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## **HOUSING PLAN ELEMENT**

### **INTRODUCTION**

The Housing Plan Element for Highlands Borough is based upon the requirements of the Fair Housing Act (N.J.S.A. 52:27D-310), the Municipal Land Use Law (N.J.S.A. 40:55D-28), and the revised New Jersey Council on Affordable Housing (COAH) Procedural Rules (N.J.A.C. 5:91) and COAH Substantive Rules (N.J.A.C. 5:93) which became effective on June 6, 1994. The Housing Plan Element is designed to achieve a goal of access to a variety of housing to meet municipal and regional housing needs with particular attention to low and moderate income household housing needs.

Highlands Borough is located in the Bay Shore Region of Monmouth County and acts as the gateway to Sandy Hook. The Borough has a land area of 0.71 square miles and is located on Sandy Hook Bay. In addition to the Borough's existing land use regulations, the Coastal Area Facility Review Act (CAFRA), places additional regulations over the Borough. The Borough maintains both public water and sanitary sewer throughout its limits. The New Jersey State Development and Redevelopment Plan (SDRP) identifies the Borough as Metropolitan (98%) and Parkland (2%).

The New Jersey Council on Affordable Housing (COAH) is the state agency responsible for identifying housing regions and estimating low and moderate income housing needs for the State and allocating these needs to municipalities. COAH has designated six Housing Regions in the State. Highlands Borough is located in the East Central Housing region that includes Ocean, Monmouth and Mercer Counties. Highlands Borough prepared a housing plan element in 1988, which was not certified by COAH.

The Council on Affordable Housing developed a methodology for determining "housing need" which is comprised of three major components: "indigenous need", "reallocated present need" and "prospective need". "Indigenous need" consists of existing housing units with physical deficiencies such as heating, plumbing, roofing, etc. that are occupied by low and moderate income households based upon statistical data from the 1990 U.S. Census of Housing. "Reallocated present need" is a portion of the Housing Region total number of deficient housing units occupied by low and moderate income households that have been redistributed from urban aid municipalities to designated suburban municipalities. "Prospective need" is a projection of low and moderate income housing needs based on development

and growth, which is projected to occur in the housing region. The distribution of reallocated present need and prospective need housing for low and moderate income housing to individual municipalities is based upon a methodology adopted by COAH which incorporates regional shares of non-residential ratables, an income factor and a factor that is sensitive to vacant land weighted by the State Development and Redevelopment Plan Planning Areas.

Based on Procedural and Substantive Rules of the New Jersey Council on Affordable Housing, Highlands Borough has a cumulative fair share housing obligation, or "precredited need," for the period 1987 - 1999 of 48 low and moderate income housing units. The obligation consists of a 27-unit "rehabilitation component," which addresses the Borough's indigenous housing need (existing substandard housing units occupied by low and moderate income households), and an 21-unit "new construction component," which addresses the present and prospective need for new affordable housing units in the Borough.

## **HOUSING STOCK CHARACTERISTICS**

Housing stock characteristics include the number and type of housing units, occupancy/household characteristics, age (the year the structure was built), condition of units, purchase or rental value of units and units affordable to low and moderate income housing. Table 1, "Housing Characteristics - 2000 Borough of Highlands" summarizes these characteristics which are based upon the 2000 U.S. Census. Each of the characteristics is described below.

### Number, Type and Ownership of Housing Units

Highlands Borough had 2,820 housing units in 2000 according to the 2000 U.S. Census. This is a decrease of 70 units since the 1990 Census, which reported a total of 2,890 units. In 2000, 370 units or 13.1 percent were listed as vacant. In 2000, 55.1 percent of the 2,450 occupied housing units in Highlands Borough were owner occupied and 44.9 percent of the Borough occupied housing units were renter occupied. This high renter occupied percentage of 44.9 percent is likely attributed to seasonal summer rentals rather than year round rentals.

### Occupancy/Household Characteristics

According to the 2000 Census, Highlands Borough had a total of 2,450 households and 202 seasonal, recreational or occasional use housing units. Of the total number of occupied households 1,470 or 52.1 percent were single family households, 236 or 8.4% were two-family units, 173 or 6.1 percent were 3 to 4 family units, 525 or 18.6% were 5 to 19 multi-family units, 254 or 91 percent were 20 or more unit multi-family units and 162 or 5.7% were mobile homes.

Householders 65 years of age or older accounted for 450 or 18.3 percent of the households in Highlands Borough in 2000.

#### Age of Housing

The Highlands Borough housing stock is aging having 58.1 percent of the housing stock constructed before 1970. The median housing age of 1962 is equal to the State median age of 1962. Over 23 percent of housing units were constructed in 1939 or earlier. Between 1940 and 1959, 686 units were constructed which accounts for 24.3 percent of the current housing stock. Between 1960 and 1969, 292 units or 10.4 percent of the housing stock was constructed. Between 1970 and 1979, 509 housing units or 18.0 percent of the total was constructed, representing the second highest recorded period of growth. Between 1980 and 1989, 516 units or 18.3 percent of housing units were constructed, a consistent pattern of growth from the previous decade. From 1990 to 2000, 157 units were constructed accounting for 5.6 percent of the total, the lowest recorded number of units constructed since 1939. This is partially attributed to the national occurrence of minimal housing starts in the early 1990's and a lack of vacant developable land in the Borough.

