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2018 HOUSING ELEMENT AND FAIR SHARE PLAN AS AMENDED

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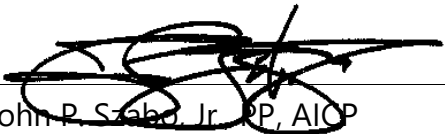
This document originally adopted by the Land Use Board of the Borough of Peapack and Gladstone at their public hearing held on November 7, 2018 and subsequently amended by the Land Use Board after public hearing held on _____.

2018 HOUSING ELEMENT AND FAIR SHARE PLAN AS AMENDED

Borough of Peapack and Gladstone
Somerset County, New Jersey

Prepared for: Borough of Peapack and Gladstone
BA# 3222.09

The original document was appropriately signed and sealed on in accordance with the State Board of Professional Planners and adopted by the Peapack and Gladstone Land Use Board after public hearing on _____.



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Table of Contents

Introduction	1
Executive Summary	5
Historic Overview	7
Housing Plan Element	10
<i>Community Overview</i>	10
Existing Land Use.....	10
Table 1: Existing Land Uses (2004).....	11
Table 2: Existing Land Uses (2018).....	11
Policy Guides.....	12
<i>Inventory of Municipal Housing Stock</i>	17
Table 3: Dwelling Units (2000 to 2016).....	17
Table 4: Housing Units by Tenure and Occupancy Status (2000 - 2010).....	18
Table 5: Units in Structure (2000 to 2016).....	18
Table 6: Year Structure Built.....	19
Table 7: Occupants Per Room (2000 to 2016).....	20
Table 8: Equipment and Plumbing Facilities (2000 to 2016).....	20
Table 9: Gross Rent of Renter-Occupied Housing Units (2000 to 2016).....	21
Table 10: Value of Owner-Occupied Housing Units (2000 to 2016).....	21
Table 11: Residential Building Permits Issued For New Construction (2008 to 2017).....	23
<i>Population Analysis</i>	23
Table 12: Population Growth (1930 to 2016).....	24
Table 13: Age Characteristics (2000 to 2010).....	25
Table 14: Average Household Size (1980 to 2010).....	25
Table 15: Household Income (1989 to 2016).....	26
Table 16: Home Ownership Cost As Percentage of Income: 2010.....	27
Table 17: Rental Cost As Percentage of Income: 2010.....	27
<i>Employment Analysis</i>	28
Table 18: Employment Status, Population 16 and Over (1990 to 2016).....	28
Table 19: Employed Residents Age 16 and Over, By Occupation (2010 to 2016).....	29
Table 20: Employed Residents Age 16 and Over, By Industry (2010 to 2016).....	30

Table 21: Average Covered Employment Trends 2007-2016	31
Table 22: Square Feet of Non-Residential Space Authorized by Building Permits (2007 to 2016).....	32
Fair Share Plan.....	33
<i>Summary of Fair Share Obligation.....</i>	33
<i>Plan Components.....</i>	34
<i>Prior Round Obligation.....</i>	34
Table 23: Prior Round Plan Components	34
<i>Present Need.....</i>	34
<i>Prospective Need – 1999 to 2025.....</i>	34
Table 24: 2015 Third Round Housing Element and Fair Share Components.....	35
Table 25: Satisfaction of Obligation Minimums and Maximums	39
Table 26: Anticipated Satisfaction of Income Obligation Very Low to Moderate	39
Appendices.....	40

INTRODUCTION

The Municipal Land Use Law (MLUL), N.J.S.A. 40:55D-62a, requires every municipality with a zoning ordinance to adopt a master plan containing at least a land use plan element and housing plan element. N.J.S.A. 40:55D-28 b (3) requires that the housing plan element include residential standards and proposals for the construction and improvement of housing in accordance with the New Jersey Fair Housing Act (FHA), specifically, N.J.S.A. 52:27D-310. This required plan is commonly referred to as the Housing Plan Element and Fair Share Plan (HE&FSP) and must contain certain sub-elements that, at minimum, include the following:

1. An inventory of the municipality's housing stock by age, condition, purchase or rental value, occupancy characteristics, and type, including the number of units affordable to low and moderate income households and substandard housing capable of being rehabilitated, and in conducting this inventory the municipality shall have access, on a confidential basis for the sole purpose of conducting the inventory, to all necessary property tax assessment records and information in the assessor's office, including but not limited to the property record cards.
2. A projection of the municipality's housing stock, including the probable future construction of low and moderate-income housing, for the next ten years, taking into account, but not necessarily limited to, construction permits issued, approvals of applications for development and probable residential development of lands;
3. An analysis of the municipality's demographic characteristics, including but not necessarily limited to, household size, income level and age;
4. An analysis of the existing and probable future employment characteristics of the municipality;
5. A determination of the municipality's present and prospective fair share for low and moderate-income housing and its capacity to accommodate its present and prospective housing needs, including its fair share for low and moderate income housing; and
6. A consideration of the lands that are most appropriate for construction of low and moderate-income housing and of the existing structures most appropriate for conversion to, or rehabilitation for, low and moderate income housing, including a consideration of lands of developers who have expressed a commitment to provide low and moderate income housing.

Enacted in 1985, the Fair Housing Act (FHA) established the Council on Affordable Housing (COAH) which was charged with establishing rules and regulations to promote the development of affordable

housing in the State of New Jersey. COAH was created in response to the extensive litigation arising from the Supreme Court's Mount Laurel I and II decisions wherein the Court determined that every municipality had a State constitutional obligation to provide the realistic opportunity for the development of affordable housing within their communities. COAH was created to expedite and otherwise remove the court system from exclusionary zoning disputes and to provide the administrative mechanism of review and mediation as a much more preferable avenue for resolving affordable housing issues.

Since the adoption of the FHA and the creation of COAH, there have been two prior rounds or cycles of regulations adopted by COAH providing the methodology that established a municipality's affordable housing obligation and the mechanisms by which that obligation should be addressed. At the end of the second-round period which expired in 1999, COAH subsequently promulgated new rules for the "Third Round" of affordable housing regulations and introduced the concept of "Growth Share" as the methodology by which municipal affordable housing obligations and compliance would be determined. Simply stated, the growth share model established a municipality's affordable housing requirements as a function of its potential future residential and economic growth.

Significantly, these regulations were challenged as unconstitutional in court by affordable housing advocates and representatives of the building industry. After years of litigation and failed amendments, on September 26, 2013, the New Jersey Supreme Court (Court) affirmed the Appellate Division's invalidation of COAH's "growth share methodology" on the basis that the "growth share" methodology, incorporated into the Third Round Rules, were beyond the purview of the rulemaking authority delegated to COAH because they conflicted with the FHA.¹

The Supreme Court "endorsed the remedy imposed by the Appellate Division," that required COAH to adopt new Third Round Rules within five (5) months.² The effect of the Supreme Court's decision was to require COAH to adopt new Third Round Rules by February 26, 2014 consistent with the lower court's decision.

After numerous delays, court challenges and COAH's failure to adopt revised regulations consistent with the Court's order and in response to the Fair Share Housing Center (FSHC) filing a motion "in aid of litigant's rights," the Supreme Court issued its decision In re: Adoption of N.J.A.C. 5:96 & 5:97, 221 N.J. 1 (2015) on March 10, 2015 stripping COAH of its administrative duties relating to the affordable housing certification process. This decision granted FSHC's motion in aid of litigant's rights, declared COAH ineffective in complying with the mandates of the FHA, dissolved the substantive certification process before COAH and created a judicial process by which a municipality can file a declaratory judgment action with the court seeking a judicial determination that their housing element satisfied their "third round" affordable housing obligation. The New Jersey Supreme Court appointed fifteen

¹ See in re: Adoption of N.J.A.C. 5:96 & 5:97, 215 N.J. 578, 586, 620 (2013).

² See in re: N.J.A.C. 5:96 & 5:97, 416 N.J. Super. 462, 511 (App. Div. 2010).

(15) “Mount Laurel” judges specifically to hear and decide these actions. The Court directed that the reviewing judges utilize methodologies similar to that developed by COAH in the prior first and second rounds. The Court further established a specific deadline (July 8, 2015) by which municipalities could file such actions.

In response to the Supreme Court’s March 10, 2015 decision, the Borough filed a declaratory judgment action (DJ Action) with the Superior Court on July 8, 2015. The DJ Action sought a judicial determination of compliance with the Borough’s Third Round affordable housing obligation.

