Flagler Street, 9-21 Flagler Street, and 33 Clyde Potts Drive. The property consists of 27 one-bedroom units (13.5%), 75 two-bedroom units (37.5%), 74 three-bedroom units (37%), 19 four-bedroom units (9.5%), and 5 five-bedroom units (2.5%). Of the 200 units in Manahan Village, just over 37% of units contain three or more bedrooms.

History

Historically, Manahan Village was developed, owned and operated by the Morristown Housing Authority (“MHA”). Notably, the Town of Morristown has never received credit against its affordable housing obligation for the units within Manahan Village during any prior affordable housing rounds, except 22 credits for Third Round Present Need as described previously.

In recent years, Manahan Village underwent a significant renovation. In 2018, the Department of Housing and Urban Development (“HUD”) approved MHA’s request under the Rental Assistance Demonstration (“RAD”) program for conversion of the property to Project Based Rental Assistance. In October 2022, the MHA, HUD, and the new project owner, OAHS Manahan Village, entered into a RAD Conversion Commitment.¹⁴ The project renovation was also funded, in part, with Low Income Housing Tax Credits (“LIHTC”). Specifically, Manahan Village was awarded \$3,666,423 in 4% LIHTC in October 2022.¹⁵

Renovations across Manahan Village were extensive. Renovation activities included the following:

- Garden Units and Townhomes
 - Renovation of bathrooms to include the following:
 - New accessories

¹⁴ See RAD Conversion Commitment included in Appendix J.

¹⁵ Low Income Housing Tax Credit Reservation List Between 1/1/2025 and 7/31/2023.

<https://nj.gov/dca/hmfda/developers/docs/lihtc/tax/awards/4percent_through_july2023.pdf>. Accessed May 8, 2025.

- New sink, toilet and tub
 - New paint
 - New flooring
- Renovations of kitchen to include the following:
 - New appliances with the addition of a dishwasher and microwave
 - New paint
 - New cabinets and countertops
 - New sink
 - New flooring
 - New washer / dryer hook up
- All walls and ceilings to be painted throughout unit
- New flooring and baseboard throughout unit
- New light fixtures to replace existing
- New gfcı outlets in kitchens and bathrooms
- Replace all doors and hardware throughout unit
- New wall-mounted thermostat for radiators
- New mini-split wall hung unit with wall-mounted thermostat control
- New windows and blinds
- New railing at interior stairs
- 1-11 Clyde Potts Court, 40 Clyde Potts Drive, 13 Flagler
 - New asphalt shingle roofing, gutter and downspouts
 - New hung windows with fiber cement trims
 - New storefront window system at stairwell
 - New unit/ building entry doors
 - New canopy structure
 - New wood tone fiber cement lap siding at building or unit entrances
 - New fiber cement lap siding to replace existing siding
 - Power wash and repair existing brick
 - New fiber cement panel bump out walls with accent color
 - New fire escapes
 - New building exterior lighting and signage
 - New intercom system at three-story buildings with flats

These renovations will ensure that Manahan Village offers quality affordable housing to the community for the next generation and beyond. As part of the renovation, tenants were relocated off-site.

Unit Affordability

Units within Manahan Village are restricted to very-low, low-, and moderate-income households in accordance with the Amended Law. The affordability of units within Manahan Village is tied to the variety of funding sources that were utilized to finance the project and its recent rehabilitation. These sources include the Housing Choice Voucher Program, the Low Income Housing Tax Credit, and the Rental Assistance Demonstration program with the associated Housing Assistance Payment (“HAP”) program. Each of these programs impose income restrictions on the units within Manahan Village which correspond to the definition of very low-income, low-income, and moderate-income housing under the Amended Law.

Specific rental rates within Manahan Village are defined by the resident’s income. In Manahan Village, residents generally pay 30% of their income towards rent. This differs from other types of affordable housing units where rental rates are fixed regardless of tenant income. Because of this rent structure, units within Manahan Village are affordable to a wider range of potential tenants, including those with the lowest income levels.

The impetus to make units available to individuals within the lowest income brackets is directly written into the operating documents associated with the site. For example, the Morristown Housing Authority’s Housing Choice Voucher Program Administrative Plan includes the following Income Targeting statement:

“Every fiscal year, HUD requires the HA to make sure that at least 75% of families admitted to the HCV program have incomes that do not exceed the Extremely Low- Income limit, which is 30% of area median income. The 75% requirement is for the combined HCV and Project Based Voucher programs administered by the HA.”¹⁶

Furthermore, the same policy also requires that all applicants must meet “Very Low Income” eligibility requirements, as defined by HUD.

Through a combination of obligations associated with financing sources and administrative policies, 100% of the units within Manahan Village are made affordable to very-low, low-, and moderate-income households.

Documents demonstrating the affordability of the Manahan Village units including the restrictions imposed by the various funding mechanisms are included in **Appendix J**.

¹⁶ Housing Choice Voucher Program. Administrative Plan.

<https://www.morristownha.org/sites/g/files/vyhlf4731/f/uploads/housing_choice_voucher_administrative_plan_-_updated_and_revised_2024.pdf>. pg. 18, pg. 22. Accessed May 8, 2025. The HUD definition of Extremely Low-Income is functionally the same as the definition of Very Low-Income included in the Amended Law. The HUD definition of Very Low-Income is functionally the same as the definition of Low Income included I the Amended Law.

Duration of Affordability

There are a variety of mechanisms in place to ensure that the units within Manahan Village remain affordable for generations to come.

First, the term of a ground lease between the MHA and OAHS restricts use of the property “only for the construction, operation, and maintenance of affordable housing reserved for households consisting of two hundred (200) designated low-income housing tax credit rental units.” The term of this lease is ninety-nine years.¹⁷

Second, at the municipal level, the Town entered into a Financial Agreement with the project owner which requires a PILOT of 7% of tenant rental revenues, with a 2.5% annual increase. The Town authorized this agreement on August 17, 2021. Per the terms of the resolution authorizing this agreement, the housing “shall be deed restricted for thirty (30) years.”¹⁸

Third, the duration of affordability is set via agreements with HUD stemming from the RAD conversion. Per the terms of the RAD agreement dated December 7, 2022, some of the units are required to be utilized exclusively as housing for low-income families for a period of not less than 40 years.¹⁹ Furthermore, while the associated HAP contract is only twenty years, the contract obligates the Morristown Housing Authority to offer to renew the agreement and obligates OAHS to accept this offer. Through this agreement, the units are to remain affordable in perpetuity.²⁰

Finally, the income restrictions will be enforced by deed restrictions associated with the LIHTC award. These deed restrictions will be filed in accordance with industry practice.