**TABLE 1**  
**HOUSING CHARACTERISTICS 2000**  
**BOROUGH OF HIGHLANDS**

	Number	Percent of Total
<b>I. HOUSING UNITS</b>		
Number of units	2,820	N/A
Occupied Housing Units	2,450	N/A
Number of units (1990)	2,890	N/A
Vacant Housing Units	370	N/A
Vacancy Rate	13.1%	N/A
 <b>II. OCCUPANCY/HOUSEHOLD CHARACTERISTICS</b>		
Number of Households	2,450	N/A
Average Household Size	2.08	N/A
Family Household	1,194	48.7%
Non-Family Household	1,256	51.3%
Householders 65 +	450	N/A
Seasonal, Recreational or Occasional Use	202	N/A
Owner Occupied	1,349	55.1%
Renter Occupied	1,101	44.9%
 <b>III. YEAR STRUCTURE BUILT</b>		
1999 - March 2000	9	0.3%
1995 - 1998	53	1.9%
1990 - 1994	95	3.4%
1980 - 1989	516	18.3%
1970 - 1979	509	18.0%
1960 - 1969	292	10.4%
1940 - 1959	686	24.3%
1939 or earlier	660	23.4%
<b>Total</b>	2,820	100.0%
 <b>IV. CONDITION OF UNITS*</b>		
Lacking complete plumbing facilities	8	N/A
Lacking complete kitchen facilities	0	N/A

*2000 & 1990 Census data*

**TABLE 1 (continued)**  
**HOUSING CHARACTERISTICS - 2000**  
**BOROUGH OF HIGHLANDS**

	Number	Percent of Total
<b>V. HOUSING VALUE - (Owner Occupied Units)*</b>		
\$300,000 and up	66	6.7%
\$200,000 - \$299,999	89	9.1%
\$150,000 - \$199,999	246	25.1%
\$100,000 - \$149,999	359	36.6%
\$50,000 - \$99,999	200	20.4%
\$0 - \$50,000	20	2.0%
<b>Total</b>	<b>980</b>	<b>100.0%</b>
Median Value	\$107,300	
<b>VI. MONTHLY RENTS - (Rental Occupied Units)*</b>		
\$1,500 or more	21	1.9%
\$1,000 - \$1,499	180	16.5%
\$750 - \$999	350	32.1%
\$500 - \$749	303	27.8%
\$300 - \$499	146	13.4%
\$200 - \$299	42	3.8%
Less than \$200	23	2.1%
No Cash Rent	26	2.4%
<b>Total</b>	<b>1091</b>	<b>100.0%</b>
Median Monthly Rent	\$760	

\*2000 Census data

SOURCE: U.S Bureau of Census 2000

COMPILED BY: T & M ASSOCIATES

Condition of Units

The housing stock in Highlands Borough had a low number of substandard units according to the 2000 Census. The 2000 Census indicates that Highlands had no units lacking complete kitchen facilities and eight (8) units lacking complete plumbing facilities.

Owner Occupied Housing Value and Rental Rates

The 2000 median value of the owner occupied housing units in Highlands Borough was \$107,300. Of this total, 20 or 2.0 percent had a value less than \$50,000, 200 or 20.4 percent had a value between \$50,000 and 99,000, 359 units or 36.6 percent had a value between \$100,000 and \$149,000, 246 or 25.1 percent had a value between \$150,000 and \$199,000, 89 or 9.1 percent had a value between \$200,000 and \$299,999 and 66 or 6.7 percent had a value of \$300,000 or greater.

The 2000 median gross monthly rent was \$760 for rental housing units in Highlands Borough. Of the 1,091 renter occupied units reporting monthly rental rates, 26 units or 2.4 percent had a no cash rent, 23 had a monthly rate less than \$200, 42 had a monthly rate between \$200 and \$299, 146 units had a monthly rental rate between \$300 and \$499, 303 units had a monthly rental rate of between \$500 and \$749, 350 units had a monthly rental rate of \$750 - \$999 and 201 units had a monthly rental rate of \$1,000 or more.

Affordability to Low and Moderate Income Households

Rental and owner occupied housing affordable to low and moderate income households were determined using the 2003 Regional Income Limits, 2000 U.S. Census data and COAH assumptions on the amount low and moderate income households can afford for housing based on a percentage of their income.

Rental housing affordable to low and moderate income households in 2000 can be extrapolated from the 2000 Census data assuming renter households spend a maximum of 30 percent of their income for rent based on COAH regulations. According to the Census, there are 570 one (1) bedroom rental apartments, 331 two (2) bedroom rental apartments and 131 three (3) or more bedroom rental apartments in the Borough.

Owner Occupied Housing

As described in Table 2, a total of 644 owner-occupied households or 67.1 percent of homeowners were spending less than 30 percent of their income for housing costs. The criteria for housing affordability is that no more than 30 percent of the gross income should be allocated for housing costs.