At this point in the process resulting from the New Jersey Supreme Court’s Mount Laurel IV decision, when fair share obligations have yet to be definitively determined and as a result of ongoing mediation and by way of settlement with the Fair Share Housing Center, the Borough’s prospective need for the Third Round has been determined to be 104 units. The Borough does not agree with the basis of the Third Round Prospective Need obligation but accepts the number solely for purposes of settling its fair share obligation with the FSHC and Court with the advice of the Court Appointed Master. It should be further noted that this number reflects a 30-percent reduction of the proffered Third Round Prospective Need number by FSHC and is deemed to also include the Gap Period Present Need as recognized by the New Jersey Supreme Court in In re Declaratory Judgement Actions Filed by Various Municipalities, 227 N.J. 508 (2017).

The DJ Action was settled, and the settlement was reviewed and approved by the Superior Court of New Jersey (the Honorable Hon. Thomas C. Miller, P.J.Ch. presiding) after a Fairness Hearing held on June 14, 2018, which approval is memorialized in an order entered by the court and filed on June 27, 2018 (the “Settlement Approval Order”).

The Borough then proceeded to adopt the necessary documents to comply with the requirements of the settlement agreement and Court order including the adoption of a Housing Element and Fair Share Plan in 2018 (HE&FSP) with all required ordinances and resolutions. The HE&FSP provided the methodology for implementing the Borough’s settlement agreement with FSHC as approved by the Court. The adopted plan components for compliance included rezoning two adjoining properties identified as the Elks Club and American Legion Hall sites on Route 206 for inclusionary housing development as well as 10 bedrooms of special needs housing to be located at the Matheny School facility.

The combined Elks and American Legion sites were rezoned to produce 11 affordable housing units. Shortly afterwards, an application for a gasoline service station with convenience store was approved by the Borough’s Land Use Board effectively removing the Elks property as a potential site for affordable housing development. The remaining parcel, the American Legion property, is not of sufficient land area by itself to provide for the difference in units that would have been constructed in combination with the adjoining Elks Club property and therefore, is no longer a viable property for inclusionary development.

Subsequent to adoption of the 2018 HE&FSP, the Borough was also informed by the Matheny Hospital and School that the State of New Jersey advised that the State Department of Developmental Disabilities would not license group homes on the Matheny property as it was contrary to state regulations. The two group homes contemplated for the Matheny site no longer presented a viable opportunity for affordable housing.

As a consequence of these two unforeseen circumstances it has become necessary for the Borough to develop an alternative plan to address the units that would have otherwise been constructed under the originally adopted 2018 HE&FSP.

Accordingly, the Borough has developed an alternative plan for complying with its third-round affordable housing obligation which requires the adoption of an amended settlement agreement with FSHC, HE&FSP and implementing ordinances.

The alternative plan, as will be detailed in the Fair Share Plan section of this document, proposes to redevelop properties located on Main Street and Lackawanna Avenue for affordable housing consisting of low and moderate income rental units, group homes and mixed use residential and commercial development with an inclusionary housing component that will provide for 37 market rate rental units, 7 affordable rental units, and 10 bedrooms for special needs housing in two group homes. As a result of approvals granted by the Borough Land Use Board, 5 low and moderate income family units will be generated by the conversion of the Fin Pro property located on Route 206 from office to mixed office-residential use. Additionally, there will be a deed restriction placed on 3 existing market rate residential units on property located at 1 Railroad Avenue to be affordable to low and moderate income families to address the requirement that 3 affordable rental units be provided as a result of the approval of 19 market rate units associated with Vernon Manor.

As a result of the alternative housing plan summarized above, 1 bonus affordable unit is generated. It is proposed that the 1 bonus unit be applied to the Borough's future housing obligation for the next affordable housing round anticipated to begin post 2025.

The preparation of this amended HE&FSP provides for an alternative plan to satisfy the Borough's Third Round affordable housing obligation in its entirety as contemplated by the settlement agreement with the FSHC, consistent with the "Settlement Approval Order," and provides a realistic opportunity for the development of affordable housing units that will satisfy the Town's Third Round obligation under the New Jersey Supreme Court's Mount Laurel decisions from 2015 to 2025 inclusive of the GAP period between 1999 and 2015.

This document is intended to supersede the previously adopted 2018 HE&FSP prior to this amendment in its entirety.

EXECUTIVE SUMMARY

The history and plan details presented in this document not only demonstrates the Borough's efforts and commitment to satisfy its constitutional obligation to provide for affordable housing opportunities in the community.

As will be detailed in subsequent sections of the HE&FSP, for this Third Round and as a basis for settlement, the Borough of Peapack and Gladstone affordable housing obligation is as follows:

The affordable housing obligation for the Borough consists of the following:

Rehabilitation Share	1
Prior Round Obligation (pursuant to N.J.A.C. 5:93)	82
Third Round (1999-2025) Prospective Need Fair Share	104

Although the Borough of Peapack and Gladstone does not agree with the prospective need number, the following plan details provide for a reasonable and realistic opportunity to satisfy the Borough's Third Round obligation in the following manner:

1. The Borough of Peapack and Gladstone has a present need/rehabilitation obligation of 1-unit. The Borough will implement a housing rehabilitation program to address its 1-unit present need.
2. The Borough has no prior round obligation, having satisfied its affordable housing needs in Rounds One and Two.
3. The Borough's Prospective Need obligation is established at 104 units by way of settlement with the Fair Share Housing Center which includes rezoning properties for inclusionary development and adopting ordinances to implement a Boroughwide affordable housing program.

The Fair Share Plan described herein details the Borough's compliance with satisfying its 187 unit Third Round affordable housing obligation (the Borough's total obligation). The Borough's Prior Round obligation of 52 units has been satisfied so there is no remaining prior round obligation, the Borough will rehabilitate one unit to satisfy its Present Need and the Borough's Prospective Need of 104 units is to be satisfied through a combination of inclusionary development, development of special needs housing, an accessory apartment program, prior round credits, and credits that are available under Second Round rules. The Borough has already implemented significant portions of its affordable housing program including the adoption of a mandatory development fee ordinance, a zoning ordinance amendment requiring inclusionary development municipal wide for any proposed residential development involving more than 5 units and at a density of 6 units or more per acre, an

amendment to the Borough's zoning ordinance requiring an affordable housing set aside of 14 units for residential development of the SJP Properties site, and comprehensive affordable housing ordinance adopted in accordance with COAH, Fair Housing and UHAC rules and regulations.

HISTORIC OVERVIEW

Peapack and Gladstone Borough has a long and established history of compliance with its affordable housing obligations and at no time fell out of compliance with State affordable housing requirements. The history of compliance with Mount Laurel requirements extends back to the First Round and continues uninterrupted to the present time.

First Round – 1987 to 1993

Pursuant to the New Jersey Fair Housing Act that created COAH, regulations were adopted that established and assigned the affordable housing obligations for all municipalities in New Jersey. The Borough was assigned an affordable housing obligation of seventy-five (75) units. In response to this obligation the Borough adopted a housing plan in 1989 that created a rehabilitation program and rezoned property along Route 206 for inclusionary development. As a result of the Borough's submittal, COAH granted the Borough First Round substantive certification on January 9, 1989.

Second Round – 1993 to 1999

Upon adoption of the Second Round rules by COAH, the Borough prepared and adopted its Second Round Plan on March 21, 1995 addressing a pre-credited need for ninety-four (94) affordable housing units. The Borough determined that high density inclusionary development with a 20 percent set aside, as proposed by the First Round plan, was not consistent with the Borough's goal of preserving its rural/Village character. The Borough therefore, adopted a Second Round plan that provided for its fair share of affordable housing units while maintaining the character of the community as follows:

1. The Borough was determined to have a "Rehabilitation Component" need of ten (10) units. All ten (10) units were rehabilitated;
2. The "New Construction" or "Prospective Need" component of eighty-two (82) units was addressed by a Regional Contribution Agreement (RCA), permitted under the then adopted rules, with the City of Perth Amboy; construction of rental housing; and post 1980 new construction credit as follows:
 - a) Thirty-seven (37) units were transferred to the City of Perth Amboy in an RCA in the amount of \$740,000.00;
 - b) Twenty (20) affordable rental units were constructed by the Lutheran Social Ministries resulting in a total credit of thirty-eight (38) units (20 units constructed plus 18 rental bonus credits);
 - c) Nine (9) Post 1980 units constructed through the St. Luke's Village, Inc. project.

Upon adoption of the Second Round Plan in 1995, the Borough took measures to implement its Plan by adopting: i) an Affirmative Marketing Plan; ii) an ordinance amending its zoning to permit affordable rental housing; and iii) an ordinance to establish a Development Fee to create a housing trust fund. COAH subsequently granted the Borough Second Round substantive certification on January 10, 1996.

