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Somerset County Planning Board  
Housing Trends Assessment Report

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2016

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## **i. Acknowledgements**

Laurette Kratina, PP, AICP, Chief of Strategic Planning was primarily responsible for the preparation of this report, with input provided by the Housing and Demographic Committee of the County Planning Board. Assistance acquiring the data included in this document was provided by Vineela Pentyala, Graduate Student Planning Intern, Rutgers University. The composite zoning data was prepared by Galina Chernikova, Senior Planner, GIS Coordinator. Assistance with final editing was provided members of the County Planning Division Staff.

## ii. Foreword

The Somerset County Master Plan Housing Element was adopted as an element of the County Master Plan in 1987, and is part of the Somerset County Master Plan document. The Implementation section of the Master Plan Document also contains a Housing Goal and associated Planning Strategies. A “Somerset County Master Plan Update Discussion Paper on Demographics”, prepared in 1986 provided the platform upon which the Housing Element was based. The Discussion Paper on Demographics is comprised of a compendium of data tables and text that addresses trends and characteristics in the following subject areas: 1) Population, Households, Education, Employment, Labor Force, Income, and Housing Stock from 1970 – 1985, and compares Somerset County to adjoining counties and New Jersey. Excerpts from this report are included in the Background Section of the 1987 Somerset County Master Plan document.

The County Master Plan Housing Element has provided the foundation for many planning initiatives underway by the County Planning Board since its adoption. These include but are not limited to the following: 1) ongoing monitoring and assessment of the impacts of evolving housing-related State and National policies, laws and regulations on Somerset County and its municipalities; 2) tracking of the adoption and implementation of Municipal Housing Elements and Fair Share Plans; 3) preparation and update of GIS-based inventories of affordable housing projects created countywide pursuant to the requirements of the 1985 State Fair Housing Act and senior housing options; 4) hosting information forums and roundtable discussions on housing topics and County Planning Board representation on the Central Jersey Housing Resource Center and Association of Affordable Housing Administrators. The plan still provides the platform for the County Planning Board’s support of municipal efforts in addressing State affordable housing requirements.

In January 2016 the Housing and Demographic Committee and County Planning Staff recognized the need to update the 1987 Housing Element to reflect recent demographic, socio-economic and housing characteristics and trends, significant changes in public policies, and events that have impacted the County since 1987 such as the Great Recession of 2008-09, Hurricane Sandy in 2012 and the March 2015 “Mount Laurel IV” Supreme Court Decision. Many of the datasets included in the Background section of the 1987 County Master Plan and the 1986 Discussion Paper on Demographics have been updated and expanded upon in the Somerset County Trends and Indicators Report, which was adopted as an updated background element of the Somerset County Master Plan in 2014. Additional data was analyzed as part of the “Supporting Priority Investment in Somerset County, Phase I Study completed in 2015, and in numerous studies by Rutgers University, NJ Future and other organizations that can be used as a platform for updating the Housing Element.

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## **v. Executive Summary**

The Housing Trends Assessment Report was undertaken to identify the major trends, changes and events influencing housing supply, demand and policy and the national, state and local levels since the Housing Element was adopted as part of the County Master Plan in 1987. This report is intended to provide the background information needed to help support an update of this plan element. The Assessment Report examines the major demographic and socioeconomic trends that are shaping the characteristics of the County's population, communities and economy. It examines changes in the County's housing stock, and the forces that underlie these changes. The report also describes the economic forces that have shaped the housing market and are driving residential real estate trends. Planning Policy and regulatory changes that address housing issues are described, including federal and state housing policies and regulations; and state and regional land use plans that contain housing related goals and objectives. The following is a summary of the report's key findings and recommendations:

### **Monitor housing, economic and demographic trends**

The Housing Trends Assessment Report and the changes it recognizes underscores the importance of keeping a finger on the pulse of the communities in Somerset County on an ongoing basis. Ongoing monitoring is valuable for understanding how they are changing in response to local issues as well as broader global, national and regional trends; and the impacts these changes are having on the characteristics and needs of communities, residents, economies and environment. This information is necessary for informing planning, policy and investment decisions by both the public and private sectors.

Somerset County sits on the dividing line between New Jersey's counties to the west and south that have been experiencing population and employment losses since 2010 and those to the north and east that are growing; reflecting major demographic shifts that have occurred during this period. County-level projections show Somerset County is anticipated to remain among the top six (6) growth counties during the next twenty (20) years. Two of the key factors contributing to these changing growth patterns across the State include: 1) the increase in the number of retirees and employers leaving the State in search of lower taxes and cost-of-living since the Great Recession and 2) the decline of sprawling suburban office parks, which have become obsolete as technology and business models change; and as both the workforce and employers increasingly favor vibrant walkable communities with transit and other urban amenities. Somerset County's regional and town centers and surrounding rural landscapes provide a high quality of life and give it the competitive advantage needed to remain among the State's growing counties. By working together, the County's municipalities can identify and implement strategies that will ensure the County remains economically competitive and attractive as a place to live, work and play. Adopting housing policies and land use strategies at the state, regional and local levels that will support the provision of a range of housing types and meet the needs of younger generations entering the housing market as well as existing residents, including seniors, is vital to achieving this goal.

## **Respond to the impacts of fluctuations in the housing market and economy**

The County (along with the rest of New Jersey) is still reeling from the housing market crash that occurred in 2007 and subsequent Great Recession; with many homeowners faced with upside down mortgages (current home values are less than the original purchase price) that some can no longer afford to pay; dampening mobility within the housing market, increasing foreclosure rates, and reducing demand for large single-family suburban homes. A growing number of suburban empty-nesters and young retirees interested in downsizing are unable to find affordable alternative housing options that meet their changing needs, and are being forced to remain in larger homes that are increasingly difficult for them to maintain. Ongoing monitoring of changes in the housing market and economy is needed in order to inform housing policies and programs at all levels of government and to advocate for appropriate private sector responses to changing consumer needs and preferences.

## **Create a variety of affordable housing options**

Changes in the structure of the economy, housing market, and finance industry and the high cost of living in Somerset County; together with the more constrained personal finances of the younger generations entering the housing market have made it much more difficult for them to attain homeownership. The pool of first-time home buyers looking for starter homes has been replaced with an increase in households seeking rental housing. Today, both rental costs and home prices are outpacing wage levels. The degree to which more affordable rental and for-purchase housing types can be added to the housing stock will have a direct impact on the overall health of the County's economy - because of its direct relationship to the strength of the County's labor force and ability to retain long-term residents. As such, the updated housing element should emphasize the interrelationship between the availability of affordable housing choices and the County's economic vitality and competitiveness. Furthermore, by addressing affordable workforce housing shortages within the County, more people will be able to live closer to their places of employment within the County, thereby avoiding long commute distances, reducing roadway congestion, decreasing vehicular emissions and saving energy.

## **Advance smart growth and sustainable community principles**

Development patterns consistent with the principles of smart growth and sustainable development have increased in importance and correlate directly to the kinds of communities that are in greatest demand. The goal of increasing housing choices and opportunities within mixed-use, walkable neighborhoods with greater proximity and access to jobs, cultural and recreational amenities, services and mass transit should be a priority in the updated housing element. The County's residents value highly the remaining rural landscapes, farms, forests and riparian areas that contribute to Somerset County's character and quality of life. Directing growth to the County's Priority Growth Investment Areas in accordance with the County Investment Framework is consistent with these principles; and reduces development pressure on the County's Priority Preservation Investment Areas.



### **Support inclusive communities**

The County's population, much like that of the state and nation, continues to become more racially and ethnically diverse as a result of international migration, which is the primary force contributing to population growth. This trend suggests that the updated housing element can be strengthened by embracing the growing diversity of the County's population and promoting strategies that will support vibrant, inclusive communities and attract a highly talented workforce.

### **Meet the needs of seniors and others with special needs**

The elderly portion of the County's population is also increasing consistent with state and national trends; and changes in Federal and state human service and Medicaid policies require community integration of supported living opportunities for people with disabilities. These trends, together with changing policies affecting de-institutionalization, long term and community-based care and alternative living opportunities require a variety of new and innovative "aging in place" and "special needs" housing and service delivery solutions which should be addressed in the updated housing element. These solutions can be designed to also help minimize homelessness in the County; and should align with the Federal "Home and Community-based Services" Rule. Ongoing efforts to better understand the needs of the homeless population and their service requirements are supported. This will help government and non-profit service providers develop holistic policies and strategies that enable homeless individuals to become better integrated, functioning members of the community.

### **Address the needs of households at both ends of the household size spectrum**

Shifts in household types affect housing demand as well. The growing number of single-person households represents demand for smaller, affordable rental housing types; while at the other end of the spectrum, the County is also experiencing growth in the number of larger households as multigenerational and alternative household living arrangements become more common, resulting in increased demand for larger homes with flexible floorplans. The updated element should continue to identify strategies such as home-sharing, the provision of accessory apartments within existing single-family homes and other approaches that blend with and enhance neighborhoods in order to increase housing choices and opportunities for these growing housing demand segments.

### **Support municipalities in meeting their State Fair Housing Act requirements**

Municipalities in New Jersey have a statutory obligation to provide affordable housing opportunities for low-and moderate-income households pursuant to the State Fair Housing Act of 1985. Enormous progress has been made by the County's municipalities in addressing the first and second round of affordable housing obligations in accordance with the NJ Council on Affordable Housing's substantive and procedural rules. However, the State has experienced a period of uncertainty with regard to State affordable housing policy and associated municipal fair-share obligations; which is currently being addressed through the Courts in response to the Supreme Court's March 10, 2015 Mount Laurel IV Decision. The need for more affordable housing statewide and within Somerset County is unquestioned; however the actual number of affordable housing units municipalities should be

obligated to accommodate is currently being debated. The updated element should continue to encourage municipalities to address their affordable housing obligations, promote policies that will ensure obligations that are reasonable and actionable, and help them to identify strategies that are consistent with smart growth and sustainable development principles. Again, the linkage between the availability of an adequate supply of affordable housing needed to grow the local workforce, strengthen the regional and local economy and the County's attractiveness as a place for job growth should be highlighted in the updated housing element.

The updated housing element should continue to promote cooperation and collaboration among public and private sector leaders and organizations in order to work together to identify long-term policy solutions to the shared responsibility of providing adequate affordable housing opportunities that meet current and future needs.

### **Incorporate workforce housing as an economic growth catalyst**

One of the greatest opportunities for increasing the supply of affordable and workforce housing opportunities in the County lies in the oversupply of vacant, underutilized office, industrial and commercial space. Many of these underutilized sites are in prime locations, well served by transit, utilities and are in close proximity to community assets and are within the County's Priority Growth Investment Areas. By including a residential component in the re-use and redevelopment of these sites, housing can become a catalyst for the economic revitalization of these sites and their surrounding areas; and for restoring existing degraded environmental assets. Redevelopment and re-use of these properties as a mechanism for accommodating residential and economic growth is also consistent with the principles of smart growth and community sustainability, and supports implementation of the County Investment Framework.

### **Preserve the existing affordable housing stock**

Given the enormous public investment communities make in meeting their fair housing obligations, affordable housing itself becomes a valuable community asset that warrants careful preservation. Programs that support the maintenance and rehabilitation of affordable housing are encouraged. Strategies that ensure these units remain affordable, such as the application and extension of deed restrictions that comprise affordability controls should be supported in the updated housing element. Likewise, strategies to spend local housing trust funds collected by the County's municipalities in a timely and efficient manner will benefit their residents. Housing plans and policies at the state and local levels should align with existing and new state and national housing policies, including the new U.S. Department of Housing and Urban Development (HUD) "Affirmatively Furthering Fair Housing" requirements so that alternative living facilities for individuals with special needs remain viable for the long-term.

### **Promote community resiliency and sustainability**

Among the most pressing issues facing the County today, community resiliency and sustainability top the list. The updated housing element should support sustainability and resiliency-based economic, land

use, infrastructure and environmental policies; green building and low-environmental impact design and engineering strategies; and solutions that will reduce exposure of both people and property to hazards such as flooding, severe storms and associated prolonged power outages and disruptions to communication, transportation, water and wastewater systems. As the cost differential between traditional and green building standards continues to decline, the implementation of green building strategies will become increasingly more common and visible. The incorporation of energy efficiency and conservation strategies and renewable energy systems in residential development and redevelopment projects will help reduce carbon emissions and other air pollutants; and meet the increasing demand for high-performance buildings associated with a growing pool of more environmentally conscious housing consumers. The application of LEED and green building standards also results in healthier indoor living environments.

### **Encourage a “Health in All Policies” Framework**

The updated Element should also support the use of a “Health in All Policies” framework in the process of establishing new state and local housing policies and programs. Housing is one of several key public health determinants. Keeping health considerations in the forefront when locating and designing residential development and redevelopment projects and enhancing neighborhoods can promote healthy communities and environments and improve living and working conditions. The application of “complete street” principles will also improve public health, safety and quality of life, especially in mixed-use neighborhoods and communities. The establishment of programs that support the creation of “ladders of opportunity” and connect people to housing, employment, education, services and other opportunities should be supported in the updated Housing Element.

### **Build upon prior State and regional planning initiatives**

As part of this review, the 1987 Housing Element was compared with the housing aspects of the major state and regional planning initiatives that influence land development, infrastructure and environmental policies and investment decisions in the County, including the County Investment Framework Element of the Somerset County Master Plan, the Together North Jersey Plan which was completed in 2016; the State Development and Redevelopment Plan adopted by the State Planning Commission in 2001, the Final Draft State Strategic Plan prepared in 2012 and the Highlands Regional Master Plan adopted in 2008. Many of the housing recommendations, goals and strategies in the 1987 housing element can be found in these plans as well. These plans also contain a number of additional recommendations, goals and strategies that remain relevant today and should be taken into consideration during the housing element update process. By enhancing the County’s housing plan element to reflect the assessment results and recommendations, it will become more closely aligned with these plans. The alignment of land use and investment plans and policies and strategies at all levels of government supports greater collaboration and the leveraging of resources and investments in order to address local and regional priorities and achieve shared goals.

## **I. INTRODUCTION**

This report is intended to identify the major trends, changes and events influencing housing supply, demand and policy at the national, state and local level since the Housing Element of the Somerset County Master Plan was adopted in 1987, with the goal of defining needed changes, updates and refinements to the Plan's recommendations, goals and planning strategies. This information serves as an update of the background information upon which the revised Housing Element will be based. In addition, this report can be used by the County Planning Board for informing other ongoing regional and local planning initiatives that are currently underway or scheduled to move forward in the future.

The County Planning Board is endeavoring to update all of the various elements of the County Master Plan. The Housing Element which dates back to 1987 is due for an update, and this effort coincides with the timeframe during which similar efforts are underway at the municipal level. Many of the County's municipalities are currently engaged in the process of updating their Housing Elements and Fair Share Plans in response to the March 10, 2015 Supreme Court Decision referred to as Mount Laurel IV. The County Planning Board is very supportive of their proactive planning efforts; and hopes this work will support their efforts.

## **II. DEMOGRAPHIC & SOCIOECONOMIC TRENDS**

### **A. Population Growth**

The population of Somerset County continues to grow, although at a much slower pace as compared to earlier decades, consistent with statewide trends. Somerset County's population grew by 8.7% between 2000 and 2010, far less than the 23.8% gains that took place between 1990 and 2000. Data from the American Community Survey since 2010 suggest this trend is continuing, and shows an increase of 2.8% in the County's population between 2010 and 2014. According to the September 2014 Rutgers Regional Report, "A New Post-suburban Demographic Normal" by James W. Hughes (as well as recent studies conducted by NJ Future, Urban Land Institute, the Brookings Institution and others), population growth in suburban fringe counties has slowed dramatically since the official end of the 2008-09 Recession, whereas counties at the core of metro areas nationwide are growing faster than the nation as a whole. Aging Baby Boomers, who have begun to retire, and Millennials, who currently are mostly in their 20s, are more inclined to live in urban areas. A number of socio-economic factors are contributing to this reversal, include stagnant wages, high unemployment, restrictive mortgage lending policies, and rising student loan debt since the 2008-09 Recession. Workforce housing supply shortages are another significant contributing factor, which is linked to the housing market crash and foreclosure crisis that began in 2008, as well as local land use policies that limit the development of rental and attached housing types in suburban areas. The shift to urban living also allows residents to avoid the costs associated with auto ownership and reduce travel time. Mixed-use walkable neighborhoods have become increasingly desirable because they offer greater proximity and access to jobs, cultural and recreation amenities, services and mass transit. In addition to the added convenience and savings that can be achieved by urban living, the shift to compact, mixed-use urban development forms can lead to

efficiencies at the community and regional level. For example, the average per-capita cost of maintaining roads, water and sewer systems have been shown to be lower in higher-density urban areas as compared to in sprawling suburban areas.

Cities and older “inner-ring” suburban towns have led the way out of the 2008-09 Recession. This is evident in the following table that ranks change in population among New Jersey’s counties. This data shows an increase in the growth rates in urbanized counties and a decrease in the rural counties of the State since 2010. Somerset County, which includes inner-ring suburbs and is traversed by the major growth corridors of I-78, I-287 and Highways 202, 206 and 22 ranked 5th in terms of growth rate since 2010; whereas the rural counties of Hunterdon, Sussex and Warren fell significantly. The remaining top-five (5) counties included Hudson, Middlesex, Bergen and Union.

## Percent Change in Total Population New Jersey Counties

	1980 - 1990		1990 - 2000		2000 - 2010		2010 – 2014	
	Pct. Change	Rank	Pct. Change	Rank	Pct. Change	Rank	Pct. Change	Rank
Atlantic County	15.6	4	23.1%	4	8.7%	4	0.2%	13
Bergen County	-2.4	21	4.4%	18	2.4%	18	3.1%	3
Burlington County	9.0	10	14.4%	11	6.0%	8	0.2%	14
Camden County	6.6	13	7.3%	17	0.9%	19	-0.5%	16
Cape May County	15.6	5	19.6%	7	-4.9%	21	-2.0%	19
Cumberland County	3.9	15	9.3%	14	7.1%	6	0.3%	12
Essex County	-8.6	11	-7.2%	21	-1.2%	20	1.5%	7
Gloucester County	15.1	6	21.5%	5	13.2%	1	0.9%	11
Hudson County	-0.7	19	8.5%	15	4.2%	12	5.5%	1
Hunterdon County	23.4	2	28.4%	3	5.2%	9	-1.0%	17
Mercer County	5.8	14	12.2%	13	4.5%	11	1.1%	10
Middlesex County	12.7	8	20.6%	6	8.0%	5	3.3%	2
Monmouth County	9.9	9	18.2%	9	2.5%	17	-0.2%	15
Morris County	3.4	16	13.3%	12	4.7%	10	1.5%	8
Ocean County	25.2	1	32.3%	1	12.8%	2	1.7%	6
Passaic County	1.2	17	8.5%	16	2.5%	16	1.4%	9
Salem County	1.0	18	-0.6%	20	2.8%	14	-2.1%	20
<b>Somerset County</b>	<b>18.3</b>	<b>3</b>	<b>31.7%</b>	<b>2</b>	<b>8.7%</b>	<b>3</b>	<b>2.8%</b>	<b>5</b>
Sussex County	12.8	7	19.5%	8	3.5%	13	-2.7%	21
Union County	2.0	20	3.5%	19	2.7%	15	3.1%	4
Warren County	8.5	11	17.6%	10	6.1%	7	-1.6%	18
<b>NEW JERSEY</b>	<b>5.0</b>		<b>12.5%</b>		<b>4.5%</b>		<b>1.7%</b>	

Source: US Census Bureau: 2000 & 2010 Census, Summary File 1 (Table P1)

U.S. Census Bureau, 2014 American Community Survey Population Estimates

Population estimates produced by the NJ Department of Labor and Workforce Development (NJDLWD) confirm this trend. These estimates place Somerset County's population at 333,654 in 2015, an increase of 0.3 percent from 2014; and an increase of 3.2% over the County's 2010 population. In comparison, the statewide population increased by 0.2% between 2014 and 2015; and by 2.1% between 2010 and 2015. These estimates show half (11) of the State's counties gained population between 2014 and 2015, while nine experienced declines. These estimates also show the shift in growth patterns that is occurring wherein the more urbanized counties in the northeast and central portions of the State are experiencing growth while population is declining in the rural counties in the northwest and southern portions of the State.