<b>Table H-2</b>		
<b>Monthly Owner Costs As A Percentage of Household Income, 1999</b>		
<b>Highlands Borough</b>		
	<i>Number</i>	<i>Percent</i>
Less than 15%	209	21.8%
15% to 19.9%	208	21.7%
20% to 24.9%	94	9.8%
25% to 29.9%	133	13.9%
30% or more	315	32.8%

Source: U.S. Census, 2000. (0.8% of households were not computed)  
STF-3 Sample Data

Renter Occupied Housing

Table 3 indicates the gross rent paid by a tenant as a percentage of household income. As indicated in Table 3 there were 461 households or 44.3 percent who paid 30 percent or more of their gross income for housing costs. Accordingly, based upon this evaluation, 55.7 percent of rental housing is affordable to low or moderate income individuals.

<b>Table H-3</b>		
<b>Gross Rent As A Percentage of Household Income, 1999</b>		
<b>Highlands Borough</b>		
	<i>Number</i>	<i>Percent</i>
Less than 15%	213	20.5%
15% to 19.9%	167	16.1%
20% to 24.9%	102	9.8%
25% to 29.9%	97	9.3%
30% or more	461	44.3%
Source: U.S. Census, 2000. (4.9% of households were not computed) STF-3 Sample Data		

Rental and owner occupied housing affordable to low and moderate income households was determined using the 2003 Regional Income Limits, 2000 U.S. Census data and COAH assumptions to determine the amount of money low and moderate income households can afford for housing based on a percentage of their income.

According to the Census, 526 out of the 2,454 households had a household income of less than \$50,000 dollars.

Housing Construction: 1980 – 2002

Table 2, "Residential Construction and Demolition Permits - Highlands Borough", lists the number of building permits and demolition permits reported to the New Jersey Department of Labor annually from 1980 through November 2002.

A review of building and demolition permits from 1980 through August 2003 indicates that a total of 411 building permits were authorized. The peak construction year for this period was 1980 when 112 building permits were authorized. From 1980 – 1988, 321 out of the 411 permits issued or 78% were issued during this 9-year period. This trend is somewhat normal for most New Jersey communities during this time frame when a proportionally higher period of growth occurred in the late 1980's. From 1989 to August 2003, 90 building permits were issued for new units, an average of 6.1 permits per year. During the period from 1989 to 1997, 18 permits were issued, an average of two (2) permits per year. Building permits issued increased from 1998 to 2003, when 72 permits were issued. This is an average of almost 13 permits per year, which is below the 23 year average of 17 permits per year.

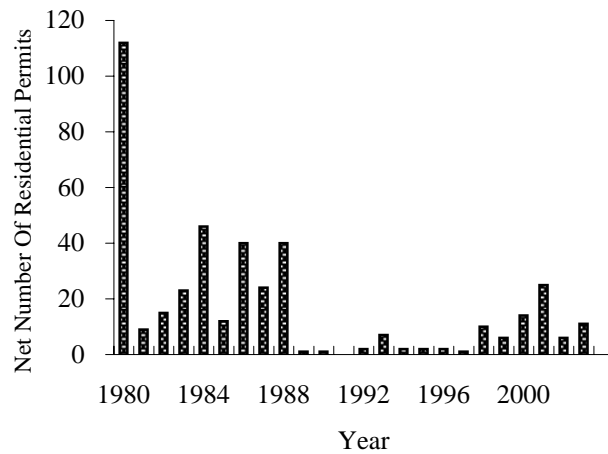
### **PROJECTIONS OF HOUSING STOCK 1999-2006**

The total number of year-round housing units in Highlands Borough increased by 11.1 percent between 1980 (2,599 units) and 1990 (2,890 units) and decreased by -(2.4) percent from 1990 to 2000 (2,820 units). Linear regression analysis based upon historical growth trends from 1980 to 2000 would indicate continued growth in the Borough housing stock ranging from 6 to 17 new units per year using 1980 to 2002, 1985 to 2002, 1990 to 2002 and 1995 to 2002 housing regression trends (see Table 3, "Housing Stock Projections"). As depicted in the Graph within Table 2 "Residential Construction and Building Permits", since 1988, there has been a sharp decline in the number of building permits approved. Based upon the 1995 - 2002 trend of housing units, new housing construction in Highlands Borough would continue to marginally increase in the future. Accordingly, the number of housing units in 2006 will most likely remain lower than the 2,890 housing units that existed in 1990.

Actual housing construction is dependent on a variety of factors over which the Borough has little control including financing, marketing and builder timing.

