

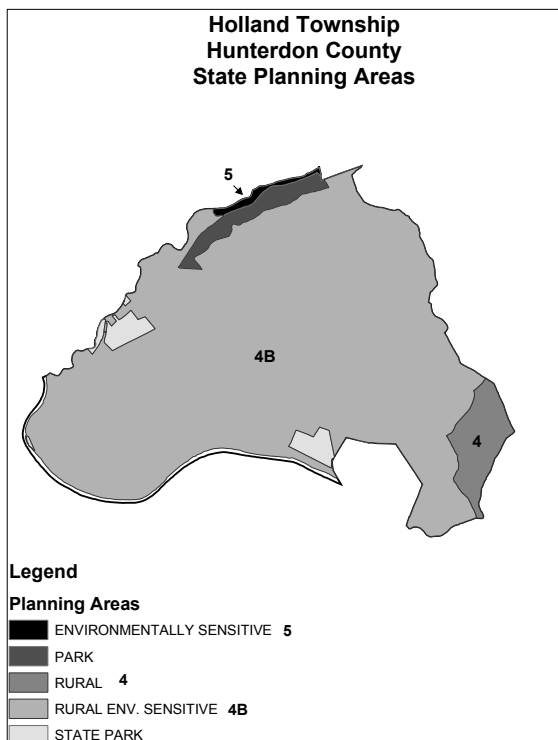
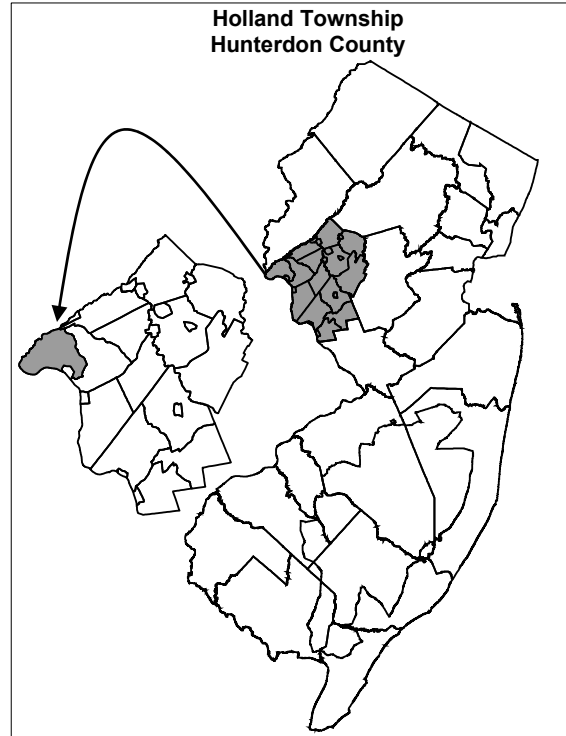
**COAH COMPLIANCE REPORT  
HOLLAND TOWNSHIP/HUNTERDON COUNTY  
REGION # 3**

**Prepared by Maria Giovine, Assistant Planner  
November 24, 2004**

**I. INTRODUCTION**

Holland Township is located on the northwestern border of Hunterdon County and contains approximately 24 square miles. Holland Township is bound by the Township of Bethlehem and the Borough of Bloomsbury on the north, the Borough of Milford on the south and the Township of Alexandria on the east.

Holland Township is primarily located in Planning Area (PA) 4, 4B and 5 on the State Plan Policy Map (SPPM) of the State Development and Redevelopment Plan (SDRP). Holland Township does not contain any centers designated by the State Planning Commission.



