

TOWNSHIP OF
MONTCLAIR

AFFORDABLE HOUSING STRATEGY

FINAL DRAFT

June 2004

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Montclair Affordable Housing Strategy

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Content

I	Overview	1
II	Guiding Principles	3
III	Summary of Existing Conditions	4
IV	Housing Needs, Targets, and Indicators	6
	<i>Table 1: 2010 Affordable Housing Need by Income and Special Needs</i> ...	6
	<i>Table 2: 2010 Affordable Housing Targets by Tenure and Strategy Area</i> ..	8
	<i>Table 3: Indicators for Measuring Success</i>	10
V	Eight Key Strategies	11
	1 <i>Housing Specialist Position</i>	12
	2 <i>Montclair Housing Commission</i>	14
	3 <i>Inclusionary Zoning</i>	16
	4 <i>Partnerships for Development</i>	20
	5 <i>Housing Rehabilitation</i>	24
	6 <i>Rent Monitoring and Arbitration</i>	26
	7 <i>Montclair Community Land Trust</i>	30
	8 <i>Community Outreach and Education</i>	32
	<i>Table 4: Summary of Key Strategies</i>	35
VI	Funding	36
	<i>Table 5: Summary of Potential Funding Sources</i>	40
VII	Action Plan, Years 1 and 2	41

Appendices

- A *Existing Conditions and Trends Report*
- B *Other Programs Considered*

I. Overview

The Township of Montclair has a long history of diversity in both its population and housing stock that distinguishes it from neighboring northern New Jersey communities. Its population is economically and racially diverse—a quality which draws new families to Montclair each year. It offers a mix of housing types, from stately historic single family homes on large lots, to garden apartments and multi-family buildings near downtown.

While the Township has made significant efforts to produce housing affordable to households of limited means, it recognizes the need to pursue new strategies due to increased market pressures and the Township's increasingly limited supply of developable land.

In January 2003, the Township Council made affordable housing a top priority, adopting a Resolution stating its intent to take appropriate actions to maintain and create affordable housing in Montclair. Following a town-wide “speak out” on affordable housing in January 2003, and a one-day Conference on Affordable Housing, co-sponsored with the Montclair Affordable Housing Coalition in March 2003, the Township Council passed a Resolution in July 2003 to retain the services of Baird+Driskell Community Planning in preparation of an affordable housing strategy for the Township.

This document—the Montclair Affordable Housing Strategy (MAHS)—was created through a participatory process involving a number of Montclair residents and organizational representatives, including the Township Council, members of the Council-appointed Affordable Housing Task Force, Township staff, and members of the Montclair Affordable Housing Coalition.

It includes:

- **Guiding Principles**, based on Task Force input and the Council's resolutions, which articulate why affordable housing has been identified as a community priority, and what the community would like to achieve through the MAHS;
- **Summary of Existing Conditions**, based on the full report included in Appendix A, to substantiate the need for affordable housing and highlight key issues and trends that need to be considered and addressed.
- **Housing Needs, Targets and Indicators**, to guide development and implementation of the Township's affordable housing strategies, and provide a way to measure success over time.
- **Eight Key Strategies**, focusing the Township's attention and resources on eight key strategy areas, identified through the planning process, which will help maintain, create and preserve affordable housing for low and moderate income households
- **Funding** information on how the strategies can be financed.
- **Action Plan** to identify specific tasks, responsibilities and timelines for initiating implementation of the MAHS in its first two years.



What Is Affordable Housing?

When people hear the words *affordable housing* they often think of public housing built in the 1950s and 1960s, which were typically designed as very large, often high-rise structures containing hundreds of units. These developments were unpopular with many people, including the people who lived in them.

A lot has changed in the past several decades.

Today, affordable housing is well designed, smaller in scale, and professionally managed. Many developments contain a mix of incomes, and it is very common for the “affordable” development to be the nicest looking building on the street.

In several places in this report there are pictures and case studies of affordable housing developments, illustrating the ways in which affordable housing is a healthy part of every community.

Who Needs Affordable Housing?

Simply put, affordable housing is housing that ordinary people can afford.

The general rule is that people can afford to pay 30 percent of their income for housing. Anyone paying more than this is said to be overpaying for their housing. While people with higher incomes may choose to pay more than 30 percent of their income on housing, they typically have plenty left over to meet their other needs. When people with lower incomes have to pay more than 30 percent of their income on housing, it usually means they will be short of money to meet their other needs. In Montclair, housing is affordable to a low-income family of three if it costs less than \$137,600. A moderate-income family of three can afford to pay \$220,100. (See the *Existing Conditions and Trends Report*, Appendix A, for more information and income/affordability data.)

Who in Montclair is low income or moderate income? In 2003, nearly 40 percent of people living in Montclair were low or moderate income. Many of the people who work in Montclair as teachers, firefighters, store clerks, waiters, mechanics, artists and a wide range of other occupations have annual incomes that qualify them as low or moderate income. These are the people—your friends, neighbors and coworkers—who cannot afford housing in Montclair.