Third Round Compliance – 1999 to Present

After delay, COAH first proposed third round substantive and procedural rules in October 2003. Those rules remained un-adopted and revised rules (N.J.A.C. 5:94 and 5:95) were proposed in August of 2004 and ultimately adopted by COAH on December 20, 2004 (2004 Regulations).

In response to these new substantive and procedural rules, the Borough adopted a new Housing Plan Element and Fair Share Plan dated November 25, 2005 that same year (2005 Plan) to address its then assigned "Prospective Need" affordable housing obligation of thirty-five (35) units. The 2005 Plan proposed to acquire property known as the "Smith" tract containing 3.2 acres of property identified by Borough Tax Records as Lot 1.03, Block 20.

Due to challenges to the 2004 Regulations COAH adopted revised third round regulations in 2008 on September 22, 2008 (N.J.A.C. 5:96 and 5:95) which became effective on October 20, 2008 (2008 Regulations).

In response to the adopted revised substantive and procedural rules, the Borough once again prepared and adopted a new Housing Plan Element and Fair Share Plan dated November 20, 2008 (2008 Plan).

The 2008 Plan was based upon the "Growth Share" methodology of the then adopted 2008 Regulations which had the effect of increasing the Borough's Prospective Share for the Third Round from thirty-five (35) to thirty-seven (37) units. The 2008 Plan incorporated the use of the Smith tract for two (2) group homes to be constructed by a non-profit group, Bethel Ridge. The 2008 Plan also provided for a municipally sponsored family rental unit project of twenty (20) affordable family units for rent on the remaining portion of the Smith property.

The Borough submitted the 2008 Plan to COAH and COAH granted the Borough substantive certification on September 9, 2009. Significantly, the Borough was one of only sixty-eight municipalities in the state to receive substantive certification from COAH before the New Jersey Supreme Court invalidated the Third Round methodology adopted by COAH.

The state of the Third Round affordable housing obligations for municipalities throughout New Jersey at present remains a fluid one, given the fact that neither the Courts, COAH, nor the legislature has

come up with a definitive set of housing-need numbers that has been universally accepted. Two sets of numbers have been promulgated. These include numbers prepared by Econsult Solutions on behalf of a consortium of municipalities known as the Municipal Joint Defense Group, of which Peapack Gladstone was a part, and numbers prepared by Dr. David Kinsey on behalf of FSHC. The statewide affordable housing-need numbers vary dramatically.

On March 8, 2018, an opinion was entered by the Honorable Mary C. Jacobson, A.J.S.C., in the consolidated declaratory judgment proceedings: *In the Matter of the Municipality of Princeton*, Docket No. MER-L-1550-15 and *In the Matter of West Windsor Township*, Docket No. MER-L-1561-15, Superior Court of New Jersey, Law Division, Mercer County (collectively, the "Mercer Proceeding"). The opinion rendered in the Mercer Proceeding is titled: Opinion on Fair Share Methodology to Implement the Mount Laurel Affordable Housing Doctrine for the Third Round (the "Jacobson Opinion"). The Jacobson Opinion considered, analyzed and, ultimately, determined the appropriateness of the competing methodologies advocated by Econsult Solutions and Dr. Kinsey to determine New Jersey state-wide, regional and municipal present need rehabilitation and present need Gap + Prospective Need (1999-2015) affordable housing obligations. On March 28, 2018, state-wide and municipal obligations using the methodology found to be most appropriate by Judge Jacobson in the Jacobson Opinion (the "Jacobson Methodology") were released.

The following table compares the latest Econsult report's fair share obligation numbers for Peapack Gladstone (dated April 2017) against those assigned to the municipality in FSHC's May 2016 report and the affordable housing obligations for Peapack Gladstone as calculated in the March 2018 report using the Jacobson Methodology:

	<u>Econsult</u>	<u>FSHC</u>	<u>Jacobson</u>
1. Rehabilitation Obligation:	0	1	0
2. Prior Round Obligation (1987-1999):	82	82	82
3. Gap + Prospective Need Obligation (1999-2025):	121	161	120

Given the uncertainty surrounding municipal obligations and to avoid unnecessary cost and risk to the Borough, it decided to globally settle with FSHC rather than engage in a trial with FSHC to determine fair share numbers. Under the supervision of the Court Master, the Borough and FSHC entered into a Settlement Agreement, which was executed by the Mayor of Peapack Gladstone on April 25, 2018. Under the terms of the Settlement Agreement, FSHC and the Borough agreed that the Borough would accept, for settlement purposes, a prospective need obligation from 1999 to 2025 of 104 affordable housing units.

This HE&FSP is organized into three sections. The first part, the Housing Element, contains background data on the Borough's population, housing, and employment characteristics pursuant to the requirements of the Municipal Land Use Law. The second part, the Fair Share Plan, describes how

the Borough will satisfy its affordable housing obligations under the settlement agreement for the Third Round. The Third part contains the appendices that documents the mechanisms by which the Borough will implement the plan.

HOUSING PLAN ELEMENT

Community Overview

The Borough of Peapack and Gladstone is a serene community located in the northernmost end of Somerset County where Somerset County borders Morris County. The Borough is approximately 5.9 square miles in area and is characterized by rolling hills, farmland, residential development and a village center along its Main Street. In many respects, the Borough is a classic representation of a very traditional rural community which forms a distinct character that is deemed desirable by most community standards.

Neighboring communities include the Township of Chester and Mendham in Morris County to the north and the Township of Bedminster and the Boroughs of Far Hills and Berndardsville in Somerset County to the west, south and east respectively.

The North Branch of the Raritan River forms a natural boundary to the east and southeast. Other water bodies within the Borough include the Peapack Brook and Raritan River. All three water bodies exert their own influences on the landscape and the environment of the community which will be discussed in more detail in subsequent sections.

The Borough has a well-connected transportation network. Major roadways include U.S. Route 206 which traverses the Borough from north to south and County Road 512, also known as Main Street which travels through the center of town. Main Street continues as County Road 671 (Old Chester Road) as it travels to the north and then turns into Pottersville Road as the road turns westward. Mendham Road (County Road 647) connects with Main Street from the north and Holland Avenue provides an east to west connection with U.S. Route 206 and Main Street.

Existing Land Use

An existing land use survey was prepared by Coppola and Coppola Associates in conjunction with the 2004 Master Plan. The survey produced an existing land use map and the following distribution of land uses:

Table 1: Existing Land Uses (2004)
Borough of Peapack and Gladstone, New Jersey

Land Use Category	Acreage	Percentage
Single-family Detached Dwellings	1,439.99	38.1
Multiple-Family Dwellings	44.51	1.18
Retail Commercial	33.94	0.90
Offices	3.94	0.10
Limited Industrial	24.70	0.65
Office Research	71.27	11.14
Land Use Category	Acreage	Percentage
Public	420.70	11.14
Quasi-Public	345.51	9.15
Agricultural/Vacant	1,166.44	30.89
Estimated Street Right-Of-Way	225.0	5.96
Totals	3,776.00	100

Source: "Existing Land Use" map dated November 2004.

Over the past twelve years some development has occurred within the Borough. Utilizing updated MOD IV Tax Assessment Records, the following table shows the distribution of land uses as of 2018. Consistent with the Borough's rural character the predominant land use is residential and agricultural.

Table 2: Existing Land Uses (2018)
Borough of Peapack and Gladstone, New Jersey

Land Use Category	Acreage	Percentage
Vacant	152.6	4.0
Residential (1-4 Family)	1,783.4	47.4
Apartments	6.5	0.2
Commercial	202.7	5.4
Industrial	26.0	0.7
Railroad (Class 1 & II)	32.8	0.9
Public	379.9	10.1
Quasi-Public	21.8	0.6
Agricultural	896.7	23.8
Estimated Street Right-Of-Way	225	6.0
Other-Exempt	31.13	0.8
Total	3,758.5	100

New Jersey MOD IV Tax Data - 2018

Policy Guides

Land use planning for the Borough is informed by a number of State and County Planning documents that are intended to help guide land use decisions within various levels of government. In addition, the Borough has an active planning program itself and has developed policy documents that are intended to guide the Borough's land use decision making encompassing environmental protection, master planning, recreation and open space planning and farmland preservation.

Planning efforts intended to promote development, particularly the development of affordable housing, need to be carefully analyzed to ensure that there is consistency between the various plans.

State Plan Designation

The State Planning Act of 1985 (N.J.S.A. 52:18A-196 et seq.) created the New Jersey State Planning Commission and the Office of State Planning whose purpose was to prepare and adopt a State Plan. The New Jersey State Planning Commission adopted its first statewide plan, "Communities of Place: The New Jersey State Development and Redevelopment Plan" or "SDRP" on June 12, 1992. The SDRP was subsequently updated and readopted on March 21, 2001.