On June 23, 1998, Holland filed a Housing Element and Fair Share Plan, without requesting Council on Affordable Housing (COAH) review and certification. The Planning Board of Holland Township adopted a Housing Element and Fair Share Plan on May 8, 2000, addressing its 12-year cumulative affordable housing obligation. Holland Township's 1987 - 1999 cumulative precredited need is 47 units, including a rehabilitation obligation of 31 units and a new construction obligation of 16 units. The Township initially petitioned COAH for

substantive certification on May 31, 2000. Holland published notice of its initial petition in The Courier News on June 16, 2000. During the 45-day objection period, COAH received an objection to the plan from the Association for Retarded Citizens (ARC) of Hunterdon County. ARC stated that the agency was unable to complete a proposed group home, as specified in Holland's petition for substantive certification, due to lack of funding. Subsequently, Holland's Planning Board adopted a revised Housing Element and Fair Share Plan on February 18, 2004, and re-petitioned COAH on April 21, 2004. Holland published notice of its re-petition in The Hunterdon County Democrat on July 28, 2004. During the 45-day objector period, no objections to the plan were received by COAH.

## **II. BACKGROUND**

Holland Township received first round substantive certification of its Housing Element and Fair Share Plan from COAH on July 1, 1992. Holland's certified first round plan addressed the Township's affordable housing obligation of 28 rehabilitation units.

## **III. HOUSING ELEMENT/FAIR SHARE PLAN**

Holland Township's plan proposes 26 rehabilitation credits, a five-unit rehabilitation program, a four unit Regional Contribution Agreement (RCA) with the City of Lambertville, a ten-unit accessory apartment program, and a proposed inclusionary development, which will contain four affordable age-restricted units.

### **A. Demographic Analysis**

Holland Township's Housing Element indicates that the Township had 1,719 total housing units with 4,892 people residing in 1,824 occupied housing units, leaving 105 vacant units in 1990. According to the 1990 census, median household income in the Township was \$45,175 with an average of 2.8 persons per household. Seventy-three percent of the Township's housing stock was constructed between 1950 and 1990 and nearly 95 percent of these units were single-family detached units. Holland Township's Housing Element indicates that the median

value of owner-occupied homes was \$186,300 with 1,562 owner-occupied units. The Housing Element also indicates that there are 157 renter-occupied units with a median rent of \$656.

COAH staff analyzed the 2000 Census information for Holland Township. The Census indicates that the Township had 1,942 total housing units with 5,124 people residing in 1,881 occupied housing units, leaving 61 vacant units in 2000. According to the Census, median household income in the Township was \$68,083 with an average of 2.74 persons per household. The median value of owner-occupied homes was \$199,000 with 1,580 specified owner-occupied units. The 2000 Census also indicates that there are 122 specified renter-occupied units paying cash rent with median rent of \$905.

In reviewing Holland Township's Housing Element dated January 16, 2004, it is concluded that sufficient information was submitted regarding housing stock, demographic characteristics, employment characteristics and population trends pursuant to N.J.A.C. 5:93-5.1(b).

## **B. Credits/Reductions/Adjustments**

Credits represent units that have been built, created or rehabilitated. Reductions represent units that have been included in a previously certified affordable housing plan by zoning for low and moderate-income housing. Adjustments reflect the application of COAH regulations that reduce a municipality's affordable housing obligation based on other limitations and/or methodological corrections.

### **1. Credits**

#### **a. Rehabilitation Credits**

Pursuant to N.J.A.C. 5:93-3.4, municipalities may receive credit for the rehabilitation of substandard low and moderate income housing units completed subsequent to April 1, 1990.

The Township has requested 26 credits for housing units rehabilitated by Housing and Community Development Services, Inc. since April 1, 1990. In accordance with N.J.A.C. 5:93-3.4, the units were brought up to applicable code standard, an average of \$14,820 was expended on the rehabilitation, and the units are currently occupied by the occupants who resided within the unit at the time of rehabilitation or by other eligible low or moderate income households. The required controls on affordability are in accordance with N.J.A.C. 5:93-9.2(c). **[26 rehabilitation credits]**

**2. Reductions**

Holland Township’s Housing Element and Fair Share Plan does not include any reductions.

**3. Adjustments**

Holland Township’s Housing Element and Fair Share Plan does not include any adjustments.