**TABLE 4**  
**RESIDENTIAL CONSTRUCTION**  
**BOROUGH OF HIGHLANDS**

Year	Building Permits
1980	112
1981	9
1982	15
1983	23
1984	46
1985	12
1986	40
1987	24
1988	40
1989	1
1990	1
1991	0
1992	2
1993	7
1994	2
1995	2
1996	2
1997	1
1998	10
1999	6
2000	14
2001	25
2002	6
2003 (1 thru Aug)	11
<b>TOTAL</b>	<b>411</b>



*SOURCE: New Jersey Department of Labor, Building Permit Sumaries.*  
*COMPILED BY: T&M ASSOCIATES.*

**TABLE 5  
HOUSING STOCK PROJECTIONS  
BOROUGH OF HIGHLANDS**

<b>TRENDS</b>				
<b>YEAR</b>	<b>1980-2000</b>	<b>1985-2000</b>	<b>1990-2000</b>	<b>1995-2000</b>
1980	2,599	2,599	2,599	2,599
1990	2,890	2,890	2,890	2,890
2000	2,820	2,820	2,820	2,820
2001	2,837	2,831	2,826	2,828
2002	2,855	2,842	2,832	2,837
2003	2,872	2,853	2,838	2,845
2004	2,890	2,863	2,844	2,853
2005	2,907	2,874	2,850	2,861
2006	2,924	2,885	2,856	2,870

<b>TREND YEARS</b>	<b>PROJECTED MEAN YEARLY CHANGE</b>
1980-2002	17
1985-2002	11
1990-2002	6
1995-2002	8

*SOURCES: Trends based upon New Jersey Department of Labor, Division of Planning & Research.  
Residential Building Permits: Yearly Summaries 1980 - 2000*

*COMPILED BY: T & M ASSOCIATES*

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## **DEMOGRAPHIC CHARACTERISTICS**

Table 4, "Demographic Characteristics - 2000 Highlands Borough" indicates total population by age cohort and income level by household.

### Population

According to the U.S. Census, Highlands' 2000 population was 5,097 persons. Of this total, 259 persons or 5.1 percent were classified as pre-school age 0-4 years. School age children age 5-19 years accounted for 792 persons or 15.5 percent of the total. Working age 20-64 year old persons accounted for 3,470 persons or 68.1 percent of the Borough population. Seniors aged 65 and older accounted for 576 persons or 11.3 percent of the Borough population.

### Income Level

Per capita income within the Borough in 1999 was \$29,369 while the median household income was \$50,985. A total of 599 households, or 24.4 percent of the households reported income of less than \$25,000. A total of 303 households in 1999 or 12.3 percent of the households reported income between \$25,000 and \$34,999. A total of 438 households reported incomes between \$35,000 and \$49,999 or 25.1 percent and a total of 534 households reported incomes between \$50,000 and \$74,999 or 21.8 percent. A total of 222 households reported incomes of \$75,000 - \$99,999 or 9.1 percent. A total of 183 households reported incomes of between \$100,000 and \$149,999 and 170 households reported incomes of \$150,000 or more, which is equivalent to 7.4 percent and 6.9 percent respectively.

## **EXISTING AND FUTURE EMPLOYMENT CHARACTERISTICS**

Characteristics of the Highlands Borough labor force are presented in Table 5, "Employment Characteristics - 1999 Highlands Borough." In 1999, the New Jersey Department of Labor reported a total of 613 private sector jobs in the Borough.

According to Table 6, Private Sector Covered Employment, 1994 to 1999, a total of 226 jobs were created during this time period, which represents an increase greater than 36 percent compared to a 9.1 percent increase at the County level.

As indicated in Table 6, the population to jobs ratio in 2000 ranged from 2.5:1 to 6:1 for the three counties in the Highlands housing region. Highlands Borough's population to job ratio is 6.0:1.

Based upon employment growth rates from 1994 to 1999, future employment was projected to 2020. As indicated in Table 5, forecasted employment in the Borough to 2005 is 909 jobs and 1,039 jobs to 2020. However, this population forecast is based upon prior trends and does not anticipate changes in land use policy and other market forces.

**TABLE 6**  
**DEMOGRAPHIC CHARACTERISTICS - 2000**  
**BOROUGH OF HIGHLANDS**

**2000 Census**

	Number	Percent of Total
<b>POPULATION AGE</b>		
Preschool (0 - 4 Yrs.)	259	5.1%
School Age (5 - 19 Yrs.)	792	15.5%
Working Age (20 - 64 Yrs.)	3,470	68.1%
Seniors 65 +	576	11.3%
<b>Total</b>	<b>5,097</b>	<b>100.0%</b>

*SOURCE: U.S Bureau of Census -2000*

*COMPILED BY: T & M ASSOCIATES*

**2000 Census**

**1999 INCOME LEVEL (HOUSEHOLDS)**

Less than \$10,000	211	8.6%
\$10,000 - \$14,999	175	7.1%
\$15,000 - \$24,999	213	8.7%
\$25,000 - \$34,999	303	12.4%
\$35,000 - \$49,999	438	17.9%
\$50,000 - \$74,999	534	21.8%
\$75,000 - \$99,999	222	9.1%
\$100,000 - \$149,999	183	7.5%
\$150,000 - \$199,999	128	5.2%
\$200,000 or more	42	1.7%
<b>Total</b>	<b>2,449</b>	<b>100.00%</b>