II. Guiding Principles

- **Maintain and Enhance Community Character and Quality of Life**
New housing must fit in with the existing quality and character of the Township. This has implications for where new housing is located and the type of housing that is built.
- **Maximize Housing Choices to Maintain Community Diversity**
The future diversity of Montclair (diversity by age, race, and income) is contingent on the future availability of diverse housing choices (diversity by housing type, size, location, tenure and price).
- **Distribute Affordable Housing throughout the Township**
Affordable housing should be distributed throughout the Township, not clustered in a single neighborhood.
- **Focus New Development in and around Transit Hubs and Corridors**
Cluster new housing development close to transit hubs and corridors and in or near commercial centers, encouraging mixed use.
- **Meet Workforce Housing Needs**
Strive to provide affordable housing opportunities for people who work in the Township, including Township employees, school district employees, hospital staff, and other members of the local workforce. Link the concept of ‘affordability’ to local wages and salaries.
- **Preserve Existing Affordable Units**
Help ensure that existing affordable units remain affordable by working to extend subsidy periods on projects with expiring use restrictions and through conversion of existing market rate units to affordable units.
- **Strive for “Affordability In Perpetuity”**
To avoid having to deal with mounting numbers of expiring use restrictions in the future, and the prospect of seeing all Montclair’s hard work on affordable housing dissipate, strive to establish new use restrictions on affordable units ‘in perpetuity’, meaning that they would never expire.
- **Leverage Township Funding**
Target the Township’s affordable housing funds to leverage additional funding from State, Federal and private sources.
- **Promote Partnerships**
Work closely with local nonprofits and other organizations committed to helping meet the Township’s affordable housing needs.
- **Include both Short-Term and Long-Term Strategies**
Respond to immediate crises while developing the framework for long-term success.
- **Ensure that Everyone Helps Meet Housing Needs**
Recognize that the issue of affordable housing is one that affects everybody, and ensure that affordable housing policies and programs provide an opportunity for everyone to contribute towards meeting the need.

III. Summary of Existing Conditions

The *Existing Conditions and Trends* Report is in Appendix A. Here is a summary of key findings:

- **Housing Costs in Montclair Have Risen in the Past Three Years, and Will Continue to Rise.** Completion of the *Montclair Connection* and other market factors have resulted in upward price pressure in the Montclair housing market since the year 2000. While there will continue to be fluctuations in home prices and rents in the future, all indications are that property values and housing costs will continue to rise due to continued strong demand and increasingly limited development potential.
- **Montclair Is Unaffordable for Low Income Households, and Increasingly Unaffordable to Moderate Income Households.** Census data indicate that Montclair was already unaffordable to most low income households (both renters and owners) in the year 2000. That situation has become considerably worse in the past three years. All indications point to a near-complete lack of affordable housing for low income households, and a significant reduction in affordability for moderate income households.
- **Montclair Is Losing Its Diversity.** One result of Montclair's changing housing market will be a loss of economic and age diversity. Analysis of data from the 1990s shows significant out-migration of seniors over the past ten years, and recent school lunch participation rates show an out-migration of lower income families with children.
- **The Ability of Housing Supply to Meet Demand in Montclair Is Becoming More Constrained.** As development opportunities in Montclair become more constrained due to limited land availability, it becomes increasingly difficult for the private housing market to respond to fluctuations in housing demand.
- **Many Affordable Units are at Risk.** Neighborhoods that have traditionally provided affordable housing opportunities are being gentrified. While improvements are often welcome, the economic and social consequences are often detrimental to community diversity. Many long-term residents are having to decide whether to pay a higher percentage of their income on housing, or to look elsewhere. Available data indicate that many are opting for the latter.
- **High Tax Rates Impact Affordability.** New Jersey has a high tax burden, and Montclair is no exception. An analysis of 'tax trauma' in the *Star-Ledger* newspaper in December 2002 indicated an average tax bill in Montclair of nearly \$11,000 on an average market value home of \$386,000, representing 6.5 percent of the average homeowner income of \$167,800. This is a significant cost burden for homeowners in general, and low to moderate income homeowners (especially seniors) in particular.
- **Senior Housing Options Are Limited.** Senior households on fixed incomes often find it difficult to pay high tax bills and to maintain their homes. They may seek smaller housing units or any number of group living situations, from active retirement living to care facilities. The significant out-migration of seniors expressed in the Census figures and anecdotal information from people who work with seniors underscores that many seniors are choosing to move out of their old, larger homes for tax reasons and to search for more suitable housing, which they often find in communities elsewhere in the county or region.