Administration

As a project funded through the Low Income Housing Tax Credit, Manahan Village is exempt from UHAC regulations. Lease-up procedures for the units under the Housing Choice Voucher Program (previously Section 8) are in accordance with the Administrative Plan adopted by the Housing Authority of the Town of Morristown. To be eligible to apply, a family must meet “Very Low Income” eligibility requirements as established by HUD.²¹

¹⁷ See Lease included in Appendix J.

¹⁸ See Resolution included in Appendix J.

¹⁹ See Rental Assistance Demonstration Use Agreement included in Appendix J.

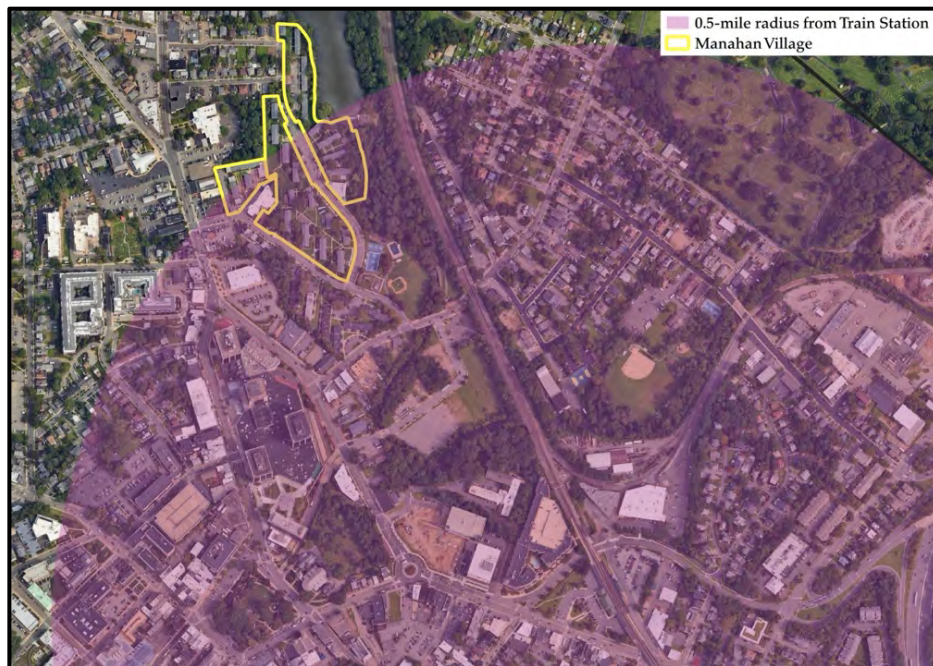
²⁰ See Manahan Village HAP Contract included in Appendix J.

²¹ Housing Choice Voucher Program Administrative Plan.

<https://www.morristownha.org/sites/g/files/vyhlf4731/f/uploads/housing_choice_voucher_administrative_plan_updated_and_revised_2024.pdf>. pg. 18. Last Accessed May 8, 2025. The HUD definition of Very Low-Income is functionally the same as the definition of Low Income included in the Amended Law.

Applicability of Bonus Credits

As reflected in the map below, the parcel housing Manahan Village is within 0.5 miles of the Morristown Train Station. Furthermore, there is an extensive pedestrian network within the site. Based on this context, the project is eligible for 0.5 bonus credits per unit, in accordance with the bonus for units within 0.5 miles of train stations. These credits can be appropriately applied in this scenario, up to the maximum bonus cap of 25% of the Town's Fourth Round Prospective Need (285 units). This results in a maximum of 71 bonus credits.²²



Manahan Village in Relation to Morristown Train Station

Site Suitability

Manahan Village can appropriately be considered available, suitable, developable, and approvable. As noted, the site already includes housing for low- and moderate-income families. In including these sites in its Fourth Round HEFSP, the Town is simply claiming credit for units for which it has not previously received credit which have recently been substantially renovated.

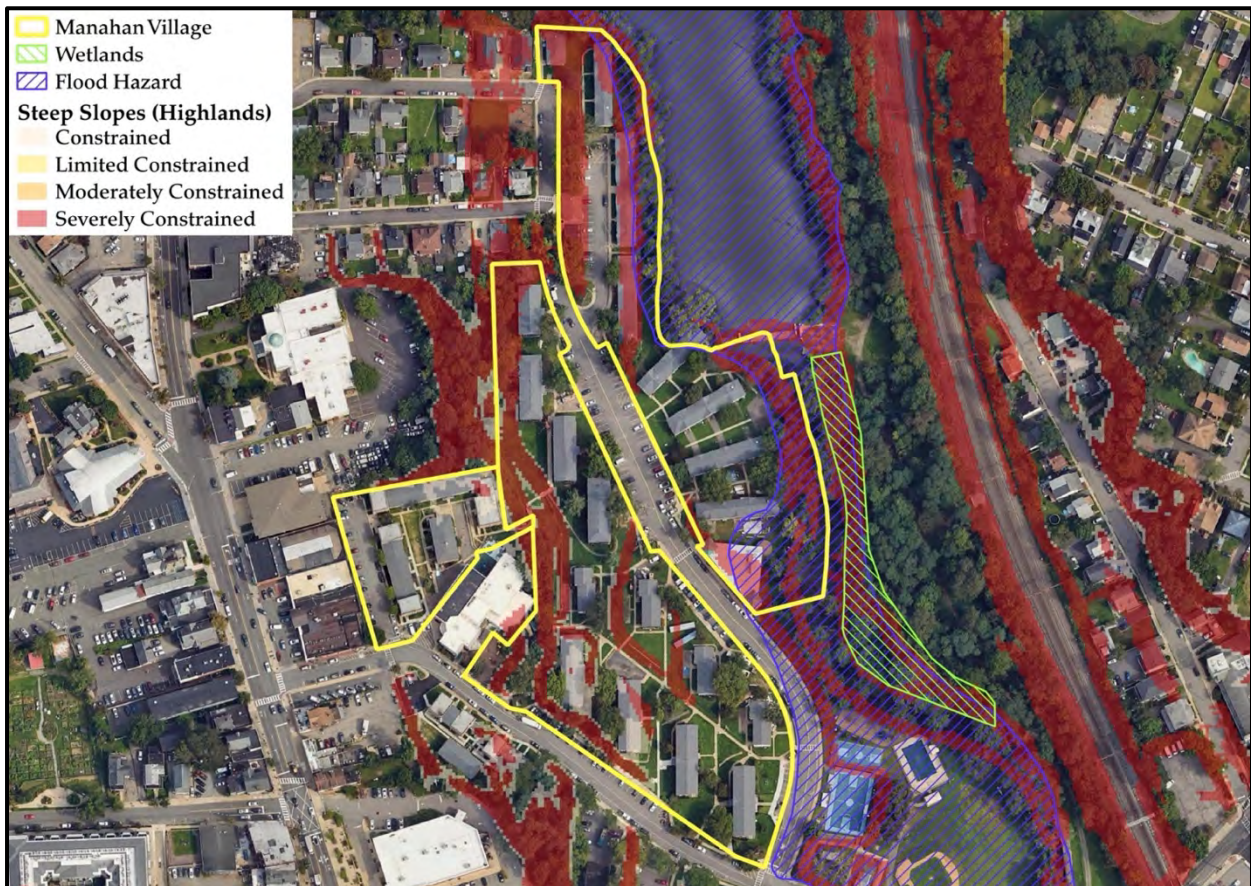
Nevertheless, for the sake of completeness, a discussion of each of the criteria is included below.