Patterns of growth have changed within Somerset County as well. Growth rates have slowed down primarily as a result of the 2008-2009 recession; although this slowdown did not take place evenly. Since 2000, townships such as Franklin, Green Brook and Montgomery experienced robust growth on par with previous decades. However, Bernards, Bridgewater, Branchburg and Hillsborough Townships experienced dramatic declines as compared to the high growth rates they experienced during the 1980s and '90s. For the most part, population within most of the County's boroughs remained stable or declined slightly prior 2010. However, recent data on new development and proposed projects shows an influx of redevelopment activity within the Somerset Regional Center (comprised of Raritan and Somerville Boroughs and part of Bridgewater Township) and boroughs such as Bound Brook, indicating increased center-based growth is on the horizon. This pattern is consistent with the County Investment Framework Map, adopted as an element of the County Master Plan in 2014, which recommends the channeling of growth to the County's Priority Growth Investment Areas (PGIAs), where transportation, utilities, services and community assets are concentrated. The benefits of directing growth to PGIAs include reducing sprawl, preserving farmland and open space, maximizing public and private sector infrastructure investments, matching new jobs with growth in the local labor force, increased energy efficiency and community sustainability. The County's population is expected to increase by 0.5% between 2010 and 2020, reaching a total of 339,627 according to Woods and Poole Economics, Inc. 2013. (Rutgers Graduate Planning Studio, 10-8-14) "*Projections of Total Population by County*" provided by the NJDLWD show that Somerset County's population is anticipated to grow by 8.0% (a total of 349,400) from 2010 to 2022, and Somerset is among the top 6 counties statewide having growth rates that exceed 5% for this period. A 5% growth rate during this period is anticipated statewide during this period. The NJDLWD's projections show Somerset County's population reaching 370,000 by 2032, and increase of 14% over 2010, with Somerset County remaining among the top 6 growth counties statewide.

**Total Population & Population Change**  
**Somerset County Municipalities**  
**1990, 2000, 2010 and 2014**

	1990	2000	Pct. Change 1990- 2000	2010	Pct. Change 2000- 2010	*2014	Pct. Change 2010 – 2014
Bedminster Township	7,086	8,302	17.2%	8,165	-1.7%	8,221	0.7%
Bernards Township	17,199	24,575	42.9%	26,652	8.5%	26,849	0.7%
Bernardsville Borough	6,597	7,345	11.3%	7,707	4.9%	7,766	0.8%
Bound Brook Borough	9,487	10,155	7.0%	10,402	2.4%	10,607	2.0%
Branchburg Township	10,888	14,566	33.8%	14,459	-0.7%	14,547	0.6%
Bridgewater Township	32,509	42,940	32.1%	44,464	3.5%	44,845	0.9%
Far Hills Borough	657	859	30.7%	919	7.0%	1,101	19.8%
Franklin Township	42,780	50,903	19.0%	62,300	22.4%	64,243	3.1%
Green Brook Township	4,460	5,654	26.8%	7,203	27.4%	7,183	-0.3%
Hillsborough Township	28,808	36,634	27.2%	38,303	4.6%	39,064	2.0%
Manville Borough	11,567	10,343	-10.6%	10,344	0.0%	10,426	0.8%
Millstone Borough	450	410	-8.9%	418	2.0%	461	10.3%
Montgomery Township	9,612	17,481	81.9%	22,254	27.3%	22,529	1.2%
North Plainfield Borough	18,820	21,103	12.1%	21,936	3.9%	22,056	0.5%
Peapack & Gladstone Borough	2,111	2,433	15.3%	2,582	6.1%	2,580	-0.1%
Raritan Borough	5,798	6,338	9.3%	6,881	8.6%	7,318	6.4%
Rocky Hill Borough	693	662	-4.5%	682	3.0%	554	-18.8%
Somerville Borough	11,632	12,423	6.8%	12,098	-2.6%	12,175	0.6%
South Bound Brook Borough	4,185	4,492	7.3%	4,563	1.6%	4,585	0.5%
Warren Township	10,830	14,259	31.7%	15,311	7.4%	15,729	2.7%
Watchung Borough	5,110	5,613	9.84%	5,801	3.3%	5,855	0.9%
<b>SOMERSET COUNTY</b>	<b>240,279</b>	<b>297,490</b>	<b>23.8%</b>	<b>323,444</b>	<b>8.7%</b>	<b>328,704</b>	<b>1.6%</b>

Source: US Census Bureau: 1990, 2000 & 2010 Census, Summary File 1 (Table P1)

\*U.S. Census Bureau: American Community Survey, Demographic and Housing Estimates, 2014

## B. Migration and Diversification

Migration is a major factor affecting population growth in New Jersey and Somerset County. Both the “Supporting Priority Investment in Somerset County, Phase I Study” completed in 2015 and the NJ Business and Industry Association’s newly released study entitled, “Outmigration by the Numbers: How do we Stop the Exodus” express concern about the overall impact of outmigration on Somerset County’s and the State’s economy. Data from the American Community Survey shows that young adults are

leaving the State at a higher rate than any other age cohort, followed by new retirees. The high cost of living, including high housing costs; changing community preferences; as well as comparably less favorable taxation policies have been cited as some of the reasons for the increase in the number of young adults and new entry-level workers (Millennials) that are leaving the State. There has been a growing tendency for NJ-born young adults to attend out-of-state colleges and universities due to the comparatively higher costs of attending public colleges and universities in New Jersey. Many are choosing to pursue careers elsewhere upon graduation for the reasons stated above. This “brain drain” may result in labor shortfalls as older residents retire and there are insufficient replacement workers, putting New Jersey at a competitive disadvantage compared to other areas and dampening economic growth.

Despite this out-migration, Somerset County, like the State continues to grow, due to international immigration and natural increases. A large influx of foreign-born immigrants is helping to offset the losses due to people who are moving to other states. According to the 2014 American Community Survey 5-year average data on foreign-born residents, 23.7% of the County’s population was foreign born, a 44.3% increase since 2000. This rate of growth in the number of foreign borne residents far exceeded the overall population growth rate of 10.5% that occurred countywide during this timeframe; contributing to the ongoing diversification of the County’s population. In fact, the non-white portion of the countywide population quadrupled from 7.2 percent in 1980 to approximately 30.9 percent in 2014.

### Somerset Countywide

#### Percentage of Persons by Race and Hispanic Origin

	White Percent	Black Percent	Indian* Percent	Asian** Number	Other Percent	Two or More Races Percent	Hispanic/Latino (Any Race) Percent
<b>ACS, 2010-2014 5-Year Average</b>	<b>69.1%</b>	<b>8.9%</b>	<b>0.1%</b>	<b>15.3%</b>	<b>4.4%</b>	<b>2.2%</b>	<b>13.7%</b>
<b>Census, 2010</b>	<b>70.1%</b>	<b>8.9%</b>	<b>0.2%</b>	<b>14.1%</b>	<b>4.1%</b>	<b>2.5%</b>	<b>13.0%</b>
<b>Census, 2000</b>	<b>79.3%</b>	<b>7.5%</b>	<b>0.1%</b>	<b>8.4%</b>	<b>2.7%</b>	<b>1.8%</b>	<b>8.7%</b>
<b>Census, 1990</b>	<b>88.0%</b>	<b>6.2%</b>	<b>0.1%</b>	<b>4.4%</b>	<b>0.2%</b>	<b>1.2%</b>	<b>4.2%</b>
<b>Census, 1980</b>	<b>92.8%</b>	<b>5.0%</b>	<b>0.1%</b>	<b>1.4%</b>	<b>0.1%</b>	<b>0.6%</b>	<b>2.0%</b>

Notes: \* American Indian or Alaska Native

\*\* Asians and Pacific Islanders

Hispanic origin is an ethnic, not a racial designation. Persons of Hispanic origin may be of any race

Source: 1980, 1990, 2000 and 2010 US Bureau of the Census, *Census of Population and Housing and 2010 - 2014 American Community Survey 5-Year Estimates, Selected Characteristics of the Native and Foreign-born Populations*



## C. Population Groups

### 1. Age Structure

The age structure of the population is also changing. The population of the County continues to age. Median age rose steadily since 1990 countywide, consistent with state and national trends.

	Median Age			
	1990	2000	2010	2014
<b>Somerset County</b>	34.9	37.2	40.2	40.7
<b>New Jersey</b>	34.3	36.7	39	39.3
<b>United States</b>	32.9	35.3	37.2	37.8

Source: US Census Summary Files - 1990, 2000 & 2010; ACS 5 year estimates 2009 – 2014

### Somerset County Age Group Characteristics, 2000 and 2010

	2000		2010	
	Number	Percent	Number	Percent
<b>Total</b>	<b>297,490</b>	<b>100%</b>	<b>323,444</b>	<b>100%</b>
Under 5	22,207	7.5%	19,237	5.9%
5 to 17	56,506	19.0%	61,598	19.0%
18 to 24	14,793	5.0%	21,051	6.5%
25 to 34	42,367	14.2%	36,425	11.3%
35 to 44	58,297	19.6%	48,863	15.1%
45 to 54	43,861	14.7%	57,513	17.8%
55 to 64	26,078	8.8%	38,755	12.0%
65 and over	33,381	11.2%	40,002	12.4%

source: U.S. Census Bureau, 2000 and 2010 Census, Summary File 1 (Table P12)

### 2. Seniors

Senior residents 65 years of age and over are the most rapidly growing age cohort countywide. The Baby Boom generation born between 1946 and 1964 dominates this cohort. This segment of the population comprised 9.0% of the population in 1980, and increased to 12.4 percent by 2010. According to the 2014 American Community Survey 5-Year Average data, the proportion of the County's population that is over 65 has reached 13.2%. The proportion of the population ages 55 to 64 and 65 years and over will continue to expand according to NJ Department of Labor and Workforce

Development (NJDLWD) Projections. These projections show the age group will increase to 18.1% of the total County population by 2022, and increase further to 23.4% of the total County population by 2032. The identification of public, private and non-profit sector strategies for meeting the growing housing and service needs of the County's senior residents has become a high priority.

### **3. Work Force**

Today's working age population includes a portion of the Baby Boom Generation, the Baby Bust Generation (Generation X) born between 1965 and 1984 and the leading edge of the Millennial Generation (born between 1982 and 2004). The number of people in their prime working years, defined here as ages 25 through 54 was 144,485 or 48.6% of the County's Population in 2000; and declined to 142,801 or 44.2% of the County's population in 2010. This age group declined further to 140,142 or 42.6% of the County's population in 2014. This segment of the population is predicted to decrease further to 124,700 or 35.7% of the total population by 2022 and decrease again slightly to 35.3% of the total population by 2032 according to NJDLWD projections. The County's ability to attract and retain workers is becoming increasingly important to its overall economic health.

### **4. Youth**

The number of young people, defined here as individuals between the ages of 0 and 24, include pre-school, elementary school, high school and college-age individuals. This age group was comprised of 93,506 individuals or 31.4% of the population in 2000. It grew slightly to 101,886 in 2010, remaining stable in terms of its percentage of the total population (31.5). Similarly, this young age group grew slightly to 102,635 (31.2% of the total population) in 2014. It is expected to decline in terms of its proportion to the total population of the County beyond this point, reaching 106,800 (30.6% of the total population) by 2022 and 107,200 (29% of the total population) by 2032 according to NJDLWD projections. Public school enrollment figures for Somerset County have begun to decline in some areas of the County as a result of the reduction in the number of school-age children in recent years. Public school enrollment peaked at 55,007 countywide during the 2009-2010 school year, has since declined annually reaching 53,471 during the 2014-2015 school year.

### **5. Persons with Disabilities**

According to Local Disability Data for Planners, an online planning resource for county and state data available at: <http://disabilityplanningdata.com>, there were a total of 45,000 persons with disabilities between the ages of 5 and 64 living in the Somerset County, which comprised 18.5% of the total population; based on Pooled 2005-2007 American Community Survey PUMS Data. This data shows that educational attainment and labor force participation levels for persons with disabilities between the ages of 21 and 64 were considerably lower than for persons without disabilities in this age group. It also shows that 8.3 percent of the population 5 years of age and over with disabilities have incomes that are below the poverty level as compared to 3.2 percent of the population in this age group without disabilities.

## 6. The Homeless

Point-in-Time (PIT) Counts of the County's homeless population were conducted by the Somerset County Department of Human Services and are included in the County's Continuum of Care Committee's (CoC) Consolidated Application for FY 2015. According to this document, the PIT count of sheltered and unsheltered homeless persons was 342 in 2015, an increase of 19 over the 2014 PIT count of 323 total homeless persons. The majority of the County's homeless population was staying in emergency shelters and transitional housing according to the PIT count data. A number of efforts are underway to reduce homelessness, which are described in this document, consistent with "Opening Doors, the Federal Strategic Plan to Prevent and End Homelessness (as amended in 2015). According to the 2015 PIT Count for Somerset County conducted by Monarch Housing Associates, the County's homeless population includes veterans; persons with mental and/or physical disabilities and/or chronic illness and/or substance abuse; victims of domestic violence; evicted families and households, unemployed and under-employed individuals and other vulnerable individuals and households, including homeless children. Approximately half of the homeless population has no source of income. There were 33 unsheltered families in the County as of the 2015 PIT count, and 162 sheltered homeless veterans. Addressing the needs of these two groups is a high priority of the County Department of Human Services.

### D. Household Characteristics

The total number of households countywide has increased since 1990, keeping pace with population growth. The number of households is projected to increase from 88,569 in 1990 to 126,667 in 2020 according to Woods and Pool Economics, 2013. Data from the U. S. Census Bureau shows that the share of single-person households in Somerset County, as a percentage of total households has risen from 22.8% in 2000 to 23.3 % in 2010, along with four- and five-person households, which rose from 28.6% in 2000 to 29.1% in 2010. Over this same period of time, the share of two- and three-person households declined. The County's average household size rose from 2.69 in 2000 to 2.71 in 2010 and the 2014 American Community Survey 5-Year Average shows a further increase in the County's average household size to 2.80.

The increase in single person households is reflective of state and national trends, and is attributed to declining marriage rates (or delay in marriage) as well as the growing number of senior citizens who are living alone. The continued growth in single-person and smaller single-parent and non-family households throughout the County is driving demand for smaller, rental and multi-family housing types.

Currently, 24.1% of all households included individuals 65 years of age and over countywide, up from 20.7% in 2000. This increase is attributed to the underlying growth in this population group coupled with the growing preference of baby boomers to age in place. Growth in the number of smaller "empty nester" households is fueling demand for multi-family residential opportunities (apartments, condominiums, accessory units, etc.) within the County, as this age group tends to prefer smaller, more manageable housing types (both in terms of cost and maintenance requirements) with convenient access to community transportation, services and amenities, as compared to single-family detached

suburban homes (4WARD Planning, 2015). As retirees age, their mobility and housing needs change and many seek supported living options or require long-term care later in life. Some are choosing to move in with younger relatives, while others are entering institutional living facilities. State and local governments and the private sector will be challenged to find solutions for the increased demand for support services and long-term care systems that is occurring as the large Baby Boomer generation continues to age. This trend is driving demand for home-based health care and living assistance; as well as aging-in-place supportive technology, including home monitors and webcams, telehealth, wearable medical monitors, and senior-friendly smart phone technology. Demand for home remodeling, the incorporation of assistive technology and home automation features is also expected to grow. (Orlov, 2-2016)

The Millennial Generation, which is characterized by delaying marriage and childbearing, having less financial stability and preferring urban living, have similar housing demands as Baby Boomers. They both prioritize housing affordability and access to transportation, services, amenities and jobs. State and local land use policies and programs that encourage infill development and redevelopment that produces housing types affordable to entry-level workers and empty-nesters in mixed-use communities; and that are served by multi-modal transportation connections are needed. Since many of the needs of these generations are similar, intergenerational communities that bring residents together through recreation and cultural activities should be promoted (Rutgers Graduate Planning Studio, 10-8-14). Greater application of Universal Design features will also facilitate intergenerational living. Universal Design offers expanded access to residents of all abilities and at various life cycle stages. Universal Design features include, but are not limited to accessible parking and walkways, no-step entrances, lighting around doorways and stairs, bathroom grab bars, levered door handles, and accessible power outlets. (NJ Future, 2014)

The rise in four- and five-person households, which accelerated somewhat during the Great Recession, reflects a return to multi-generational living as well as a rise in doubled-up households. The high cost of private assisted living facilities and continuing care retirement communities make these options out of reach for many elderly people and people with disabilities. They have to rely on family and friends to address their supported living and long term care needs, adding to the growing popularity of multi-generational households. This trend calls for policy changes that will allow modifications to the existing single family detached housing stock in order to better accommodate larger households. The oversupply of large single family detached homes in some areas of the County represents an opportunity to address these needs. Policies that promote an increase in the number of relatively more affordable larger attached rental housing unit types such as three and four bedroom apartments with two full baths would also help to address the growing needs of larger households for whom homeownership is not attainable. This trend is also increasing demand for community-based support systems that aid family members and friends in providing needed services and assistance to elderly loved ones.

## **E. Household Income and Housing Affordability**

Somerset County is characterized by an extraordinarily high income level. In 2013, its total income per capita was \$58,005, the highest among the State's counties, followed by adjoining Morris County

(\$57,786) and Hunterdon County (\$57,086) (NJ Dept. of the Treasury, 2013). The 2014 5-year average Median Household income for Somerset County was \$100,903. Somerset County ranked second among NJ counties in terms of median household income, as compared to Hunterdon County which had the highest (\$106,519) and Morris County which ranked third (\$99,142). Somerset County consistently ranks among the top ten wealthiest counties nationally according to data from the most recent American Community Survey and the 2000 and 2010 Censuses. There has been no change in median household income at the national level in 2012, 2013 and 2014. Prior to 2012, the nation experienced two consecutive years of annual declines in median household income. The gap between rich and poor is growing nationally. (DeNavas-Walt, 2015) Median household income data for New Jersey counties show income growth has been weak and inconsistent in most areas of the State.