1999 Median household income = \$45,692

1999 Per capita income = \$29,369

*SOURCE: U.S Bureau of Census 2000 Summary Tape File 3.*

*COMPILED BY: T & M ASSOCIATES*

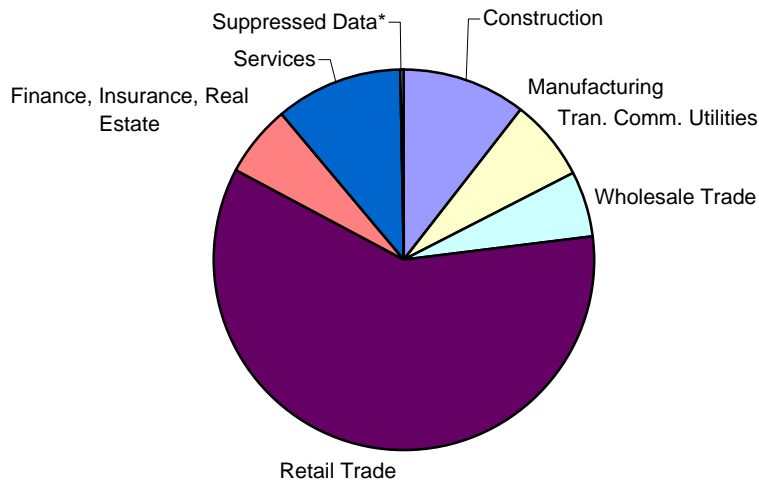
**TABLE 7**  
**PRIVATE SECTOR EMPLOYMENT CHARACTERISTICS - 1999**  
**BOROUGH OF HIGHLANDS**

Broad Industry Division	Number	Percent of Total
Ag. For. Fish. Min. Unc.	0	0.0%
Construction	64	10.4%
Manufacturing	0	0.0%
Tran. Comm. Utilities	43	7.0%
Wholesale Trade	34	5.5%
Retail Trade	366	59.7%
Finance, Insurance, Real Estate	38	6.2%
Services	67	10.9%
Suppressed Data*	1	0.2%
<b>TOTAL</b>	<b>613</b>	<b>100.0%</b>

*\*Data have been suppressed for industries with few units or where one employer is a significant percentage of employment or wages of the industry .*

*SOURCE: New Jersey Department of Labor - 1999 Annual Private Sector Report Municipalities by Industry.*

*COMPILED BY: T & M ASSOCIATES*



**NUMBER OF REPORTED AND FORECASTED JOBS IN HIGHLANDS BOROUGH**

Year	Number
1999	613
(Projected) 2005	909
(Projected) 2020	1,039

*SOURCE: New Jersey Department of Labor - 1999 Annual Private Sector Report Municipalities by Industry and 1998 Monmouth County Cross Acceptance Report*

*COMPILED BY: T & M ASSOCIATES*

<b>Table H-8</b>						
<b>Private Sector Covered Employment, 1994 to 1999</b>						
<b>Borough of Highlands and Monmouth County</b>						
	<i>Highlands Borough</i>			<i>Monmouth County</i>		
	<i>Number</i>	<i>Difference</i>		<i>Number</i>	<i>Difference</i>	
<i>Year</i>	<i>of Jobs**</i>	<i>Number</i>	<i>Percent</i>	<i>of Jobs**</i>	<i>Number</i>	<i>Percent</i>
1994	627	---	---	175,765	---	---
1995	629	+2	+0.3%	179,137	+3,372	1.9%
1996	834	+205	+32.5%	181,804	+2,667	1.5%
1997	1,049	+215	+25.7%	184,804	+3,000	1.6%
1998	875	-(174)	-(16.5)%	188,836	+4,032	2.2%
1999	853	-(22)	-(2.5)%	191,804	+2,968	1.6%
Employment Change, 1994-1999		+226	+36.0%		16,039	+9.1%
<i>Population to Jobs Ratio, 1999-2000</i>						
<i>Area</i>	<i>2000 Population*</i>		<i>1999 Covered Employment **</i>		<i>Population to Jobs</i>	
<i>Borough of Highlands</i>	5,097		853		6.0	
<i>Ocean County</i>	510,916		103,708		4.9	
<i>Monmouth County</i>	615,301		191,804		3.2	
<i>Mercer County</i>	350,761		140,556		2.5	
<i>Source: * U.S. Census, 2000. ** N.J. Department of Labor, Private Sector Covered Jobs (3<sup>rd</sup> Quarter, 1994-1999.</i>						

## **DETERMINATION OF PRE-CREDITED PRESENT AND PROSPECTIVE FAIR SHARE NEED**

Highlands Borough was allocated a fair share housing precredited need of 48 low and moderate income housing units as calculated by the New Jersey Council on Affordable Housing and presented in a report entitled "Municipal Number Summary - 1993 - 1999 Low and Moderate Income Housing Needs Estimates by County" dated October 11, 1993. The methodology established by the New Jersey Council on Affordable Housing allocates present and prospective housing needs for all municipalities within New Jersey.

## **HOUSING POLICY**

Highlands Borough encourages development of housing that will be compatible with existing residential neighborhoods, with environmental resources and constraints, with the availability of infrastructure, and with the need to maintain adequate levels of public services. The Borough will satisfy its constitutional obligation to create realistic opportunities for the provision of its fair share of the region's low and moderate income housing needs within the guidelines and regulations established by the New Jersey Council on Affordable Housing. Housing development within Highlands occurs within established residential areas as infill development in the form of single-family residential on lots ranging from 3,000 to 14,000 square feet, condominiums and medium density apartments. The Borough anticipates continuing the existing scale of development consistent with the State Development and Redevelopment Plan. The Borough encourages the development of group homes and senior citizen housing in the form of redevelopment and infill development adjacent to community facilities. The following sections address Highlands Borough's cumulative affordable housing obligation for the period 1987 to 1999 in the form of a compliance plan, which identifies the various housing obligation requirements established by COAH.