- The site is available. There are no known title issues or encumbrances which preclude development. To the contrary, the site is already operated for low- and moderate-income housing.

²² Manahan Village would also qualify for bonus credits under at least one additional criterion. Under UHAC regulations, the project would only be required to have 40 three-bedroom units (20%). The project has 74 three-bedroom units. These additional 34 units would be eligible for 0.5 bonus credits per unit. This credit is not being claimed as the Town is already at its maximum 25% bonus cap because of the transit oriented development credit.

- The site is suitable. It is in a walkable context near a variety of residential and commercial uses. It has good access to transit and is within walking distance of bus stops and the train station.
- The site is developable. It has access to infrastructure necessary to support development.
- The site is approvable. It already includes housing for low- and moderate- income families and does not require additional approvals.

The map below shows the detailed analysis of the area relative to the most up to date environmental constraints. Environmental constraints identified on the site are limited to steep slopes and a portion of the property which is in the flood hazard area. Significantly, the buildings have already been constructed on site. Continued operation of the property for affordable housing will not necessitate additional disruption of steep slopes or further incursion into the flood hazard area.



Manahan Village with Environmental Constraints

Conclusion

Based on the above, Manahan Village can be appropriately included in Town's Fourth Round HEFSP and the associated credits should apply toward the Town's prospective need obligation.

Morristown Senior Village Apartments

Site Overview

Morristown Senior Village Apartments (the "Senior Apartments") consist of 270 age-restricted affordable residential units across three sites. The sites are located at Block 5702, Lot 30-31; and Block 6003, Lot 1. The sites are commonly known as Wetmore Towers (31 Early Street, 100 units); Petrone Towers (39 Early Street, 100 units); and 29 Ann Street (70 units).

History

Historically, the Senior Apartments were developed, owned and operated by the Morristown Housing Authority ("MHA"). Notably, the Town of Morristown has never received a credit against its affordable housing obligation for the units within the Senior Apartments Village during any prior affordable housing rounds, except for 142 units which are being claimed to satisfy the Third Round Rehabilitation obligation as previously described.

In recent years, the Senior Apartments have undergone a significant renovation. In 2018, the Department of Housing and Urban Development ("HUD") approved MHA's request under the Rental Assistance Demonstration ("RAD") program for conversion units within the site to Project Based Rental Assistance. In October 2022, the MHA, HUD, and the new project owner, OAHs Morristown Senior Village LLC, entered into a RAD Conversion Commitment.²³ The project renovation conversion also included Low Income Housing Tax Credits ("LIHTC"). Specifically, the Senior Apartments were awarded \$2,656,345 in 4% LIHTC in September 2021.²⁴

Renovations across the Senior Apartments were extensive. Renovation activities in all buildings included the following:

- Renovation of bathrooms to include the following:
 - New accessories
 - New sink, toilet and tub
 - New paint
 - New flooring
- Renovations of kitchen to include the following:
 - New appliances with the addition of a dishwasher and microwave

²³ See RAD Conversion Commitment included in Appendix K.

²⁴ Low Income Housing Tax Credit Reservation List Between 1/1/2025 and 7/31/2023.

<https://nj.gov/dca/hmfda/developers/docs/lihtc/tax/awards/4percent_through_july2023.pdf>. Accessed May 8, 2025.

- New paint
- New cabinets and countertops
- New sink
- New flooring
- New washer/dryer hook up
- All walls and ceilings to be painted throughout unit
- New flooring and baseboard throughout unit
- New light fixtures to replace existing
- New gfci outlets in kitchens and bathrooms
- Replace all doors and hardware throughout unit
- New wall-mounted thermostat for radiators
- New PTAC unit integrated into new window system
- New windows and blinds

These renovations will ensure that the Senior Apartments offers quality affordable housing to the community for the next generation and beyond. As part of the renovation, tenants were relocated off-site.

Unit Affordability

Units within the Senior Apartments are restricted to very-low, low-, and moderate-income households in accordance with the Amended Law. The affordability of units within the Senior Apartments is tied to the variety of funding sources that were utilized to finance the project and its recent rehabilitation. These sources include the Housing Choice Voucher Program, the Low Income Housing Tax Credit, and the Rental Assistance Demonstration program with the associated Housing Assistance Payment (“HAP”) program. Each of these programs impose income restrictions on the units within which correspond to the definition of very low-income, low-income, and moderate-income housing under the Amended Law.

Specific rental rates within the Senior Apartments are defined by the resident’s income. In the Senior Apartments, residents generally pay 30% of their income towards rent. This differs from other types of affordable housing units where rental rates are fixed regardless of tenant income. Because of this rent structure, units within the Senior Apartments are affordable to a wider range of potential tenants, including those with the lowest income levels.

The impetus to make units available to individuals within the lowest income brackets is directly written into the operating documents associated with the site. For example, the Morristown Housing Authority’s Housing Choice Voucher Program Administrative Plan includes the following Income Targeting statement:

“Every fiscal year, HUD requires the HA to make sure that at least 75% of families admitted to the HCV program have incomes that do not exceed the Extremely Low- Income limit, which is 30% of area median income. The 75% requirement is for the combined HCV and Project Based Voucher programs administered by the HA.”²⁵

Furthermore, the same policy also requires that all applicants must meet “Very Low Income” eligibility requirements, as defined by HUD.

Through a combination of obligations associated with financing sources and administrative policies, 100% of the units within Senior Apartments are made affordable to very-low, low-, and moderate-income residents.

Documents demonstrating the affordability of units within the Senior Apartments including the restrictions imposed by the various funding mechanisms are included in Appendix J.

Duration of Affordability

There are a variety of mechanisms in place to ensure that the units within the Senior Apartments remain affordable for generations to come.