MEDIAN HOUSEHOLD INCOME (2014 Adjusted Dollars)							
	1990		2000		2006-2010*		2010-2014*
	In 1989 Dollars	In 2014 Dollars	In 1999 Dollars	In 2014 Dollars	In 2010 Dollars	In 2014 Dollars	Non-adjusted
Atlantic County	33,716	64,369	43,933	62,428	54,766	59,457	54,392
Bergen County	49,249	94,024	65,241	92,706	81,708	88,707	83,686
Burlington County	42,373	80,896	58,608	83,281	76,258	82,790	79,612
Camden County	36,190	69,092	48,097	68,345	60,976	66,199	61,842
Cape May County	30,435	58,105	41,591	59,100	54,292	58,942	57,394
Cumberland County	29,985	57,246	39,150	55,631	50,651	54,990	50,603
Essex County	34,518	65,900	44,944	63,864	55,125	59,847	54,499
Gloucester County	39,387	75,196	54,273	77,121	72,664	78,867	76,213
Hudson County	30,917	59,025	40,293	57,255	55,275	60,010	58,973
Hunterdon County	54,628	104,293	79,888	113,519	100,980	109,630	106,519
Mercer County	41,227	77,708	56,613	80,446	71,217	77,317	74,118
Middlesex County	45,623	87,101	61,446	87,313	77,615	84,263	80,118
Monmouth County	45,912	87,653	64,271	91,328	82,265	82,265	85,605
Morris County	56,273	107,434	77,340	109,898	96,747	89,312	99,142
Ocean County	33,110	63,212	46,443	65,994	59,620	64,727	61,839
Passaic County	37,596	71,776	49,210	69,926	54,944	59,650	59,513
Salem County	33,155	63,298	45,573	64,758	59,441	64,533	60,768
<b>Somerset County</b>	<b>55,519</b>	<b>105,994</b>	<b>76,933</b>	<b>109,320</b>	<b>97,440</b>	<b>105,787</b>	<b>100,903</b>
Sussex County	48,823	93,210	65,266	92,741	83,089	90,206	87,397
Union County	41,791	79,785	55,339	78,635	66,791	75,512	69,396
Warren County	39,929	76,230	56,100	79,717	71,364	77,477	70,934
<b>NEW JERSEY</b>	<b>40,888</b>	<b>78,061</b>	<b>55,146</b>	<b>78,361</b>	<b>69,811</b>	<b>110,677</b>	<b>72,062</b>

\* ACS 5 year estimates

[http://www.bls.gov/data/inflation\\_calculator.htm](http://www.bls.gov/data/inflation_calculator.htm)

U.S. Decennial census 1990, 2000 and ACS 5 year estimates, 2006-2010 & 2010-2014

According to the Supporting Priority Investment in Somerset County, Phase I Study, “relatively high median household income in a region is a double-edged sword: On the one hand, it serves to attract purveyors of premium goods and services and drives property values up higher; the flip side of this relative affluence is the economic challenge to local employers who must, typically, pay increased wages to retain or attract workers in a region with a high cost of living. Additionally, the high cost of living effectively excludes certain demographic groups from living in Somerset County, and leaves residents with less disposable income.” (4WARD Planning, 2015)

Although Somerset County has a very high median household income, income disparities are significant: there is both great wealth and significant economic hardship. According to the 2014 United Way ALICE Report for New Jersey, “ inequality increased by 20 percent in New Jersey from 1979 to 2012; now, the top 20 percent of New Jersey’s population earns 50% of all income earned in the State, while the bottom 20 percent earns only 3 percent”. The term “ALICE” used in this report describes households that are Asset Limited, Income Constrained, Employed. The report shows that a total of 38 percent of the State’s households struggle to afford basic household necessities when both Poverty Level and ALICE thresholds are applied. The data for Somerset County presented in this report shows a total of 28% of the County’s households have incomes below the ALICE threshold, of which 4% are living below the poverty level and 24% fall within the ALICE threshold. This report shows New Jersey’s poverty rate of 10.5% in 2012 mirrors the U.S. average, and the median annual income statewide of \$69,667 was above the U.S. Median of \$51,371. However, the report shows that Federal Poverty Level and median income data do not take into account the rising cost of living in each county in New Jersey, or the declining wage rate of jobs, and therefore does not fully capture the number of households facing economic hardship. The cost of basic housing, child care, transportation, food and health care increased in New Jersey by 19% between 2007 and 2012, while pay scales, especially for low-skilled jobs, have not kept pace with inflation. Fifty-three (53) percent of all jobs in New Jersey paid less than \$20.00 per hour (\$40,000 per year if full time) in 2012; and lower paying jobs are projected to grow faster than medium and high skilled higher wage jobs over the next decade in the State. Improved employment and wage-earning opportunities and an increase in affordable housing choices will bring greater financial stability to households below the ALICE threshold. (Hoopes-Halpin, 9-2014) Evidence of the suburbanization of poverty throughout the North Jersey Region has been identified through the Together North Jersey’s Fair Housing and Equity Assessment (FHEA) Report, which includes maps that show that pockets of high poverty areas exist in each county, including Somerset. This study notes that regional patterns of disparity may be affecting the economic competitiveness of the North Jersey Region, weakening the sustainability of many communities and their residents and families. This study notes that single parents with children, seniors and persons with disabilities, members of minority groups and individuals with lower educational attainment levels often experience greater rates of poverty than the general population. (TNJ-FHEA, 2015) A recent Brookings Institution Study entitled, “*U.S. Concentrated Poverty in the Wake of the Great Recession*”, further documents both the spread of poverty and increasing concentration of poverty in distressed and disadvantaged neighborhoods in both suburban areas and the urban core following the Great Recession throughout the United States; calling for regional solutions that work across city and suburban boundaries including but not limited to targeting investments to help

improve and revitalize distressed neighborhoods or implementing mobility strategies that open up opportunities to housing choices, jobs and services for low-income residents (Kneebone, 2016).

American Community Survey, 2009-2013 5-Year estimates show that 48.6% of rent-paying households spent over 30% of their household income on rent. In fact, New Jersey is shown to be the fifth most expensive place to rent housing in the nation, behind Hawaii, District of Columbia, California and New York according to a survey conducted by the National Low Income Housing Coalition in 2015. The National Low Income Housing Coalition's "Out of Reach 2015" Report contains 2015 data for New Jersey, which illustrates the mismatch between rental costs and wages for New Jersey counties. The 2015 Housing Wage in Somerset County was \$28.75 for a two-bedroom unit. The Housing Wage for a two-bedroom unit was more than 3.4 times the 2015 minimum wage (\$8.38) for New Jersey and nearly \$12 more than the estimated average wage of \$16.92 earned by renters statewide. This report defines "Housing Wage" as an estimate of the full time hourly wage that a household must earn to afford a decent apartment at the Federal Department of Housing and Urban Development's (HUD's) estimated Fair Market Rent (FMR), while spending no more than 30% of household income on housing costs. In Somerset County, the FMR for a two-bedroom unit was \$1,495 as compared to \$1,309 statewide in 2015. In order to afford this level of rent and utilities without paying more than 30 % of income on housing, a household in Somerset County must earn \$59,800 annually. A person earning minimum wage (\$8.38 per hour) would have to work 178 hours per week to afford this apartment. (Bolton)

According to the Together North Jersey Regional Plan, "Of the households in the North Jersey Region spending more than 30% of income on rent, 39 percent are elderly or people with disabilities and 35% are families with children. (TNJ-Plan, 2015)

Homeownership provides residents with financial benefits including tax advantages, borrowing power and equity growth. Therefore, following periods when new housing construction was dominated by rental housing types and demand for rental units has waned, policies that will allow the conversion of some units from rental to for-purchase in response to improving financial conditions and increased homebuyer demand could be implemented. In order to provide this type of flexibility in the housing stock, new rental units should be designed to include the key amenities typically found in for-purchase condominium and townhouse units, (such as laundry hook-ups for washers and dryers), extra storage (for bicycles, seasonal equipment, etc....) and private outdoor living space (such as balconies, patios, etc....).

There are many variables associated with estimating the monthly costs associated with home ownership. Mortgage payments are only a fraction of these costs. Transaction costs, property insurance, maintenance, taxes, appreciation/inflation and interest are part of the equation. Online Rent vs. Buy calculators are available to help guide housing consumers. Gross monthly income, student loans and other debt, are also part of the equation. Most lenders limit debt-to-income ratio to between 36 and 45%. Down payment is another important factor in determining the income needed to buy a home. Members of the Millennial Generation have less financial flexibility, making it harder for them to address the multitude of costs of associated with home ownership.



The “*Supporting Priority Investment in Somerset County Phase I Study*” identifies Somerset County’s high cost of living to be a major challenge for both employers and employees alike. The greatest employment growth in the County is projected to occur in relatively low wage occupations including Healthcare and Social Assistance, Retail, and Accommodation and Food Services. The long-term strength of the County’s economy will depend on ensuring an adequate supply of quality housing options (both for sale and rental) which is affordable to low- and moderate-income workers. This study recommends that supporting the creation of workforce housing should be an economic priority for Somerset County. In addition to those who qualify for income-restricted housing, workforce housing should also be attainable by those whose incomes are above the eligibility limits associated with housing that is intended to address the requirements of the Fair Housing Act, but still struggle to afford housing close to their places of employment. Absent of such intervention, Somerset County’s relatively high housing costs (coupled with a limited public transit system) will ultimately place upward pressure on local wage rates, which will undermine the economic competitiveness of the region and the ability of local businesses to recruit and retain a quality talent pool (4WARD, 2015).

High taxes also contribute to the high cost of living throughout New Jersey. NJ Spotlight published an article and interactive map dated February 12, 2016 entitled, “NJ’s Property Taxes Exceed Inflation, Outpace Income”. This article presents data released by the NJ Department of Community Affairs. It shows that although tax rates vary widely among New Jersey’s municipalities, “Inflation rose by about 9 percent from 2010 to 2015. The average property tax bill in New Jersey increased by 10.3 percent during this period, and the average New Jersey Worker’s salary rose about 6.3%”. New Jersey was ranked among the states as having the highest property taxes in the nation in 2015. This factor makes it harder for households to make ends meet, contributing further to the high cost of living throughout the State.

### **III. CHANGES IN THE HOUSING STOCK**

#### **A. Residential Development Patterns**

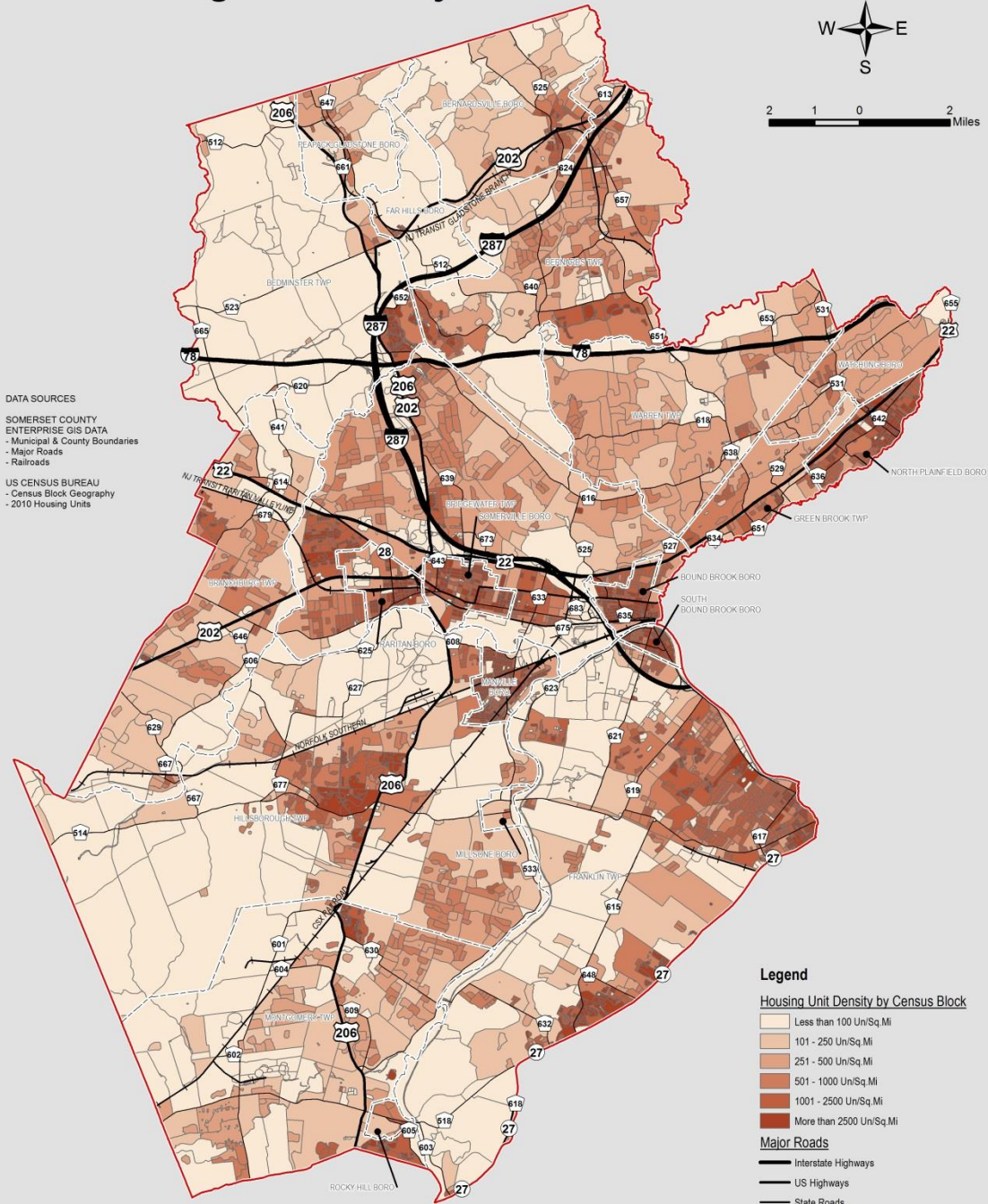
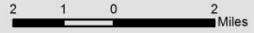
Dispersed development patterns have continued in Somerset County since the 1950s, aligned with the major highway growth corridors of Interstates 287 and 78, and State Highway Routes 22, 202, 206, 27 and 28; and areas served by public sanitary sewer service and other utilities. Higher land use intensities and a mix of land uses can be found in the Somerset Regional Center; town centers such as Bound Brook/South Bound Brook Joint Town Center, North Plainfield, and Pluckemin Village; and employment nodes that are traversed by these corridors and shown as “Priority Growth Investment Areas” (PGIAs) on the County Investment Framework (CIF) Map. A large portion of the County’s economic activity and employment centers are located within PGIAs. Suburban residential neighborhoods surround these areas. Areas designated for public sanitary sewer service can support residential densities greater than two acres per unit, and are becoming substantially built-out. Most of the Alternative Growth Investment Areas (AGIAs) shown on the CIF Map consist of neighborhoods comprised of single-family detached homes, and to a lesser extent, single-family attached housing (condominiums and

townhouses). Areas shown as “Limited Growth Investment Areas” (LGIAs) on the CIF Map are generally larger-lot single family neighborhoods with lower densities served by on-site septic systems. Very large lot rural/residential development patterns are scattered throughout the County’s “Priority Preservation Investment Areas” (PGIAs).

### **1. Housing Density**

The number of Housing units per acre rose countywide from 5.74 units per acre in 2000 to 6.34 units per acre according the ACS 2010-2014 5-Year Average, reflecting the increase in housing stock that took place during this period. As shown on the following map, housing density varies significantly at the Census Block level, with the highest residential development densities found in the County’s Priority Growth Investment Areas, which are comprised predominantly of the Somerset Regional Center, town and village centers, and mixed-use transportation corridors. The October 8, 2014 Rutgers Graduate Studio entitled, *Somerset County Development Opportunities, A Millennial Perspective* shows that “areas with high household density overall also correspond to areas with relatively high densities of Millennial - headed households. Millennial-headed households are also noticeably clustered along NJ Transit rail lines and in municipalities with train stations”.

# Somerset County, New Jersey 2010 Housing Unit Density



**DATA SOURCES**  
 SOMERSET COUNTY  
 ENTERPRISE GIS DATA  
 - Municipal & County Boundaries  
 - Major Roads  
 - Railroads  
 US CENSUS BUREAU  
 - Census Block Geography  
 - 2010 Housing Units

**Legend**

**Housing Unit Density by Census Block**

- Less than 100 Un/Sq.Mi
- 101 - 250 Un/Sq.Mi
- 251 - 500 Un/Sq.Mi
- 501 - 1000 Un/Sq.Mi
- 1001 - 2500 Un/Sq.Mi
- More than 2500 Un/Sq.Mi

**Major Roads**

- Interstate Highways
- US Highways
- State Roads
- County Roads
- Railroads

Areas within Municipal Boundaries

Area within County Boundaries

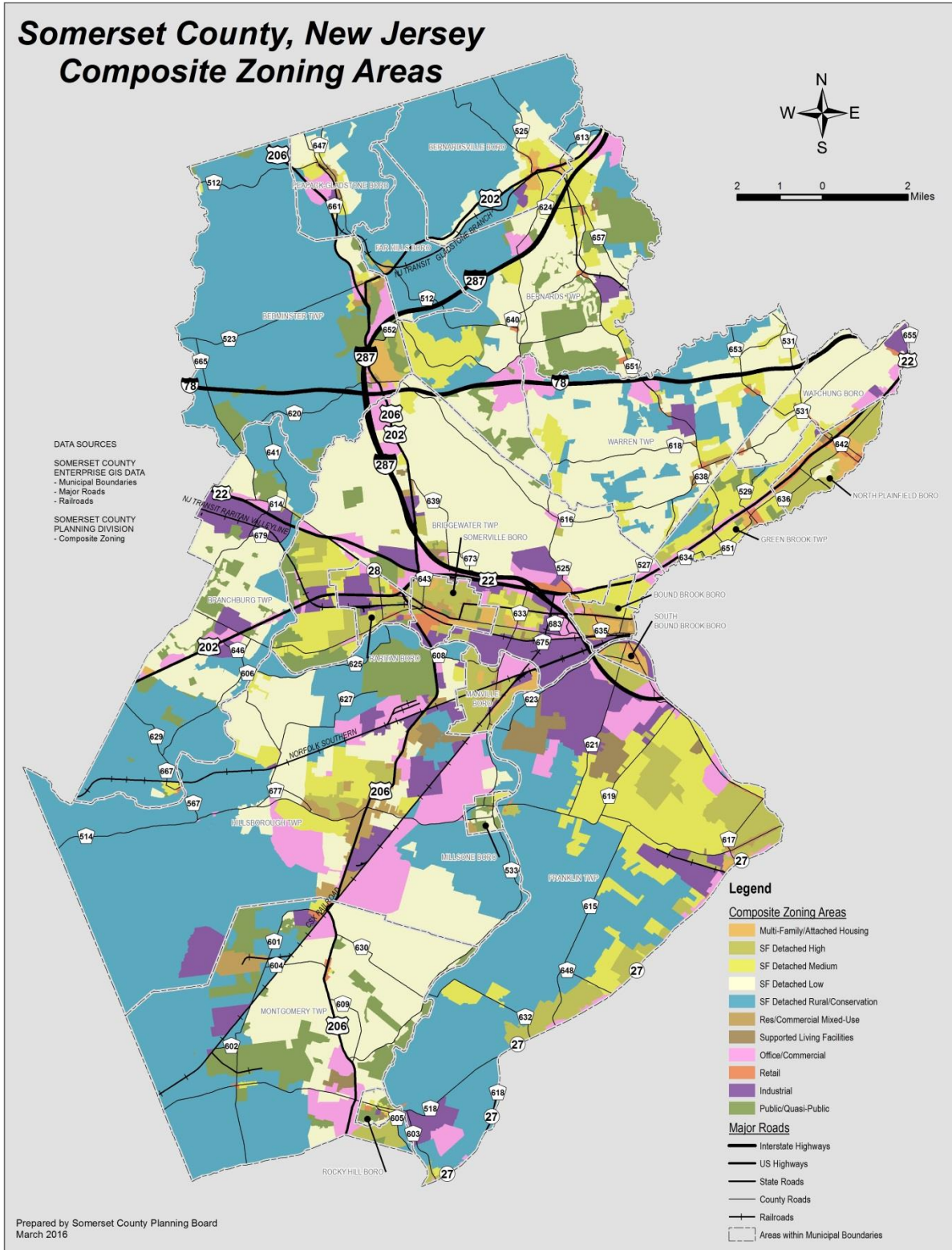
Prepared by Somerset County Planning Board  
 April 2016

## 2. Municipal Zoning

The following map summarizes the current zoning pattern in Somerset County. Land use in the State of New Jersey is regulated at the local level. Each municipality has its own locally-adopted zoning regulations comprised of a zoning ordinance (text) and map; which are intended to implement the municipality's adopted master plan pursuant to New Jersey Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq). This map is not an official zoning map. It groups similar municipal zoning districts into categories in order to create a summary of zoning policies countywide. In general, zoning policies that support higher land use intensities are aligned with adopted sanitary sewer service areas and are areas where other transportation and utility systems are concentrated. This analysis shows that 37.4 percent of the County's land area is zoned for high, medium and low density single-family detached housing development. An additional 40.9 percent of the County's land area is zoned for conservation and rural preservation, within which single family residential development can occur on large lots. As such, single family detached residential development dominates the County's landscape. On the other hand, only 1.0 percent of the County's land area is zoned for attached housing types, and 0.8% is zoned for supported living facilities. Land use policies that permit residential/mixed use development and redevelopment apply to only 1.4 percent of the County's land area.

The *"Supporting Priority Investment in Somerset County Phase I Study"* states, "Municipalities wishing to encourage economic growth, development, and the repositioning and reuse of underutilized properties must accommodate this growth through supportive land use policies, including zoning that allows for a mix of land uses, increased density, and the establishment of redevelopment areas, where appropriate. Allowing mixed-use development is particularly important for encouraging growth in places that are served by mass transit and that offer pedestrian amenities." The Study notes that a number of the County's PGAs could benefit from greater concentrations of housing and mixed-use development. Potential changes to zoning codes include, but are not limited to, the addition of mixed-use provisions; allowance of higher floor-area ratios (FARs), higher permitted residential densities and/or form-based zoning. Redevelopment planning and zoning strategies that promote higher density, mixed use redevelopment in areas already well served by transportation and utility infrastructure are also recommended, as this may allow people to live closer to their places of work, as well as walk to various commercial establishments and public amenities. In addition to creating opportunities to reduce vehicle miles traveled, compact, mixed-use redevelopment strategies, when implemented at the local level, can maximize land use efficiencies and infrastructure investments, revitalize neighborhoods, and improve the local economy.

