

Prospective Regional and Municipal Need Period 2015-2025

I. Statewide LMI HH projection for 2015-2015				
Issue	Jacobson Followed	Jacobson Rejected	Wolfson	Reading
<p>a. Projected Growth Population in NJ</p>	<p>Second Round averaged Historical Migration Model (HMM) estimates with Economic –Demographic Model (EDM) when both projected population by county and age cohort.</p> <p>Issue: HMM detail below state level became unavailable.</p> <p>EDM significantly over projected actual population growth in the last few years due to the continued effects of the recession.</p> <p>Averaging HMM and EDM as COAH did in the Second Round better reflects historical data. P. 49: “Dr. Angelides also cited newly released [the 2014-series] NJLWD data [released in 2016] to demonstrate that both the HMM and EDM projections had overestimated statewide population growth over the 2000-2016 period, contending that his <u>averaged</u> approach more closely tracked the 2016 population estimates than Dr. Kinsey’s projections.” Pg. 45, 50-51 (emphasis added).</p> <p>Court held population growth between 2015 -2025 is 359,010 people. P. 51</p>	<p>Rejected Kinsey, bc COAH averaged. Not concerned about assumptions in creating HMM county and age projections</p>	<p>Accepted Kinsey’s approach to use EDM since method had less assumptions than HMM.</p>	<p>Preferred Angelides bc Kinsey intermixed census population estimates and EDM population projections to calculate population growth during the Prospective Need period. P. 46.</p>

<p>b. Growth of Population in HH (51)</p>	<p>Court reluctantly deducted individuals living in group homes as HH as required by COAH regs because while not being included in need, towns receive credit per unit and bonus credits for creating group homes. P. 52-53.</p> <p>Accepted Angelides averaging of NJLWD and Census data, but adjusted it to project from the newer 2015 data, the beginning of the Prospective Need period, instead of 2014. Pg. 60-61.</p> <p>Difference in experts' estimates were negligible. P.53.</p> <p>Total growth of population in HH 348,805. P.54.</p>		<p>Rejected Angelides averaging of NJLWD and Census data, since COAH did not follow.</p>	<p>Endorsed Angelides approach but adjusted it to project from the newer 2015 data, the beginning of the Prospective Need period, instead of 2014. Pg. 60-61.</p>
<p>c. Headship Rate</p>	<p>Likelihood that a HH will be formed from the population growth. P. 54.</p> <p>The Court preferred to use Angelides' trend line calculated with ½ the rate of change, rather than Kinsey's flat rate headship projections, with a projection from the more current calibrated 2015 ACS-derived headship rates as suggested by Mr. Reading. P. 65.</p> <p>Headship rates for 2015 (37.11 %), and 2025 (37.63%). P. 65.</p>	<p>Even though the Court accepted Angelides approach with Reading's modifications, the calculation used by the Court to determine headship rates was closer to Kinsey's percentages, than Angelides. P. 60.</p>	<p>Wolfson accepted Kinsey Rpt. (July 2016), Tab 1G</p>	
<p>d. NJ HH formed between 2015-2025</p>	<p>176,791 HH formed, btwn 2015-2025. See Court's calculation on P. 65.</p>	<p>See analysis for Headship Rates, above.</p>		

<p>e. LMI HH Growth</p>	<p>73,209 LMI HH. P.86.</p> <p>The Court adopted Reading’s modification of Kinsey’s approach using Kinsey’s updated COAH income grid with a constant 2015 LMI HH ratio. P.85. Because the Court accepted Kinsey’s HUD-income chart, it preferred to use Kinsey’s ratio that 41.41% of HH formed in 2015 would qualify as a LMI HH. p. 83, 86.</p> <p>i. Selection of Income Qualification data to use in calculating LMI HH ratios. P. 66.</p> <p>Court adopted Reading’s modification of Kinsey’s approach, utilizing constant 2015 LMI HH Ratios, with Kinsey’s HUD Income Limits. P. 85.</p> <p>COAH used HUD-based income grids both to calculate fair share obligations and to set maximum rent and sales prices for the LMI units. P. 68.</p> <p>ii. Application of LMI HH Ratios to total HH projections to estimate LMI HH Growth during 2015-2025. P. 66.</p> <p>Court held that the percentage of HH growth comprising of LMI HH of approximately 40% was consistent with the FHA. P. 79. Therefore, while rejecting a flat 40% median, the Court used the experts methodology as a measuring stick.</p>	<p>Rejected Angelides reliance upon the FHA, which identified LMI HH as those income less than 80% of the median HH income for HH of the same size within a region. P. 70.</p> <p>The court rejected Kinsey’s approach because he did not apply a constant LMI HH ratio, whereas the Court rejected Angelides 2015 LMI HH ratio because it was not based on HUD-income limits. P. 85.</p>	<p>Wolfson adopted Kinsey approach and income grid. P. 73 (citing In re SB, 448 N.J. Super. at 458).</p>	<p>Reading preferred Angelides approach because it utilized actual median incomes and produced approximate 40 % LMI HH ratios consistent with the FHA definition. P.70.</p> <p>But ultimately Reading accepted Kinsey’s method of updating the income grid, and agreed that had COAH been functioning, it would have accepted the updated calculations. P. 71.</p>
<p>f. Angelides Substantial Asset Test</p>	<p>Rejected. P. 87-90.</p>		<p>Rejected by Wolfson as well.</p>	