First, the term of a ground lease between the MHA and OAHS restricts use of the property “only for the construction, operation, and maintenance of affordable housing reserved for households consisting of two hundred (200) designated low-income housing tax credit rental units.” The term of this lease, which was made effective December 23, 2021, is ninety-nine years.²⁶

Second, at the municipal level, the Town entered into a Financial Agreement with the project owner which requires a PILOT of 7% of tenant rental revenues, with a 2.5% annual increase. The Town authorized this agreement on August 17, 2021. Per the terms of the resolution authorizing this agreement, the housing “shall be deed restricted for thirty (30) years.”²⁷

Third, the duration of affordability is set via agreements with HUD stemming from the RAD conversion. Per the terms of the RAD agreement dated December 23, 2021, some of the units are required to be utilized exclusively as low-income housing for a period of not less than 40 years.²⁸ While the associated HAP contract is only twenty years, the contract obligates the Morristown

²⁵ Housing Choice Voucher Program Administrative Plan.

<https://www.morristownha.org/sites/g/files/vyhli4731/f/uploads/housing_choice_voucher_administrative_plan_-_updated_and_revised_2024.pdf>. pg. 18, pg. 22. Accessed May 8, 2025. The HUD definition of Extremely Low-Income is functionally the same as the definition of Very Low-Income included in the Amended Law. The HUD definition of Very Low-Income is functionally the same as the definition of Low Income included I the Amended Law.

²⁶ See Lease included in Appendix K.

²⁷ See Resolution included in Appendix K.

²⁸ See Rental Assistance Demonstration Use Agreement included in Appendix K.

Housing Authority to offer to renew the agreement and obligates OAHS to accept this offer. Through this agreement, the units are to remain affordable in perpetuity.²⁹

Finally, the income restrictions will be enforced by deed restrictions associated with the LIHTC award. These deed restrictions will be filed in accordance with industry practice.

Administration

As a project funded through the Low Income Housing Tax Credit, the Senior Apartments are exempt from UHAC regulations.

Lease-up procedures for the units under the Housing Choice Voucher Program (previously Section 8) are in accordance with the Administrative Plan adopted by the Housing Authority of the Town of Morristown.

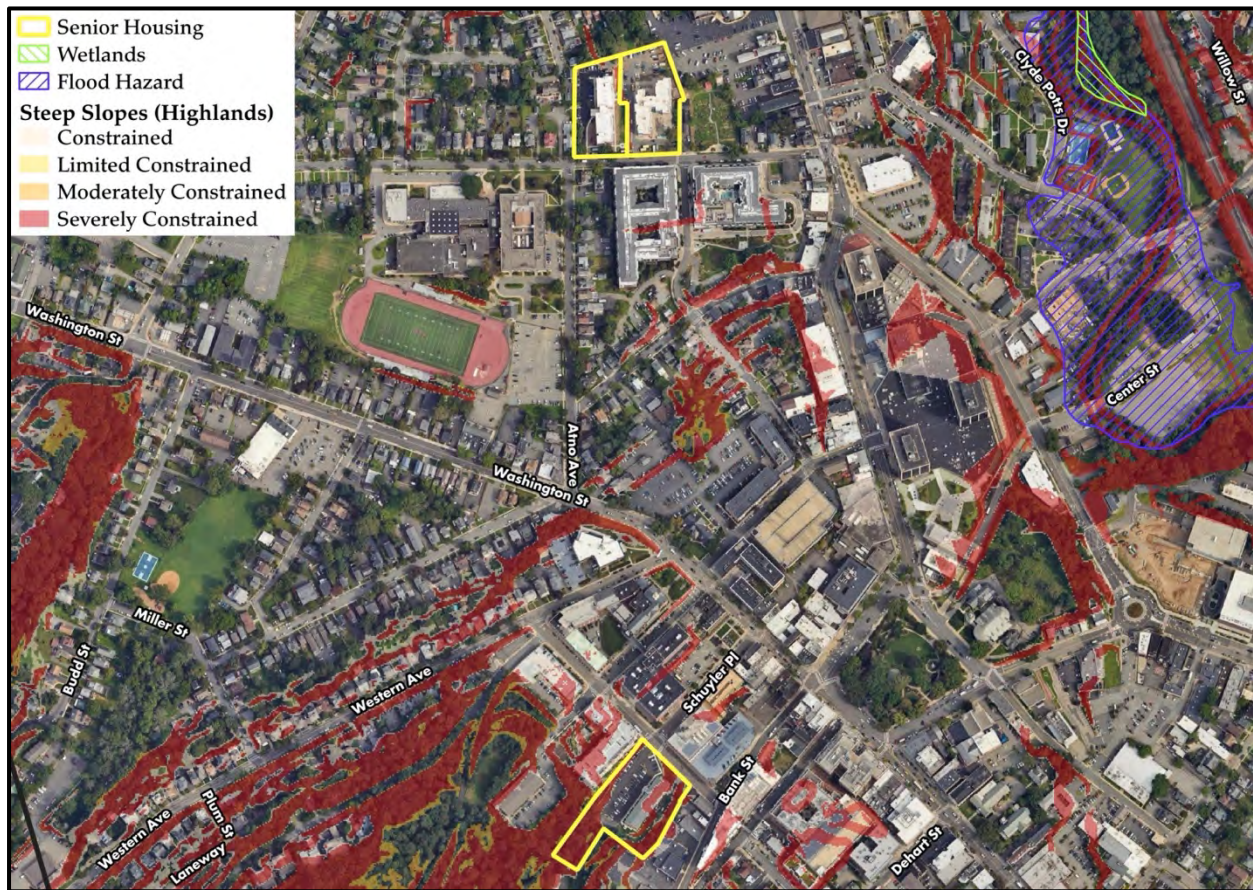
Applicability of Bonus Credits

Because the municipality has already claimed the maximum number Fourth Round bonus credits, no bonus credits are being sought for the Senior Apartments. The Town notes, however, that should any bonus credits claimed within this HEFSP be invalidated, the units within the Senior Apartments, as age-restricted units, are eligible for a one-half (0.5) bonus credit per unit.

Site Suitability

The map below shows the detailed analysis of the area relative to the most up to date environmental constraints. Environmental constraints identified on the site are limited to small area of steep slopes. Significantly, the buildings have already been constructed on site. Continued operation of the property for affordable housing will not necessitate additional disruption of steep slopes.

²⁹ See Senior Apartments HAP Contract included in Appendix K.



Senior Apartments with Environmental Constraints

The Senior Apartments can appropriately be considered available, suitable, developable, and approvable. As noted, the site already includes housing for low- and moderate-income residents. In including these sites in its Fourth Round HEFSP, the Town is simply claiming credit for units for which it has not previously received credit and which have recently been substantially renovated.