**4. Summary of Credits, Reductions and Adjustments**

The following table summarizes Holland Township’s credits, reductions, and adjustments:

	Rehabilitation Component		New Construction Component		Total	
	Plan	Eligible	Plan	Eligible	Plan	Eligible
Obligation	31		16		47	
Credits/Reductions/Adjustments	Plan	Eligible	Plan	Eligible	Plan	Eligible
Rehabilitation Program	26	26			26	26
<b>Total Credits/Reductions/Adjustments</b>	26	26				
Remaining Obligation		5		16	21	21

### **C. Remaining Fair Share Obligation**

Holland Township's plan proposes 26 rehabilitation credits for units previously rehabilitated under the Township's ongoing rehabilitation program. This leaves a remaining obligation of 21 units consisting of a new construction obligation of 16 units and a rehabilitation obligation of five units. Holland proposes to meet this obligation with a five-unit municipal rehabilitation program, 10-unit accessory apartment program, a four-unit RCA and a proposed inclusionary age-restricted development in the PDC/PSV zone that will contain four affordable age-restricted units.

#### **1. Rehabilitation**

Holland's remaining five-unit rehabilitation component will be addressed through a five-unit rehabilitation program. The Township proposes to fund the program through development fee revenues and will also seek monies from county, state and federal programs. Holland has committed \$10,000 of funding per unit, for a total of \$50,000 and has provided a schedule for funding and rehabilitation. Accordingly, Holland has submitted a resolution of intent to bond, dated April 6, 2004, to cover any shortfall in funding in its rehabilitation program.

Holland has submitted a professional services resolution that is adopted annually, that demonstrates that the Township has an on going contract with Housing and Community Development Services, Inc. (HCDS). The contract has been in place since 1992. Holland has submitted a rehabilitation manual that describes the administration of the program.

Holland must adhere to the following minimum funding schedule pursuant to N.J.A.C. 5:93-5.2:

<b>Deadline</b>	<b>Funding</b>	<b>Units</b>
1 year after certification	\$20,000	2
2 years after certification	\$10,000	1
3 years after certification	\$10,000	1
4 years after certification	\$10,000	1
<b>Total</b>	<b>\$50,000</b>	<b>5</b>

In accordance with N.J.A.C. 5:93-5.2, the Township must ensure that the appropriate controls on affordability will be in place (six years for owner-occupied units and 10 years for renter-occupied units), that a major system will be addressed, that the units will be brought up to applicable code standard, and that the occupants will be of low or moderate income.

**[5-Unit Rehabilitation Program]**

**2. Accessory Apartments**

Pursuant to N.J.A.C. 5:93-5.9, a municipality may use up to 10 accessory apartments to meet its new construction obligation provided that its housing stock lends itself to accessory apartments.

Holland Township proposes to provide 10 low-income units of its new construction obligation through an accessory apartment program. Holland has submitted a draft amendment to its land use ordinance, permitting the creation of accessory apartments in its R-5 zone, which will become the Conservation Agriculture (CA) District upon the adoption of the ordinance.

Holland has demonstrated that its housing stock lends itself to the creation of accessory apartments. The Township will impose affordability controls on the accessory apartments for a period of at least 10 years, and will affirmatively market the accessory apartments to the housing region. The Township has committed to provide \$10,000 per unit in its annual budget to cover the cost of the program according to the following schedule:

<b>Deadline</b>	<b>Funding</b>	<b>Units</b>
1 year after certification	\$40,000	4
2 years after certification	\$20,000	2
3 years after certification	\$20,000	2
4 years after certification	\$20,000	2
<b>Total</b>	<b>\$100,000</b>	<b>10</b>

The Township also intends to use development fees to partially fund the accessory apartment program. In addition, Holland has submitted a resolution of intent to bond, dated April 6, 2004, to cover any shortfall in funding in its accessory apartment program. Holland has contracted with HCDS to administer the Township’s accessory apartment program.

In addition, Holland has provided a letter from the municipal engineer, dated August 25, 2004, verifying the suitability of the non-sewered areas of the municipality for the expansion or creation of septic systems.