- **Affordable Family Housing Is Endangered.** Along with seniors, moderate and lower income family households are significantly impacted by the erosion of affordable housing options. These families often need larger homes and apartments to meet their needs, which are becoming difficult to impossible to find at affordable prices and rents. Without affordable options across a range of housing types, these families choose to look elsewhere for their housing needs. With affordable housing options becoming increasingly restricted to smaller homes and apartments (primarily studios and one-bedrooms), community diversity is severely impacted.
- **Community Livability Is a Critical Issue.** In a mature, relatively ‘built out’ community like Montclair, new development must fit in with and enhance the community’s design character and overall livability. Many community members have expressed reservations about the impact of new affordable housing development, or development in general. To ensure the long-term success of an affordable housing program, attention must be given to ‘quality of life’ issues such as design, parking, traffic and school impacts.
- **Montclair Has an Impressive Track Record.** Montclair has been a leader in affordable housing in the region and the state, exceeding its ‘fair share’ requirements. These actions speak to the community values and the import placed on affordable housing and community diversity. They also provide a valuable foundation for present and future actions.
- **Montclair Has Valuable Resources.** Montclair is fortunate to have a number of valuable resources located in the Township, including local nonprofits such as HOME Corp, Montclair Neighborhood Development Corporation, United Way of North Essex, Montclair Economic Development Corporation, and the NAACP; national resource groups such as the National Housing Institute; and faculty, student and other resources from Montclair State University and Rutgers. In addition Montclair has a number of resident professionals in fields such as housing, planning, architecture and law who are willing to be involved in community improvement efforts.
- **Community Education and Participation is Vital to Program Success.** Many Montclair residents are understandably concerned about the changes affecting their community, whether it is new development or the loss of diversity. Community opposition to development in general, and higher density or affordable developments specifically, is one of the major obstacles to affordable housing development in almost any community. Residents need to be involved in understanding current trends, identifying potential responses, reviewing proposals and implementing solutions. An ongoing process of community education and engagement will be critical for long-term program success.
- **Meeting Future Housing Needs Will Require New Approaches.** As Montclair faces new challenges in meeting its affordable housing needs, it will need to pursue new housing strategies. The purpose of the Affordable Housing Strategy process is to consider what those strategies might be and lay the groundwork for an effective housing program.

IV. Housing Needs, Targets and Indicators

The MAHS framework is shaped by our understanding of the Township’s housing conditions and trends (page 4); available (and potentially available) resources to support affordable housing activities (see page 36); and community values, as expressed in *Guiding Principles* (page 3).

To help bring these factors together, this section quantifies Montclair’s housing needs, establishes housing target numbers for 2010, and defines indicators that can be used to measure success of the MAHS over time.

Estimated Affordable Housing Need in Montclair, Year 2010

Table 1 provides estimates of Montclair’s affordable housing needs by income category for the year 2010, with a separate break-out by special needs category. The components of need include:

- 1 Year 2000 Unmet Need.** Creating affordability for households that were overpaying for housing in year 2000. This is by far the most significant factor in creating affordable housing need.
- 2 Projected Loss of Existing Affordable Units, 2000-2010.** Replacing units that were affordable in 2000 but are assumed to have “lost” their affordability due to market factors.
- 3 Projected New Need.** Creating affordability in projected new construction so as to preserve Montclair’s existing (year 2000) income distribution, consistent with the community’s goal of maintaining diversity.

Table 1. 2010 Affordable Housing Need by Income and Special Needs

	Owner Households	Renter Households	Total
Very Low Income (<i><30% of median</i>)	330	1 140	1 470
Low Income (<i>30-50% of median</i>)	410	830	1 240
Moderate Income (<i>50-80% of median</i>)	420	670	1 090
Middle Income (<i>80-120% of median</i>)	290	150	440
TOTAL	1 450	2 790	4 240
Special Needs Groups (<i>included in total figures above</i>)			
Seniors	670	860	1 530
Large Families (6+ persons)	75	35	1 10
Householders with Disabilities	220	420	640

These figures provide a snapshot indicating the level of need based on available data. They have been rounded to reflect their role as indicators rather than specific measures.

How We Calculated Housing Needs (Methodology, Table 1)

The figures in Table 1 do not represent demand for new housing units. They provide a rough estimate of the overall need for affordable housing. This need can be met by new construction, but also (and primarily) by conversion of unaffordable market-rate units to affordability. **Table 2** provides estimates of affordable units that can be created through the various strategies of the MAHS.

The calculation of need is derived based on three components. The first two measure unmet need for affordable housing based on year 2000 census data. The third measures need for new affordable housing based on projected residential construction activity.

The first component is the number of affordable units that would have to be created in each income category to ensure affordability for households identified in the 2000 census as overpaying for their housing. This figure is based on 2000 census overpayment data. For more information, see the discussion and data on overpayment in the *Existing Conditions and Trends Report*, Appendix A.