Nevertheless, for the sake of completeness, a discussion of each of the criteria is included below.

- The site is available. There are no known title issues or encumbrances which preclude development. To the contrary, the site is already operated for low- and moderate-income housing.
- The site is suitable. It is in a walkable context near a variety of residential and commercial uses. It has good access to transit and is within walking distance of bus stops and the train station.
- The site is developable. It has access to infrastructure necessary to support development.

- The site is approvable. It already includes housing for low- and moderate-income families and does not require additional approvals.

Conclusion

Based on the above, the Senior Apartments can be appropriately included in Town's Fourth Round HEFSP to count towards the Town's prospective need obligation.

D. Applicability of Vacant Land Adjustment

As demonstrated above, the Town does not need to rezone any properties to satisfy its prospective need obligation. This obligation will be met through existing units, as described above.

Notwithstanding this approach, the Town reserves its right to seek a vacant land adjustment ("VLA") under the applicable rules (52:27D-310.1) and an adjustment of its Fourth Round obligation to reflect the available and developable land area within its municipal boundaries if this Housing Element needs to be revised, resubmitted, or otherwise modified. As can be seen in **Appendix B**, Morristown does not have sufficient vacant land to address its prospective need obligation, and it is the conclusion of this analysis that the Realistic Development Potential ("RDP"), given the capacity for inclusionary development in Morristown is 29.

E. Consideration of Land Most Appropriate for Affordable Housing and Sites Considered for Development

The analysis in this section shall satisfy Part F of P.L.1985, c.222 (C.52:27D-310), which requires:

- *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"*

As part of this Fair Share Plan, the Town has considered land that is appropriate for the construction of low- and moderate-income housing. As noted above, the Town can satisfy its prospective need through projects which have already been built. The Town believes that the approach set forth in this document represents the best approach to satisfying the requirements of the Amended Law. While the Town acknowledges that developers may express interest in proposing projects that include low- or moderate-income housing, the Town's position is that no additional projects are required to satisfy Morristown's prospective or present need. To date, the Town has not received any formal requests from developers requesting to be included in this plan.

Notwithstanding this position, the sites discussed above are not the only areas in town where low- and moderate-income housing is permitted to be built. Notably, in 2018 the Town adopted a significant update to its Land Development Ordinance (“LDO”). The LDO was adopted in accordance with the recommendations of the 2014 Master Plan and was subsequently amended in 2023 and 2024 to reflect the recommendations of the Town’s 2022 Master Plan Reexamination. The LDO permits multi-family development in several zones, creating realistic opportunities for the development of affordable housing that are separate and apart from, and in addition to, any commitments made by the Town in the Fourth Round or any prior affordable housing round. Zoning districts where multifamily housing is permitted as of right include MF-2 (up to 25 units per acre in certain conditions), PWN (up to 16 units per acre in certain conditions), MF-3 (up to 45 units per acre in certain conditions), N (up to 15 units per acre), MX-1 (up to 20 units per acre in certain conditions), MX-2 (up to 20 units per acre in certain conditions), and TC (up to 50 units per acre in certain conditions). Significantly, the Town elected to permit multi-family housing in these zones to fulfill its own local planning objectives, not in connection with an affordable housing mandate or any specific affordable housing obligation. Projects in these zones with five or more units are subject to the Town’s existing affordable housing set-aside ordinance which requires 15% set-aside for rental projects and 20% set-aside for for-sale projects.

Additionally, the Town has numerous redevelopment plans which permit multi-family housing and require an affordable component. As with the Town’s decision to permit multi-family development in zone districts when it was not required to do so by any formal affordable housing obligation, much of the potential development associated with the Town’s redevelopment plans is driven not by specific affordable housing obligations, but by the Town’s own vision and objectives.

The LDO and these redevelopment plans, while grounded in the recommendations and vision set forth by the municipality’s master plan are consistent with the findings set forth in the Amended Law, namely that: “comprehensive planning in alignment with smart growth principles, and the State Development and Redevelopment Plan” is critical to meeting the housing needs of the State.

F. Recommended Ordinance Modifications

During the Fourth Round, the Town intends to adopt at least two modifications to the LDO which relate to the provision of affordable housing.

Affordable Housing Ordinance

Morristown intends to update its town-wide affordable housing ordinance (Chapter 30-6). As part of this update, rental projects with five or more units will be required to include a 20% affordable housing set-aside. Updates to this ordinance may include other modifications

necessary to bring the ordinance in compliance with Fourth Round obligations, the Uniform Housing Affordability Controls (as amended), and other applicable affordable housing standards.

Block 303, Lot 2

To advance its commitment to the development of inclusionary housing, the Town intends to modify the zoning of the property at Block 303, Lot 2. The extent of the proposed modifications is to revert certain zoning standards (i.e. District Standards and Building Standards) governing development of the property to those which were in place under the November 20, 2018 LDO (the “2018 LDO”), as further described herein. The intended outcome of the ordinance amendments recommended herein is to increase the likelihood that the site is developed with inclusionary housing.

The property is an elongated parcel with primary frontage along Cory Road. Portions of the property are limited by steep slopes. Due to the orientation of the property, development of the site would likely include an access drive from Cory Road, leading to an internal roadway that would service building(s) on the parcel. This general layout is consistent with an application, previously before the Morristown Planning Board (Application #19-05), that included multi-family housing. Application #19-05 was withdrawn in 2023 prior to adjudication by the Planning Board.

Under the 2018 LDO, which governed development of Application #19-05, the property was located in the PWN zoning district. Multifamily development was permitted at an as-of-right density of 6 dwelling units per acre and was eligible for “Conditional Density”³⁰ of up to 16 units per acre if certain standards were met.

When the LDO was amended in 2023, the property remained in the PWN zoning district; the Permitted Density remained at 6 units per acre; and the property remained eligible for Incentive Density of up to 16 units per acre. However, as part of the amendments, the applicable standards for Incentive Density³⁰ were modified. This effectively eliminated the possibility of satisfying the conditions necessary to qualify for incentive density on this particular site. Additionally, as part of the 2023 amendments, Stacked Townhomes were explicitly prohibited. Taken together, the 2023 amendments reduced the likelihood that inclusionary housing would be developed on the site.

Although the Town has not received a formal written request to include this property within its HEFSP, the current property owner has expressed an interest in developing the site with an inclusionary housing project and has identified issues stemming from the aforementioned 2023

³⁰ The increased density was referred to as Conditional Density in the 2018 LDO and Incentive Density in the 2023 LDO. These terms are used interchangeably in this document.

LDO amendments. Critically, these issues are directly related to the orientation, location, and physical characteristics of this particular piece of property.