g. Aggregate Regional Prospective Need (91)	Statewide - 73,209 LMI HH (86, 91). Region 4 - 14,987 LMI HH (86, 91).			
II. Municipal Allocation				
a. Exclude QUAM (Qualified Urban Aid Municipalities) (p. 92)				
b. Measure Responsibility of town (p. 93).	Adopted Kinsey's non-residential valuation growth factor. P. 100. Consistent with COAH's Second Round approach. p. 99	Rejected Angelides approach due to inaccuracies by utilizing business' zip code.		Endorsed Second Round valuation surrogate of non-residential valuation growth, as advocated by Kinsey and Bernard. P. 99.
c.i. Income Capacity Factor (100)	Adopted Reading's endorsement of Kinsey's approach, particularly since not much difference between Angelides' and Kinsey's number. P. 101-102.			Endorsed Kinsey's approach.
c.ii. Land Capacity Factor	<p>This factor considers the undeveloped land available in the town. P. 102. Kinsey followed COAH's use of the SDRP in accordance with Planning Area designations, and cross-checked with LANDSAT data from the NJ Dept of Treasury. P. 102.</p> <p>Kinsey incorporated updated 2001 SDRP, revised (2004) Meadowlands Master Plan, land classifications in the 2008 Highlands Regional Master Plan, and</p>	Adopted Kinsey's approach by using satellite aerial studies to determine land capacity since more reliable than Angelides who used municipal property tax designations as an indicator. P. 105-06.	Accepted Kinsey's reliance on satellite data.	Reading endorsed Kinsey's approach.

	cover data from NJDEP 2007 land use mapping project released in 2010. P. 103.			
d. Average regional shares of Responsibility and Capacity Factors (106)	Aggregate the 3 factors and divide by 3 to calculate a town's % of the regional obligation. (106)			
e. Calculate Allocated Municipal Need	Then calculated Gross Prospective Need for each town by factoring in: a. Demolitions (108); b. Residential conversions; c. Filtering; d. Reallocation of secondary source adjustments (Angelides only); e. Calculation of Gross Prospective Need			
III. Adjust for Secondary Sources				
a. Demolitions	<p>Take away housing stock from the LMI units available, and therefore, add to the overall obligation.</p> <p>Court endorsed Reading' recommendation to exclude all post-Sandy data from the averaging process. (114).</p> <p>Followed Kinsey's approach with slight modifications by Reading since it more closely followed the COAH regulations and deviations from COAH's methodology was not necessary. (114).</p> <p>Statewide Demos 23,835 (115)</p> <p>Region 4 Demos 4,947 (115)</p>	<p>Rejected Angelides approaches of limiting demolitions to units occupied by LMI HH, and excluding unoccupied and deficient units from his calculation of demolitions. (113).</p>		<p>recommendation to exclude all post-Sandy data from the averaging process. (114).</p>

<p>b. Residential Conversions (115)</p>	<p>Represents the creation of new residential units that could reduce LMI housing need and increase supply. (115).</p> <p>Court adopts Angelides' reliance on certificates of occupancy to calculate conversions is the best alternative since it provides a better indicia of housing construction, especially given the economic downturn that affected the historical data. (120-121).</p> <p>Reduces Statewide Obligation by 11,662 LMI units. (121).</p>	<p>Kinsey's reliance on building permits was not as reliable since the issuance of building permits did not mean that the housing was built and many building permits were extended due to the economic downturn. (119).</p>		
<p>c. Filtering (121)</p>	<p>Market rate housing becomes more affordable as it ages.</p>	<p>Court rejected both Angelides and Kinsey's methods of filtering entirely.</p>	<p>Rejected filtering.</p>	<p>Reading recommended, agreeing with Bernard and Judge Wolfson, that filtering not be included in fair share obligation due to the lack of reliability of the data. (127).</p>
<p>d. Reallocation of Secondary Sources Adjustment</p>		<p>Court rejected Angelides approach to reallocate a town's excess affordable housing to reduce regional need. (129-130).</p> <p>The Court recognized that excess municipal affordable housing is not lost, but is credited to future fair share rounds in the compliance process. (130).</p>		

e. Calculate Gross Prospective Need by Town	Adjusted Statewide LMI Obligation is 85,382. P. 129. In this step, Reading was directed to take the sum of each town's allocated Municipal Need, and adjusted for LMI demolitions and conversions. (131-32).			
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