

“Regional median household income above the floor” means the result of adding the median household income above the floor for each municipality in the housing region.

“Rehabilitated unit” means a previously deficient housing unit which has undergone significant renovation to meet municipal or other applicable housing code standards as further described in N.J.A.C. 5:93-5.2(b).

“Rehabilitation component” means the result of subtracting spontaneous rehabilitation from indigenous need. For a municipality where filtering and conversions exceed reallocated present, prior cycle prospective need, prospective need and demolitions, the rehabilitation component equals calculated need.

“Repayment clause” means the obligation of a seller exercising a repayment option to pay 95 percent of the price differential to a municipality at closing for use in the municipal housing plan.

“Repayment option” means the option of a seller of a low or moderate income unit to sell a unit pursuant to N.J.A.C. 5:93-12.7 at fair market value subject to compliance with the terms of a repayment clause.

“Resolution of Participation” means a resolution adopted by a municipality in which the municipality chooses to prepare a fair share plan and housing element in accordance with the Act.

“Section 8 income limits” means a schedule of income limits that define 50 percent and 80 percent of median income by household size. When used herein, Section 8 income limits shall refer to the “uncapped” schedule as published by the Council, in accordance with its rules.

“Sending municipality” means, for purposes of an RCA, a municipality which transfers a portion of its fair share obligation to another willing municipality.

“Set-aside” means the percentage of housing units devoted to low and moderate income households within an inclusionary development.

“State Development and Redevelopment Plan (SDRP)” means the State plan for development promulgated by the State Planning Commission pursuant to P.L. 1985, c.398 (N.J.S.A. 52:18A-196 et seq.).

“Substandard housing unit” means a housing unit with health and safety code violations that require the repair or replacement of a major system. A major system includes weatherization, a roof, plumbing (including wells), heating, electricity, sanitary plumbing (including septic systems) and/or a load bearing structural system.

“Substantial compliance” means a municipality has actually constructed or issued building permits for at least 70 percent of the new units that were part of the municipal 1987-1993 housing obligation.

“Substantive certification” means a determination by the Council approving a municipality’s housing element and fair share plan in accordance with the provisions of the Act and the rules and criteria as set forth in this chapter. A grant of substantive certification shall be valid for a period of six years in accordance with the terms and conditions contained therein, in accordance with N.J.S.A. 52:27D-322.

“Suitable site” means a site that is adjacent to compatible land uses, has access to appropriate streets and is consistent with the environmental policies delineated in N.J.A.C. 5:93-4.

“Surrogate” means a census indicator of deficient housing used in the calculation of present need as defined in N.J.A.C. 5:93-2.

“Survey” means that independent determination of need undertaken by a municipality in preparing its housing element, which is developed and produced in a manner and in such form as is required by this chapter.

“Target group” means identifiable organizations that may aid in attracting low and moderate income households to inclusionary developments. Examples of target groups include: public housing authorities, non-profit organizations, departments of aging, Section 8 programs, religious organizations, urban community action groups and personnel departments of local employers.

“Total need” means the sum of present and prospective need.

“Utility allowance” means those expenses that are in addition to the base rent, such as heat, electricity and cooking fuel that are included in the 30 percent utility allowance as outlined in the lease.

“Vacant land” means undeveloped and unused land area.

“Water quality management plans” or “WQM plans” means the plans prepared pursuant to Sections 208 and 303 of the Clean Water Act, 33 U.S.C. §§ 1251 et seq., and the Water Quality Planning Act, N.J.S.A. 58:11A-1 et seq., including the Statewide, areawide and county WQM plans.

“Weatherization” means building insulation (for attic, exterior walls, crawl space), replacement storm windows, replacement storm doors, replacement windows and replacement doors and is considered a major system for rehabilitation.

Amended by R.1995 d.491, effective September 5, 1995.
 See: 27 N.J.R. 2134(a), 27 N.J.R. 3329(a).
 Amended by R.1998 d.21, effective January 5, 1998.
 See: 29 N.J.R. 3665(a), 30 N.J.R. 194(b).

Amended "Calculated need", "Developable site", "Gut rehabilitation", "Realistic development potential", "Receiving municipality", and "Sending municipality"; deleted "Authority" and "Senior citizen"; inserted "Elder cottage housing opportunities (ECHO) units", "RCA recipient certification", and "Regional contribution agreement".
 Amended by R.1999 d.107, effective April 5, 1999.
 See: 30 N.J.R. 3719(a), 31 N.J.R. 868(a).

Inserted "Areawide plan"; rewrote "Developable site"; in "Substandard housing unit", inserted "weatherization" in the second sentence; and added "Water quality management" or "WQM plans" and "Weatherization".

SUBCHAPTER 2. MUNICIPAL DETERMINATION OF PRESENT AND PROSPECTIVE NEED

5:93-2.1 General provisions

(a) Municipal present need and prospective need shall be calculated by summing municipal indigenous need and the municipal share of the appropriate housing region's reallocated present need and prospective need. The resulting total shall be modified by: prior-cycle prospective need; secondary sources of supply and demand; reduction for 1987-1993 housing activities; prior-cycle credits; and the 20-percent cap (see Appendix A, incorporated herein by reference). The end product of this process is the determination of municipal calculated need. This is the figure municipalities shall address in their housing elements. An example for a hypothetical municipality in the Southwest Region (Region 5)—Johnsonville—is provided to illustrate each of the individual calculations. The following flow diagram summarizes the sequence of calculations en route to the determination of calculated need.