In consideration of the foregoing points, the fact the property is one of the most significant parcels identified in the Vacant Land Adjustment, and the Town's commitment to the production of inclusionary housing, Morristown intends to modify the zoning of the property to revert all relevant standards and mechanisms that affect eligibility for an applicant to achieve the PWN "Conditional Density" in a stacked townhouse format to those which were in place under the 2018 LDO. Amendments recommended herein are limited to those contained in the District and Building Standards within the PWN overlay, as described above.

Notwithstanding this recommended zoning change, the Town is not relying on any credits from this site as part of its Fourth Round compliance plan.

G. Summary of Obligation Subsets

Below is a table outlining additional obligation requirement thresholds. The compliance plan set forth herein is in accordance with these requirements.

MANDATORY OBLIGATIONS	CITATION	# REQUIRED OF ACTUAL UNITS
Very Low-Income Units (13% Minimum) <i>Shall count towards the minimum 50 percent of the housing units required to be made available for occupancy by low-income households to address a municipality's prospective need obligation.</i>	52:27D-329.1	38
Family VLI Units (50% Minimum of VLI Units)	52:27D-329.1	19
Low-Income Units (50% Minimum) <i>Conversely, the maximum of Moderate-Income Units shall not exceed 50%.</i>	52:27D-329.1	143
Family Units (50% Minimum)	52:27D-311.l	143
Rental Units (25% Minimum)	52:27D-311.l	97
Family Rental Units (50% Minimum of Rental Units)	52:27D-311.k.5	49
Age-restricted units (30% Maximum)	52:27D-302.q	85
Transitional Housing (10% Maximum of Total Credits)	52:27D-311.e	29
Age-Restricted Housing Bonus Credit (10% Maximum)	52:27D-311.k.4	29

IV. Appendices

- A. Decision and Order Fixing Obligation; Associated Program Settlement Recommendation; Associated Town Resolution
 - B. Vacant Land Adjustment
- Mandatory Requirements:*
- C. Zoning Amendments (or redevelopment plans, if applicable): The Town will adopt all proposed zoning amendments prior to the March 15, 2026 statutory deadline.
 - D. Affordable Housing Ordinance
 - a. The Town's existing ordinance is attached and will remain in full force and effect during the Fourth Round. The Town intends to modify its existing ordinance to require a 20% affordable set aside for projects creating five or more rental or for-sale units. The Town may also make additional modifications to the ordinance to comply with new Fourth Round requirements or otherwise facilitate the development of affordable housing. The updated ordinance will be adopted by the March 15, 2026 deadline.
 - E. Development Fee Ordinance
 - a. The Town's existing ordinance is attached and will remain in full force and effect during the Fourth Round. The Town will make all necessary modifications to this ordinance to comply with any forthcoming Fourth Round requirements as updated regulations and rules are released.
 - F. Affirmative Marketing Plan
 - G. Spending Plan
 - H. Resolution of intent to fund cost of municipality's municipally sponsored affordable housing development as well as its rehabilitation program
 - a. No municipally sponsored affordable housing development proposed. Resolution regarding rehabilitation program to be provided following Council endorsement of this HEFSP.
 - I. Copies of resolutions appointing Administrative Agent(s) and ordinance creating the position of and appointing the Municipal Affordable Housing Liaison
 - J. Evidence demonstrating affordability of Manahan Village
 - K. Evidence demonstrating affordability of Morristown Senior Village Apartments

Appendix A – Decision and Order Fixing Obligation; Associated Program Settlement Recommendation; Associated Town Resolution

Appendix B – Vacant Land Adjustment

Appendix C – Zoning Amendments (or redevelopment plans, if applicable): Not applicable

Appendix D – Affordable Housing Ordinance

Appendix E – Development Fee Ordinance

Appendix F – Affirmative Marketing Plan

Appendix G – Spending Plan

Introduction

Pursuant to N.J.A.C. 5:99, a Spending Plan means “a method of allocating funds contained in an affordable housing trust fund account, which includes, but is not limited to, development fees collected and to be collected pursuant to an approved municipal development fee ordinance, or pursuant to N.J.S.A. 52:27D-329.1 et seq., for the purpose of meeting the housing needs of low- and moderate-income individuals.”

All residential and non-residential development fees, payment in lieu of constructing affordable units, barrier-free escrow funds, recapture funds, proceeds from the sale of affordable units, rental income, repayments from affordable housing program loans, enforcement fines, unexpended RCA funds remaining from a completed RCA project, application fees, and any other funds collected by the municipality in connection with its affordable housing programs are deposited into this interest-bearing Affordable Housing Trust Fund (AHTF). These funds shall be spent in accordance with N.J.A.C. 5:99 or applicable regulations.

Article 6B “Affordable Housing Trust Fund” of Chapter 30 of the Code of the Town of Morristown was established by Ord. No. O-25-2018(July 12, 2018) and amended by Ord. O-11-2023 (August 8, 2023). The purpose of this Spending Plan is to direct revenue generated from this source in a manner that addresses the Town’s regional fair share of the affordable housing need in accordance with the Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.), the Fair Housing Act (N.J.S.A. 52:27D-301) and the draft regulations governing affordable housing trust fund entitled *Proposed New Rules: N.J.A.C. 5:99*, which were available at the time of drafting this report.

Authorization of Affordable Housing Trust Fund

A municipality shall not spend, or commit to spend, any affordable housing trust funds, including Statewide non-residential fees collected and deposited into the municipal affordable housing trust fund, without first obtaining the approval of the expenditure as part of its compliance certification or by the Division pursuant to N.J.S.A. 52:27D-329.2. a (4). A municipality within the jurisdiction of the Program or a court of competent jurisdiction shall not spend affordable housing trust funds unless the Program has approved a plan for spending such funds in accordance with N.J.S.A. 52:27D-329.2. a(4) or the Division has approved spending plan expenditures for emergent opportunities to create affordable housing after a municipality has obtained compliance certification in conformance with N.J.A.C. 5:99-4.

Account Requirements and Use of Funds (5:99-2.2 to 2.8)

Account Requirements

(a) All affordable housing trust funds shall be deposited in a separate, interest-bearing account. In establishing the account, the municipality shall provide written authorization, in the form of a three-party escrow agreement between the municipality, the bank or other financial institution, and the

Division, to permit the Division to direct the disbursement of the funds, as provided for at N.J.A.C. 5:99-5.6, shall be maintained at all times. This authorization shall be submitted to the Division within 21 days from the opening of the trust fund account and/or within 21 days of any change in banks or other financial institutions in which trust funds are deposited.