# Somerset County, New Jersey Composite Zoning Areas



## B. Affordable Housing, Special Needs and & Senior Housing

Most of the higher-density inclusionary development projects and 100% affordable municipally-sponsored housing created in response to the requirements of the Fair Housing Act since the mid- 1980s have taken place within the County's PGAs. This has also led to greater diversification of the County's housing stock in terms of unit type, tenure and cost, since the majority of inclusionary development projects are comprised of attached housing types, including low-rise apartment buildings, 2 to 3 story townhouse and condominiums and other forms of attached housing. The majority of the over 4,000 housing units reserved for low-and moderate income eligible households have been created countywide as a result of the 20 percent set-aside for affordable units associated with inclusionary development projects, and an additional 2,200 affordable units have been proposed as of 2013.

32 of the 126 Low- and moderate-income and inclusionary housing projects in Somerset County as of 2014 are age-restricted in order to meet the specific needs of low- and moderate-income seniors. The NJ Council on Affordable Housing's Substantive and Procedural Rules allow up to 25% of new affordable units to be age-restricted. Senior housing became the preferred solution for addressing affordable housing requirements by many municipalities because these units did not add to public school enrollment costs. By the mid-2000s, an oversupply of senior housing (independent living types) became evident and age restrictions were lifted from a handful of projects underway in the County. Construction of new independent living type senior housing projects has declined significantly since that time. However, In early 2016, an assisted living project was proposed in Bridgewater (*Sunrise at Bridgewater*), the first of its kind in many years. A few existing nursing home facilities within the County were also recently expanded and the Parkside Senior Housing Project in Franklin Township was recently renovated, indicating that demand continues to grow for supported senior living opportunities.

In addition to low-and moderate-income units, inclusionary development projects have yielded over 14,000 market-rate units countywide. The affordable units in inclusionary development projects are "internally subsidized" by the market rate units that are part of the development project. The vast majority of the affordable housing created in the County has been accomplished through the private sector. The greatest number of affordable units built-to-date occurred in Bedminster, Bridgewater and Franklin Townships. In addition, several municipalities have addressed a portion of their affordable housing obligations by providing special needs group homes and through scattered site rehabilitation of homes occupied by income-eligible households, which are in addition to the above figures. According to recent data compiled by the NJ Department of Community Affairs, 258 low- and moderate- income units have been rehabilitated and 65 special needs group home facilities have been created in Somerset County. Additional rehabilitated units and new group homes have been accomplished throughout the County since that time (NJDCA, 2016). The majority of the group homes within the County fall under the jurisdiction of the NJ Department of Human Services, Division of Developmental Disabilities, which operated 1,311 licensed group homes, 269 supervised apartments, 149 supportive housing, 552 community care residences and 2 private residential facilities for people with disabilities in 2015 throughout the State. More than 10,700 individuals with disabilities statewide are served in these residential settings. (NJDCA, 2015) The Department of Human Services reported in 2012 that there were over 8,000 people on its housing waiting list. (Livio, 2012)

In addition to the affordable housing opportunities described above, there were approximately 39 rooming and boarding homes in Somerset County in 2014 that could accommodate 523 occupants according to information available through the NJ Department of Community Affairs, Bureau of Rooming and Boarding House Standards.

Developer fees were collected by sixteen (16) of Somerset County's municipalities. 2012 records show \$16,606,591 trust fund dollars were unspent countywide at that time. Although the majority of these funds can be used for creating affordable housing opportunities; 30% must be used to provide housing affordability assistance to income-eligible households. Assistance can be in the form of down payment and closing cost assistance; as well as costs associated with utilities and taxes. These fees were collected from developers of both residential and non-residential projects in accordance with the NJ Council on Affordable Housing's Substantive and Procedural Rules.

The Central Jersey Housing Resource Center (CJHRC) is a non-profit organization located in Somerset County, which is supported by the County. It serves as a HUD-certified Housing Counseling Agency and has been providing information and assistance to individuals and households that are seeking affordable housing opportunities in Somerset County since 1989. It acts as a referral agency, connecting people with programs and services offered by various public non-profit and private sector organizations. CJHRC also is an approved affordable housing Administrative Agent, and operates a Municipal Affordable Housing "Fee for Service" program, through which it offers administrative services to municipalities. This organization has documented the significant unmet need for housing that is affordable to "very low" income individuals and families (those with incomes at or below 30% of median county income) in the County. Another issue identified by this organization is the need to preserve the County's existing affordable housing stock. Affordability controls in the form of deed restrictions have begun to expire for some affordable housing created during the 1980s. Some municipalities have been successful in adopting ordinances that "roll-over" or continue the affordability controls. Others have exercised their option to purchase the units so that they can remain available to low- and moderate-income households or implemented other strategies to preserve the affordability of these units. However some affordable units are reverting to market-rate. Municipalities are encouraged to develop detailed inventories of their affordable housing stock, track deed restrictions and implement timely strategies for preserving these units so that they remain affordable. The CJHRC also advocates for the timely expenditure of Affordable Housing Trust Funds by municipalities to create affordable housing and assist low- and moderate-income households. Municipalities have been faced with a great deal of uncertainty regarding State affordable housing obligations and regulations, which are currently being addressed by the Courts. Municipalities have been cautious when utilizing these funds. Attempts were made by the State to take control of unspent funds in 2012 and 2013 causing many municipalities to ask the Courts to determine compliance of their Trust Fund Spending Plans as part of the Declaratory Judgement Process which commenced in 2015 (see Mount Laurel IV below). Other municipalities have expedited actions to spend or commit their trust fund resources in accordance with NJ Council on Affordable Housing (COAH) rules.

## C. Housing Characteristics

### 1. Age

Nearly half of Somerset County's housing stock was built during the 30-year between 1970 and 1999, which was a period of rapid growth in the suburbanizing areas of the State. Much of this development took the form of single family detached housing located on large suburban lots as noted previously.

### 2. Type

The following table summarizes housing types available countywide. Between 2000 and 2014, the proportion of the County's housing stock comprised of detached single family homes remained stable at approximately 60% of the total housing stock. Only slight shifts in the types of attached housing available in the County occurred during that time. Attached housing in the County is typified by duplexes, condominiums, townhouses, garden-style apartments and other low-rise forms. However, change may be on the horizon, as exemplified by the increase in proposed multifamily and attached housing units and corresponding decrease in proposed new single-family lots that have been documented through the County Planning Division's Annual Land Development Review Reports for the past three (3) years.

**SOMERSET COUNTY: TOTAL HOUSING UNITS BY NUMBER OF UNITS IN STRUCTURE**

	2000		2014	
	Number	Percent	Number	Percent
Total Housing Units	11,2023	100.0%	12,4402	100.0%
1 Unit Detached	67,380	60.1%	73,417	59.0%
1 Unit Attached	16,243	14.5%	19,844	16.0%
2 - 4 Units	11,467	10.2%	11,889	9.6%
5 - 9 Units	5,519	4.9%	5,484	4.4%
10+ Units	10,728	9.6%	13,600	10.9%
Mobile Homes, Etc.	238	0.2%	146	0.1%

*Source: U.S. Bureau of the Census, 2000 Census and 2010-2014 ACS 5-Year Estimates, General Housing Characteristics*

### 3. Tenure

According to the 2014 American Community Survey 5-year average, 77.5% of the County's housing stock was comprised of owner-occupied housing. Homeownership has been the dominant tenure pattern in Somerset County, fluctuating only slightly during the past 35 years as shown in the table below. The County has a relatively high rate of home ownership compared to more urbanized counties and the



State as a whole (65%). Owner-occupied homes in Somerset County were larger on average (7.2 rooms per unit) as compared to New Jersey (6.8 rooms per unit). Similarly, renter-occupied homes were also slightly larger (4.2 rooms per unit) on average as compared to the State (4.0 rooms per unit) in 2014. The residential occupancy rate in Somerset County was 93.2% as compared to 89.3% statewide.

**SOMERSET COUNTY HOUSING TENURE**

	1990		2000		2010		*2014	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Total Occupied Units	88,346	100.0%	108,984	100%	117,759	100%	115,941	100.0%
Owner Occupied	66,705	75.5%	84,167	77.2%	90,430	76.8%	89,848	77.5%
Renter-Occupied	21,641	24.5%	24,817	22.8%	27,329	23.2%	26,093	22.5%

Source: U.S. Bureau of the Census, 1990 - 2010 Censuses and 2010 - 2014 ACS 5-Year Estimates, Selected Housing Characteristics

**4. Cost**

According to the ACS, 2010-2014 5-Year Estimates, the median value of owner-occupied units in Somerset County was \$396,500 as compared to \$319,900 statewide and \$175,700 at the national level. Over 2/3 (65.1%) of the County’s owner-occupied housing stock was valued between \$300,000 and \$999,000 as compared to just over half (51.3%) at the State level. In comparison, 5.3% of the County’s owner-occupied housing stock was \$1,000,000 or more as compared to 3.0 % statewide; and 7.7% of the County’s housing stock was valued at \$199,999 or less as compared to 21.3% Statewide.

**VALUE- OWNER OCCUPIED HOUSING UNITS**

	Somerset County		New Jersey	
	No.	Pct.	No.	Pct.
Less than \$50,000	1,141	1.3%	60,078	2.9%
\$50,000 to \$99,999	801	0.9%	62,688	3.0%
\$100,000 to \$149,999	1,723	1.9%	115,101	5.5%
\$150,000 to \$199,000	3,197	3.6%	205,780	9.9%
\$200,000 to \$299,000	19,842	22.1%	504,321	24.3%
\$300,000 to \$499,999	32,301	36.0%	709,930	34.2%
\$500,000 to \$999,999	26,113	29.1%	354,794	17.1%
\$1,000,000 or more	4,730	5.3%	61,233	3.0%

Source: 2010-2014 ACS 5-Year Estimates, Selected Housing Characteristics

Somerset County had the third highest median home sales price among NJ counties between December 2015 and March 2016 (\$350,000). Morris County had the highest, (\$425,000) and Bergen County ranked second at \$417,500. (Trulia, Inc., 2016). Similar data available through RealtyTrac shows the median

sales price for a home in Somerset County was \$362,628 in January 2016, down by 1% (5,372) compared to January 2015. The National Association of Realtors also tracks national and regional trends in home sales volume and prices and reported recently that rising sales prices during 2015 nationally has led to decreased affordability and a slowdown of sales volume in the Northeast U.S. and other major metropolitan regions by early 2016. The high purchase prices for homes coupled with the high cost of living and stagnant wage growth has led to a new era of austerity, resulting in a growing preference for more compact housing types. Demand for affordable rental and multi-family housing is driving residential construction trends. A greater proportion of the new housing construction market has been rental and attached housing types (condominiums, townhouses and garden-style apartments) in Somerset County as illustrated by the shift in residential building permit trends. 13,709 total residential dwelling units were authorized by building permit countywide during the 5-year period from 2010 to 2014. Of this total, 6,592 or 48% were multifamily. This represents a considerable increase over the previous 5-year period from 2005 to 2009, during which a total of 4,433 residential dwelling units were authorized by building permit, of which 1,628 or 37% were multifamily units.

According to the ACS, 2010-2014 5-Year Estimates, the median gross rent in Somerset County was \$1,420. In comparison, the median gross rent statewide was \$1,188 and only \$920 at the national level. 41.7% of occupied units in Somerset County paid over \$1,500 per month for rent. In comparison, only 26.9% of occupied units paid over \$1,500 per month for rent statewide. In comparison, 41.8% of occupied units in Somerset County paid between \$1,000 and \$1,499 per month for rent, closer to the 40.9% of occupied units that paid this amount Statewide. Only 14.5% paid less than \$1,000 per month for rent Countywide, significantly less than the 32.2% who paid this amount Statewide.

**GROSS RENT: OCCUPIED UNITS PAYING RENTS**

	Somerset County		New Jersey	
	No.	Pct.	No.	Pct.
Less than \$200	148	0.6	15,768	1.5
\$200 to \$299	308	1.2	32,722	3
\$300 to \$499	664	2.6	41,629	3.9
\$500 to \$749	573	2.3	71,395	6.6
\$750 to \$999	1,952	7.8	185,315	17.2
\$1,000 to \$1,499	10,463	41.8	440,571	40.9
\$1,500 or more	10,951	43.7	290,063	26.9

*Source: 2010-2014 ACS 5-Year Estimates, Selected Housing Characteristics*

**IV. ECONOMIC FORCES**

**A. The Great Recession**

After a period of strong growth throughout most of the 1980s, the housing market slumped in the fourth quarter of 1990. This brief decline was followed by a dramatic up-tick. The period of

unprecedented home price appreciation since 1990 was followed by a “Housing Market Crash” in 2007. This crash was directly tied to the subprime mortgage market, where lax lending standards and the liberal use of adjustable rate mortgages put debt obligations in the hands of households unable to repay it. Rising defaults in subprime mortgages combined with stalled home price appreciation quickly resulted in a softening of the housing market, in New Jersey and throughout the nation.

In order to boost their returns during the period of relatively low return in the bond market which took place in 2006-07, many investors acquired low-quality mortgage-backed securities, which proved to be high-risk and generated significant losses. In response, lenders raised collateral requirements. As asset prices dropped, lenders required more capital as collateral, forcing investors to sell assets, further depressing prices. A significant tightening of the mortgage market resulted, making it very difficult for potential home buyers to obtain loans. (Mauboussin, 2007) This financial crisis triggered the Great Recession of 2008 – 2009, which had global impacts. Business investment and consumer spending dried up during this economic crisis. Three of the largest financial institutions in the country declared bankruptcy, followed by the closure of some consumer banks, which were forced to sell out to larger banks; after which the Federal Deposit Insurance Corporation (FDIC) increased the amount guaranteed by the government to \$250,000 to provide assurance to nervous account holders. By early March, 2009, the stock market had lost over 50% of its value. The U.S. Federal Government implemented several measures intended to revive economic growth, including the Economic Stimulus Act of 2008 and the American Recovery and Reinvestment Act of 2009. The Federal Reserve also responded by reducing the federal funds rate, which in turn reduced real interest rates and subdued inflation trends. The Federal Reserve also utilized credit easing programs to facilitate credit flows and reduce the cost of credit during the recession and slow recovery period; as well as large scale asset purchase programs to help push down longer-term public and private borrowing rates. It also purchased US agency mortgage-backed securities and the debt of housing-related US government agencies aimed at reducing the cost and increasing the availability of credit for home purchases. The Federal Reserve also purchased long term Treasury securities just after the end of the Great Recession in October 2009. Throughout the slow recovery period, the Federal Government’s monetary policy strategy continued to evolve in order to stimulate the economy; and has increased its focus on financial stability and regulatory reform. (Hawks)

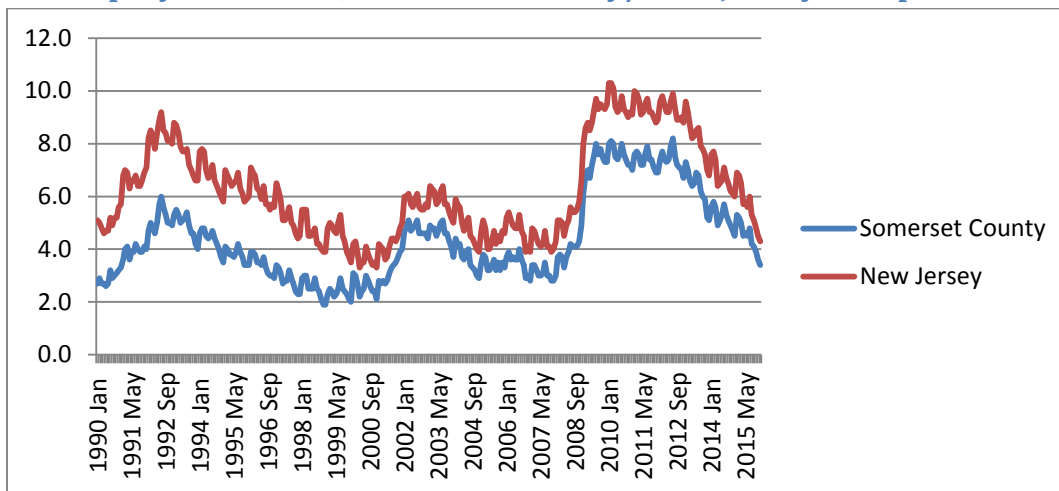
The job losses during the Great Recession caused a drop in family incomes, an increase in poverty rates, a reduction in household wealth, and increased difficulties affording rent and making mortgage payments. Many households and individuals also lost access to health insurance coverage further contributing to the financial struggles many households faced at that time. Many households that experienced lay-offs were forced to accept lower-paying or part-time jobs to try to make ends meet. Many were unemployed for significant periods of time while searching for employment. The number of jobs gained nationally during the recovery period finally canceled out job losses in May 2014, but population growth means the potential labor force is larger than it was then. Nonfarm payroll employment was 4.0 percent (5.5 million) higher in May 2016 than it was at the start of the recession, and is probably somewhat above what is required to keep up with potential labor force growth according to the Center on Budget and Policy Priorities <http://www.cbpp.org/research/economy/chart-book-the-legacy-of-the-great-recession>.

## B. Employment Trends

The aftermath of the Great Recession continues to be felt today, particularly in New Jersey, where the economic recovery has lagged behind most of the Nation. New Jersey experienced a net loss of 156,100 private sector jobs from 2001 – 2010, driving total employment down to a level not seen since 1998. Professor James Hughes, Dean of the Edward J. Bloustein School of Planning and Public Policy at Rutgers University, refers to this period as “the Lost Employment Decade.” According to Dean Hughes, “The trouble began with the early-decade downturn of 2001 – 2003, lingered through the weakest expansion on record in the middle of the decade, and then came back with a vengeance in the so-called Great Recession of 2007 – 2009.” The rebound in employment has been much slower in New Jersey as compared to both the nation and surrounding states (Pennsylvania, Connecticut and New York). New Jersey’s job growth is suffering because its former industry giants in the pharmaceutical, telecommunications, casinos and government sectors are on the decline. However, job gains in the professional, scientific and technical services, managerial and high-tech manufacturing sectors have the potential to off-set these losses in the future.

Fluctuations in Somerset County’s unemployment rate followed a pattern similar to New Jersey, although the County’s rate has been comparatively more favorable.

### Unemployment Rate, Somerset County/New Jersey Comparison



Source: U.S. Bureau of Labor Statistics, January, 2016

According to the “Occupational & Demographic Analysis: Hunterdon & Somerset Counties”, December 2015, the median hourly earnings in Somerset County was \$27.55 per hour, approximately \$4 higher than New Jersey and \$7 higher than the U.S. median. Twelve percent of the County’s workers were in occupations with a median hourly wage of at least \$50 compared to 7% of jobs in New Jersey and 3% nationally. 30% of the County’s jobs were in the \$10 to \$15 per hour range. In New Jersey and the U.S., this wage bracket accounts for 28% and 29% of jobs respectively. Only 5% of Somerset County’s jobs are in middle-wage occupations (\$25 to \$30 per hour). This wage bracket accounts for 8% of jobs statewide and 10% of jobs nationally. (Camoin Assoc., 2015)

This analysis shows that employment in Somerset County grew from 177,686 jobs in 2010 to over 193,000 jobs in 2015, an increase of 15,700 or 9%. The rate of job growth in Somerset County outpaced the 4% growth rate that occurred statewide, and was slightly higher than the 8% employment growth that occurred nationwide. Employment is expected to grow in Somerset County by 5% between 2015 and 2020, adding over 9,000 new jobs, consistent with the projected growth rate nationally, and slightly higher than anticipated job growth in New Jersey. This analysis examined the 30 largest occupations during 2015 in more detail, and found that the 10 largest occupations in Somerset County are generally low-wage positions that require a high school diploma or less, substantially consistent with state and national trends. The notable exception in the County is the Software Developers, Applications occupational group that accounts for about 3,350 jobs and has median earnings of over \$50 per hour and typically requires a Bachelor's degree. Between 2015 and 2020, occupations related to healthcare, retail, and transportation/distribution industries are expected to grow significantly. Home Health Aides is projected to grow at the fastest rate, increasing employment by 20%. This occupational group also grew rapidly between 2010 and 2015, increasing by 39%. (Camoin Assoc., 2015)

An overview of In-Demand Occupations provided in this analysis shows that about 60% of the openings over the coming years are expected to be in occupations with median hourly earnings greater than or equal to \$15.46, which is the minimum hourly wage needed to afford basic life necessities according to the United Way of Northern New Jersey's ALICE Study of Financial Hardship. Overall, jobs in occupations with median hourly earnings greater than \$15.46 are expected to grow by over 5,600 by 2020, an increase of 4%. The top In-Demand Occupations were identified as Customer Service Representatives, Office Clerks - General, Registered Nurses, Software Developers – Applications, Secretaries and Administrative Assistants (except Legal, Medical and Executive), General and Operations Managers, First-Line Supervisors of Office and Administrative Support Workers, Construction Laborers, Accountants and Auditors, and Maintenance and Repair Workers – General. The average hourly earnings associated with these occupations is \$36.91; and the median is \$34.71. Demand for most of these occupations is expected to be driven by openings due to replacement demand, not new demand. Overall, about 73% of openings or 3,026 jobs in occupations with median hourly earnings greater than \$15.46 will be created by replacement demand. Of the In-Demand Occupations, the Registered Nurses occupation is expected to have the most growth, increasing by over 250 jobs or 11%. The Software Developers – Applications occupation is also expected to grow significantly, adding 230 jobs, an increase of 7%. The Construction Laborers occupation is expected to grow the fastest, increasing by 12% by 2020. (Camoin Assoc., 2015)

### **C. Jobs-to-Housing Balance**

A balance between the number of jobs and the number of housing units in a municipality of sub-region can minimize work trips by automobile and can be achieved through mixed use development, which allows for increased efficiency in the use of public transportation infrastructure and transit services. The reduction in commuter traffic can help reduce vehicle miles traveled (VMT), tailpipe emissions and time spent in traffic. This ratio is also an indicator of the welfare and prosperity of the County's households, since most require dual-incomes to survive due to the high cost of living in Somerset County. The jobs to housing ratio remained stable at 1.4 between 2000 and 2010 countywide. APA Planning Advisory

Service Report #516 – “Jobs-Housing Balance” by Jerry Weitz suggests a benchmark target of 1.5 jobs to housing units. Much larger or smaller ratios suggest imbalance.