The State Plan is a policy guide for State, County and Local governments intended to promote development in a coordinated fashion consistent with "smart growth" principles so as to avoid the land use and infrastructure costs associated with "suburban sprawl." Based upon the varied landscape of New Jersey, "Planning Areas" were established based upon certain classifications. The SDRP allocates land within these Planning Areas based upon policy objectives and goals. The primary focus of the SDRP was to promote growth within regional centers.

For purposes of the SDRP, Peapack and Gladstone was placed entirely within the "Environmentally Sensitive Planning Area" referenced as Planning Area 5 (PA 5). A PA 5 designation reflects the environmentally sensitive nature of the land areas within the PA 5 classification and adopts policies intended to discourage growth.

As stated in the Plan, the objectives of the PA 5 Area are to:

Provide for a full range of housing choices primarily in Centers at appropriate densities to accommodate projected growth. Ensure that housing in general – and in particular, affordable, senior citizen, special needs and family housing – is developed with access to a range of commercial, cultural, educational, recreational, health and transportation services and facilities. Focus multi-family and higher-density, single-family housing in Centers. Any housing in the Environs should be planned and located to maintain or enhance the cultural and scenic qualities and with minimum impacts on environmental resources."

The state designation in the SDRP is significant for purposes of planning for affordable housing because of its implications for complying with COAH regulations as they relate to the different Planning Areas. This is particularly important for the Borough since the PA 5 Area has more restrictive policies for the development of affordable housing as follows:

“Municipalities or developers proposing sites located in Planning Areas 3, 4, 4B,5 or 5B that are not within a designated center shall have the burden of demonstrating to the Council that the site is consistent with sound planning principles and the goals, policies and objectives of the State Development and Redevelopment Plan. The Council shall obtain a recommendation from the Executive Director of the Office of Smart Growth on the consistency of the site with sound planning principles and the goals, policies and objectives of the State Development and Redevelopment Plan.”

Although technically, COAH is no longer permitted to be involved in affordable housing matters, the State Plan offers policy guidance and direction on how to better plan for land uses within the State.

A new state plan, the final draft of which is entitled *The State Strategic Plan*, is being considered for adoption by the State Planning Commission. The new plan will not designate planning areas in the same manner as in 2001. Instead, the plan proposes the designation of targeted "investment" areas ranging from growth areas to preservation areas to guide state investments and policy decisions. As of this date the *State Strategic Plan* has not been adopted by the State Planning Commission.

Highlands Regional Master Plan

On June 10, 2004, the Legislature adopted the "Highlands Water Protection and Planning Act." (Highlands Act). The Highlands Act is planning legislation that is intended to establish a comprehensive approach to the protection and preservation of the drinking water and natural resources of the New Jersey "Highlands Region."

Geographically, the Highlands Region contains approximately 800,000 acres, or about 1,250 square miles extending from Ringwood in the northerly part of the State down to Philipsburg in the southwest and portions in between encompassing municipalities in Bergen, Hunterdon, Morris, Passaic, Somerset, Sussex and Warren Counties. There are ninety (90) municipalities contained within the boundaries of the Highlands.

The Highlands Act creates planning areas similarly to the SDRP described previously. It establishes a Highlands Council that has the responsibility of creating a regional master plan for the Highlands Region (HRMP) and uses a cross-acceptance procedure that is similar to the State Planning Act. The Highlands Act establishes a "Preservation" Area and "Planning" Area. The primary difference between the two planning areas is that conformance with the HRMP is mandatory for areas contained within the Preservation Area whereas, plan conformance is voluntary within the Planning Area. Generally, land use restrictions are stricter for areas within the Preservation Area.

The Borough is designated entirely within the Planning Area, therefore, mandatory compliance with the HRMP is not required. To date, the Borough has not sought to enter into a formal process of plan conformance with the Highlands Council.

There are other policies contained within the HRMP that are relevant to this Housing Plan Element.

The HRMP delineates Agricultural Resource Areas where there are contiguous and concentrated agricultural areas using Important Farmland soils. It is important to note that all of the Borough falls within the Agriculture Resource Area with the noted exception of a small area in the northeast corner of the Borough. The agricultural lands of the Borough that lie within the Agricultural Resource Area are further identified by the HRMP as Agricultural Priority Areas. Agricultural Priority Areas are delineated by the criteria related to the quality of the agricultural resource and its ability to sustain farming act.

Another important policy consideration stemming from the HRMP is that the HRMP identifies lands with significant natural and ecological resources. The HRMP maps and delineates the range and nature of land throughout the Highlands Region and identifies zones and subzones of ecological concerns. The Borough falls mainly into the Protection and Conservation Zone as well as the Conservation-Environmentally Constrained Sub-Zone. These areas have high resource value lands and are critical to maintaining water quality, quantity and sensitive ecological resources.

Somerset County Investment Framework Map

Somerset County has developed a Strategic Investment Framework Plan (SCIFM) that mirrors the yet to be adopted State Strategic Plan. The Somerset County Freeholders adopted the map in April 2014 and it establishes a framework for investment and development by creating four land use investment areas:

- Priority Growth Investment Areas (PGIA) – “An area where more significant development and redevelopment is preferred and where public and private investment to support such development and redevelopment will be prioritized.”
- Priority Preservation Investment Areas (PPIA) – “An area where land preservation, agricultural development and retention, historic preservation, environmental protection and stewardship is preferred and where investment to support land preservation, agricultural development and retention, historic preservation, environmental protection and stewardship is encouraged.”
- Alternate Growth Investment Areas (AGIA) – “An area that has existing or planned infrastructure that will lead to development and redevelopment opportunities. State investments related to the efficient development and redevelopment of previously developed sites and optimization of existing settlement patterns should be encouraged but as a lesser

priority than PGAs.”

- Limited Growth Investment Areas (LGIA) – “An area that does not have existing or planned infrastructure that will lead to a significant degree of additional new development, development and redevelopment opportunities. Large scale investments that may lead to additional development should not be prioritized in these areas.”

The SCIFM designates the sewer service area of the Borough as an AGIA, alternate investment area and the remainder of the Borough as PPIA, priority for preservation investment. Both investment strategies recognize the Borough’s limited ability to develop as a function of the limited capacity of its sewer service area to accommodate growth and the generally rural character of the community that is a primarily best suited to agricultural use or preservation as open space to protect critical natural resources.

Peapack and Gladstone Master Plan 2015 Re-examination Report

The Borough Land Use Board recently adopted a Master Plan Re-examination Report on January 29, 2015. The document contained thirty (30) specific goals relating to land use policies that are integral to the land use decisions that the Board and Borough must make. Some of the more important and relevant goals are as follows:

1. To protect the low density rural character of the Borough in appropriate areas.”
2. To preserve the high quality scenic and historic character of the Villages of Peapack and Gladstone.”
3. To narrowly limit the areas of higher density, residential development (one acre or less) in areas appropriate for such development. To protect the low-density areas from suburban intrusion.”
4. To discourage infrastructure extension into and through areas intended for large lot development.”

All of these master plan goals support a low growth policy that is directly related to the Borough’s critical environmental attributes and the desire to maintain the rural and agricultural character of the community.

Peapack and Gladstone Borough Environmental Resource Inventory

The Borough Environmental Commission recently completed an updated Environmental Resource Inventory (ERI) that was adopted by the Borough Land Use Board on May 1, 2013. The ERI provides

significant details concerning the environmental character of the land features associated with the Borough's. The ERI identifies critical areas of environmental concern such as steep slopes, flood plain areas, wetlands, groundwater protection etc. that are important factors guiding the use of land. It is extremely important to be aware of the limitations to land development given the natural character of an area to avert unnecessary destruction to valuable natural resources.

The ERI for the Borough confirms the policy designations that identify the Borough as being environmentally sensitive as was discussed just previously. The policy recommendations of both the State Plan and Highlands Regional Master Plan reflect the environmental mapping and characteristics identified in the ERI.

Peapack and Gladstone Comprehensive Farmland Preservation Plan Update – 2010

The Borough updated its Comprehensive Farmland Preservation Plan (FPP) in 2010. The Borough subsequently conducted a re-examination of the document as recently as 2015 and determined the document, for the most part, was valid and relevant to guide agricultural policies. The principle goal of the FPP is to seek out and purchase key agricultural tracts for preservation as a farm. This is an important document for the Borough for two reasons:

1. It provides a comprehensive mapping of prime agricultural areas and establishes a plan for the preservation of key agricultural sites within the Borough; and
2. The preservation of agricultural lands is a key component towards preserving the character of the community that identifies heavily with its agriculture and agricultural heritage.