The second component is an estimate of the number of units that were shown as “affordable” based on year 2000 census data (i.e., the household was paying 30 percent or less of their household income on housing costs), but which we assume will be “lost” from the affordable housing stock due to increasing housing costs and relatively stagnant household income in the low and moderate income categories. For this calculation, we have assumed that all very low and low income households who had reported paying between 25 and 30 percent of household income on housing costs in 1999 (as reported in the 2000 census) will, by 2010 (or even by 2003), be paying over 30 percent of their income on housing. For moderate and middle income households, we assumed that half and one-quarter, respectively, of those paying between 25 and 30 percent of household income on housing costs in 1999 would, by year 2003, be paying over 30 percent of their income on housing.

The third and final component of need is based on an assumption regarding the number of new housing units completed or expected between 2000 and 2010, and the percentage of those units that would need to be affordable if Montclair is to retain its existing (2003) estimated distribution of households by income: 13% very low income; 10% low income; and 15% moderate income (see the *Existing Conditions and Trends Report*, Appendix A).

Figures for the housing needs of special needs groups were calculated based on the following:

- **Seniors.** Calculation of senior housing needs was similar to that used for overall housing need, using overpayment data for senior households by income category as reported in the year 2000 census, and a proportion of projected new construction based on the percent of homes occupied by senior households in year 2000 (again, based on census data). The same income group assumptions used in calculating overall need for the “projected loss of existing affordable units” were used in calculating the senior need.
- **Large Families.** Overpayment by family size is not available. However, estimates were extrapolated based on tenure and income data by family size, income limits by family size, and the incidence of overpayment by income level as seen in the larger population.
- **People with Disabilities.** Data on people with disabilities in relation to housing is quite limited, even in the 2000 census tables. However, we know there is a strong correlation between having a disability and being low income. In fact, based on 2000 census data for Montclair, people in poverty were twice as likely to report having a disability in the census as those who were above the poverty line. Calculation of affordable housing need for people with disabilities is based on the frequency of disability in Montclair’s population as a whole, correlated to income data.

Affordable Housing Targets for Montclair, Year 2010

While Table 1 quantifies the total need for affordable housing in Montclair, **Table 2** defines housing target numbers for the year 2010.

Housing target numbers establish quantified goals for the MAHS, grounded in a practical reality of what is achievable given the various opportunities and constraints in the Township. At the same time, however, they are intended to “push the envelope” in terms of utilizing available resources to meet those needs. They provide a means for measuring Montclair’s success over time, and a goal for which the Township’s housing programs should strive.

Table 2. 2010 Affordable Housing Targets by Tenure and Strategy Area

	Owner Units	Renter Units	Total
Inclusionary Units <i>(see page 16)</i>	22	50	72
Partnership Developments <i>(see page 20)</i>	20	180	200
Rehabilitated Units <i>(converted to rent/price restrictions; see page 24)</i>	60	100	160
Preserved Units <i>(see below)</i>	10	571	581
Market Rate Units Converted to CLT Ownership <i>(see page 30)</i>	20	100	120
TOTAL	132	1001	1133

For more information about each target number, refer to the appropriate strategy discussion. The only target numbers not directly correlated to a key strategy are the “preserved units” figure. This refers to affordable housing units that might lose their affordability restrictions on or before year 2010. There are 120 such units in Montclair, with 99 of them located in a single development that is scheduled to lose its use restriction in 2007. Another 60 units might lose their restrictions at some point between 2010 and 2015. However, Township staff have indicated that neither of these developments is in imminent danger of switching to market rates.

Why Are the Housing Targets Lower than the Housing Needs?

If we had the resources to create affordability for every household in need, the housing targets would equal the housing need numbers. Unfortunately, that is not the case. Instead, the need numbers presented in Table 1 give us an overall indication of the level of need for affordable housing in Montclair, while Table 2 provides a realistic yet challenging goal to strive towards as we continue to respond to those needs.

- **Community values and overall goals for community quality play a key role in determining housing targets.** Relying on trend forecasts alone to determine future housing goals can be problematic since it often discourages innovation and becomes a ‘self fulfilling prophecy’ for affordable housing. The purpose of preparing an Affordable Housing Strategy is to counter trends that are considered undesirable or detrimental to the community’s future. Community values and goals must inform the housing target numbers.
- **The housing target numbers provide a yardstick for measuring success over time.** One purpose of the target numbers is to provide a quantitative measure of how well the community is doing in meeting its affordable housing goals. The target numbers do not need to be the only measure. Other indicators could include measures of community diversity (by age, income and race); incidence of overpayment for housing (as reported in the census); waiting lists for subsidized housing; and changes in the median home price and rent.
- **The housing target numbers should be regularly revisited and updated to reflect changes in community context and priorities.** The target numbers should not be cast in stone and left alone for five years. They should be revisited and updated on a regular basis to ensure that they remain relevant and meaningful as guideposts for the Township’s affordable housing efforts.
- **Establishing housing need and target numbers is not an exact science.** It is impossible to forecast exactly what will happen in a housing market or in the local, regional and national economy. We must rely on past trends to inform assumptions regarding future trends, factoring in information on existing needs and opportunities/constraints in the local area.