#### **D. Non-residential Real Estate Market Trends**

The overall vacancy rate for office space in Somerset County was 20.8% during the first quarter of 2016, an improvement when compared to the third Quarter 2013 when the vacancy rate was 26.4%. Although the office market has improved in Somerset County, its overall vacancy rate was the highest among the Central Jersey counties and this submarket as a whole (16.6%) during the first quarter of 2016. (Cushman & Wakefield, 2016) Demand for space in suburban office parks and campuses has waned as a result of new business models, reduced space needs and changing locational preferences. Similarly, demand for retail space has declined due to internet shopping and changes in consumer patterns. These trends have led to office and retail space oversupply and obsolescence, as described in PlanSmart NJ’s 2015 Regional Planning Summit Summary Report, “*Stranded Suburban Real Estate Assets: Changing Economy, Changing Land Use*”; resulting in a rise in the number of underused office and retail sites in Somerset County and other suburban areas, and the concurrent increase in opportunities to redevelop, re-use and repurpose these sites to create the kinds of mixed-use, walkable, transit-friendly, live-work-play environments that both employers and workers currently prefer. In early 2016, the County Planning Division undertook an update of the Improvement to Land Value Analysis that was performed a few years earlier as part of the “Supporting Priority Investment in Somerset County” Phase I Study. The results remain essentially the same, showing approximately 735 commercial parcels comprising 694 acres and 147 industrial parcels comprised 592 acres have low improvement to land values, underscoring the significant opportunity to turn under-utilized sites into functional, fiscally sustainable and environmentally resilient assets. Many of these sites are favorably located near transit and community assets and comprise potential residential/mixed-use redevelopment opportunities. More information about the results of the Phase I “Supporting Priority Investment in Somerset County” Study is provided in Chapter V, Section K.

#### **E. Foreclosures**

Another aftermath of the Great Recession is the dramatic rise in residential foreclosures. Foreclosures represent a loss of household assets and mortgage credit, in addition to losing one’s home. They are a drain on neighborhood vitality and a destabilizing force. New Jersey continues to be among the leaders nationally with regard to foreclosure rates, ranking third with 1 out of every 662 housing units in foreclosure as of March 2016. In comparison, one out of every 1,212 units was in foreclosure nationwide; and one out of every 878 homes was in foreclosure in Somerset County. (RealtyTrac) Borrowers or tenants occupy some foreclosed properties, but many stand vacant, becoming a concern in many neighborhoods. The process of selling a foreclosed home in New Jersey takes well over two years, principally because foreclosures in New Jersey must be resolved through the court system rather than directly through the banks, as done in other states. These empty homes serve as a drag on the market, keeping down the prices that collapsed during the Great Recession. Many borrowers are “underwater,” owing more on their mortgages than their properties are currently worth. As a result, the residential market has struggled to rebound. Mobility within the housing market has been curtailed

due the many households who purchased their homes during price peaks, some of whom spent additional money on home renovations and upgrades; and are delaying putting their homes on the market because they are afraid they will not be able to get their equity back. Foreclosure risks have increased for households that are supported by one wage earner, down from two wage earners prior to the recession. It is hard for the unemployed and underemployed to pay for housing, especially since housing prices in Somerset County and throughout New Jersey remain persistently high despite weak housing market conditions.

#### **F. Redevelopment Opportunities**

The Supporting Priority Investment in Somerset County, Phase I Study completed in March 2015 points out the significant opportunities that exist in Somerset County to reposition vacant and underutilized office and commercial sites that are located in transit oriented areas and along major transportation corridors for mixed use projects that provide vibrant new live-work environments. At the time this study was completed, approximately 4.6 million square feet of office space within the County (comprising all classes) was vacant (most of which was built in the 1980s and 1990s). This vacant space accounts for over 25% of the County's office space. Unaddressed, this can lead to disinvestment, depreciation of surrounding property values, a diminished tax base and fewer job opportunities. Though expected to decrease over the next few years, the County's forecasted 2017 office vacancy rate of 20% is cause for concern. The study also shows a large portion of retail space is likely to become physically and/or economically obsolete over the next 5 to 10 years due to changes in consumer preferences, online retail purchasing and disinvestment. This study recommends collaborative efforts involving property owners, county and local leaders and real estate developers to put forth sustainable repurposing strategies for the oversupply of vacant and obsolete office and retail space. The study identifies increasing demand for mixed-use, higher-intensity redevelopment strategies that include office, retail, service, recreation and workforce rental and owner-occupied attached housing types. (4WARD)

### **V. PLANNING, POLICY & REGULATORY CHANGES**

#### **A. Mount Laurel and the Fair Housing Act**

The NJ Legislature adopted the Fair Housing Act in 1985 and established the Council on Affordable Housing (COAH) as the entity responsible for implementing and administering the mandates of the Act, as a result of the 1983 NJ Supreme Court's ruling known as the Mt. Laurel Doctrine. This ruling specifies that municipalities have a constitutional obligation to provide "a realistic opportunity for the construction of their fair share of the present and prospective regional need for low and moderate income housing". COAH initially adopted substantive and procedural rules governing the period from 1987 to 1993 (Round 1); which was followed by the adoption of substantive and procedural rules governing the period from 1987 to 1999 (Round 2). On October 20, 2008, COAH adopted Third Round Rules intended to assess municipal affordable housing obligations for the period from 1999 to 2018 utilizing a "growth share" methodology.

# Municipal Housing Element and Fair Share Plan Status

Municipality	Date of First Round COAH Certification	Date of Second Round COAH Certification	Third Round				***Declaratory Judgement (DJ) Complaints Filed Pursuant to 3/10/15 NJ Supreme Court Decision
			Plan Adopted by Municipality	Petition Date	COAH Certification Date	Court Status	
Bedminster		5/1/1996	Yes	12/30/2008	12/9/2009		7/7/2015
Bernards	3/13/1989	6/7/2000	Yes	12/30/2008	5/13/2010		7/6/2015
Bernardsville	10/17/88	12/6/1995	Yes	6/4/2010			7/6/2015
Bound Brook		11/5/2003	No				
Branchburg	10/3/1990	8/11/2004	Yes	*07/19/2010			7-2-1015
Bridgewater		6/7/1995	Yes	12/30/2008			7/9/2015
Far Hills		2/7/2001	Yes	6/8/2010			7/2/2015
Franklin	9/28/1987	7/9/1997	Yes	12/31/2008	7/15/2010		6/30/2015
Green Brook	6/6/1988		Yes			**DJ, 12/5/2008	7/8/2015
Hillsborough	6/6/1987		Yes			**DJ, 3/12/2009	7/2/2015
Manville			Yes	6/23/2010			
Millstone			Yes	*07/06/2009	12/9/2009		
Montgomery		3/5/1997	Yes	12/30/2008			7/7/2015
North Plainfield	8/7/1989	11/5/2003	Yes	12/30/2008			7/9/2015
Peapack/Gladstone	1/9/1989	1/10/1996	Yes	12/30/2008	9/9/2009		7/6/2015
Raritan	10/6/1993	8/2/2000	Yes	12/31/2008			7/7/2015
Rocky Hill		1/3/2001	Yes	12/30/2008	5/14/2009		7/2/2015
Somerville	4/3/1991		Yes				
South Bound Brook	5/16/1990	1/7/2004	Yes				
Warren	3/7/1988	1/10/1996	Yes	12/30/2008			7/2/2015
Watchung	9/26/1988	7/1/1998	Yes	12/30/2008			7/2/2015

Notes: \*Repetition Date

\*\*Declaratory Judgement (DJ), date copy of plan filed with COAH

\*\*\* Municipalities seeking DJs regarding compliance of their housing elements/fair share plans with the State Fair Housing Act and aspects of the COAH Rules that remain valid have 5 months to prepare and file modified housing elements/fair share plans addressing 2025 obligations.

Sources: New Jersey Department of Community Affairs, Council on Affordable Housing

Somerset County Planning Board, 2015 Municipal Affordable Housing Plan Tracking Sheet

On October 8, 2010, the Appellate Division invalidated substantial parts of COAH's Third Round Rules, which was affirmed in part and modified in part by the Supreme Court on September 26, 2013. At this time the Supreme Court also ordered COAH to promulgate new rules utilizing the First and Second Round methodology. COAH failed to adopt new Third Round Regulations pursuant to this decision. Consequently, The Fair Share Housing Center made an application to the Court that these requirements be enforced.

On March 10, 2015, the Supreme Court, in the matter of In RE Adoption of N.J.A.C. 5:96 and 5:97 by the New Jersey Council on Affordable Housing, 221 N.J. 1 (2015) granted FSHC's application. The Supreme



Court found that COAH failed to comply with its March 2014 order to promulgate Third Round Rules and maintain the function of COAH, and returned the responsibility of ensuring municipal compliance with the Fair Housing Act to the Courts.

Sixteen (16) of the County's twenty-one (21) municipalities filed complaints with the trial court for Somerset County by the July 8, 2015 deadline established in the March 10, 2015 State Supreme Court Ruling; committing to the time-consuming and costly process of identifying municipal affordable housing obligations and adopting local plans and policies for addressing them; and becoming eligible for temporary immunity from Builder's Remedy law suits. (The five that have not filed complaints comprise smaller, more fully developed boroughs whose past obligations were very low or zero. The Court that presides over Vicinage 13 of which Somerset County is a part, recognizes that it is equitable to decide these issues uniformly. As such, he granted these municipalities temporary immunity from zoning challenges/builders' remedy law suites based on their commitment to submit amended Housing Elements and Fair Share Plans (HEFSPs) that address their housing obligations through 2025).

Although the March 10<sup>th</sup> Supreme Court decision specifies that the municipal obligations upon which these plans are based must be determined using a methodology that is similar to that which was used during Round 2, it is clear that there is considerable dispute regarding the calculation of municipal fair share obligations among the competing interests in this litigation. To-date, several independent statewide analyses have been performed for determining municipal obligations, which are currently under consideration by the Court. Analyses have also been undertaken in response to whether or not an obligation must be determined for the "gap period" of 1999 through 2015, the period for which no obligations were previously determined.

Many of Somerset County's municipalities are part of the group of over 200 municipalities statewide that have entered a shared services agreement to obtain the expertise of Econsult Solutions, Inc. to assist them in this process. Obligation methodology and analyses performed by this firm are among the reports produced by several other experts that are currently being considered by the courts. It is anticipated that the Court will determine a rational and reasonable method for calculating affordable housing need and associated municipal obligations during the summer of 2016. After this decision, it is expected that municipalities will have 5 months to submit their amended housing element and fair share plans (HEFSPs) to the Court for a determination of compliance. Trial courts elsewhere in New Jersey may be handling this matter differently. If the approach used is inconsistent statewide, additional legal challenges may arise, further delaying the process of planning and implementing affordable housing opportunities.

The March 10<sup>th</sup> ruling also invites a legislative solution to the current affordable housing policy debate. Development of a legislative solution comprised of a reasonable, rational affordable housing policy for the State is encouraged, which promotes sound, sustainable, equitable planning and partnership solutions that can be achieved without overly burdening local jurisdictions and tax payers; strengthen quality of life and community character; support local and regional economies; and create "ladders of opportunity" for all residents.

## B. De-institutionalization and Community Based Care

During the past two decades, federal and state policies that regulate and incentivize the creation of various forms of assisted living, long-term care and related service systems have been changing and evolving. New housing models for seniors and persons with disabilities have emerged including independent senior housing with services, continuing care retirement communities, free-standing assisted living facilities, expanded nursing home and long-term care facilities. In 2012, the Federal Government approved New Jersey's Medicaid plan which gives low-income senior citizens and people with developmental disabilities living at home and out of institutions that participate in the "comprehensive Medicaid waiver program" more flexibility by using Medicaid funding to support a managed care system that includes a variety of options including nursing homes, assisted living facilities, adult medical day care and home health services, whereas previously Medicaid funding could only be spent on nursing home care. (Livio, 2012) Today, housing and services are being separated or "unbundled". Medicaid recipients, working with individual budgets, select providers and direct the services that they choose. Increasingly, seniors and individuals with disabilities, by themselves or through their families and guardians, are controlling their own housing options and services, and living in more community-integrated, supportive housing. (SHANJ, 2015)

With the advent of revised Federal Medicare and Medicaid policies has come an increase in home-based care options, allowing seniors and persons with disabilities to remain in their home environments longer. Some of the ramifications of these policy shifts include 1) increased demand for home health aides and skilled home-based nursing care – coupled with a growing shortage of qualified home health care providers; 2) postponement of admission into nursing homes and other long-term care facilities and associated increased demand for higher skilled medical staff at nursing homes in order to address the needs of patients with more complex and advanced medical conditions. A variety of options are needed in order to address the different degrees of autonomy of residents, their level and type of disability or impairment and their changing needs over time. A range of options are also needed that respond to different lifestyle preferences and financial status of the County's growing senior population. Land use policies and strategies that support new community-based health care delivery models, and improve access to neighborhood based health care services are also needed to support aging in place and integration of the elderly and persons with disabilities into the community. Likewise, land use and housing policies are needed that support a variety of assisted living choices at all levels of affordability. (Stone and Reinhard)

Changes in the mental health care system are also generating an increased demand for inpatient psychiatric beds and supported outpatient living options while simultaneously decreasing supply. Cuts in mental health funding at the federal level, coupled with Medicaid law provisions that allow Medicaid reimbursements for psychiatric care only in small facilities has led to the closure of large institutions for residents with psychiatric impairments, leading to the national movement known today as deinstitutionalization. The expectation was that smaller community based facilities would be established to accommodate the needs of this segment of the population. However, the creation of community-based supported living facilities for this segment of the population has not kept pace with demand. Some patients return home but their families are ill-equipped to address their needs, while

others end up homeless, incarcerated or as chronic visitors to emergency rooms. New models for delivering community-based special needs housing combined with mental health care are needed, which can be implemented at the local level. New types of long-term care facilities are also needed for mentally ill patient who are unsuited for community –based health care. (J.B. Wogan)

### C. Private Long Term Care and Assisted Living

Rules and regulations establishing the licensure standards for Long Term Acute Care, rehabilitation hospitals other ambulatory care facilities as well as for Long Term Care facilities including nursing homes, assisted living facilities and other residential health care facilities have been adopted by the State pursuant to federal regulations (Title 42-Public Health). The NJ Department of Health (NJDOH) licenses and inspects assisted living facilities. Eight (8) facilities in Somerset County have “Advanced Standing” pursuant to the Advance Standing Pilot Program established by the NJDOH in collaboration with the Health Care Association of New Jersey Foundation (HCANJF). These rules and regulations emerged in the early 1990s, based on an assisted living model that arose in response to the growing need for living arrangements that provide 24-hour staffing and personal and health-related services, as well as activities that link residents to the community and facilitate social interaction. In response to these new regulations and market demand forces, 5 continuing care retirement communities; 14 residential health care/long term care/sub-acute care facilities; 8 shared senior residences; and 13 assisted living facilities have been established by for-profit and non-profit entities and licensed to operate within Somerset County as of 2014.

*“Raising Expectations 2014: A State Scorecard on Long-Term Services and Supports (LTSS) for Older Adults, People with Physical Disabilities, and Family Care Givers”* takes a multi-dimensional approach to measuring state-level performance of long-term services and supports (LTSS) systems that serve older people, adults with disabilities and family caregivers. The scorecard is designed to help states improve the performance of their LTSS systems so that older people and adults with disabilities in all states can exercise choice and control over their lives thereby maximizing their independence and well-being. New Jersey was ranked 26<sup>th</sup>, and was part of the Third Quartile across all dimensions as compared to the rest of the United States. This study shows that if New Jersey improved its performance to the level of the highest performing state, 28,729 more low/moderate-income adults with ADL disabilities would be covered by Medicare; 5,707 more new users of Medicaid LTSS would first receive services in the community; 5,488 nursing home residents with low care needs would instead receive LTSS in the community; 2,046 more people entering nursing homes would be able to return to the community within 100 days; and 3,891 more people who have been in a nursing home for 90 days or more would be able to move back to the community. This report points out that the leading edge of the Baby Boom Generation will be entering its 80s by 2026, placing new demands on the long-term services and support system, for which there is a looming care gap. It notes that, “When costs are high for people who pay privately and do not have long-term care insurance, they will more quickly deplete their life savings and turn to the public safety net. If that safety net is inadequate, people may rely so heavily on family caregivers that those caregivers damage their own health and well-being. States that have not built an infrastructure of services and care settings that offer residential alternatives will strain their own resources by paying more for costly nursing homes. People with complex needs getting care at home or

in nursing homes are more likely to experience inappropriate and costly hospitalizations and inadequate support in moving from a nursing home back into the community. And poor quality of care, in all settings, leads to worse health outcomes that contribute to higher costs for both medical and LTSS systems.” (Raising Expectations, 2014)

#### **D. HUD Fair Housing Requirements**

The U.S. Department of Housing and Urban Development (HUD) published its final rule on its new Affirmatively Furthering Fair Housing (AFFH) Assessment Tool for use by local governments that receive funding from the Community Development Block Grant Program (CDBG), the Home Investment Partnerships Program (HOME) and the Emergency Solutions Grants Program (ESG) during their preparation of Assessments of Fair Housing (AFH). These entities must conduct an AFH in order to be eligible for program funding. AFHs replace the previous “Analysis of Impediments”, and are intended to help grantees understand and identify local and regional barriers to fair housing choice. HUD also released the AFFH Rule Guidebook, an updated data and mapping tool that Rutgers University helped to develop, and a user interface to complete an AFH. Program participants are required to use the HUD data, and supplement it with local data and local knowledge to complete an AFH. A schedule has also been released establishing a schedule preparing AFH by grantees. The goal is to use this tool to identify fair housing issues such as racially and ethnically concentrated areas of poverty, patterns of integration and segregation, and disparities in access to opportunity and disproportionate housing needs, so that grantees can identify and implement solutions that will ameliorate these issues. The Assessment Tool and other information and resources can be found on the AFFH page on HUD Exchange: <https://www.hudexchange.info/programs/affh/>

There is a link between NJ’s State affordable housing policies and this new HUD rule. For example, the HUD grant programs identified above have been passed-through from grantees to municipalities statewide to rehabilitate existing substandard affordable housing units for COAH credit. The Federal Fair Housing Act and associated rules provide an overarching policy framework and goals for affordable housing and community revitalization policies, strategies and programs at the State, regional and local levels.