(b) With the approval of the Department's Division of Local Government Services, the municipality may invest its affordable housing trust fund in the State of New Jersey cash management fund, provided that the amount of money in the cash management fund that comprises the funds and income attributable to such funds shall at all times be identifiable.

(c) All interest accrued in the affordable housing trust fund shall only be used on eligible affordable housing activities included in an approved spending plan or an emergent opportunity authorized by the Division.

(d) A municipality within the jurisdiction of the Program or a court of competent jurisdiction shall not spend affordable housing trust funds unless the Program or a court of competent jurisdiction has approved a plan for spending such funds in accordance with N.J.S.A. 52:27D-329.2.a(4) or the Division has approved spending plan expenditures for emergent opportunities to create affordable housing after a municipality has obtained compliance certification in conformance with N.J.A.C. 5:99-4.1.

(e) Any municipality with an affordable housing trust fund account shall be subject to N.J.A.C. 5:99-4.

(f) Municipal affordable housing trust funds shall not be expended:

1. To reimburse the municipality for activities that occurred prior to the authorization of a municipality to collect development fees;
2. On attorney fees or court costs to obtain a judgment of compliance or order of repose, including any associated administration costs;
3. On any costs in connection with a challenge to a determination of the municipality's fair share obligation; or
4. On any costs in connection with a challenge to the municipality's obligation, housing element, or fair share plan.

(g) In addition to the restrictions at (f) above, no more than 20 percent of all affordable housing trust funds, exclusive of those collected prior to July 17, 2008, to fund an RCA, may be expended on administration, in accordance with N.J.A.C. 5:99-2.4.

(h) A municipality shall set aside a portion of its affordable housing trust fund for the purpose of providing affordability assistance to low- and moderate-income households in affordable units included in a municipal fair share plan, in accordance with N.J.A.C. 5:99-2.5.

(i) Compliant municipalities, Qualified Urban Aid Municipalities, or municipalities that have previously collected such funds while under the protection of presumptive validity of their affordable housing plan or immunity from exclusionary zoning litigation and in accordance with an approved spending plan are authorized to commit or expend affordable housing trust funds in accordance with this chapter, UHAC, and the Act.

(j) A non-compliant Qualified Urban Aid Municipality meeting the criteria set forth in paragraph (1) of subsection c. of section 7 at P.L. 2024, c. 2, which has been authorized to collect residential development fees pursuant to N.J.A.C. 5:99-3.5(b), may not spend, or commit to spend, any affordable housing development fees, without first obtaining the Division's approval of the expenditure by submitting a spending plan for current funds in the municipal affordable housing trust fund and projected funds through the current round. The Division shall review the spending plan for consistency with N.J.A.C. 5:99-2 and shall notify the municipality upon the approval of the spending plan.

Use of Funds for Housing Activity

(a) A municipality may use affordable housing trust funds for any housing activity as itemized in the spending plan and approved by the Program or as approved by the Division as an emergent opportunity to create affordable housing. Such activities include, but are not limited to:

1. A rehabilitation program whose purpose is to renovate deficient housing units that are occupied by low- and moderate-income households, in accordance with the New Jersey State Housing Code, N.J.A.C. 5:28, or the requirements of the Rehabilitation Subcode, N.J.A.C. 5:23-6, as applicable. Any recaptured funds from a rehabilitation program shall be deposited into a municipality's affordable housing trust fund and subject to the provisions thereof;
2. New construction of affordable housing units and related development costs; in the case of inclusionary developments, eligible costs shall be prorated based on the proportion of affordable housing units included in the development;
3. Creation of a market to affordable program to pay down the cost of unrestricted units and offer them in sound condition, for sale or rent, at affordable prices to low- and moderate-income households to address all or a portion of the affordable housing obligation;
4. Extensions or improvements of roads and infrastructure directly serving affordable housing development sites; in the case of inclusionary developments, costs shall be prorated based on the proportion of affordable housing units included in the development;

5. RCAs, approved prior to July 17, 2008;
6. Acquisition and/or improvement of land to be used for affordable housing;
7. Accessory dwelling units;
8. The extension of expiring controls;
9. The construction of group homes and supportive and special needs housing;
10. Maintenance and repair of affordable housing units;
11. To defray the costs of structured parking; in the case of inclusionary developments, eligible costs shall be prorated based on the proportion of affordable housing units included in the development;
12. Affordability assistance in accordance with N.J.A.C. 5:99-2.5;
13. Repayment of municipal bonds issued to finance low- and moderate-income housing activity;
14. Any other activity as specified in the approved spending plan or as approved by the Division as an emergent affordable housing opportunity; or
15. Any other activity approved by the Division.

Use of Funds for Administrative Expenses

- (a) No more than 20 percent of all affordable housing trust funds, exclusive of those collected prior to July 17, 2008, to fund an RCA, shall be expended on administration.
- (b) Administrative expenses may include costs reasonably related to the determination of the fair share obligation and the development of a municipal housing element and fair share plan and may include fees necessary to develop or implement affordable housing programs, an affirmative marketing program, and/or expenses that are reasonably necessary for compliance with the processes of the Program, including, but not limited to, the costs to the municipality of resolving a challenge pursuant to the Program.
- (c) Administrative expenses may also include costs associated with functions carried out in compliance with UHAC, including activities related to the marketing program and waitlist management, administering the placement of occupants in housing units, income qualification of

households, monitoring the turnover of sale and rental units, preserving existing affordable housing, and compliance with the Division's monitoring requirements.

(d) The proportion of a municipal employee's salary related to the MHL or RCA administrator functions and fees for required educational programs, may be paid as an administrative expense from the municipal affordable housing trust fund.

Use of Funds for Affordability Assistance

(a) A municipality shall set aside a portion of all development fees collected and interest earned for the purpose of providing affordability assistance to low- and moderate-income households in affordable units included in the municipality's fair share plan.

1. Affordability assistance for very-low-income households may include offering a subsidy to developers of inclusionary or 100 percent affordable housing developments or buying down the cost of low- or moderate-income units in a municipal fair share plan to make them affordable to very low-income households, including special needs and supportive housing opportunities.

(b) A municipality may contract with a private or public entity to administer any part of its housing element and fair share plan, including the requirement for affordability assistance, or any program or activity for which the municipality expends development fee proceeds.

Barrier-Free Escrow

An affordable housing trust fund may include fees collected to adapt affordable unit entrances to be accessible in accordance with the Act and the Barrier Free Subcode, N.J.A.C. 5:23-7. The municipality shall set forth the mechanism by which it will collect and distribute funds intended to convert adaptable entrances in compliance with the technical design standards of the Barrier Free Subcode at N.J.A.C. 5:23-7. Funds collected for this purpose shall at all times be identifiable from other funds. A municipality that collects, or anticipates collecting, funds to adapt affordable unit entrances shall identify the funds on its monitoring report pursuant to N.J.A.C. 5:99-5.