Indicators: Measuring Success Over Time

While the housing targets establish quantified goals, and a yardstick for measuring success, there are other important indicators that can help determine whether the community is achieving its goals in relation to affordable housing.

Table 3 presents six indicators that can be used to monitor the achievements of the MAHS, including how each indicator can be measured and current benchmark information.

Table 3. Indicators for Measuring Success

INDICATOR	HOW MEASURED	CURRENT BENCHMARK
Percent of Units with Long-Term Rental or Price Restrictions	Measured as percent of total housing units <i>(total units reported by US census; units under long-term rent/price restriction reported by Township of Montclair)</i>	3.7% <i>(581 units under long-term contracts out of 15,607 total housing units, year 2000)</i>
Extent of Overpayment	Measured as percent of households paying more than 30% of household income on housing <i>(reported by US Census)</i>	32% <i>(year 2000)</i>
Diversity by Income	Measured as distribution of households by income groups <i>(based on US Census data on household income or interim income estimates from Claritas, Inc.; and current-year COAH income limits)</i>	Very Low Income: 13% Low Income: 10% Moderate Income: 15% Above Mod Income: 62% <i>(year 2003 estimates)</i>
Diversity by Race	Measured as percent distribution of total population by race <i>(based on US Census data)</i>	White: 62% Black: 33% Asian: 3% Other: 2% Hispanic: 5% <i>(year 2000)</i>
Diversity by Age	Measured as percent distribution of total population by age <i>(based on US Census data)</i>	Under 20 years old: 23% 20 to 34 years old: 24% 35 to 54 years old: 29% 55 to 64 years old: 9% 65 to 84 years old: 13% 85 years old and up: 2% <i>(year 2000)</i>
Distribution of Affordable Units by Geographic Area	Measured as percent distribution of units with long-term rent or price restrictions by Township ward.	<i>Benchmark map needs to be developed.</i>

V. Eight Key Strategies

The Montclair Affordable Housing Strategy identifies eight key strategy areas for responding to affordable housing needs in Montclair and helping the Township meet its housing targets.¹

The following pages provide an overview of each key strategy, including benefits, description of key features, and steps for implementation as well as estimates of timeline, cost, and (where appropriate) the number of units it could produce or rehabilitate.

The eight key strategies are:

- 1 Housing Specialist Position**
- 2 Montclair Housing Commission**
- 3 Inclusionary Zoning**
- 4 Partnerships for Development**
- 5 Housing Rehabilitation**
- 6 Rent Monitoring and Arbitration**
- 7 Montclair Community Land Trust**
- 8 Community Outreach and Education**

¹ A list of additional programs considered in the strategy development process but deemed to be inappropriate at this time is included in Appendix B.

AFFORDABLE HOUSING STRATEGY

1 Housing Specialist Position

Overview

Establish a new Housing Specialist position in the Township's Department of Planning and Community Development to support the proposed Montclair Housing Commission (see page 14) and oversee implementation of the MAHS. *Staffing of this position is considered key to implementation of the MAHS.*

Benefits

- Provides the necessary staff support and expertise for implementation of the MAHS.
- Leverages Township resources by having a staff member who will facilitate and coordinate work with community partners and other agencies and lead affordable housing fundraising initiatives.

Description

- **Create a New Staff Position.** Underscore the importance of affordable housing as a community priority through creation of a new staff position titled Affordable Housing Specialist.
- **Define Responsibilities.** The primary responsibility of the Housing Specialist will be to implement the MAHS, including:
 - Development and oversight of the inclusionary zoning program
 - Development partnerships
 - Housing rehabilitation activities
 - Rent monitoring and arbitration
 - Community Land Trust coordination
 - Community outreach and education

The Specialist will also serve as the primary support person for the Montclair Housing Commission, and help to coordinate existing and ongoing Township housing activities, including:

- Section 8
- First time homebuyer programs with the County and HOME Corp
- Monitoring of at-risk units (for expiring rent and price restrictions)
- Emergency rental assistance programs (with United Way)
- Tax abatement program

- **Identify Special Projects on an Annual Basis.** The Housing Specialist may undertake special projects on an as-needed basis in addition to the work outlined above. These projects might include further exploration of accessory units as a strategy for creating new affordable housing opportunities; establishing a reverse mortgage program with local lenders; establishing a home-share program with local nonprofit agencies; or exploring opportunities for inter-jurisdictional strategies with adjacent townships.
- **Encourage Innovation.** A successful Housing Specialist will identify new and emerging opportunities for creating and preserving affordable housing in the Township, and should be encouraged to propose new and innovative strategies or revisions to the strategies laid out in this document. Because the Specialist must remain current in their field, there should a professional development fund to cover the cost of trainings and conferences.