FLOW DIAGRAM FOR THE CALCULATION OF LOW- AND MODERATE-INCOME HOUSING NEED

Using the Johnsonville Example					
INDIGENOUS NEED 33	+	REALLOCATED PRESENT NEED 95	=	PRESENT NEED 128	
PRESENT NEED 128	+	PROSPECTIVE NEED 568	=	TOTAL NEED 695	
TOTAL NEED 695	+	PRIOR-CYCLE PROSPECTIVE NEED 248	+	DEMOLITIONS 9	
(-) FILTERING 89	(-)	RESIDENTIAL CONVERSION 16	(-)	SPONTANEOUS REHABILITATION 8	= PRE-CREDITED NEED 839
(-) REDUCTION 439	(-)	PRIOR-CYCLE CREDITS 101	(-)	20% CAP 0	= CALCULATED NEED * 299

* Prior-cycle vacant land adjustment communities are indicated by "VL" even though their number is calculated. This indicates that although there is not much vacant land left in these communities, the affordable housing number may be met in other ways and is retained as part of overall Calculated Need.

(b) Exhibit 1 in the Technical Appendix A provides municipal-specific base data that may be employed to determine municipal Present and Prospective Need. Data for a hypothetical municipality, "Johnsonville," precedes the municipal base data for illustrative purposes in both Exhibits 1 and 3. Exhibit 2 in Appendix A duplicates the base data for each housing region that is presented in Columns A through L herein. Exhibit 3 is included for the convenience of the user of this guide. It provides a variety of data for each community, often from the 1990 Census, which would otherwise have to be researched in the process of undertaking this calculation.

(c) Selected municipalities receiving State aid (urban aid cities) pursuant to P.L. 1978, c.14 (N.J.S.A. 52:270-178 et seq.) as refined by the criteria in N.J.A.C. 5:93-2.3(b) shall calculate municipal calculated need as per the procedures delineated in N.J.A.C. 5:93-2.17.

5:93-2.2 Indigenous need—1993

(a) Indigenous need in a municipality is actual or capped deficient housing occupied by low- and moderate-income households as further defined in N.J.A.C. 5:93-1.3. Municipal indigenous need shall be determined from the total of deficient housing units occupied by low- and moderate-income households for the U.S. Census subregion in which the municipality is located. The data, derived from a multiple-index approach, are not available at the municipal level. To determine the municipal share of need from the U.S. Census subregion total, it is necessary to employ a single-index approach using surrogates of deficient housing available at both the municipal and U.S. Census subregion level. To calculate municipal indigenous need:

1. Locate the appropriate municipality in Exhibit 1 in Appendix A. Example: Johnsonville in Region 5 (Southwest).

2. Divide Column 2 (municipal single-index need) by Column 3 (subregional single-index need). The resulting percentage yields the municipal share of the U.S. Census subregion's total of deficient housing units occupied by low- and moderate-income households.

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3. Multiply the result of the quotient obtained in (a)2 above by the number in Column 1 (subregional multiple index need).

Example:

Subregional Multiple Index Need (Column 1)	×	Municipal Share of Regional Need	=	
364		.090		33

This is the count of estimated low- and moderate-income deficient units in a municipality.

4. Column A from Appendix A, Exhibit 2, reproduced below displays the percentage for each housing region that is obtained by dividing the actual deficient housing units occupied by low- and moderate-income households in the region by the estimated total of 1993 occupied housing units in the region.

Johnsonville single index need (Column 2) = 410 ÷ 4544 = .090
 TABLE Subregional single index need (Column 3)
 (COLUMN A, FROM APPE
 1993 REGIONAL AVERAGE PERCENT
 DEFICIENT HOUSING

Region	Percent Deficient
1. Northeast	.0290

Region	Percent Deficient
2. Northwest	.0250
3. West Central	.0180
4. East Central	.0120
5. Southwest	.0150
6. South-Southwest	.0220

Multiply this percentage by the municipal projection of 1993 occupied housing stock in Exhibit 1, Column 4.

Example:

Johnsonville Total 1993 * Occupied Housing Estimate (Column 4)	×	Region 5 Percentage of Low- and Moderate-Income Deficiency (Column A)	=	
12,695		.015		190

* Estimate as of July 1, 1993

5. Municipal Indigenous Need shall be the smaller number resulting from the calculations in (a)3 and 4 above.

Example: Johnsonville's Indigenous Need = 33.

6. If the calculation in (a)3 above is larger than (a)4 above, the difference between the two shall be distributed throughout the housing region as Reallocated Present Need as per N.J.A.C. 5:93-2.3 and 5:93-2.4. The results isplayed for each housing region

(Municipal Share of Regional Need) municipality's housing stock as indicated in Appendix C incorporated herein by reference, when such survey is deemed adequate and accepted by the Council for identifying deficient housing units occupied by low- or moderate-income households.