The primary goal of the FPP is to identify key agricultural properties for acquisition. Agricultural properties purchased for agricultural purposes is then preserved permanently as a farmland.

Sewer Service Area

Infrastructure is a critical component to any plan. Without the availability of sewer and water, development cannot proceed. The planning of infrastructure improvements, however, is also a powerful tool to guide development to appropriate locations.

The sewer service area of Peapack and Gladstone includes properties along the Main Street corridor encompassing mostly the developed portions of the Borough and along the Route 206 corridor further to the west. A map indicating the sewer service area is appended to this plan.

The attached sewer map clearly delineates the designated growth area for the Borough that could be served by sewers.

Inventory of Municipal Housing Stock

This section of the Housing Element provides an inventory of the Borough's housing stock, as required by the Municipal Land Use Law. The inventory details housing characteristics such as age, condition, purchase/rental value, and occupancy. It also details the number of affordable units available to low- and moderate-income households and the number of substandard housing units capable of being rehabilitated.

1. Number of Dwelling Units. The Borough's housing stock grew by 17 percent between 1990 and 2016. On an annual basis, this is equivalent to under 4 homes per year over that time period. The greatest period of growth occurred over the ten-year period between 2000 and 2010. However, based upon the ACS, the number of units constructed has slowed over the past six years.

Table 3: Dwelling Units (2000 to 2016)
Borough of Peapack and Gladstone, New Jersey

Year	Total Dwelling Units	# Change	% Change
1990	828	-	-
2000	871	43	5.2
2010	949	78	8.9
2016*	971	22	2.3

Sources: U.S. Census data; American Community Survey 5-Year Estimates;

*U.S. Census Data, American Community Survey 2016 Estimate

The following table provides additional detail regarding the tenure and occupancy of the Borough's housing stock. As shown below, 76.9 percent of the Borough's housing stock was estimated to be owner-occupied in 2012, down from 92.1 percent in 2000. The number of rental units increased from 116 units in 2000 to 261 units in 2010, representing an increase in terms of the total housing stock from 6.4 percent to 13.1 percent.

**Table 4: Housing Units by Tenure and Occupancy Status (2000 - 2010)
Borough of Peapack and Gladstone, New Jersey**

Category	2000		2010	
	# Units	Percent	# Units	Percent
Owner-Occupied Units	659	78.5	682	76.9
Renter-Occupied Units	181	21.5	205	23.1
Vacant Units	31	-	62	-
Total Units	871	100	949	100

Sources: U.S. Census 2000 & 2010.

2. Housing Characteristics. The following tables provide additional information on the characteristics of the Borough’s housing stock, including data on the number of units in structures and the number of bedrooms. The American Community Survey (ACS) 2016 data estimates that there has been a net loss of 14 units in the Borough since 2010. However, given the margin of error associated with the ACS data, the number of units between 2010 and the 2016 estimate are near equivalent.

**Table 5: Units in Structure (2000 to 2016)
Borough of Peapack and Gladstone, New Jersey**

Units in Structure	2000		2016	
	Number	Percent	Number	Percent
1-unit, detached	848	86.1	763	78.6
1-unit, attached	0	0	76	7.8
2 units	81	8.2	21	2.2
3 or 4 units	56	5.7	81	8.3
5 to 9 units	0	0	18	1.9
10 to 19 units	0	0	6	0.6
20 or more units	0	0	6	0.6
Other	0	0	0	0
Total	985	100	971	100

Sources: U.S. Census 2010; American Community Survey 5-Year Estimates;

3. Housing Age. The following table details the age of the Borough’s housing stock. As shown

on the table, more than half of the Borough’s housing units were constructed prior to 1960.

**Table 6: Year Structure Built
Borough of Peapack and Gladstone, New Jersey**

Year Built	Number of Units	Percent
2014 or later	0	0
2010 to 2013	25	2.6
2000 to 2009	41	4.2
1990 to 1999	83	8.5
1980 to 1989	164	16.9
1970 to 1979	97	10
1960 to 1969	65	6.7
1950 to 1959	84	8.7
1940 to 1949	22	2.3
1939 or earlier	390	40.2
Total	971	100

Source: American Community Survey 5-Year Estimates.

4. Housing Conditions. The determination of deficient housing relies on surrogate measures or indicators of deficiency. Under the prior Round 2 regulations there were seven surrogate measures for deficient housing, but these were then subsequently reduced by COAH’s 2004 Round 3 methodology to three surrogates: a) units that lack plumbing facilities; b) units with inadequate kitchen facilities; and c) overcrowding which is defined as units occupied by more than 1.01 or more persons per room. This change in surrogates was challenged under the growth share methodology litigation but was subsequently upheld by the Appellate Division and reaffirmed by the Supreme Court.

An inventory of the Borough’s housing conditions is presented in the following tables. The first table identifies the extent of overcrowding in the Borough, defined as housing units with more than one occupant per room. In 2016, there were an estimated 898 occupied housing units in the Borough. The data indicates that the number of occupied housing units considered overcrowded is extremely low at 1.5 percent.

**Table 7: Occupants Per Room (2000 to 2016)
Borough of Peapack and Gladstone, New Jersey**

Occupants Per Room	2000		2016	
	Number	Percent	Number	Percent
1.00 or less	836	99.5	898	98.5
1.01 to 1.50	4	0.5	14	1.5
1.51 or more	0	0	0	0
Total	840	100	912	100

Sources: U.S. Census 2000, American Community Survey 5-Year Estimates.

The table below presents other key characteristics of housing conditions, including the presence or absence of complete plumbing and kitchen facilities and the type of heating equipment used. As shown, all housing units have complete kitchen and plumbing facilities. Utilizing these measures, it is apparent that the Borough’s housing stock is very well maintained.

**Table 8: Equipment and Plumbing Facilities (2000 to 2016)
Borough of Peapack and Gladstone, New Jersey**

Facilities	2000		2016	
	Number	Percent	Number	Percent
Kitchen: With Complete Facilities	869	99.7	912	100
Lacking Complete Facilities	2	0.3	0	0
Plumbing: With Complete Facilities	868	99.6	912	100
Lacking Complete Facilities	3	0.4	0	0
Heating Equipment: Standard Heating Facilities	862	98.9	902	98.9
Other Means, No Fuel Used	9	1.1	10	1.1

Sources: U.S. Census 2000; American Community Survey 5-Year Estimates.

- Purchase and Rental Values. As shown in the following table, almost 64 percent of Peapack and Gladstone’s rental housing stock had monthly rents greater than \$1,000 in 2000. By 2016, almost 93 percent of rents are greater than \$1,000. The Borough’s median rent is 3.9 percent higher than the median monthly rent of Somerset County as a whole (\$1,380).

**Table 9: Gross Rent of Renter-Occupied Housing Units (2000 to 2016)
Borough of Peapack and Gladstone, New Jersey**

Gross Rent	2000		2016	
	Number	Percent	Number	Percent
Less than \$500	5	3.4	0	0
\$500 to \$999	48	32.9	18	7.1
\$1,000 to \$1,499	68	46.6	137	54.2
\$1,500 or more	25	17.1	98	38.7
Total	146	100	253	100
No Cash Rent	25		5	
Median Gross Rent	\$1,132		\$1,435	

Sources: U.S. Census 2010, American Community Survey 5-Year Estimates.

Table 10 below shows that approximately 71.1 percent of Peapack and Gladstone’s owner-occupied units had a value of \$500,000 or more in 2016, whereas in the previous decade 45 percent of Peapack and Gladstone’s owner-occupied units had a value of \$500,000 or more. This substantial increase is in part a function of the increase in values that occurred throughout the region prior to the recession in 2008. The Borough’s median value is nearly 43 percent of the County’s median value in 2016 (\$443,400).

**Table 10: Value of Owner-Occupied Housing Units (2000 to 2016)
Borough of Peapack and Gladstone, New Jersey**

Value Range	2000		2016	
	Number	Percent	Number	Percent
Less than \$100,000	4	0.6	8	1.2
\$100,000 to \$199,999	17	2.9	11	1.7
\$200,000 to \$299,999	142	23.7	24	3.7
\$300,000 to \$499,999	167	27.8	146	22.3
\$500,000 to \$999,999	211	35.2	378	57.8
\$1,000,000 or More	59	9.8	87	13.3
Total	600	100	654	100

Median Value	\$461,500	\$659,700
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Sources: U.S. Census 2016, American Community Survey 5-Year Estimates.

6. Number of Units Affordable to Low- and Moderate-Income Households. Peapack and Gladstone is placed in COAH Housing Region 3, which is comprised of Hunterdon, Middlesex and Somerset Counties. Based on the most current COAH regional income limits, the median household income for a three-person household is \$94,860. A three-person moderate-income household, defined as 80 percent of the median income, would have an income not exceeding \$75,888. A three-person low income household, established at no more than 50 percent of the median income, would have an income not exceeding \$47,430.