Implementation

- Job Description and Advertising.** Develop a complete job description and advertise it among affordable housing professional groups.
- Interview and Hiring.** Interview potential candidates and hire the housing specialist.
- Action Plan Review, Monitoring and Annual Report.** Involve the Housing Specialist in reviewing and revising the near-term Action Plan (see page 12), as appropriate, and establishing a monitoring program to report on implementation of the MAHS, including an annual report to the Township Council.

Time, Cost and Unit Estimates

Timeline **Highest Priority** (3 to 6 months)

Cost **Estimated Annual Cost: \$60,000**
This is a relatively low cost program. It requires funding to support a full-time staff person's salary and benefits, and small amount as a professional development fund. The Specialist is expected to generate considerable funding through partnerships, grant applications and other fundraising activities. It is expected that following the first two years of initial investment, the Specialist will generate income to cover at least half of his/her salary cost.

Units This strategy does not produce units directly, but is essential to the implementation of those strategies that do.

AFFORDABLE HOUSING STRATEGY

2 Montclair Housing Commission

Overview

Create a Council-appointed Montclair Housing Commission to provide ongoing oversight and policy direction for the Township's affordable housing activities.

Benefits

- Reflects the high priority given to affordable housing by the Township and community.
- Provides an ongoing mechanism for community input and dialog on affordable housing issues and elements of the Township's Affordable Housing Strategy.
- Provides oversight for housing-related programs, including implementation of inclusionary zoning, development partnerships, housing rehabilitation activities, and establishment and operation of the proposed Rent Arbitration Board.
- Strengthens accountability and likelihood of implementation.

Description

- **Establish a Montclair Housing Commission.** The Montclair Housing Commission (MHC) is envisioned as a council-appointed body of five members who would serve staggered two-year terms. The primary responsibility of the MHC would be to oversee implementation of the MAHS, working with Township staff (especially the Housing Specialist), Council, local nonprofits, and others. MHC members should represent different stakeholder groups, as outlined below, and be committed to achieving the Township's affordable housing goals.

The MHC shall be advisory to the Council on issues of affordable housing policy and will not have development approval authority, though they may review affordable housing development proposals and provide recommendations to the Township Council and other boards and commissions.

The MHC will be responsible for overseeing the work of the proposed Rent Arbitration Board and annual rent monitoring survey (see page 26). The Township's Housing Specialist will serve as staff to the MHC (see page 12).

Specifically, the makeup of the board should be as follows:

- One member shall represent landlords
- One member shall represent affordable housing developers and managers
- One member shall represent tenants
- One member shall represent developers and realtors
- One member shall represent homeowners

- **Ensure Annual Reporting.** The MHC should report to the Council and community on an annual basis regarding progress made during the past year and priorities for the coming year. The MHC should ensure that the MAHS is kept up to date, with regular revisions to reflect changing conditions and priorities.

Implementation

- Commission Purpose and Powers.** Define the purpose, powers and structure of the Montclair Housing Commission.
- Council Resolution and Appointment of Members.** Create the commission and appoint members.
- Annual Action Plan Review and Monitoring.** Establish annual priorities for Commission activities and reporting mechanisms on progress achieved.

Time, Cost and Unit Estimates

Timeline **Highest Priority** (3 to 6 months)

Cost **Estimated Annual Cost: \$5,000**
This is a low cost program. It requires staff time to establish the Commission and support its work. Funding is earmarked to support the Commission's activities, including meeting announcements and meeting related expenses.

Units This strategy does not produce units directly, but supports the implementation of those strategies that do.

AFFORDABLE HOUSING STRATEGY

3 Inclusionary Zoning

Overview

Develop and adopt an Inclusionary Zoning Ordinance to require all new residential developments of 6 units or more to create affordable units as part of the new development. Require residential developments of 5 units or less and non-residential developments to pay a Developer Fee to support affordable housing.

Benefits

- Helps ensure that all new developments contribute to meeting the Township's affordable housing goals.
- Helps distribute affordable units throughout the Township.
- Helps ensure a minimum mix of incomes in new development.

Description

Inclusionary zoning is a tool used by communities throughout the country to ensure that new development provides housing units for a range of incomes. It is encouraged by the New Jersey Council on Affordable Housing (COAH), and is in use in a number of New Jersey jurisdictions. Information shall be provided to developers regarding the program's requirements, and they will be required to demonstrate their plan for affordable units when they apply for permits to construct new residential units. A nonprofit agency will certify that the units remain affordable in perpetuity.