In accordance with N.J.A.C. 5:93-5.9(f), at the end of two years from the date of COAH’s grant of substantive certification, COAH will assess Holland’s accessory apartment program. In the event the program is not producing affordable units as predicted, COAH will require any necessary changes to address the shortfall. **[10-Unit Accessory Apartment Program]**

### **3. Regional Contribution Agreement (RCA)**

Pursuant to N.J.A.C. 5:93-5.7(a), a municipality may address its housing obligation by entering into an RCA in accordance with N.J.A.C. 5:93-6.

Holland Township proposes a four-unit RCA with the City of Lambertville for a total transfer of \$100,000 (\$25,000 per unit). Holland has submitted a draft RCA contract and resolutions from both municipalities authorizing execution of the RCA. The RCA will be funded through a payment in lieu from the developer of the inclusionary age-restricted

development known as the PCD/PSV Zone. The RCA will be reviewed in a separate report.  
**[4 RCA units]**

#### **4. Inclusionary Development**

To replace the group home deleted from the initial petition, Holland proposes an ordinance, which provides for a Planned Senior Village (PSV) development within the Township's Planned Commercial Development (PCD) zone. The zone is located near route 519 on Milford-Warren Glen Road (Block 24, Lots 3 and 13) and is approximately 87 acres. In its initial petition, the PCD/PSV zone was originally designated for a five-bedroom group home. However, inadequate funding made this infeasible. Currently, the zone permits the development of senior citizen residential uses in addition to the non-residential uses that were previously allowed in the PCD district, and requires the developer to set aside a one-acre portion of the zone for a future six bedroom group home as a means of addressing the Township's third round affordable housing obligation.

The development of the Huntington Knolls will consist of five phases. The inclusionary component of the development will be constructed during Phase II of the project. The Huntington Knolls development calls for various types of age-restricted housing units (including 100 quadriplex units and up to 50 assisted living or independent living apartments), a site for two non-age-restricted group homes, a commercial development area, open space and recreational facilities as well as one "farmette" lot for continued agricultural usage and dedicated open space.

The Huntington Knolls development is proposed to produce 154 age-restricted for-sale and/or rental units, with four affordable age-restricted units to be located in one of the quadriplex buildings. Two of the units will be low-income units and two will be moderate-income units. All of the affordable units will be one-bedroom units. The developer of the zone will also be contributing a four-unit payment in lieu that will fund a Regional Contribution Agreement (RCA) with the City of Lambertville.

The Planning Board granted preliminary approval of the comprehensive planned development plan for this configuration of uses and also approved the preliminary site plan for Phase I of this plan in May of 2003. There are Category 1 waterbody issues on the site which will have some effect on the layout of Phase I of the development. Any Category 1 waterbody requires a 300 foot buffer, except that the NJDEP will approve certain improvements within the outer 150 feet of this buffer if the land within the buffer was recently disturbed, as is the case with the Huntington Knolls site. However, the developer has submitted a letter to COAH assuring that the required buffers will have little or no effect on the layout proposed for Phase II, where the four low-and moderate-income units will be provided. The Department of Environmental Protection issued the permits and approvals for Phase I on November 16, 2004. Sewer and water are available to the site. The zone is included in the Township's sewer service area and has a sewage treatment allocation reserved for its development and the zone is also included in the Township's water franchise area. The zone is in the Highlands Planning Area. The Township has also submitted a letter of agreement from William B. Savo, Esq. on behalf of the developer for the construction of the affordable units and the payment in lieu.

Land uses surrounding the subject site include a townhouse development located immediately to the north on Route 519, preserved farmland across Route 519 to the east and existing farms and single-family residential uses to the south and west. Commercial uses are located to the north of the townhouses on the west side of Route 519.

The PCD zone, which includes the age-restricted inclusionary development, is in Planning Area 4B (PA 4B) according to the New Jersey State Development and Redevelopment Plan (SDRP). Pursuant to N.J.A.C. 5:93-5.4, in PAs 4 or 5, as designated in the SDRP, the Council shall require inclusionary developments to be located in centers.