An affordable sales price for a three-person moderate-income household earning 80 percent of the median income is estimated at approximately \$245,000. An affordable sales price for a three-person low-income household earning 50 percent of the median income is estimated at approximately \$150,000. These estimates are based on the UHAC affordability controls outlined in N.J.A.C. 5:80-26.6. According to 2016 ACS data, 6.6 percent of the Borough’s owner-occupied housing units are valued at less than \$300,000 which would be considered affordable to low income families.

For renter-occupied housing, an affordable monthly rent for a three-person moderate-income household is estimated at approximately \$1,897. An affordable monthly rent for a three-person low-income household is estimated at approximately \$1,185. According to the 2016, ACS estimates, the median rent for a rental unit in Peapack and Gladstone’s is \$1,435 and approximately 7.1 percent of the rental units have a gross rent less than \$1,000.

7. Number of Existing Affordable Housing Units in Peapack and Gladstone. There are three affordable housing developments in the Borough, which are subject to affordability controls. As described in the previous section, twenty (20) affordable rental units were constructed by the Lutheran Social Ministries on Borough purchased property located at the intersection of Main Street and Holland Avenue. An additional nine (9) units were constructed as part of the St. Luke’s Village senior housing development. Recent approval and construction of affordable rentals as part of the Vernon Manor development yields an additional 3 affordable units.
8. Substandard Housing Capable of Being Rehabilitated. Based upon the statistical data described previously, the Borough’s housing stock is extremely well maintained and does not exhibit conditions that are pervasive enough to raise concerns regarding the quality of the Borough’s housing requiring significant governmental intervention. This condition is expected to continue into the future.
9. Projection of Housing Stock. The COAH regulations require a projection of the community’s housing stock, including the probable future construction of low- and moderate-income housing, for the ten years after the adoption of the Housing Element. This projection shall be

based upon an assessment of data which minimally must include the number of residential construction permits issued, approvals of applications for residential development, and probable residential development of lands. Each of these items are identified and outlined below.

- a. Housing Units Constructed During the Last Ten Years. Table 11 below provides data concerning residential building permits issued for new construction during the past ten years. During this period, a total of 36 residential building permits were issued for new construction, all of which were for one- and two-family residences averaging under 4 units per year.

**Table 11: Residential Building Permits Issued For New Construction (2008 to 2017)
Borough of Peapack and Gladstone, New Jersey**

Year Issued	One & Two Family	Multi-Family	Mixed-Use	Total
2008	2	0	0	2
2009	4	0	0	4
2010	2	0	0	2
2011	4	0	0	4
2012	1	0	0	1
2013	6	0	0	6
2014	3	0	0	3
2015	7	0	0	7
2016	6	0	0	6
2017	1	0	0	1
Total	36	0	0	36

Source: New Jersey Construction Reporter.

- b. Probable Residential Development of Lands. Considering the Borough’s low level of housing construction activity experienced over the past decade and the lack of developable land, the Borough anticipates only modest growth in its housing stock. The Borough’s housing stock is anticipated to grow modestly as a result of development occurring on Block 33, Lot 13, SJP Properties, which is approved for 68 market rate units and 14 affordable units (to be discussed in more detail in subsequent sections). Additional housing development as contemplated by this plan is also anticipated to result in the development of 63 additional housing units if fully implemented.

Population Analysis

The MLUL requires that a Housing Element provide data on the municipality's population, including population size, age and income characteristics.

1. Population Size. According to the US Census Bureau, Peapack and Gladstone's population experienced a population increase over the last decade, rising from 2,433 persons in 2000 to 2,582 by the year 2010. This was an increase of 149 persons or 6.12 percent. The Borough has grown in population every year since 1930, slightly more than doubling its population from 1930 to 2010. The period of greatest population growth occurred in 1960.

**Table 12: Population Growth (1930 to 2016)
Borough of Peapack and Gladstone, New Jersey**

Year	Population	Population Change	Percent Change
1930	1,273		
1940	1,354	81	6.4
1950	1,450	96	7.0
1960	1,804	354	24.4
1970	1,924	120	6.6
1980	2,038	114	5.9
1990	2,111	73	3.6
2000	2,433	322	15.2
2010	2,582	149	6.1
2016 (est.)	2,588		

Source: U.S. Census data

2. Age Characteristics. The Borough's age characteristics are outlined in the table below. As shown, the Borough's population is growing older, consistent with suburban national trends. Peapack and Gladstone's median age has increased since from 41 years of age in 2000 to 44.2 years of age in 2010.

**Table 13: Age Characteristics (2000 to 2010)
Borough of Peapack and Gladstone, New Jersey**

Age	2000		2010	
	Number	Percent	Number	Percent
Under 5 years	183	7.5	119	4.6
5 to 17 years	372	15.3	564	21.8
18 to 24 years	210	8.6	170	6.6
25 to 34 years	263	10.8	230	8.9
35 to 44 years	469	19.3	314	12.2
45 to 54 years	394	16.2	542	21
55 to 64 years	246	16.2	333	12.9
65 +	296	12.2	310	12
Total	2,433		2,582	
Median Age	39.5		45.7	

Source: U.S. Census –2000, 2010

3. Average Household Size. The average household size for the Borough has increased slightly since the 1980s, with the 2010 average household size of 2.72 persons.

**Table 14: Average Household Size (1980 to 2010)
Borough of Peapack and Gladstone, New Jersey**

Year	Total Population	Number of Households	Average Household Size
1980	2,038	698	2.66
1990	2,111	769	2.6
2000	2433	840	2.71
2010	2,582	887	2.72

Sources: U.S. Census data

4. Household Income. Detailed household income figures are shown in the table below. As shown, an estimated 58.4 percent of the Borough’s households had an income of \$100,000 or more in 2016 with the highest proportion of households (35.4 percent) earning \$200,000 or

more. The Borough's median household income in 2016 was slightly more than 1.5 times the median household income of Somerset County as a whole.

**Table 15: Household Income (1989 to 2016)
Borough of Peapack and Gladstone, New Jersey**

Income Category	1989		1999		2016	
	Number	Percent	Number	Percent	Number	Percent
Less than \$10,000	33	4.2	14	1.6	26	2.9
\$10,000 to \$14,999	26	3.3	14	1.6	9	1.0
\$15,000 to \$24,999	54	6.9	21	2.57	59	6.5
\$25,000 to \$34,999	57	7.3	39	4.6	45	5.0
\$35,000 to \$49,999	123	15.8	83	9.93	104	11.4
\$50,000 to \$74,999	175	22.5	131	15.67	91	10.0
\$75,000 to \$99,999	102	13.1	118	14.11	43	4.7
\$100,000 to \$149,999	114	14.7	141	16.87	160	17.4
\$150,000 to \$199,999	93	12.0	97	11.6	52	5.7
\$200,000 or more	-	-	178	21.29	323	35.4
Total	777	100	836	100	912	100
Median Household Income	\$60,075		\$99,499		\$117,200	
Somerset County Median	\$55,519		\$78,079		102,405	

Sources: U.S. Census 2000; American Community Survey 5-Year Estimates.

5. Housing Cost Burden. Households that pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care. Despite Peapack and Gladstone's median household income, the data from the 2010 Census reveals that approximately 50 percent of owner-occupied households and 38.1 percent of rental households had housing costs of 30 percent or more.

**Table 16: Home Ownership Cost As Percentage of Income: 2010
Borough of Peapack and Gladstone, New Jersey**

	Number	Percent
Total	792	
Housing Units with a mortgage	521	65.7
Less than 10.0 percent	17	3.3
10.0 to 14.9 percent	25	4.8
15.0 to 19.9 percent	41	7.9
20.0 to 24.9 percent	65	12.5
25.0 to 29.9 percent	112	21.5
30.0 to 34.9 percent	40	7.7
35.0 to 39.9 percent	57	11.0
40.0 to 49.9 percent	62	11.9
50 percent or more	102	19.6

Sources: U.S. Census 2010

**Table 17: Rental Cost As Percentage of Income: 2010
Borough of Peapack and Gladstone, New Jersey**

	Number	Percent
Total	165	
Less than 10.0 percent	8	4.8
10.0 to 14.9 percent	46	27.8
15.0 to 19.9 percent	0	0
20.0 to 24.9 percent	0	0
25.0 to 29.9 percent	48	29.0
30.0 to 34.9 percent	8	4.8
35.0 to 39.9 percent	8	4.8
40.0 to 49.9 percent	0	0
50.0 percent or more	47	28.5

Sources: U.S. Census 2010

Employment Analysis

The MLUL requires that the Housing Element include data on employment levels in the community. The following tables present information on the Borough's employment characteristics.