As part of the Together North Jersey Initiative, Rutgers worked with HUD to utilize the new model to produce a detailed AFH for every county and municipal jurisdiction within the North Jersey Region. This analysis identifies areas of segregation, racial and ethnic concentrations of poverty, access to areas of high opportunity, distribution of planned and recent infrastructure investments, and other regulatory and private market barriers to fair housing choice. Maps based on Census block groups or tracts showing “Communities of Concern” within the North Jersey Region that are home to high concentrations of minority, low-income, and other disadvantaged populations are provided. For each indicator, the neighborhood-level composition is compared to a TNJ regional threshold and places that equal or exceed that threshold were reviewed and where appropriate, classified as a “Community of Concern”. The results were published as an element of the TNJ Regional Plan, which was finalized in 2015, and can be found on the Together North Jersey Webpage: <http://togethernorthjersey.com/?p=20881> According to the TNJ’s Regional Fair Housing and Equity

Assessment, approximately half of the County’s municipalities contain one or more block groups identified as “Communities of Concern”. A total of 132,492 people (pursuant to the 2010 Census) live in a Community of Concern in Somerset County. The following table is a summary of the municipalities in Somerset County that have neighborhoods that are classified as a Communities of Concern.

<b>TNJ REGIONAL FAIR HOUSING AND EQUITY ASSESSMENT INDICATOR</b>	<b>MUNICIPALITIES WITH COMMUNITIES OF CONCERN IN SOMERSET COUNTY</b>
Minority (Concentration equal to or exceeding the regional threshold)	Bernards Twp., Bound Brook Borough, Bridgewater Twp., Franklin Township, Hillsborough Township, Manville Boro., Montgomery Twp., North Plainfield Boro., Somerville Boro. and South Bound Brook Boro.
Low Income (Concentration equal to or exceeding the regional threshold)	Bridgewater Twp., Franklin Twp., North Plainfield Boro. and Somerville Boro.
Two or More Other Indicators of Disadvantage (Concentration equal to or exceed the regional threshold) <ol style="list-style-type: none"> <li>1. Female Head of Household with Children</li> <li>2. Persons with Limited English Proficiency</li> <li>3. Carless Households</li> <li>4. Elderly Populations (75 years and over)</li> </ol>	Bernards Twp. (1) Bound Brook Boro. (1, 2, 3, 4), Bridgewater Twp. (1, 3, 4), Franklin Twp. (1, 2, 3, 4), Hillsborough Twp. (1, 2, 3, 4), Manville Boro. (2, 3, 4), Montgomery Twp. (1), North Plainfield (1, 2, 3, 4), Somerville Boro. (1, 2, 3, 4), South Bound Brook Boro. (1, 4)

### E. Statewide Transition Plan

In January 2014, the Federal Centers for Medicare & Medicaid Services (CMS) issued a final “Home and Community-based Services Rule” to ensure that Medicaid’s home and community-based services (HCBS) programs provide full access to the benefits of community living and offer services in the most integrated settings. This rule became effective in March 2014 and advances HCBS quality, adds protections for individuals receiving services, and provides additional flexibility to states such as New Jersey participating in the various Medicaid programs authorized under Section 1915 of the Social Security Act. Its purpose is to ensure that states receiving Medicaid funds meet the needs of individuals who choose to receive their long term services and supports in their home or community, rather than institutional settings; enhance the quality of HCBS through a person-centered planning process that addresses health and long term services and supports in a manner that reflects individual preferences and goals.

The New Jersey Department of Human Services a Statewide Transition Plan (STP) was submitted to the CMS in April 2015, which is intended to bring the State into compliance with this rule. The STP notes that the NJ Division of Developmental Disabilities (DDD) will assess each licensed residential setting for compliance with the HCBS Rule; requires that all new congregate settings meet level of service standards; and will consider adjusting its requirements for existing housing to ensure that the settings prevent the isolation of individuals receiving HCBS from the broader community. It further specifies that DDD will formally adopt a policy requiring housing to be located in areas that offer opportunities for community engagement that are among other private residences and retail businesses and other

amenities. Projects will be evaluated for compliance with this policy as part of DDD's site and lease purchase review and approval processes. DDD will also support the HCBS Rule required move to lease-based housing by formally adopting a policy that requires all individuals who are receiving HCBS and living in licensed settings or unlicensed independent housing must live in lease-based housing in order to provide all the rights and responsibilities accorded by New Jersey landlord-tenant law. The HCBS Rule also requires that states offer individuals a choice from among a variety of housing options, including options that are not disability-specific.

DDD's assessment of current housing shows it relies heavily on congregate housing that serve only individuals with disabilities, specifically licensed group homes. DDD recognizes that in order to maximize the community integration experienced by recipients of HCBS services, and to increase opportunities for true choice in housing settings as required by the HCBS standards, a significant increase in the availability of community integrated, non-disability-specific settings is required. In order to balance DDD's system, the STP indicates DDD will use state-only incentives for the development of housing located in integrated settings consistent with the current Federal HUD 811 Project-based Rental Assistance Demonstration Program. DDD will provide a housing subsidy, based on fair market rent, and some start-up costs to individuals receiving HCBS services who choose to leave a licensed group home setting for an integrated community setting. The existing portfolio of licensed group homes will remain available to those who need and choose them. The HCBS Rule specifies that multiple services for people with intellectual and developmental disabilities may not be offered at the same site (i.e. Day services and programming may not be co-located at the same site in which individuals live). Programming that is co-located must be transitioned to compliance by June 30, 2017. (Statewide Transition Plan, 4-17-15)

## **F. The State Development and Redevelopment Plan**

The current version of the *State Development and Redevelopment Plan* (SDRP) was adopted by the State Planning Commission in 2001 as an update of the previous 1992 State Plan. The plan represents a shared vision of the State's future; identifies planning strategies and tools; recommends equitable ways to share the benefits and costs of growth among all interest groups; and coordinates growth and conservation decisions at all levels of government and with the private sector. It is comprised of Goals (including Goal #6: Provide Adequate Housing at a Reasonable Cost), Statewide Policies (including 28 Housing Policies addressing Planning and Regulation, Housing Maintenance and Neighborhood Rehabilitation, Housing Finance and Subsidies, Housing and Community Development, Housing and Neighborhood Design and Coordination with the New Jersey Council on Affordable Housing). It also includes a State Plan Policy Map that represents a "Way to Grow" blueprint, which directs higher-density residential and non-residential growth into regional, town and village centers and Planning Areas 1 and 2.

In 2004, the NJ State Planning Commission (SPC) embarked on a routine update of the State Development and Redevelopment Plan in accordance with the 1985 State Planning Act. The Somerset County Planning Board, along with all other County Planning entities in New Jersey served as negotiation entities and developed County Cross Acceptance Reports, which were submitted to the SPC in 2006. These reports and served as the basis of the Cross Acceptance Negotiation Process, through which refinements to both the text and State Plan Policy Map were identified statewide. Somerset County and

all other NJ counties completed their Cross-acceptance responsibilities and an updated plan was released in the spring of 2009. The 2009 Draft Plan included several volumes of text, and was reformatted and reorganized by topic. It also included a draft updated State Plan Policy Map that included changes to the Planning Area boundaries that were added by NJDEP after the conclusion of the Negotiation Process which were not vetted with the public. This version of the Plan was not adopted. Instead, several years of debate and discontent among state agencies, diverse stakeholder groups and members of the professional planning community ensued.

In 2011, the NJ Office of the Lieutenant Governor, embarked on a Cabinet-level planning effort that made the revitalization of the State's economy its central focus. The SPC and associated Office of Smart Growth were relocated from the NJ Department of Community Affairs to the Department of State; and the Office of Smart Growth was renamed the Office for Planning Advocacy (OPA). The OPA was charged with managing the planning process. The State Strategic Planning Process was intended to transform the existing statewide planning framework for land use planning into one that prioritizes and supports sustainable economic growth. It was built on the premise that, first and foremost state agency cooperation and active support are essential in order for the plan to be effective. As part of this planning process, State agency rules, regulations and programs that work at cross-purposes were identified. The new plan was intended to realign and re-direct state agency policies and resources toward achieving a unified set of goals for New Jersey. This initiative led to the development of the Draft Final State Strategic Plan in 2012. It includes goals that promote the State's top industries and infrastructure-rich economic hubs, the creation of healthier communities to work, reside and recreate, and effective regional planning. It contains ten (10) Garden State values, including "Create High-Quality, Livable Places" and "Diversify Housing Opportunities". The Draft Final State Strategic Plan also includes a criteria-based process for defining areas where land use policies and investments that support growth and preservation are most suitable. The Somerset County Planning Board was instrumental in developing this concept, and in October 2013, the Somerset County Investment Framework was recognized by the SPC as a model for how this concept can be applied statewide. The SPC tabled its vote to adopt the plan in November 2013, so that it could be refined to include resiliency and recovery goals in the wake of Hurricane Sandy, which ravaged shore communities and damaged infrastructure statewide in October 2012. Since that time, finalization and adoption of the plan as a replacement for the 2001 State Development and Redevelopment Plan has not moved forward.

## **G. NJ Economic Opportunity Act**

The NJ Economic Opportunities Act (EOA) of 2013 as revised by the "Economic Opportunity Act of 2014 which provides tax incentives to spur development and redevelopment in certain areas of the State is aligned with the priority growth areas identified in the Final Draft State Strategic Plan. The EOA merged the State's various economic development incentive programs with the goal of enhancing business attraction, retention and job creation efforts and strengthening New Jersey's competitive edge in the global economy. The Grow New Jersey Assistance Program (Grow NJ) is currently the main job creation incentive program. The Economic Redevelopment and Growth Program (ERG) is the State's key developer incentive program. Applications submitted to these programs are evaluated to determine eligibility in accordance with the requirements specified in the Act. Since these are performance-based

programs, approved projects must first generate new tax revenue, complete capital investments, and/or hire or retain employees to receive the approved benefits. Projects are eligible to participate in the ERG program if they are located within a qualified incentive area [defined as port and aviation districts, existing areas designated in need of redevelopment in specific South Jersey counties, Garden State Growth Zones comprised of Camden, Trenton, Paterson and Passaic; Urban Aid program qualified municipalities, those identified by NJ DCA to be facing serious fiscal distress; a Schools Development Authority (SDA) municipality or municipality with a major rail station; State Development and Redevelopment Plan (SDRP) Planning Area (PA)1, PA2 or designated growth center; areas that intersect with deep poverty pockets, a port district or military base designated for closure; disaster recovery projects, vacant commercial or industrial facilities exceeding 400,000 sq. ft., qualified incubator facilities; Highlands receiving area, tourism project or Transit Oriented Development (TOD) and other eligible areas] and demonstrate a project financing gap. Priority Incentive Areas in the County consist primarily of PA1, PA2, designated centers and transit-oriented development areas. Commercial projects are subject to a comprehensive net benefit analysis. Evidence of actual project costs and project completion must be provided prior to the disbursement of funds by the State.

These programs include incentives aimed at creating workforce housing opportunities. Grow NJ provides bonus tax incentives for mixed-use projects that provide moderate-income housing for 20% of their full-time employees. Projects receiving an ERG incentive must dedicate 20% of the residential units created to low and moderate income housing. The Economic Opportunity Act of 2014 modifies several of New Jersey's economic development incentive programs. It extends the deadline for filing applications for residential redevelopment projects by one year (to July 1, 2016). The 2014 Act extends the deadline for the submission of a temporary certificate of occupancy to July 28, 2018 for residential redevelopment projects. No projects have been developed or proposed in Somerset County to-date that are aimed at taking advantage of the affordable housing incentives provided in the 2014 version of this Act; although Somerville used an earlier ERG grant based on the 2013 Act provisions to help finance phase 1 of the Somerville Town Center redevelopment project, which includes the construction of a ShopRite supermarket.

#### **H. Together North Jersey (TNJ) Plan**

The Together North Jersey Plan was funded primarily through a \$5 million U.S. Dept. of Housing and Urban Development "Sustainable Communities Regional Planning Grant" in 2011, which was matched with an additional \$5 million in leveraged funds from project partners. This initiative was led by the Edward J. Bloustein School for Planning and Public Policy at Rutgers University in collaboration with a coalition of government agencies and non-profit organizations, including the Somerset County Planning Division. This plan covers the 13-County North Jersey Transportation Planning Authority (NJTPA) Region. It describes existing conditions and trends in North Jersey and highlights the challenges and opportunities that face the region. It includes a vision for the region's future, based on core goals and themes. It includes 15 focus areas and 78 strategies that can be implemented throughout the region. The housing goals, recommendations and strategies in the plan are based on the TNJ "*Fair Housing and Equity Assessment Report*", which was described previously. The TNJ Plan recommends strategies and actions to address regional disparities in "access to opportunity" and barriers to fair housing. The plan



recognizes the high cost of housing as one of the region's major challenges. TNJ teamed with the Housing and Community Development Network of New Jersey to produce "Developing Effective Municipal Housing Plans", May 2015 as a resource for municipalities. This document, and the TNJ Regional Plan are available online at <http://togethernorthjersey.com/>.

TNJ is now embarking on a plan implementation phase, "TNJ 2.0: Making it Happen", which is being led by the Voorhees Transportation Center (VTC) at Rutgers University and North Jersey Transportation Planning Authority (NJTPA). Four task forces have been created to lead the implementation based on the four major themes of the TNJ Regional Plan: Competitive, Efficient, Livable and Resilient. A kick-off event was held in May 2016. A partnership approach to implementing the plan through the leveraging of resources from various partner organizations is anticipated. The VTC is in the process of developing action guides to aid the implementation process.

### **I. Highlands Regional Master Plan**

The Highlands Water Protection and Planning Act (Highlands Act) was enacted on August 10, 2004. It established the NJ Highlands Water Protection and Planning Council (Highlands Council) and provided for the preparation of the Highlands Regional Master Plan (Highlands RMP) aimed at protecting, restoring and enhancing water quality and water quantity in the region. The Act established two major subareas (Preservation Area and Planning Area) within the Highlands Region of the State, which covers portions of 7 counties. The Highlands RMP was adopted in 2008. It defines six Highlands Zones which are found in both the Preservation and Planning Areas. Housing policies and objectives specific to each zone are provided. It provides the basis for determining the capacity of the Highlands Region to accommodate residential and economic growth while ensuring the sustainability of the resources in the Region. The Highlands RMP also includes Goals, Policies and Objectives organized into ten (10) topical "Parts", including Part 6 – Future Land Use, Subpart F – Housing and Community Facilities. Conformance with the Highlands RMP is mandatory for communities that are located in the Preservation Area, and for Planning Area communities that chose to voluntarily "opt-in" and conform to the Highlands RMP. Conforming municipalities are required to adopt housing elements and fair share plans that comply with the State Fair Housing Act. The Highland applies strict controls on development and redevelopment in the Preservation Area. Conformance with the plan is optional in the Planning Area.

The municipalities of Bedminster, Bernards, Bernardsville, Far Hills and Peapack & Gladstone are located in the Highlands Region. All but slightly over 1,000 acres in Bedminster Township north of Pottersville Road are part of the Highlands Planning Area. None of these municipalities have decided to "opt-in". Both Somerset County and Bedminster Township met the "basic" Plan Conformance Requirements as determined by the Highlands Council with regard to the Preservation Area located north of Pottersville Road. Municipalities seeking conformance with the RMP must prepare a Housing Element and Fair Share Plan in accordance with the requirements of the Fair Housing Act. In addition, the Fair Share Plans must be developed in compliance with all applicable RMP requirements, with water use/availability, wastewater treatment and resource protection provisions being of particular relevance.

## **J. Transportation & Complete Streets**

In 2011, a 5-year, \$8 billion funding strategy for the NJ Transportation Trust Fund was put into place, which is set to expire by the end of the current fiscal year (June 30, 2016). In addition to funding major transportation projects, the trust fund also provides money to municipalities and counties to help maintain local roads. A Trust Fund Renewal Plan is needed, but a lack of agreement by state leaders make it difficult for municipalities to draft budgets since they do not know how much local transportation aid they will receive from the State. Communities could be faced with further deterioration of the local roadway network or higher property taxes in order to make required repairs.

These funding challenges come at a time when municipal coffers have been tapped by unanticipated Mount Laurel Declaratory Judgement expenses and costs associated with damage to public facilities and infrastructure systems due to increasingly frequent severe storms and flooding and ever-increasing debt service and insurance costs. They also come at a time when municipal and county involvement in the adoption of complete street policies and strategies has increased, as more Somerset County municipalities have begun to embrace NJ Department of Transportation's (NJDOT) Complete Streets Policy, which was finalized in 2009. This policy requires that future roadway improvement projects include safe accommodations for all users, including bicyclists, pedestrians, transit riders and the mobility-impaired. This policy is implemented through the planning, design, construction, maintenance and operation of new or rehabilitated transportation facilities within public rights-of-way that are federally or state-funded, including projects processed or administered by the NJDOT. In addition to improving safety for the traveling public, complete streets provide connections to bicycling and walking trip generators such as employment and retail centers, residential apartment buildings, neighborhoods, parks and recreation facilities. Complete Streets promote healthy lifestyles, economic development and create more livable communities. They also help to reduce traffic congestion and reliance on carbon fuels, thereby reducing greenhouse gas emissions. By incorporating complete street features during the design of a project, the expense associated with later retrofits can be avoided. Public sector investments in complete streets initiatives can leverage private sector investments in mixed-use workforce housing/commercial redevelopment of vacant and under-utilized sites with the County's Priority Growth Investment Areas.

## **K. Somerset County Planning Initiatives**

For many years, Somerset County's 1987 Land Use Master Plan provided a sound and effective regional land use framework for supporting a hierarchy of communities of various scales and diverse place types surrounded by similarly diverse environs comprised of riparian greenways, farms and open space; all served by a strong regional infrastructure network. The plan used the Somerset Regional Center and other existing towns, villages and corridor-based settlement areas as the focal point for future development in recognition of the concentration of businesses, community services, residential neighborhoods, infrastructure and utilities that already exist in these places. It further recognized the importance of the County's low-density rural and agricultural areas, and calls for the continuation of farming activities and the preservation of open space and environmentally sensitive areas in these locations. Portions of the plan have since been updated.

Starting in 2011, the County Planning Board embarked on a planning initiative aimed at updating the 1987 Land Use Management Map. The Planning Division's new geographic information systems (GIS) technology capabilities and datasets supported this effort. It created a series of GIS-based infrastructure, community and environmental asset maps; and developed an objective method for applying these GIS tools for identifying priority growth and preservation areas countywide. The results comprise the County Investment Framework (CIF) Map, which was adopted as an element of the County Master Plan in 2014 as a replacement for the 1987 Land Use Management Map. Since the CIF is based on the same principles as the 1987 Land Use Management Map, it strengthens and reinforces the County's long-established local and regional land use priorities. The primary purposes of the CIF is to align land use planning at the state, county and local levels and enable effective resource allocation, coordination and cooperation among all jurisdictions and the private sector in order to achieve vibrant communities, economic revitalization and environmental protection. The alignment of adopted plans, policies and regulations which are intended to guide land use and infrastructure investment decisions at all levels of government provides the highest level of certainty to property owners and investors regarding the preferred use for an area. The CIF is intended to serve as the over-arching geographic framework for identifying and prioritizing projects that will strengthen the community and regional sustainability and protect the County's community, infrastructure and environmental assets. The CIF represents hierarchical economic development and residential land use intensities, ranging from the higher density, mixed use Priority Growth Investment Areas (PGIAs) where investments that support redevelopment and growth are preferred; to Alternate Growth Investment Areas (AGIAs), which are comprised predominantly of developed suburban neighborhoods; and Limited Growth Investment Areas (LGIAs) comprised of low-density rural/residential land uses.