On November 16, 2004, Holland's governing body adopted a resolution stating its intention to amend its Zoning Ordinance and to submit its Zoning Ordinance and Master Plan either to the State Planning Commission or the Highlands Council for plan endorsement and for designation of a center that will encompass all of the land in the PCD zone, which

includes the PSV Village. The resolution further states that the Township Committee is committing to apply for Plan Endorsement upon adoption of the amended Zoning Ordinance and within such reasonable time frame thereafter as may be required by COAH.

On November 17, 2004, Holland's attorney submitted a letter requesting a waiver from the center designation requirement of N.J.A.C. 5:93-5.4. COAH forwarded the waiver request and supporting documentation to Adam Zellner, Executive Director of the Office of Smart Growth (OSG), for a recommendation. OSG recommended that COAH grant the waiver based on the following conditions:

- 1) Holland schedules a pre-petition meeting with OSG staff within six months after the waiver is granted;
- 2) Holland submits a petition for plan endorsement to OSG within one year after the waiver is granted; and
- 3) Holland has an endorsed plan from the State Planning Commission, or the equivalent from the Highlands Council, that includes the PCD zone (Block 24, Lots 3 and 13) as a PA 2 site or within a center within two years after the waiver is granted.

In response to the waiver request, the Council formed a task force to discuss whether to grant a waiver from the center designation requirement of N.J.A.C. 5:93-5.4. The task force met on November 24, 2004 and accepted OSG's recommendation.

In accordance with N.J.A.C. 5:93-7.3(b), these units will have the proper bedroom distribution. As per N.J.A.C. 5:93-9.2(e), these units will have 30-year controls on affordability, and will be affirmatively marketed in accordance with N.J.A.C. 5:93-11. In addition, the affordable units will be constructed in Phase II in accordance with the phasing schedule pursuant to N.J.A.C. 5:93-5.6(d). The Township's Zoning Officer will administer the age-restricted units in the inclusionary development. **[4 age-restricted units]**

#### **D. Rental Component**

As per N.J.A.C. 5:93-5.15(a), every municipality has an obligation to provide a realistic opportunity for rental units. In Holland Township, the rental obligation is equal to 25 percent of the Township's new construction obligation based on the following formula:

$$\text{Rental obligation} = .25 (\text{precredited need} - \text{prior cycle credits} - \text{rehabilitation component})$$

$$\text{Rental obligation} = .25 (47-0-31) = 4 \text{ units}$$

Based on this calculation, Holland's rental obligation is four units. Holland's accessory apartment program will address this obligation. Pursuant to N.J.A.C. 5:93-5.15(d)3, rental bonuses may not be granted on units that exceed the rental obligation. Rental units that are not age-restricted are eligible for a two-for-one rental bonus pursuant to N.J.A.C. 5:93-5.14(d)(1). Rental units that are age-restricted are eligible for a one and on-third bonus pursuant to N.J.A.C. 5:93-5.15(d)2. Holland has not requested any rental bonuses.

#### **E. Age-Restricted Units**

Pursuant to N.J.A.C. 5:93-5.14(a)3, Holland Township may age-restrict 25 percent of its obligation based on the following formula:

$$\text{Age-Restricted Maximum} = .25 (\text{precredited need} - \text{prior cycle credits} - \text{rehabilitation credits})$$

$$\text{Age-Restricted Maximum} = .25 (47-0-26) = 5 \text{ units}$$

Based on this calculation, Holland may age-restrict up to five units in its plan. The Township's Planned Senior Village (PSV) development within the Planned Community Development (PCD) zone will contain four affordable age-restricted units.