1. Employment Status. Table 18 provides information on the employment status of Borough residents age 16 and over. Of those in the labor force in 2016, 1.2 percent were unemployed. This is more than half the unemployment rate experienced in Somerset County of 3.7 percent and less than the State figure of 5.2 percent.

**Table 18: Employment Status, Population 16 and Over (1990 to 2016)
Borough of Peapack and Gladstone, New Jersey**

Employment Status	2010		2016	
	Number	Percent	Number	Percent
In labor force	1,320	71.0	1,282	61.6
Civilian labor force	1,318	70.9	1,282	61.6
Employed	1,252	67.3	1,257	60.4
Unemployed	66	3.6	25	1.2
% of civilian labor force	-	5.0	-	1.9
Armed Forces	2	0.1	0	0
Not in labor force	539	29.0	799	38.4
Total Population 16 and Over	1,859		2,081	

Sources: U.S. Census – 2010 & 2016 American Community Survey 5-Year Estimates.

2. Employment Characteristics of Employed Residents. The following two tables detail information on the employment characteristics of employed Peapack and Gladstone residents. Table 19 details occupation characteristics, while Table 20 details industry characteristics.

**Table 19: Employed Residents Age 16 and Over, By Occupation (2010 to 2016)
Borough of Peapack and Gladstone, New Jersey**

Occupation	2010		2016	
	Number	Percent	Number	Percent
Management, Professional and related occupations	598	50.3	648	51.6
Service Occupation	85	7.1	162	12.9
Sales and Office Occupations	336	28.2	292	23.2
Natural Resources, Construction & Maintenance	110	9.2	99	7.9
Production, transportation and material moving	61	5.1	56	4.5
Total	1,190	100	1,257	100

Sources: U.S. Census – 2010 & 2016 American Community Survey 5-Year Estimates.

Table 20 indicates that Peapack Gladstone residents are employed primarily within the professional, finance, education/health services and construction professions (over 50 percent). The largest gains in employment occurred in educational, health and social services, agriculture, wholesale trade and information while most other employment categories recorded job losses.

**Table 20: Employed Residents Age 16 and Over, By Industry (2010 to 2016)
Borough of Peapack and Gladstone, New Jersey**

Industry	2010		2016	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing, hunting and mining	0	0.0%	44	3.5
Construction	116	9.7	106	8.4
Manufacturing	81	6.8	83	6.6
Wholesale trade	21	1.8	42	3.3
Retail trade	155	13	75	6.0
Transportation and warehousing, and utilities	25	2.1	12	1.0
Information	49	4.1	73	5.8
Finance, insurance, real estate and rental and leasing	220	18.5	182	14.5
Professional, scientific, management, administrative and waste management services	177	14.9	177	14.1
Educational, health and social services	199	16.7	251	20.0
Arts, entertainment, recreation, accommodation and food services	63	5.3	119	9.5
Other services	45	3.8	83	6.6
Public administration	39	3.3	10	0.8
Total	1,190	100	1,257	100

Sources: U.S. Census – 2010 & 2016 American Community Survey, 5-Year Estimates.

3. **Employment Projections.** The following section identifies the extent to which recent development has occurred in the community, to assist in the determination of future residential and employment projections.
 - a. Probable Future Employment and Regional or Community Factors Impacting Upon Future Municipal Employment. Employment within the Borough has generally increased in the last ten years. The largest drop in unemployment occurred in 2008 which coincides with the beginning of the economic recession of that time. Gains in employment from 2008 more than likely reflect the general economic recovery of the nation after the 2008

economic recession. It appears from the most recent data available that covered employment figures have leveled off as reflected by a slight decrease in total covered employment experienced in 2016.

**Table 21: Average Covered Employment Trends 2007-2016
Borough of Peapack and Gladstone, New Jersey**

Year	Number of Jobs	Change in Number of Jobs	Percent Change
2007	1,616	-	-
2008	1,150	-466	-28.8
2009	1,968	818	71.1
2010	2,126	158	8.0
2011	2,538	412	19.4
2012	2,595	57	2.2
2013	2,609	14	0.05
2014	2,667	58	2.2
2015	2,825	158	5.9
2016	2,801	-24	-0.8

Source: NJ Department of Labor and Workforce Development

- b. Nonresidential Square Footage Constructed During the Last Ten Years. As reflected in Table 22, the Borough has not experienced expansive growth in non-residential space over the past decade. The single largest category for square footage authorized by building permit is for assembly type uses.

**Table 22: Square Feet of Non-Residential Space Authorized by Building Permits (2007 to 2016)
Borough of Peapack and Gladstone, New Jersey**

Year Issued	Office	Retail	A2 & A3 Assembly	Education	Total
2007	0	0	0	0	0
2008	0	0	6,650	0	6,650
2009	0	0	224	0	224
2010	8,849	0	13,680	0	22,529
2011	0	0	0	0	0
2012	0	0	0	0	0
2013	0	0	0	0	0
2014	0	0	0	0	0
2015	0	0	0	0	0
2016	0	12,500	13,001	0	25,501
Total	8,849	12,500	33,555	0	67,905

Source: New Jersey Construction Reporter

- c. Probable Non-Residential Development of Lands. There are no pending applications for development nor significant tracts of land that will result in any substantial non-residential development in the Borough.
- d. Probable Future Employment Characteristics. As discussed in detail in the Borough’s master planning documents, the Borough does not intend any changes to its existing land use that would expand upon its current non-residential base that would create significant employment opportunities or otherwise alter its current employment characteristics.

FAIR SHARE PLAN

Summary of Fair Share Obligation

The state of the Third Round affordable housing obligations for municipalities throughout New Jersey continues to be in flux, given that neither the Courts, COAH, nor the legislature has come up with a definitive set of housing-need numbers that has been universally accepted. The recent decision by Judge Jacobsen, in the Mercer County litigation referenced earlier rendered a judicial determination as to the methodology to be used for determining affordable housing obligations based upon COAH's Second Round methodology within that vicinage. However, this decision has yet to reach universal consensus and its applicability to municipalities in other jurisdictions has yet to be determined. The affordable housing obligation that would apply to Peapack Gladstone under the Mercer County decision is presented below for informational purposes only. Prior to the Mercer County decision, two sets of numbers have been promulgated and widely discussed. These include numbers prepared by Econsult Solutions on behalf of a consortium of municipalities known as the Municipal Joint Defense Group, of which Peapack Gladstone is a part, and numbers prepared by Dr. David Kinsey on behalf of the Fair Share Housing Center (FSHC). Their housing-need numbers for the Borough of Peapack and Gladstone are as follows:

	<u>Econsult</u>	<u>FSHC</u>	<u>Jacobson</u>
1. Rehabilitation Obligation:	0	1	0
2. Prior Round Obligation (1987-1999):	82	82	82
3. Gap + Prospective Need Obligation (1999-2025):	121	161	120

Ultimately, a Settlement Agreement, which was executed by the Borough and FSHC on April 25, 2018, and sets forth the extent of Peapack Gladstone's rehabilitation, prior round and gap + prospective need obligations. The parties have agreed upon the following obligations for the Borough for the period from 1987 through July 1, 2025:

	<u>Obligation per Settlement</u>
1. Rehabilitation Obligation:	1
2. Prior Round Obligation (1987-1999):	82
3. Gap + Prospective Need Obligation (1999-2025):	104

The Settlement Agreement reached between the Borough and FSHC as approved by the Court at a fairness hearing duly advertised and held on June 14, 2018 establishes the Borough's Prospective Need Obligation (1999-2025) inclusive of the GAP period at 104 units. The Borough's Fair Share Plan provides mechanisms that creates opportunities to satisfy the Borough's entire obligation pursuant to the settlement. Therefore, there is no unmet need. The Borough proposes to satisfy its affordable housing obligation by sponsoring a 100 percent affordable housing project on Borough owned land (Smith Property), zoning certain properties for inclusionary development, implementing an accessory

apartment program and utilizing credits for existing development and rental housing.

Plan Components

The Borough’s Fair Share obligation falls within three components: prior round obligation, present or rehabilitation need and prospective need for the time covering 1999 to 2025, inclusive of the GAP period. Each component is described in detail in the following sections.

Prior Round Obligation

The Borough has satisfied its prior round obligation of 82 affordable units for the Second Round as illustrated by Table 23 below:

**Table 23: Prior Round Plan Components
Borough of Peapack and Gladstone, New Jersey**

Plan Component	Units	Bonus	Credits
Lutheran Social Ministries (family rental), 85 Main Street, Block 23, Lot 17	20	20	40
Regional Contribution Agreement with Perth Amboy	37	-	37
St. Luke’s Senior Housing	9	-	9
Total	64	18	84

The Prior Round Plan resulted in 84 credits generating two (2) additional credits eligible to be carried to the Third Round obligation.