### Targeted Goals

1. Preserve established residential character wherever possible by preventing the intrusion of incompatible commercial and industrial uses and promoting the rehabilitation of substandard units.
2. Provide a broad range of housing to meet the needs of all residents including low and moderate income housing, middle-income housing and market rate or luxury housing.

3. Encourage the development of housing that is affordable to younger couples and families seeking to remain in, or move to, the Borough.
4. Promote the development of senior citizen housing that enables older residents to “age in place” including independent living, assisted living and congregate care housing.
5. Acknowledge the role of the Highlands Housing Authority in providing housing that is affordable to low and moderate income residents of the City.
6. Recognize the potential of selected vacant, underutilized or deteriorated properties for in-fill residential development.
7. Identify commercial and industrial properties that are suitable for adaptive reuse and encourage their redevelopment for mixed use with housing on upper floors.
8. Reestablish a housing rehabilitation program in the Borough.

### Objectives

1. *Create an inspection program for rental units.*

Through the existing Borough records, important information for each rental unit is maintained such as the number of bedrooms in each unit, the property owner and the name of the party responsible for property management. This information is useful for tracking changes in occupancy, but also to implement an inspection program.

Inspections, in all units, should take place at the change of occupant or annually, whichever comes first.

Inspections should include, at a minimum, a review of all zoning codes and building codes. While this program may take a few years to implement, the Borough should strive to hire inspectors and install additional computer software to further track the process, such as a Geographic Information System (GIS).

2. *Implement a pro-active code enforcement program.*

Improving the quality of housing in Highlands requires an effort on the part of code enforcement officials to identify substandard housing and to encourage improvement efforts. To achieve the goal of code enforcement, actions must be undertaken throughout the Borough

with particular emphasis on substandard multi-tenant units. To achieve this task, improvements to the department should be made in a comprehensive fashion, including the hiring of additional qualified field inspectors, either on a temporary or a part-time basis, to allow for a blanket inspection of areas of the Borough, the modernization of equipment, and an aggressive prosecution of offenders.

3. *Expand utilization of the redevelopment and rehabilitation laws of the State of New Jersey to provide tax incentives for the improvement of housing stock in the Borough.*

Under the New Jersey redevelopment and rehabilitation laws, the Borough can provide homeowners and corporations with tax incentives for undertaking substantial improvements and/or redevelopment of existing structures. These incentives are either in the form of tax abatement (where additional property taxes on the added value of the improvement are phased in over 5 years) or payment in lieu of taxes. Consideration should be given to investigating the use of redevelopment/Rehabilitation powers in specific target areas of the Borough.

## **HOUSING STRATEGIES**

This section outlines the recommended strategies to be adopted by the Borough in order to implement the goals and objectives identified in this Housing Element. This implementation strategy follows the principles of:

- Encouraging owner occupancy of housing;
- Rehabilitating existing housing stock;
- Code enforcement.

The strategies to implement these principles are as follows.

## **REDEVELOPMENT ACTIONS**

The designation of redevelopment areas in the Borough provides the municipality with a greater degree of flexibility and oversight in lowering densities and providing owner-occupied housing than can be achieved through zoning. The designation of redevelopment areas will allow the Borough, through its designated redevelopment agency, to adopt redevelopment plans identifying properties to be rehabilitated, parcels to be acquired, specified types and densities of housing to be developed,

standards for public improvements, etc. Redevelopment also allows the Borough to raise funds for the acquisition of land, construction of improvements and to enter into public/private partnerships for the development and/or rehabilitation of housing. The redevelopment designation can also provide incentives to purchasers and residents through mechanisms such as tax abatement and payment in lieu of taxes.

Areas recommended to be studied for redevelopment are identified in Figure LU-5, located within the Land Use Plan Element.

### **STRENGTHEN THE CODE ENFORCEMENT PROGRAM**

#### Provide Adequate Staff as Needed to Address the Housing Needs of the Borough.

Currently the Borough has one full-time person to implement Code Enforcement standards, including occupancy inspection, investigation of illegal rentals, etc. Given the conditions of many units, it is clear that the current staffing is not adequate to address the situation at hand.

To address the Code Enforcement needs of the Borough, it is recommended that staffing be increased either through the hiring of additional employees or through contracting with an established private inspection agency. If new personnel are hired, the Borough has the responsibility to make sure that the selected employees have a thorough knowledge of all building systems under review and preferably would have any certifications and licenses as may be required by law. If a private inspection agency were hired, the agency would be responsible for providing certified or licensed inspectors. Under this option, the Borough staff would function principally in a supervisory capacity, but should be required to accompany the inspectors periodically to check on the adequacy of the inspections.