## **F. Regional Contribution Agreement**

Pursuant to N.J.A.C. 5:93-6.1(a)3, Holland Township may transfer up to one-half of its affordable housing obligation via a regional contribution agreement (RCA) in accordance with the following formula:

$$RCA\ Maximum = .5 (pre-credited\ need - prior\ cycle\ credits - rehabilitation\ credits)$$

$$RCA\ Maximum = .5 (47-0-26) = 10\ units$$

Based on this calculation, Holland may transfer up to 10 units as part of an RCA. Holland is proposing a four-unit RCA with the City of Lambertville.

## **G. Development Fee Ordinance**

COAH approved Holland's development fee ordinance on January 24, 2002. Holland's governing body adopted the ordinance on March 5, 2002. To date, the Township has not reported the collection of development fees. Holland has submitted an executed Escrow Agreement for the collection of development fees.

## **H. Spending Plan**

COAH approved Holland's spending plan on March 5, 2002. However, the Township has submitted a revised spending plan for COAH to review and approve. The Township's spending plan will be reviewed in a separate report.

## **I. Affordable Housing Ordinance**

Holland Township has submitted an affordable housing ordinance that comports to the requirements of N.J.A.C. 5:93 et seq. and addresses affordability controls, bedroom distributions, sale and rental pricing on all components of the Township's plan. Once approved by COAH, the

ordinance must be adopted by Holland Township within 45 days of COAH's grant of substantive certification.

**J. Affirmative Marketing**

Holland has submitted an affirmative marketing ordinance that comports to the requirements of N.J.A.C. 5:93-11 and ensures the units in the Township's plan will be affirmatively marketed to the region upon initial sale/rental and re-sale/re-rental. The Township has designated HCDS as the administrative entity for the accessory apartment program and rehabilitation program. The Township's Zoning Officer will administer the age-restricted units in the inclusionary development. Once approved by COAH, the ordinance must be adopted by Holland Township within 45 days of COAH's grant of substantive certification. The Township must market any sales, re-sales, rentals and re-rentals to the COAH housing region pursuant to N.J.A.C. 5:93-11.

**K. Summary**

The following table summarizes Holland Township's plan:

	Rehabilitation Component		New Construction Component		Total	
Obligation	31		16		47	
<b>Credits/Reductions/Adjustments</b>	<b>Plan</b>	<b>Eligible</b>	<b>Plan</b>	<b>Eligible</b>	<b>Plan</b>	<b>Eligible</b>
Township Rehabilitation Program	26	26			26	26
<b>Total Credits/Reductions/Adjustments</b>	26	<b>26</b>			26	<b>26</b>
Remaining Obligation		<b>5</b>		<b>16</b>		<b>5</b>
Township Rehabilitation Program	5	<b>5</b>			5	<b>5</b>
Accessory Apartment Program			10	<b>10</b>	10	<b>10</b>
PCD/PSV zone			4	<b>4</b>	4	<b>4</b>
RCA with Lambertville			4	<b>4</b>	4	<b>4</b>
<b>Total Units, Rental Bonuses, &amp; Credits</b>	31	<b>31</b>	18	<b>18</b>	49	<b>49</b>
<b>New Construction Surplus</b>				<b>+2</b>		<b>+2</b>

#### IV. RECOMMENDATION

Holland Township has a 12-year cumulative fair share obligation of 47 units, including a rehabilitation obligation of 31 units and a new construction obligation of 16 units. Holland is addressing its second round affordable housing obligation with 26 rehabilitation credits, a five-unit rehabilitation program, a four-unit RCA with the City of Lambertville, a 10-unit accessory apartment program, and a proposed inclusionary development, which will contain four affordable age-restricted units. The plan produces a two-unit surplus that may be carried forward into the third round provided the units are actually built. COAH staff recommends that the waiver from the center designation requirement of N.J.A.C. 5:93-5.4 for the age-restricted inclusionary development in the PCD zone (Block 24, Lots 3 and 13) be granted and that the Township of Holland be granted substantive certification. **The Zoning, Accessory Apartment, Housing Rehabilitation, Affordable Housing and Affirmative Marketing Ordinances must be adopted and forwarded to COAH within 45 days of COAH's grant of substantive certification.**