The proposed Inclusionary Zoning Ordinance for Montclair will require:

- a At Least 20 Percent of New Units Affordable to Low and Moderate Income Households.** At least 20 percent of the units in every new development of 6 units or more should be sold or rented at levels affordable to low and moderate income households based on COAH income limits. Incentives should encourage higher percentages of affordability (see item h, Incentives). The outward appearance affordable units should be comparable in size and form to the market rate units (see item j, Design Guidelines).
- b Affordable Units Onsite.** Residential developments of 6 units or more should be required to provide the affordable units on the same site as market rate units. However, the Township should reserve the right to negotiate other arrangements, subject to Council approval (see item g, Alternative Agreements).
- c Distribution of Units by Income Level.** In accordance with Draft COAH Guidelines (August 2003), at least half of all affordable units within each inclusionary development shall be affordable to low income households, and at least one-third of all affordable units in each bedroom distribution (see item d) shall be affordable to low income households.

- d Distribution of Units by Size.** Inclusionary developments should provide a “bedroom distribution” in accordance with COAH guidelines. The Draft COAH Guidelines (August 2003) call for the following bedroom distribution of affordable units in non age-restricted developments: 10 to 20 percent efficiencies and one bedroom units; at least 30 percent two bedroom units; at least 20 percent three bedroom units. The Township should reserve the right to negotiate alternative agreements subject to COAH and Council approval (see item h).
- e Perpetual Affordability.** Affordable units created through the Township’s inclusionary program should remain affordable in perpetuity. The Montclair Community Land Trust (see page 30) can provide a mechanism for ensuring perpetual affordability of units in suitable developments.
- f Developer Fee Payment for Small Residential Developments.** Developments that are 5 units or less will be required to pay the Township’s Affordable Housing Developer Fee in lieu of developing units onsite. Developments of 5 units or less that opt to provide an affordable unit will be exempt from the fee (as are all developments meeting the Township’s inclusionary requirement). See page 36.
- g Developer Fee Payment for Non-Residential Developments.** Non-residential developments will be required to pay the Township’s Affordable Housing Developer Fee. Non-residential developments that opt to participate in the Township’s Mixed Use for Affordable Housing Program will be exempt from the fee. See page 36.
- h Alternative Agreements.** The ordinance should allow the Township to negotiate alternative agreements with developers to provide the maximum affordable housing benefit within the constraints of each project. Alternative agreements that could be negotiated include:
- Altered bedroom distribution based on project constraints and identified housing needs.
 - Development of units at another site in-lieu of onsite development.
 - Payment of a higher fee in-lieu of onsite development.
 - Donation of land in-lieu of onsite development.

The burden will be on the developer to demonstrate why an alternative agreement is needed, although the Township should reserve the right to propose alternative agreements as desired, within the guidelines established by the Ordinance. Emphasis should be on the creation of units. When in-lieu fee payments are allowed, they should be linked directly to the creation of units at other sites.

An alternative agreement may be granted if it supports the guiding principals identified in the MAHS and the requirements established in the Ordinance. Specifically, alternative agreements may be approved if they:

- Provide more units than would be required on site;
- Provide more desirable housing choices than would be possible on site (e.g., size of units);
- Help achieve more equitable distribution of affordable units between wards.

- i Incentives to Encourage Higher Percentages of Affordable Units, Deeper Levels of Affordability, and Housing for Special Needs.** The ordinance should provide incentives for developers to exceed the 20 percent minimum requirement for affordable units, to provide affordable units for very low income households (i.e., 30 percent of median and below), or to create affordable units targeted to special needs groups (i.e., large families, people with disabilities, and seniors). Incentives might include a density bonus; fast-track processing; financial contribution; and/or assistance in accessing low-interest financing. These incentives should also be available to developments that received approval before the inclusionary requirement is enacted but want to add affordable units voluntarily.
- j Design Guidelines for Affordable Housing.** Develop simple, easy to use design guidelines for inclusionary developments and other affordable housing developments to help ensure that new inclusionary units, and affordable developments in general, are indistinguishable from market-rate units. Areas to address in design guidelines include, at a minimum, building mass and architectural features, materials, landscaping, and amenities. Care should be taken to ensure that design guidelines and design review requirements do not create financial requirements or burdens that undermine the goal of affordability.
- k Developer Outreach and Information on Inclusionary Requirements.** Create a user-friendly document to explain the program's goals, requirements and procedures for developers. Update the document annually to provide guidelines regarding unit affordability based on current year income limits; explain the distribution requirements by income level and unit size; and outline the requirements and procedures for consideration of alternative agreements.

Implementation

- Draft Ordinance.** Develop a draft ordinance based on the parameters described in the Montclair Affordable Housing Strategy. A sample ordinance is being provided to the Township under separate cover.
- Ordinance Adoption.** Schedule public hearings and take the ordinance through the review and approval process.
- Developer Information and Design Guidelines.** Create a document to explain the program's goals, requirements and procedures for developers, as described above. Include the design guidelines for affordable housing (see item j) in the document.
- Development Review.** Township staff will oversee the development review process, with approval from Township boards and Council, as necessary. Development review will include review of the developer's affordable housing plan (including income and unit size distribution, and design) *or* calculation and collection of the appropriate developer fee. It will also consider alternative agreement proposals at this time, and/or incentives as outlined in item i).
- Unit Certification and Monitoring.** Contract with a local nonprofit agency to review and certify affordable units on a regular basis and to provide assistance with tenant screening as necessary (on a fee basis).