#### Computerize the Inspection Reporting Process.

It is recommended that Code Enforcement inspectors be equipped with laptop computers for recording inspection findings. The use of a computerized system can serve to improve efficiency by allowing all files to be downloaded daily into the Borough's database so there will be a running log of inspections pending, completed, violations cited, re-inspections, and fines and penalties assessed. In addition, the laptops could also be used to create a daily schedule of inspections to be undertaken.

The database can be easily united with the tax maps through the newly created Geographic Information System (GIS). The GIS would allow the data, such as the type and age of housing, number of rooms, and date of last inspection, to be linked to each individual parcel on the map. The GIS can then be expanded to other functions within the Borough, such as tax assessment and collection, planning and zoning, and emergency response.

Inspect All Rental Units On An Annual Basis.

Currently, units in rental properties containing five or more dwellings are inspected by the State every 5 years and 3 or more units in rental properties are inspected only when there is a change of tenant occupancy. This often results in several years passing between inspections of these larger, multi-unit structures, during which times problems may occur that are not repaired or are inadequately repaired by the property owner or management.

It is recommended that the Borough assume the responsibility for inspection of all rental units and require that they be inspected on an annual basis, or at change of occupancy, whichever occurs first. This would avoid a significant lapse of time between inspections. This would serve several purposes including: putting landlords on notice that adequate repairs must be made in a timely manner or else they may be cited by the inspector.

Aggressively Prosecute Code Violations

The program of aggressive inspection of housing units should be coupled with an equally aggressive prosecution and penalization of housing code violators. This aggressive positioning will serve as a warning to property owners that substandard conditions will not be accepted and that improvements to units must be made.

**FAIR SHARE PLAN**

The Highlands Borough Affordable Housing Fair Share Plan consists of two components: a rehabilitation component and an “inclusionary,” or new construction component. The rehabilitation

component is designed to address that portion of the affordable housing obligation referred to by COAH as the “indigenous need,” or existing substandard housing units occupied by low and moderate income households. The Borough’s rehabilitation component is 27 units.

The inclusionary component addresses that portion of the affordable housing obligation consisting of the “present” and “prospective need” for new affordable housing units in the Borough as established by COAH. The inclusionary component also includes the portion of the regional fair share housing obligation within the Monmouth, Mercer and Ocean Counties Housing Region that was allocated to Highlands Borough by COAH for the period 1987-1999. The Borough’s new construction, or inclusionary, component is 21 units.

These two components of the Borough’s Fair Share Plan are described below.

<b>Table H-9</b>	
<b>Affordable Housing Need</b>	
<b>Highlands Borough</b>	
New Construction Component	21
Rehabilitation Component	27
PRECREDITED NEED	<b>48</b>
Credits	
Reductions	
Units Rehabilitated After 4/1/90	-46
<b>Units Constructed between April 1, 1980 and December 15, 1986</b>	<b>-95</b>

**AFFORDABLE HOUSING COMPLIANCE PLAN**

The Housing Plan for Highlands Borough provides for a “Compliance Plan” consisting of two basic components: a rehabilitation component and an inclusionary component. The rehabilitation component is required to address that portion of the affordable housing obligation referred to by COAH as “indigenous need”. The inclusionary component constitutes that portion of the affordable housing obligation needed to address the “present” and “prospective need” established by COAH.

The Highlands Borough Compliance Plan is a twelve-year cumulative plan for the Borough Cycle I and II affordable housing obligations for the periods 1987-1993 and 1993-1999. The rehabilitation component of the Plan addresses “indigenous need” units calculated by COAH based upon the 1990 U.S. Census and thus comprises rehabilitation needs from 1990 to 2002. The inclusionary component constitutes the allocated affordable housing obligation based upon regional and state affordable housing needs for the twelve year period of 1987-1999. These two components of the Affordable Housing Compliance Plan are described below.

Highlands Borough provided for the development of a senior citizen development between 1980 and 1986 prior to the creation of COAH and adoption of affordable housing allocations and regulations by COAH on December 15, 1986. Affordable housing units developed between April 1, 1980 and December 15, 1986 are classified by COAH as “prior-cycle credits”. Highlands Borough can claim credit subject to COAH approval for 95 “prior-cycle credits” for the senior apartments constructed by the Housing Authority of Highlands Borough on April 16, 1985. The 95 “prior-cycle credits” exceed the 12 year cumulative affordable housing inclusionary obligation of 21 housing units for the period 1987 – 1999.

A minimum of 46 of the housing units rehabilitated after April 1, 1990 meet COAH requirements for substandard housing. A substandard housing unit is one that “health and safety code violations require the repair or replacement of a “major system” including a roof, plumbing (including well), heating, electricity, sanitary plumbing (including septic systems) and/or a load bearing structural system.” The rehabilitated housing unit must be brought up to standard code requirements in accordance with the BOCA Property Maintenance Code. Highlands Borough seeks credit for a minimum of 46 rehabilitated housing units that comply with COAH rules for rehabilitation of substandard units.