In order to advance implementation of the County Investment Framework, the County Planning Division undertook a three-phased county-wide planning initiative which began in 2013, and was funded through a Local Government Capacity Grant from Together North Jersey and Subregional Study Grants available through the North Jersey Transportation Planning Authority. The Phase I Study identifies potential transportation improvements, infrastructure investments and land use and zoning changes that can advance implementation of the Somerset County Investment Framework's Priority Growth Investment Area goals and objectives. This Study identifies the high cost of living in Somerset County as a major challenge to employers and employees alike. The greatest employment growth is projected to occur in occupations offering relatively low wages. The long term strength of the County's economy will depend upon ensuring an adequate supply of quality housing (both rental and for-purchase), which is affordable to low-and moderate income workers. This study notes that "supporting the creation of workforce housing should be an economic priority in Somerset County. In addition to those who qualify for income-restricted housing, workforce housing should be attainable to those whose incomes are above the eligibility limits associated with the NJ Council on Affordable Housing (COAH) and other income-restricted affordable housing opportunities, but still struggle to afford housing close to their places of employment." It further states, "An adequate supply of workforce housing is necessary for expanding the local workforce, strengthening the county's economic competitiveness, and creating vibrant, prosperous communities." Strategies for accomplishing this goal include the use of zoning and redevelopment policies and strategies that support a mix of land uses and increased densities in places that are well-served by transportation infrastructure, transit service and pedestrian and community amenities; and allowances for densities that support future investments in infrastructure, transit and community assets. Improving multi-modal linkages between employment and housing nodes; and land use strategies such as the co-location of residential and employment opportunities and community amenities that support increased walking and biking and reduce vehicle miles traveled, commute time and commuting costs are also recommended. As part of the extensive Phase I Study, workforce housing

opportunities were identified. The study included an analysis of underutilized commercial properties and their potential to support lower-cost attached housing types through residential and mixed-use redevelopment. Fifty-seven (57) high priority candidate sites, 33 medium-priority candidate sites, and 79 low-priority candidate sites were identified through an analysis of vacant and underutilized commercial properties within the County's Priority Growth Investment Areas that are in close proximity to transportation and transit facilities, community resources and employment centers. The results of this analysis suggest that significant redevelopment opportunities exist through which a substantial portion of the County's affordable and workforce housing needs can be addressed while simultaneously supporting economic growth. (4WARD).

Open space preservation has also evolved in response to changing recreation needs and new demands for increased access to open space resources; and in recognition of the green infrastructure services open space provides. This has led to a shift from single-use to multiple uses of parkland and open space tracts, which increasingly must serve recreational, ecological and green infrastructure purposes simultaneously. The importance of preserving farmland and enhancing the viability of agriculture due to the multiple benefits they provide has likewise grown. This concept is the basis of the Priority Preservation Investment Areas (PPIAs) shown on the County Investment Framework Map; where the use of environmental best management practices public, private and non-profit entities is strongly encouraged. The Somerset County Investment Framework Map and Overview are available online at: <https://www.co.somerset.nj.us/planweb/sustainable/sciframework.htm>.

The Somerset County Planning Board adopted the Somerset County Comprehensive Economic Development Strategy (CEDS) concurrent with the adoption of the County Investment Framework in 2014. This plan was undertaken by the Somerset County Business Partnership through a grant from the U.S. Economic Development Authority. The purpose of this initiative was to identify potential projects and initiatives that will support job creation and private-sector economic investment. Its highest economic priorities are to strengthen business resources and services; re-use significant vacant and underutilized properties; and reduce the regulatory burden through simplified customer-oriented permitting and approval processes. Medium priorities include workforce development and delivery; improving transportation and commuting; hazard mitigation and enhancing quality of life. Additional priorities include supporting tourism and agriculture development.

The County Planning Board adopted a Trends and Indicators Report as a new background element of the County Master Plan in 2014 as well. This document is comprised of a collection of quantitative data that can be used to guide and inform public and private sector decision-making. It contains data organized by 13 different topics, ranging from Population and Housing to Land Development and Environment. Much of the information in Trends and Indicators Report has been updated by the County Planning Division and it served as a resource for preparing this assessment.

Somerset County's Circulation Plan was updated in 2011. It includes recommendations aimed at improving mobility and safety; guides the transportation planning process, identifies and promotes policies that help support and reinforce the Plan's recommended improvements, and provides a framework for selecting and prioritizing among proposed programs, plans and projects.

The County's 2008 Farmland Preservation Plan supports expanding local markets for various locally produced foods and agricultural products. In addition to agricultural production, many farmers also use agricultural land for agro-tourism and have established local farmers markets to increase access to locally grown foods. The County's rural landscapes are a defining feature and reminder of the region's

agricultural heritage. They serve an important ecological purpose, in addition comprising a scenic and recreational asset that enhances quality of life in the County. The County's open lands, streams, forests, wetlands and farms play an important role by providing flood control/stormwater management; ground water recharge; water supply protection; carbon storage; habitat for threatened and endangered species and other ecological services. These resources remain highly valued by the residents of Somerset County and the State of New Jersey, placing great responsibility on local and regional elected officials and planners to put in place land use strategies that balance economic and residential growth with resource preservation and conservation.

The establishment of a regional open space system that includes greenway linkages; as well as the protection of the County's historic and cultural assets has been a high countywide priority since the establishment of the County Open Space Trust Fund in 1989. The County Planning Board collaborated with the County Park Commission to create a Somerset County Park, Open Space and Recreation Plan in 1994, which was later updated in 2000 and adopted as an element of the County Master Plan. The County Planning Board also collaborated with the County Agricultural Development Committee to prepare a Somerset County Farmland Preservation Plan, which was updated in 2008 and also adopted as an element of the County Master Plan.

Improving energy efficiency throughout the built environment has become a top priority of the Somerset County Energy Council, which was established by the Somerset County Board of Chosen Freeholders in 2008 to advise the Board of Chosen Freeholders; advocate for energy efficiency and conservation; and promote public understanding of opportunities and choices regarding energy issues.

## **VI. OTHER FACTORS**

### **A. Resiliency**

Resilient communities are better able to bounce back from disasters and disruptions in a sustainable way and maintain a good quality of life for all. They are better prepared for uncertainties and able to adapt to changing conditions. As noted by "Resilient Communities for America" (<http://www.resilientamerica.org/how-we-build-resilience/paths-to-resilience/>), many counties and cities across the nation have begun to integrate resiliency actions into their plans, policies and programs that will help them respond better to extreme weather, energy issues and economic challenges. The National Association of Counties (NACo) has embarked on a Resilient Counties Initiative in order to strengthen county resiliency by building leadership capacity to identify and manage risk, and allow counties to become more flexible and responsive. NACo notes that counties will be better prepared to address risks and minimize their impacts on local residents and businesses, while helping counties save money through the use of sustainable practices and infrastructure (see <http://www.naco.org/resources/programs-and-initiatives/resilient-counties-initiative>).

#### **1. Climate Change**

Climate change is an emerging issue that is being addressed by the professional planning community. The release of carbon and other fossil fuel combustion by-products into the atmosphere is believed to

be a contributing factor, and efforts to reduce greenhouse gas emissions are underway by both the public and private sectors. However, the implications of climate change are broad and the planning community has begun to work together to address them. Climate change is believed to be affecting rainfall and temperature patterns, the intensity, duration and frequency of extreme weather events, agriculture growing seasons, coastal water levels, flooding, the ranges of vector-borne disease, air pollution levels and more. It is becoming increasingly important for planners and policy makers to build awareness of the land use and infrastructure implications regional climate change can have; and support the identification and implementation of land use solutions. Effectuating a balance between the preservation of open space and natural areas and developed lands by providing a sound regional and local planning framework, such as the County Investment Framework described above is an important strategy. Directing growth away from riparian corridors, open space and farmland and concentrating it in previously developed areas where infrastructure and community assets are already provided through mixed-use redevelopment and infill is a core strategy. The urban heat island effect can also be exacerbated by climate change, adding to public health challenges and increased energy usage in urban areas. The use of green infrastructure and environmental restoration in urban areas can offset some of these impacts. Planners and engineers are now examining strategies for protecting communities in coastal and riverine areas that are being affected by sea level rise. A shift in settlement patterns may be the most effective long-term solution for smaller communities; whereas engineering solutions may be preferred for major coastal cities that serve as regional transportation, economic and cultural hubs. Climate change factors may affect location preferences and drive land use policy and technology changes in the future; and could result in shifts in settlement patterns in New Jersey and other coastline states. How Somerset County may be affected in the future has yet to be fully understood.

## **2. Hazard Mitigation**

Somerset County and other areas of the State have been impacted by Hurricanes Floyd and, Irene, Superstorm Sandy and other severe weather events, which caused economic setbacks and hardships to individuals and communities due to damage caused by flooding and high winds. In particular, the Boroughs of Manville, Bound Brook, South Bound Brook, sections of Green Brook, Bridgewater and Hillsborough all sustained significant damage from flooding caused by these storm events.

The October 1996 flood resulted in an estimated \$22.8 million in damage to more than 1,950 residential and business structures and caused 3,030 people to be evacuated from their homes. In September 1999, Hurricane Floyd caused catastrophic flooding of the Raritan River, resulting in significant flood damage and evacuations; as well as a fire that destroyed residences and businesses in downtown Bound Brook. Two persons lost their lives during this storm, 200 businesses and 500 homes were damaged and the financial toll was approximately \$100 million. In August 2011, Hurricane Irene caused severe flooding – resulting in two presidential disaster declarations. Similarly, the April 2007 Nor-Easter caused flood damage, power outages and business and school closures. The latest major disaster - Hurricane Sandy, occurred in October 2012 and caused extensive and severe hardships and economic losses to millions of people; as well as businesses, local and state governments and utility providers across the State. Damage to infrastructure, housing, business structures and government facilities from this storm was severe, disrupting economic activity. The impacts will be felt for years to come, as significant rebuilding and restoration activities continue, particularly in coastal communities. Rutgers Regional Report, January 2013 entitled “The Economic and Fiscal Impacts of Hurricane Sandy in New Jersey”

estimates the macroeconomic and fiscal impacts of Hurricane Sandy on the economy of New Jersey. Although this study predicted that the State's economy would rebound from the initial economic losses in state gross domestic product (GDP) as a result of recovery and reconstruction expenditures through 2015, it cautions that spending of the necessary resources to fully repair and rebuild has not yet occurred, and is needed to offset the substantial negative economic and fiscal impacts caused by the storm. In Somerset County, the destruction associated with this storm was wind-related, which caused prolonged power outages due to damage to the electric grid; disruptions in liquid fuel supply chains; impassable roads and damaged buildings. Since Hurricane Sandy, other severe weather events have impacted the county, including the polar vortex conditions during the winters of 2013-14 and 2014-15 which strained the capacity of the electric grid due to increased peak demand and challenged road de-icing crews.

The National Oceanic and Atmospheric Administration (NOAA) has been documenting the increased number and severity flooding and storm events affecting this region and other areas of the country, pointing to the need to upgrade aging power, transportation, sewer, water and other utility and communication systems in order to be more resilient. In addition to hardening our infrastructure systems, a broad range of land use, building and site design strategies for reducing risks and vulnerability are needed, including "blue acres" acquisitions focused on moving homes and businesses out of harm's way; and the integration of design solutions into new construction and rehabilitation projects. Communities must also identify effective emergency preparedness measures that will enable critical services and facilities to continue operation during challenging circumstances, and allow local and regional economies to rebound quickly. The County prepared a Multi-Jurisdictional Multi-Hazard Mitigation Plan in 2008, which was updated in 2013. Table 6-1 in the 2013 Plan summarizes the eleven (11) countywide Hazard Mitigation Plan Objectives. Included among these objectives are those specifically applicable to the residential sector, as follows: Retrofit, acquire, or relocate vulnerable property (including residences) in high hazard areas including those known to be subject to repetitive damages; Educate the public on the risk from natural and man-made hazards and increase their awareness of preparation, mitigation, response and recover activities; Utilize the best available information on hazard exposure and vulnerability to support appropriate land use decisions within Somerset County and build in resiliency planning at the county and local levels; and Strengthen codes to increase the resilience of new construction to the impacts of both natural and man-made hazards. Mitigation actions included in the plan address prevention, property protection, public education and awareness, natural resource protection and emergency services. Public acquisition of severe repetitive loss (SRL) and repetitive lost (RL) properties identified by FEMA in high flood risk areas of the County is a high priority.

## **B. Sustainable Communities**

The environmental movement of the 1960s has gained momentum over the years, leading to many important national, state and local laws, regulations, policies and programs aimed at improving air and water quality, protecting critical habitats of threatened and endangered species; conserving scarce natural resources; and preserving farmland, open space and natural landscape areas. The concept of sustainable communities has taken hold as an outgrowth of both this movement and the "smart growth

movement". The smart growth movement emerged in the 1980s and 1990s as a land use strategy that focuses residential and economic growth in compact, mixed-use community centers with transit access through infill and redevelopment; fosters livable, safe and healthy places, prioritizes investing and maintaining existing infrastructure systems; in-lieu of sprawl development patterns and associated adverse environmental impacts. A central theme of the sustainable communities' movement is to minimize the adverse impacts of human activity on the environment, while maximizing societal and economic benefits. In 2008, New Jersey Municipal Land Use Law (N.J.S.A. 40:55D) was amended to include the Green Building and Environmental Sustainability plan element in the list of permitted Master Plan elements. This new plan element is aimed at providing for, encouraging, and promoting the efficient use of natural resources and the installation and use of renewable energy systems; considering the impact of buildings on the local, regional and global environment; allowing ecosystems to function naturally; conserving and reusing water; treating storm water on-site; and optimizing climate conditions through site orientation and design. This plan element is intended to guide land-use decisions and provide the basis for ordinances addressing sustainability and land use issues; as well as help municipalities infuse sustainability concepts into their existing master plans. Guidance is available to help municipalities integrate sustainability principles into their master plans through Sustainable Jersey and the NJ Chapter of the American Planning Association. (NJAPA, 2015). The County Planning Board has been including sustainable community principles in the updates of the various County Master Plan Elements; and form the basis of the County Investment Framework adopted in 2014.

## **1. Regional Sustainability**

Regional sustainability planning efforts underway by counties and groups of counties across the nation include assessing current greenhouse gas emissions and energy use, along with available natural resources and economic assets, liabilities and opportunities; setting sustainability targets for energy supplies, transportation, waste and water management, land use, housing, agriculture, economic development and open space; and developing a sustainability plan outlining the short- and long-term actions the region can take to achieve targets and goals (NYSERDA). The National Association of Counties' (NACO's) Green Government Advisory Board identified several key trends influencing the emergence of new sustainability strategies, which are described in its 2012 publication entitled, *"Emerging Sustainability Strategies in America's Counties"*. This report describes seventeen (17) emerging sustainability strategies and technologies that are being implemented by America's counties. Included among them are implementation of the international Green Construction Code and Community-wide energy management which will improve the efficiency and sustainability of residential development and redevelopment (see [http://www.naco.org/sites/default/files/documents/2012\\_Emerging\\_Sustainability\\_Strategies\\_Publication.pdf](http://www.naco.org/sites/default/files/documents/2012_Emerging_Sustainability_Strategies_Publication.pdf)).

## **2. Sustainable Jersey**

Sustainable Jersey is a nonprofit organization that formed in 2009 to provide tools, training and financial incentives to support communities in their efforts to become more sustainable. These initiatives include but are not limited to energy conservation, waste reduction, lowering greenhouse gas emissions, and



implementing green infrastructure strategies. Currently, 19 of the County's 21 municipalities are involved in the statewide SJ program. In 2014, the Somerset County Planning Division entered a partnership with Sustainable Jersey (SJ) to establish the Somerset County Green Leadership Hub, which is aimed at empowering community, business and non-profit leaders work together and maximize the benefits of their investments in sustainability initiatives in order to enhance quality of life, revitalize the economy, protect natural resources and create thriving communities. The Hub focuses its efforts on helping municipalities succeed in implementing sustainability actions and earning SJ Certification. Three (3) of the County's municipalities are certified at the silver level, and 8 are certified at the bronze level. The Hub's steering committee was established in 2015. Administrative and technical support is provided by the County Planning Division. The Hub links members of municipal green teams throughout the County together with potential partnering entities that can assist them in achieving SJ certification by providing guidance, resources and support. Three "Green Leadership Partner Inventories" have been developed by the Hub, which match County, Non-Profit and Business services, programs and products with SJ's actions; which have been made available to municipal green teams. Quarterly events are held to facilitate networking among municipal elected officials, green team members and partner organizations; and to provide information about programs and initiatives that will help municipalities earn SJ certification. The goal of this program is to improve living and working environments throughout the County by making communities more sustainable, healthy and resilient.

### **3. Green Building**

The sustainability movement has led to growing concerns regarding greenhouse gas emissions resulting from the use of fossil fuels as a source of electrical and thermal energy. Compounding the air pollution issues associated with fossil fuel usage, is the cost of energy in New Jersey, which is higher than other areas of the nation. High energy costs make it more expensive to heat and cool homes and power household appliances; contributing to the high cost of living in the State. Some of the factors contributing to high energy costs include new Federal regulations concerning capacity assurance; increased renewable energy and greenhouse gas reduction requirements and limitations associated with the current energy business model. Growing public concerns about conserving finite fossil fuel resources while reducing the air pollution associated with their use and improving public health outcomes are driving the development of new technological and policy solutions. These concerns are transforming the way communities, buildings, infrastructure systems and transportation vehicles are designed, constructed, maintained and operated across the globe. Green building design, construction and operation; as well as actively planning for sustainable communities have emerged as important drivers of regional and local land use policy nationwide as well as throughout New Jersey. A number of tools, resources and technologies have emerged that promote the creation of high-performing buildings that improve the health and comfort of their occupants; reduce energy and water consumption; minimize greenhouse gas emissions; minimize stormwater runoff; and better integrate them with the surrounding community to enhance mobility choices and social interaction. New technologies and materials are also being developed and applied to roof, window and other building components to make them more resilient to severe weather conditions.

The home-building industry is adapting to the risks of climate change and severe weather events; as well as in response to the sustainability movement; which is resulting in new residential construction that is more resilient, resource efficient and environmentally responsible. The use of green building practices and resilient design strategies have shifted from being the exception to becoming the new normal. Leadership in Energy and Environmental Design (LEED) is a set of rating systems for the design, construction, operation, and maintenance of green buildings, which was developed by the U.S. Green

Building Council. The International Code Council has developed an International Green Construction Code, International Energy Conservation Code and International Performance Code for Buildings and Facilities, which establish a green building framework for use at the state and local level. In addition, the American Society of Heating, Refrigerating, and Air Conditioning Engineers (ASHRAE) developed standards for mechanical systems, energy efficiency, indoor air and environmental quality and green building. The National Association of Home Builders developed the “ICC 700 National Green Building Standard” in 2012, which comprises the first residential green building standard to undergo the full consensus process and receive approval from the American National Standards Institute (ANSI). The NJ Department of Community Affairs (NJCA) formally adopted the 2015 International Energy Conservation Code (IECC) in September 2015, which will have a significant impact on the design of new buildings and major renovations of existing buildings statewide (Amann, 2016). This movement is leading to increased numbers of high performance homes entering the market. Greater use of green building best practices will contribute to community sustainability and resiliency. For example, by integrating green infrastructure and low-impact design strategies into new residential and mixed-use redevelopment projects, stormwater runoff can be mitigated, groundwater reserves can be recharged, urban heat island effects can be reduced, ecological functioning of degraded environmentally sensitive areas can be restored and open space amenities that promote active lifestyles can be provided. Green building practices also integrate the idea that homes must evolve to meet the changing needs of their residents and the community over the long-haul; and must be economically viable. Low-income energy efficiency programs have become an important and growing component of ratepayer-funded efficiency portfolios throughout the country. (Cluett, 2016)

### C. Health in All Policies

“Health in All Policies” (HiAP) is described in the World Health Organization’s Adelaide Statement on Health in All Policies as assisting “leaders and policymakers to integrate considerations of health, well-being and equity during the development, implementation and evaluation of policies and services”. HiAP is a strategy which aims to include health considerations in policy making across different sectors that influence health, such as land use, transportation, housing, economic development, etc. Health is influenced by the social, physical, and economic environments, collectively referred to as the social determinants of health. Housing is one of several key public health determinants. Land use and infrastructure plans, policies and strategies play a major role in shaping public health outcomes. Keeping health considerations in the forefront when locating and designing residential development and redevelopment projects and building neighborhoods can promote healthy communities and environments; and improve living and working conditions. Economic wellbeing is one of the most critical determinants of health; living in poverty is associated with significantly worse health outcomes across all races and ethnicities and in every state and community. This is why access to affordable housing in high cost-of-living areas such as Somerset County can be a key health determinant. Neighborhood characteristics also have significant health impacts. For example, neighborhoods with safe parks and green space have lower crime rates; and neighborhoods that include healthy food retail options give their residents the ability to develop healthy eating habits. Public health is directly linked to resiliency and environmental sustainability. Community design that minimizes risks associated with exposure to flooding, pollution and other hazards. Communities that provide pedestrian access to jobs, services and amenities will have a positive health outcome. It is anticipated that public and non-profit entities will increase utilization of “Health Impact Assessments” (HIA), a tool for integrating HiAP into the development of housing policies, programs and initiatives; as well as use it to guide the planning and design of new housing development and redevelopment projects. The use of HiAP is supported by various planning organizations including the NJ Chapter of the American Planning Association and the

North Jersey Transportation Planning Association. More information about HiAP is available in the *“Health in All Policies, a Guide for State and Local Governments”* (Rudolph, 2013).