Payments in Lieu of Constructing Affordable Units On-Site

(a) Payments in lieu of constructing affordable units shall not be imposed on any non-residential development.

(b) A municipality that chooses to collect or anticipates collecting payments in lieu of constructing affordable units shall identify the funds on its monitoring report pursuant to N.J.A.C. 5:99-5.2 and include a plan for the use of the funds in its spending plan.

(c) Payment-in-lieu fees shall be deposited into the municipality's affordable housing trust fund but shall be accounted for separately from any other fees collected by a municipality. Whenever a payment-in-lieu fee is assessed by a municipality pursuant to this section, a development fee authorized pursuant to N.J.S.A. 52:27D-329.2 shall not be charged in connection with the same development.

Other Funds

(a) An affordable housing trust fund may also contain recaptured funds, proceeds from the sale of affordable units, rental income, repayments from affordable housing program loans, enforcement fines and application fees, and any other funds collected by the municipality in connection with its affordable housing programs. A municipality that collects, or anticipates collecting, such fees shall identify the funds on its monitoring report pursuant to N.J.A.C. 5:99-5 and include a plan for the use of the funds in its spending plan.

(b) An affordable housing trust fund shall also contain any excess RCA funds, where the RCA has been completed in accordance with the RCA project plan.

(c) A municipality that is not a compliant municipality may not retain excess RCA funds and shall transfer any such funds to the New Jersey Affordable Housing Trust fund established pursuant to N.J.S.A. 52:27D-320.

Morristown Spending Plan

Revenues + Expenditures for Certification Period

Morristown has considered the following AHTF revenue sources between the period of 2025-2035:

- Development fees: Morristown analyzed five years (2019 to 2024) of residential and nonresidential development fees deposited into the AHTF to determine the expected annual fee. To help prepare an accurate annual estimate, Morristown removed fees associated with two unique office projects that were determined to be outliers: M Station and 74 Speedwell Avenue. Through this analysis of qualifying projects, we estimated an annual average revenue of \$188,812 to determine potential developer fees for the years of 2025 to 2035.

Year	Total Revenue	Adjusted Revenue	Adjustments
2024	\$147,754	\$147,754	None
2023	\$1,046,818	\$109,822	Removed M Station and 74 Speedwell Avenue Development Fees (unique office projects not indicative of typical year)
2022	\$686,420	\$6,238	Removed M Station and 74 Speedwell Avenue Development Fees (unique office projects not indicative of typical year)
2021	\$217,345	\$217,345	None
2020	\$601,733	\$601,733	None
2019	\$49,982	\$49,982	None
Average Annual Adjusted Revenue		\$188,812	

- Payment in lieu of constructing affordable units are not anticipated.
- Barrier-free escrow funds are not anticipated.
- Funds from other sources such as the sale of units with extinguished controls, repayment of affordable housing program loans, rental income, or proceeds from the sale of affordable units are not anticipated.

Based on existing funds and anticipated revenue as described above, the municipality estimates the AHTF's funds during the Fourth Round to amount to a revenue of \$1,888,120.

As such, Morristown intends to use affordable housing trust fund revenues in accordance with 5:99-2.2 to 2.8, as follows:

Revenues		
Current cash on hand as of December 2024		\$3,583,545
Projected developer fee revenue (Average annual developer fees x 10 years)	+	\$1,888,120
Projected payment in lieu of constructing affordable units	+	\$0
Projected barrier-free escrow funds	+	\$0

Projected recapture funds, sale of affordable units, rental income, repayments from affordable housing program loans, enforcement fines, unexpended RCA funds remaining from a completed RCA project, application fees, or any other funds collected by the municipality in connection with its affordable housing programs	+	\$0
Projected Interest	+	\$0 ³¹
Projected Revenues	=	\$5,471,665
Expenditures		
Rehabilitation program whose purpose is to renovate deficient housing units that are occupied by low- and moderate-income households	-	(\$1,400,000)
Affordability Assistance OR new construction of affordable housing units and related development costs	-	(\$2,977,332)
Total Administration (Max. 20%)	-	(\$1,094,333)
Total Projected Expenditures	=	\$9,106,465
Remaining Balance	=	\$0

Potential Spending Strategies to Support Rehabilitation Programs

The Town will continue to implement its Home Improvement Program, acknowledging that modifications may need to be made from time to time to ensure its continued viability including increasing the financial assistance provided per affordable unit.

Potential Spending Strategies to Support Affordability Assistance

Morristown may also use its Affordable Housing Trust Fund to support Affordability Assistance programs with particular focus on very-low income units. Programs may include a Three Months' Rent program, support security deposit assistance, and similar affordability assistance programs.

Morristown may also pursue additional affordability assistance programs in accordance with N.J.A.C. 5:99-2.5.

Potential Spending Strategies to Support New Construction of Affordable Housing Units

Morristown will make funding available to entities that are pursuing the creation of new affordable housing units. Participants will be required to execute an agreement with the Town and fulfill a variety of administrative requirements to ensure the creditworthiness of the units. The Town will prioritize non-profit affordable housing developers, but for-profit affordable housing developers may also receive funding, particularly if they provide more than the required number of affordable housing units and/or more than the required number of very low-income units.

³¹ Interest payments were accounted for in projected developer fee revenue.

No amendment to the Spending Plan shall be required for the Town to utilize its affordable housing trust fund for these purposes, provided the recipient enters into an agreement with the Town that is endorsed by the governing body.

Excess or Shortfall of Funds

The Town reserves the right to revise projections and anticipated funding commitments based upon actual revenues to the Affordable Housing Trust Fund and any revisions to the Housing Element and Fair Share Plan.

In the event that a shortfall of anticipated revenues occurs, the municipality reserves the right to revise its Spending Plan accordingly.

In the event of excess funds, any remaining funds above the amount necessary to satisfy the municipal affordable housing obligation will be used toward low- and moderate-income housing in accordance with 5:99-2.2 to 2.8 and the municipality reserves the right to revise its Spending Plan accordingly.

Appendix H – Resolution of intent to fund cost of municipality’s municipally sponsored affordable housing development as well as its rehabilitation program

No municipally sponsored affordable housing development proposed. Resolution regarding rehabilitation program to be provided following Council endorsement of this HEFSP.

Appendix I – Copies of resolutions appointing Administrative Agent(s) and ordinance creating the position of and appointing the Municipal Affordable Housing Liaison

Appendix J – Evidence demonstrating affordability of Manahan Village

Appendix K – Evidence demonstrating affordability of Morristown Senior Village Apartments