Highlands Borough has complied with the housing obligation requirements established by COAH for the rehabilitation component of 46 units, the inclusionary component of 95 units and the required rental obligation of twenty-five (25) percent of its inclusionary component in accordance with COAH rules N.J.A.C. 5:93-1 et seq. for the period 1987-1999. For Highlands, the COAH rules that apply to the required rehabilitation, inclusionary and rental obligations are as follows:

Rehabilitation Component

The "rehabilitation component" of the Highlands Borough Housing Plan Element is based upon the COAH calculation for indigenous need that constitutes the Borough's obligation to rehabilitate 27 housing units within the Borough that were determined to be substandard based upon statistical data from the 1990 Census and were occupied by low and moderate income households in 1990. The Borough has addressed its rehabilitation component through an ongoing Regional Contribution Agreement (RCA) with the Township of Middletown to rehabilitate substandard housing units in the Borough that are occupied by low and moderate income households. Since April 1990, 46 housing units have been rehabilitated in Highlands Borough of which more than 36 comply with COAH regulations that require that an average cost of rehabilitation of substandard housing equal to or greater than \$8,000 for actual construction costs including rehabilitation of a "major system." COAH regulations provide that up to \$2,000 per unit can be utilized for administrative costs exclusive of the actual rehabilitation cost. The rehabilitation program complies with these requirements.

#### Inclusionary Component

The "inclusionary component" is comprised of present reallocated and projected affordable housing allocated to Highlands Borough by COAH for the period 1987-1999. The inclusionary component totals 21 low and moderate income housing units. COAH regulations provide a variety of ways that this housing obligation can be addressed, but also provide minimum and maximum requirements for addressing the inclusionary housing obligation. Regulations that are applicable to the inclusionary component and the rental obligation of Highlands Borough are as follows:

- COAH regulations permit municipalities to obtain credit for construction of affordable housing between April 1, 1980 and December 15, 1986. These credits are referred to by COAH as "Prior Cycle Credits" and can include senior citizen and group homes.
- COAH regulations require that twenty-five (25) percent of the inclusionary component be developed or zoned for rental housing.
- COAH regulations limit credit for age restricted (senior) housing to twenty-five (25) percent of construction affordable housing units after December 1986.

Application of these regulations to the Highlands Borough inclusionary housing obligation and component are described below.

Prior Cycle Credits

Highlands Borough is entitled to 95 “Prior-Cycle Credits” for 95 low and moderate senior citizen rental apartments constructed and operated by the Housing Authority of Highlands Borough, which was first occupied on April 30, 1986. The 95 prior cycle credits exceed the Borough's inclusionary component of 21 housing units.

Rental Obligation

COAH Regulations require a rental obligation for the inclusionary component of a Housing Plan. The COAH Rules include a formula applicable to Highlands for its rental obligation as follows: Twenty-five (25) percent of the “Calculated Need” minus “Prior-Cycle Credits” minus the “Rehabilitation Component”. The rental obligation for Highlands Borough would be determined as follows: “COAH Calculated Need” of 48 minus 95 “Prior-Cycle Credits” minus the Borough “Rehabilitation Component” of  $27 \times 0.25 = -7$  units. Based on this formula, Highlands has exceeded its COAH rental obligation by eighty eight (88) housing units. COAH permits one rental credit for each apartment unit and one credit for each group home bedroom for the period 1980 - 1986. Highlands, therefore, claims 95 “Prior-Cycle” rental credits for PTAK Towers Senior Apartments constructed in 1985.

Highlands Borough has met its indigenous rehabilitation of affordable housing unit need of 27 affordable housing units within the Borough and its 21 unit inclusionary housing obligation for the period 1987-1999. The Borough has addressed its rehabilitation component through an intergovernmental Regional Contribution Agreement (RCA) with Middletown Township to rehabilitate 50 housing units to be used for low and moderate income housing. To date, 46 out of the 50 units have been completed. Rehabilitated housing units will be credited by COAH if the housing units are occupied by a low or moderate income family, if an average of \$8,000 has been expended on rehabilitation of the units, if one or more major housing structural or functional systems has been rehabilitated, if the rehabilitated housing unit meets code requirements and if a deed restriction of at least six years is placed on the housing unit to maintain it as an affordable housing unit.

Highlands Borough has addressed its inclusionary obligation of 21 affordable housing units. The Borough is entitled to prior-cycle credits for 95 affordable housing units in PTAK Towers Senior Apartments constructed by the Housing Authority of Highlands Borough in 1985 and occupied on April

30, 1986. These 95 prior-cycle credits meet the COAH rules that require that the housing units be constructed or first occupied between April 1, 1980 and December 15, 1986, that the units are occupied by low and moderate income households (or individuals) and that the units have been restricted to affordable households for a minimum of 20 years.

The Borough has additional affordable housing units that were constructed after December 15, 1986 that meet the standards for affordable housing units established by COAH. It is possible that a portion of the units located at Monmouth Highlands Apartments may become eligible in the COAH Round III affordable housing program.

Based on COAH rules, Highlands Borough is entitled to 95 housing credits for Round I and Round II based on 95 prior-cycle credits. The COAH calculated inclusionary need obligation is 21 affordable units. The Borough, therefore, has a minimum surplus of 74 credits that the Borough can apply to the allocation in the COAH Round III affordable housing program.