## **VII. FINDINGS AND RECOMMENDATIONS**

### **A. Assessment Results**

The following are some of the key findings and recommendations that were identified in response to the changing trends, issues and opportunities that have emerged over the past 30 years, which should be addressed in the Updated Housing Element:

#### **Monitor housing, economic and demographic trends**

The Housing Trends Assessment Report and the changes it recognizes underscores the importance of keeping a finger on the pulse of the communities in Somerset County on an ongoing basis. Ongoing monitoring is valuable for understanding how they are changing in response to local issues as well as broader global, national and regional trends; and the impacts these changes are having on the characteristics and needs of their communities, residents, economies and environment. This information is necessary for informing planning, policy and investment decisions by both the public and private sectors.

#### **Address shifting patterns of population and economic growth**

Somerset County sits on the dividing line between New Jersey’s counties to the west and south that have been experiencing population and employment losses since 2010 and those to the north and east that are growing; reflecting major demographic shifts that have occurred during this period. County-level projections show Somerset County is anticipated to remain among the top six (6) growth counties during the next twenty (20) years. Two of the key factors contributing to these changing growth patterns across the State include: 1) the increase in the number of retirees and employers leaving the State in search of lower taxes and cost-of-living since the Great Recession and 2) the decline of sprawling suburban office parks, which have become obsolete as technology and business models change; and as both the workforce and employers increasingly favor vibrant walkable communities with transit and other urban amenities. Somerset County’s regional and town centers and surrounding rural landscapes provide a high quality of life and give it the competitive advantage needed to remain among the State’s growing counties. By working together, the County’s municipalities can identify and implement strategies that will ensure the County remains economically competitive and attractive as a place to live, work and play. Adopting housing policies and land use strategies at the state, regional and local levels that will support the provision of a range of housing types and meet the needs of younger generations entering the housing market as well as existing residents, including seniors, is vital to achieving this goal.

### Respond to the impacts of fluctuations in the housing market and economy

The County (along with the rest of New Jersey) is still reeling from the housing market crash that occurred in 2007 and subsequent Great Recession; with many homeowners faced with upside down mortgages (the home's value has declined to a level that is lower than the mortgage amount) that some can no longer afford to pay; dampening mobility within the housing market mobility, increasing foreclosure rates, and reducing demand for large single-family suburban homes. A growing number of suburban empty-nesters and young retirees interested in downsizing are unable to find affordable alternative housing options that meet their changing needs, and are being forced to remain in larger homes that are increasingly difficult for them to maintain. Ongoing monitoring of changes in the housing market and economy is needed in order to inform housing policies and programs at all levels of government and to advocate for appropriate private sector responses to changing consumer needs and preferences.

### Create a variety of affordable housing options

Changes in the structure of the economy, housing market, and finance industry and the high cost of living in Somerset County; together with the more constrained personal finances of the younger generations entering the housing market have made it much more difficult for them to attain homeownership. The pool of first-time home buyers looking for starter homes has been replaced with an increase in households seeking rental housing. Today, both rental costs and home prices are outpacing wage levels. The degree to which more affordable rental and for-purchase housing types can be added to the housing stock will have a direct impact on the overall health of the County's economy - because of its direct relationship to the strength of the County's labor force and ability to retain long-term residents. As such, the updated housing element should emphasize the interrelationship between the availability of affordable housing choices and the County's economic vitality and competitiveness. Furthermore, by addressing affordable workforce housing shortages within the County, more people will be able to live closer to their places of employment within the County, thereby avoiding long commute distances, reducing roadway congestion, decreasing vehicular emissions and saving energy.

The availability of more affordable building materials and strategies that will lower the cost of affordable and workforce housing should be explored. Modular home construction, pre-fabrication, and other cost-efficient construction techniques and products that will lower housing costs without compromising the quality and health of the living environment should be encouraged. The incorporation of universal design features and energy efficiency during the design phase will yield both short and long-term cost benefits. Changing housing needs also correspond to lifecycle changes, adding to the importance of having a wide variety of housing choices at all levels of affordability. The greater use of universal design principles will add flexibility to the housing stock and expand housing options for more people throughout their lifetimes.

Ways to streamline state, county and municipal development review, permitting and inspection processes and requirements should be explored in order to support timely and efficient delivery of affordable and workforce housing and reduce associated costs.

### Advance smart growth and sustainable community principles

Development patterns consistent with the principles of smart growth and sustainable development have increased in importance and correlate directly to the kinds of communities that are in greatest demand. These principles form the basis of the County Investment Framework. The goal of increasing housing choices and opportunities within mixed-use, walkable neighborhoods with greater proximity and access to jobs, cultural and recreational amenities, services and mass transit should be a priority in the updated housing element. Significant growth can be accommodated through the re-use and redevelopment of individual and clusters of underutilized and vacant commercial and industrial sites which are already served by transportation and utilities; the majority of which are located in the County's Priority Growth Investment Areas. Redevelopment should include pedestrian and bicycle amenities that link residential redevelopment and infill projects to nearby employment, service and recreation amenities, thereby reducing auto-dependency and commuting costs. Measures for restoring degraded environmental features should be undertaken as part of the redevelopment process, in order to take advantage of green infrastructure solutions. The County's residents value highly the remaining (yet shrinking) rural landscapes, farms, forests and riparian areas that contribute to Somerset County's character, quality of life and natural systems. Directing growth to the County's Priority Growth Investment Areas in accordance with the County Investment Framework is consistent with these principles; and reduces development pressure on the County's Priority Preservation Investment Areas. Open space investments should serve multiple purposes, including providing active and passive recreation opportunities for nearby residential areas; while also managing stormwater and providing other green infrastructure and ecological services.

### Encourage Inclusive Communities

The County's population, much like that of the state and nation, continues to become more racially and ethnically diverse as a result of international migration, which is the primary force contributing to population growth. This trend suggests the updated housing element can be strengthened by supporting the growing diversity of the County's population and strategies that will promote the County's diversity as an asset for maintaining vibrant, inclusive communities and attracting a talented workforce. Improving access to community assets creates "ladders of opportunity" and provides lifelong benefits, especially for the youngest members of society.

### Meet the needs of seniors and others with special needs

The elderly portion of the County's population is also increasing consistent with state and national trends; and changes in federal and state human service and Medicaid policies require community integration of supported living opportunities for people with disabilities. These trends, together with changing policies affecting de-institutionalization, long term and community-based care and alternative living opportunities require a variety of new and innovative "aging in place" and "special needs" housing and service delivery solutions which should be addressed in the updated housing element. These solutions can be designed to also help minimize homelessness in the County; and should align with the Federal "Home and Community-based Services" Rule. Ongoing efforts to better understand the needs

of the homeless population and their service requirements are supported. This will help government and non-profit service providers develop holistic policies and strategies that enable homeless individuals to become better integrated, functioning members of the community.

#### Address the needs of households at both ends of the household size spectrum

Shifts in household types affect housing demand as well. The growing number of single-person households represents demand for smaller, affordable rental housing types; while at the other end of the spectrum, the County is also experiencing growth in the number of larger households as multigenerational and alternative household living arrangements become more common, resulting in increased demand for larger homes with flexible floorplans. The updated element should continue to identify strategies such as home-sharing, the provision of accessory apartments within existing single-family homes and other approaches that blend with and enhance neighborhoods in order to increase housing choices and opportunities for these growing housing demand segments.

#### Support municipalities in meeting State Fair Housing Act requirements

Municipalities in New Jersey have a statutory obligation to provide affordable housing opportunities for low-and moderate-income households pursuant to the State Fair Housing Act of 1985. Enormous progress has been made by the County's municipalities in addressing the first and second round of affordable housing obligations in accordance with the NJ Council on Affordable Housing's substantive and procedural rules. However, the State has experienced a period of uncertainty with regard to State affordable housing policy and associated municipal fair-share obligations; which is currently being addressed through the Courts in response to the Supreme Court's March 10, 2015 Mount Laurel IV Decision. The need for more affordable housing statewide and within Somerset County is unquestioned; however the actual number of affordable housing units municipalities should be obligated to accommodate is currently being debated. The updated element should continue to encourage municipalities to address their affordable housing obligations, promote policies that will ensure obligations that are reasonable and actionable, and help them to identify strategies that are consistent with smart growth and sustainable development principles. Again, the linkage between the availability of an adequate supply of affordable housing needed to grow the local workforce, strengthen the regional and local economy and the County's attractiveness as a place for job growth should be highlighted in the updated housing element.

The updated housing element should continue to promote cooperation and collaboration among public and private sector leaders and organizations in order to work together to identify long-term policy solutions to the shared responsibility of providing adequate affordable housing opportunities that meet current and future needs.

#### Incorporate workforce housing as an economic growth catalyst

One of the greatest opportunities for increasing the supply of affordable and workforce housing opportunities in the County lies in the oversupply of vacant, underutilized office, industrial and commercial space. Many of these underutilized sites are in prime locations, well served by transit,

utilities and are in close proximity to community assets and are within the County's Priority Growth Investment Areas. By including a residential component in the re-use and redevelopment of these sites, housing can become a catalyst for the economic revitalization of these sites and their surrounding areas; and for restoring existing degraded environmental assets. Redevelopment and re-use of these properties as a mechanism for accommodating residential and economic growth is also consistent with the principles of smart growth and community sustainability, and supports implementation of the County Investment Framework.

#### Preserve the existing affordable housing stock

Given the enormous public investment communities make in meeting their fair housing obligations, affordable housing itself becomes a valuable community asset that warrants careful preservation. Programs that support the maintenance and rehabilitation of affordable housing are encouraged. Strategies that ensure units these units remain affordable, such as the application and extension of deed restrictions that comprise affordability controls should be supported in the updated housing element. Likewise, strategies to spend local housing trust funds collected by the County's municipalities in a timely and efficient manner will benefit their residents. Housing plans and policies at the state and local levels should align with existing and new state and national housing policies, including the new U.S. Department of Housing and Urban Development (HUD) "Affirmatively Furthering Fair Housing" requirements so that alternative living facilities for individuals with special needs remain viable for the long-term.

#### Promote community resiliency and sustainability

Among the most pressing issues facing the County today, community resiliency and sustainability top the list. The updated housing element should support sustainability and resiliency-based economic, land use, infrastructure and environmental policies; green building and low-environmental impact design and engineering strategies; and solutions that will reduce exposure of both people and property to hazards such as flooding, severe storms and associated prolonged power outages and disruptions to communication, transportation, water and wastewater systems. As the cost differential between traditional and green building standards continues to decline, the implementation of green building strategies will become increasingly more common and visible. The incorporation of energy efficiency and conservation strategies and renewable energy systems in residential development and redevelopment projects will help reduce carbon emissions and other air pollutants; and meet the increasing demand for high-performance buildings associated with a growing pool of more environmentally conscious housing consumers. The application of LEED and green building standards also results in healthier indoor living environments.

#### Encourage a "Health in All Policies" Framework

The updated Element should also support the use of a "Health in All Policies" framework in the process of establishing new state and local housing policies and programs. Housing is one of several key public health determinants. Keeping health considerations in the forefront when locating and designing

residential development and redevelopment projects and enhancing neighborhoods can promote healthy communities and environments; and improve living and working conditions. The application of “complete street” principles will also improve public health, safety and quality of life, especially in mixed-use neighborhoods and communities. The establishment of programs that support the creation of “ladders of opportunity” and connect people to housing, employment, education, services and other opportunities should be supported in the updated Housing Element.

## **B. Comparison with State and Regional Plans**

As part of this review, the major state and regional planning initiatives that influence land development, infrastructure and environmental policies and investment decisions in the County have been identified, and are described in Section V above. The following is a summary of the results of a comparison of the recommendations, goals and strategies contained in the 1987 Housing Element with the County Investment Framework (which is an element of the Somerset County Master Plan), and other applicable state and regional plans; including the Together North Jersey Plan which was completed in 2016; the State Development and Redevelopment Plan adopted by the State Planning Commission in 2001, the Final Draft State Strategic Plan prepared in 2012 and the Highlands Regional Master Plan adopted in 2008. The purpose of these comparisons is to identify specific housing-related issues and topics relevant to Somerset County today that may or not be addressed in the 1987 Housing Element and that should be considered during the update process. Since the State Development and Redevelopment Plan and the Highlands Regional Master Plan were prepared several years ago and/or undergoing monitoring and update at this time, and the Final Draft State Strategic Plan has not been adopted, determining consistency with these plans was not the primary objective. However, many of the housing recommendations, goals and strategies in the 1987 Housing Element can be found in these plans. Identifying the aspects of these plans that remain valid today based on the results of this report is the focus of this work. Presented below is a summary of the results of these comparisons:

### **1. The State Development and Redevelopment Plan**

The State Development and Redevelopment Plan (SDRP), which was adopted by the NJ State Planning Commission in 2001, includes eight (8) Goals. Goal # 6 “Provide Adequate Housing at a Reasonable Cost”, and many of the strategies associated with this goal; as well as the fundamental smart growth principles in the State Development and Redevelopment Plan remain relevant today. The plan specifically calls for providing the State’s residents with a choice of housing which is affordable, structurally sound, well-maintained and located in neighborhoods that are attractive, safe and easily accessible to employment and services. It also recommends the provision of plentiful housing options, including those that meet the needs of the elderly and disabled, and those with low and very low incomes; and the application of universal design to accommodate changing needs. The SDRP recognizes the need for strong leadership and public/private/non-profit partnerships to identify and implement creative housing solutions. The plan emphasizes the dynamic between housing supply, quality of life and strength of the economy; and recommends a simplified regulatory framework governing housing delivery. The SDRP also emphasizes the importance of maintaining the housing stock. All of these concepts are currently reflected in the County’s 1987 Housing Element and remain relevant today.



An aspect of the SDRP that should be emphasized in the updated housing element is the important role housing can play as a catalyst for revitalization and redevelopment; and residential reuse as a strategy for returning vacant and underutilized commercial, industrial and civic buildings to productive use. The SDRP also recognizes the growing diversity of the State's population and the need for multiracial and multicultural integration in our communities and neighborhoods, which can also be expanded upon in the plan update. The SDRP recognizes the critical role the financial markets play with regard to access to housing opportunities, and the importance of providing rental housing opportunities. These recommendations are especially relevant today given the impacts of the Great Recession and financial constraints faced by many, and should be reflected in the updated housing element as well. The SDRP calls for mixed-income neighborhoods which are fully integrated into the community fabric, with most housing located within walking and biking distance to neighborhood shopping, recreational, civic and educational functions; and promotes center-based mixed use development patterns; consistent with the County Investment Framework. Gated communities are discouraged in the SDRP due to the isolation of neighborhoods and access constraints they represent. Consideration should be given to discouraging this type of development in the County as part of the updated housing element.

## **2. Final Draft State Strategic Plan**

The Final Draft State Strategic Plan (Draft SSP) was prepared with the intent that it would serve as an update to the State Development and redevelopment Plan. It contains 10 "Garden State Values", of which the following is included: "Diversify Housing Opportunities – Support construction and rehabilitation of homes that meet the needs of households of all sizes and income levels, located near jobs, transit and where services are available. It encourages municipalities to address statutory affordable housing requirements by preparing and implementing housing elements and fair share plans. These concepts are reflected in the 1987 Housing Element. However, the Draft SSP includes some additional concepts that could be expanded upon in the updated housing element. The Draft SSP recommends development strategies that promote "investments related to "quality of life", including, but not limited to, increasing access to housing in close proximity to public transportation and recreation. It recognizes that today's skilled labor force is looking to work in safe communities, with access to quality education, housing, public transportation, parks, recreation and other amenities; increasing demand for quality mixed-use neighborhoods with urban amenities.

## **3. Highlands Regional Master Plan**

Subpart F of The Highlands Regional Master Plan (HRMP) addresses housing and community facilities. The HRMP seeks to address a full range of housing needs including low and moderate income housing; and supports the provision of a variety of housing types, including rental, multi-family, age-restricted, supportive and special needs housing; within the context of economic, social and environmental considerations and constraints. It supports municipal efforts to address the requirements of the State Fair Housing Act; and the provision of a mix of housing types. It targets new housing in areas with existing infrastructure and compatible existing densities; and within walking distance of schools, employment, transit, and community facilities and services. The HRMP supports the majority of the smart growth principles articulated in the SDRP; by encouraging development and redevelopment which

provides a balance of jobs to housing in close proximity to rail and bus service. These goals and policies are substantially reflected in the County's 1987 Housing Element.

HRMP recommends that housing needs be addressed within the context of preserving the character and environmental integrity of the Highlands region. The HRMP guides development away from environmentally sensitive and agricultural lands by encouraging the Transfer of Development Rights (TDR) and the use of clustered development on lands that are not environmentally sensitive in more rural landscape areas, as a strategy for preserving contiguous tracks of open space and farmland. It includes policies that encourage affordable housing within new compact residential and mixed use development, redevelopment or adaptive re-use projects; and the preservation and monitoring of the existing affordable housing stock. The HRMP recommends development standards that are intended to ensure that development which is dependent on public utilities has sufficient density to make cost – effective use of utility lines, minimizing the costs per unit development of construction, operation, maintenance and reconstruction; consistent with the principles of smart growth. The HRMP also supports the provision of farm labor housing where needed to support the viability of agricultural operations. The HRMP encourages the use of housing metrics for tracking changes in the housing stock over time and identifying housing trends and issues. It also encourages the implementation of low impact development strategies, green building design and energy efficient technology in residential rehabilitation, redevelopment and new construction; and includes an overview of green building best practices. The importance of intergovernmental coordination and collaboration are recognized in the HRMP. These concepts could be expanded upon in the updated housing element.

#### **4. Together North Jersey Regional Plan**

The TNJ Plan recommends strategies and actions to address regional disparities in access to opportunity and barriers to fair housing. The plan recognizes the high cost of housing as one of the region's major challenges. The plan's housing recommendations include locating most new housing in places with existing and planned infrastructure; expanding and diversifying the regions housing supply to meet current and future demand; increasing housing variety and choice by removing regulatory and other barriers to housing production; targeting financial and other incentives to increase the production of housing types that are in short-supply; Increasing the supply of affordable housing in areas served by transit; ensuring existing deed-restricted affordable housing remains affordable; increasing housing mobility for lower income residents; and increasing the supply of affordable, accessible housing for people with disabilities and seniors. Several of these recommendations are currently reflected in the 1987 Housing Element. However, all are applicable to Somerset County, and their integration into the updated housing element should be considered.

#### **5. County Investment Framework**

The County Investment Framework (CIF) identifies areas most suitable for growth and preservation in Somerset County. The infrastructure and community facilities necessary for supporting growth are concentrated in the Priority Growth Investment Areas (PGIAs) identified on the map. These are areas where primary economic growth and community development strategies that enhance quality of life

and economic competitiveness are preferred; and where appropriate, growth-inducing investments are encouraged. These are the prime locations for vibrant, mixed-use live-work-play environments within walking distance of transit and green space. Higher-intensity mixed use residential development and redevelopment consistent with the character of the regional and town centers, commercial corridors and employment nodes that comprise PGIAs is recommended, and should be emphasized in the updated housing element. The CIF also identifies Alternative Growth Investment Areas (AGIAs), which are comprised predominantly of developed suburban neighborhoods and neighborhood-oriented business services; and Limited Growth Investment Areas (LGIAs) comprised of low-density rural/residential land uses. AGIAs are dominated by single-family residential land use patterns. These areas are served by utilities and an auto-oriented transportation system. However, AGIAs include some mixed-use “Local Priority Areas” (LPAs) comprised of existing villages and hamlets with access to transit services. Policies and investment strategies focused on preserving and enhancing existing neighborhood character and quality of life are prioritized in AGIAs and associated LPAs and should be emphasized in the updated housing element. The Limited Growth Investment Areas shown on the map are suburban in character, developed with existing larger single family homes served by septic systems. The CIF also identifies Priority Preservation Investment Areas (PPIAs) where agriculture and the preservation and restoration of environmentally sensitive natural resources are preferred and where policies and investments aimed at resource restoration and protection, and farmland and open space preservation are preferred. The updated housing element should discourage additional residential development within PPIAs that will result in fragmentation of critical habitat and farmland resources. It should also support the voluntary use of environmental and agricultural best management practices by owners of existing residentially developed properties within PPIAs.

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