Present Need

The Borough will satisfy its Present Need obligation of 1-unit by implementing a rehabilitation program consistent with COAH regulations.

Prospective Need – 1999 to 2025

The HE&FSP identifies the manner in which the Borough’s 104-unit affordable housing obligation is to be addressed. This is summarized in the accompanying table.

**Table 24: 2015 Third Round Housing Element and Fair Share Components
Borough of Peapack Gladstone, New Jersey**

Plan Component	Number of Units	Bonus	Credits
Prior Round Surplus Credits-Lutheran Ministries	2	2	4
Smith Property (special needs group home; 100% affordable Municipally sponsored housing); Block 20, Lot 1.03	8	6	14
Smith Property (family rental; 100% affordable Municipally sponsored housing); Block 20, Lot 1.03	20	18	38
Accessory Apartment Ordinance	10	-	10
SJP Properties (family rental); Block 33, Lot 13	14	-	14
Fin Pro (mixed office/family rental); Block 20, Lot 1.02	5		5
Main and Lackawanna Street Rezoning; Block 22, Lot 13 and Block 20, Lot 5 for mixed use inclusionary commercial and residential development	3	-	3
201 & 205 Main Street (special needs group home (4 beds) w/ 2 affordable rental units; Block 22, Lots 4 & 5	6		8
291 Main Street (special needs group home (6 beds) w/2 affordable rental unit); Block 1, Lot12	8	-	8
1 Railroad Avenue; Block 29, Lot 18	3	-	3
Total	79	26	105

As noted in Table 24, the HE&FSP can accommodate the entirety of the community’s affordable housing obligation, with an additional unit credit available to be applied to the Borough’s future affordable housing obligation anticipated for the next round. The HE&FSP affirmatively addresses the Borough’s affordable housing obligation while at the same time maintaining the overall character of the community. This Plan describes the affordable housing delivery techniques used to satisfy the municipality’s affordable housing obligation through 2025.

As detailed above, the Borough of Peapack and Gladstone’s Third Round Prospective Need obligation per the Borough’s settlement with FSHC is 104 units. The Borough will affirmatively address its of 104 units through the following mechanisms:

- a. Prior Round Credit for Excess Units. The Borough is entitled to a credit of 2 units generated by its prior round compliance with Lutheran Social Ministries.
- b. Smith Property Municipally Sponsored Housing. The Borough has entered into agreements with Bethel-Ridge, a non-profit affordable housing corporation to develop

a group home with 8 bedrooms and with the Alpert Group who has agreed to develop 20 affordable family rental units on Borough owned property located at Block 20, Lot 1.03. This is a three (3) acre property purchased by the Borough specifically for the purpose of developing affordable housing. The property is available, suitable, developable and approvable for inclusionary development pursuant to N.J.A.C. 53:93-5.3:

- 1) The property is owned by the Borough and has clear title with no known encumbrances that would preclude development;
 - 2) The property is within the Borough's sewer service area and there is available sewer and water capacity to service the project.
 - 3) There is sufficient land available that is not impacted by environmental constraints to permit development consistent with Borough and State environmental regulations; and
 - 4) The property will be zoned for affordable housing development that will affirmatively permits the development envisioned by this plan and is therefore, approvable.
- c. Accessory Apartment Program. The Borough will provide funding for up to 10 accessory apartments through its affordable housing trust fund and create and adopt an accessory apartment program including adopting modifications to the Borough's zoning regulations to permit accessory apartments. Consistent with COAH Second Round rules the Borough will commit \$20,000 per accessory apartment deed restricted for moderate income families and \$25,000 per accessory apartment restricted to low or very low income families.
- d. SJP Properties. The Borough has amended its zoning ordinance to permit the construction of sixty-eight (68) market-rate homes with the requirement that an additional fourteen (14) units of affordable housing be provided as part of the development of Block 33, Lot 13. The Borough has also entered into a memorandum of agreement confirming the affordable housing commitment for the development.

The property is available, suitable, developable and approvable for inclusionary development pursuant to N.J.A.C. 53:93-5.3:

1. The property has clear title with no known encumbrances that would preclude development;

2. The property is within the Borough's sewer service area and there is available sewer and water capacity to service the project.
 3. There is sufficient land available that is not impacted by environmental constraints to permit development consistent with Borough and State environmental regulations; and
 4. The property is presently zoned for inclusionary development that affirmatively permits the development envisioned by this plan and is therefore, approvable.
- e. 291 Main Street, Block 1, Lot 12. This is an existing three-family residential structure that will be converted into a group home for special needs housing with 6 bedrooms and 2 affordable family rental units.
 - f. 201-205 Main Street, Block 22, Lots 4 & 5. These are existing dwellings that will be converted to create a group home for special needs housing with 4 bedrooms and 2 affordable family rental units.
 - g. 1 Railroad Avenue, Block 29, Lot 18. This is an existing three-family residential structure that will be deed restricted as family rental units affordable to low and moderate income families.
 - h. Main and Lackawanna Street Rezoning. The Borough will adopt an ordinance rezoning property located on Main and Lackawanna Streets, specifically 219 Main Street further identified as Block 22, Lot 13 and 9-35 Lackawanna Street further identified as Block 20, Lot 5 for mixed use and residential inclusionary zoning. The proposed rezoning of the properties from Village Neighborhood Zone to Mixed Use Affordable Housing will result in the development of 39,850 square feet of commercial space and 40 residential rental units including 3 units that will be affordable to low- and moderate-income families. Development contemplated by the plan includes the demolition of existing structures and new construction with associated parking and public improvements. The properties are available, suitable, developable and approvable for inclusionary development pursuant to N.J.A.C. 53:93-5.3:
 - 1) The properties have clear title with no known encumbrances that would preclude development;
 - 2) The property is within the Borough's sewer service area and there is available sewer and water capacity to service the project;
 - 3) Although subject to flood plain regulations, there is sufficient land available that is

not impacted by environmental constraints to permit development consistent with Borough and State environmental regulations; and

- 4) The properties will be rezoned by the Borough to affirmatively permit the inclusionary development envisioned by this plan and is approvable.
- i. Additional Requirements. Based upon the settlement agreement reached with FSHC, the following additional requirements are incorporated into the Fair Share Plan affecting any affordable housing developments generated by the plan:
- 1) At least fifty percent of the units addressing the Third Round Prospective Need shall be affordable to very-low income and low-income households with the remainder affordable to moderate-income households.
 - 2) At least twenty-five percent of the Third Round Prospective Need shall be met through rental units, including at least half in rental units available to families.
 - 3) At least half of the units addressing the Third Round Prospective Need in total shall be available to families.
 - 4) There will be a cap of twenty-five percent on age-restricted units on all units developed or planned to meet its cumulative prior round and third round fair share obligation.
 - 5) At minimum 13 percent of all units referenced in this plan, with the exception of units constructed as of July 1, 2008, and units subject to preliminary and final site plan approval, shall be affordable to very low income families with half of the very low income units being available to families.
 - 6) All units shall include the required bedroom distribution, be governed by controls on affordability and affirmatively marketed in conformance with the Uniform Housing Affordability Controls, N.J.A.C. 5:89-26.1.

**Table 25: Satisfaction of Obligation Minimums and Maximums
Borough of Peapack Gladstone, New Jersey**

Requirement	Required	Proposed
Max. Age-Restricted Units	26	0
Min. Rental Units	26	77
Max. Rental Bonus Credits (Total, Incl. Age-Rest.)	26	26
Max. Rental Bonus Credits (Age-Restricted)	4	0
Min, Very Low Units (13% of obligation)	14	26

**Table 26: Anticipated Satisfaction of Income Obligation Very Low to Moderate
Borough of Peapack Gladstone, New Jersey**

Proposed Projects	Tenancy	Very Low	Low	Mod	Total Units
Smith Property Family	Rent	3	7	10	20
Smith Property Group Homes	Rent	8	-	-	8
Fin Pro	Rent	1	2	2	5
291 Main Street Group Home+2 Rental	Rent	6	1	1	8
201-205 Main Street Group Home+ 2 Rental	Rent	4	1	1	6
1 Railroad Avenue Rental	Rent	1	1	1	3
SJP Properties	Rent	2	5	7	14
Lackawanna/Main Avenue	Rent	1	1	1	3
Total	--	26	18	23	67

All proposed affordable units are expected to be for rent.

APPENDICES