Time, Cost and Unit Estimates

Timeline **High Priority** (6 months to 1 year)

Cost **Estimated Annual Cost: \$30,000 first year; \$10,000 subsequent years**
This is a low cost program. It requires staff time to develop the draft ordinance and guide it through review and approvals, and to develop and update developer information. Estimate of first-year funding is for drafting of the ordinance; development of developer information; design guidelines; and related expenses. Subsequent year funding is for updating of developer information and ongoing program review and monitoring.

Units Depends on number and size of new developments. Assuming development of 360 total new units between adoption of the ordinance and year 2010, the program would create 72 new affordable units.



Inclusionary Zoning in Princeton

Princeton, New Jersey has embarked on an aggressive program to ensure that housing remains affordable to all members of the community. There is a housing trust fund supported by contributions from new construction as well as an inclusionary program in the Borough and some outlying areas to ensure that new developments have affordable housing components.

One particular point of pride is Griggs Farm, a 280-unit development where half the units are affordable. Of these affordable units, half are owner-occupied (not rentals), giving lower income households a chance to own and build equity. When the owner moves, the units are sold back to the Borough (to be sold to a new low income buyer), thus ensuring that the affordable housing stock stays intact. The owner and the Borough split the appreciation in value.

"It's a great success. (Because the development is so well planned) most market rate buyers do not even know the complex has affordable units," explains Christy Peacock, Affordable Housing Coordinator for Princeton.

Between Griggs Farm and another large mixed income development, Princeton has more than met its COAH Fair Share requirements.

AFFORDABLE HOUSING STRATEGY

4 Partnerships for Development

Overview

Facilitate new development in the Township through partnerships with nonprofit housing agencies and private sector developers with a strong commitment to affordable housing, emphasizing projects that will create a significant number of units with affordability in perpetuity. Target projects in two categories: *Opportunity Sites*, which provide cost effective affordable housing development opportunities and *Mixed Use Target Areas*, which have the capacity to add new development while strengthening neighborhood character.

Benefits

- Promotes affordable housing development on appropriate sites, especially in and near commercial districts, providing housing opportunities for owners and employees of small businesses and allowing people walk to shopping, services, transit and work.
- Leverages the Township's resources and abilities through partnering with others.
- Provides greater certainty of development and control over development specifics than relying solely on the private market and inclusionary requirements.
- Creates units that will be affordable in perpetuity.
- Through quality design and management, enhances the community by supporting development of attractive, lively and viable mixed-use commercial districts.
- Enhances the development potential of commercial properties.

Description

- **Identify Partners and Support Capacity-Building.** Identify potential partners for affordable housing development, including local lenders, nonprofit service agencies, charitable trusts, and affordable housing developers, among others. In particular, focus on capacity building with nonprofit housing developers such as HOME Corp with a long-term commitment to Montclair and ability to complete multi-unit affordable housing projects. Identify training needs and enlist the support of technical assistance providers such as the Housing and Community Development Network of New Jersey, the Enterprise Foundation, Neighborhood Reinvestment Corporation, and Local Initiatives Support Corporation (LISC). Facilitate potential partnering between local nonprofits such as HOME Corp and larger regional nonprofit housing developers such as ROI, Inc., or private developers with a commitment to affordable housing. Utilize local resources such as the National Housing Institute, Montclair State University, and Rutgers University, as well as local lenders, in developing the necessary support resources to implement a successful partnership program for affordable housing development.

- **Identify Affordable Housing Opportunity Sites.** Review and evaluate potential “housing opportunity sites” where new residential development with a significant affordable component (up to 100% affordable) would be feasible and appropriate. The goal is to identify sites where a significant number of affordable units could be created with as minimum of hassle as possible. Focus in particular on sites that are in or near the Township’s six commercial districts and/or close to a transit stop, including the Township’s redevelopment project sites. Sites should be evaluated in terms of compatibility with existing site use and zoning; compatibility with adjacent uses; access to transit and other services; potential parking and traffic impacts; potential impacts on community design and character; and consistency with the Township’s goal of distributing affordable housing throughout the Township.
- **Identify Mixed Use Target Areas and Sites.** Work with the Montclair Economic Development Corporation (MEDC) and local developers to review and evaluate the Township’s six commercial districts as target areas for promoting the residential mixed use developments. The goal is to identify smaller infill opportunities in or near commercial districts where the right package of incentives might encourage property owners and businesses to incorporate residential uses in or adjacent to existing non-residential uses. Identify potential candidate sites based on compatibility of residential development with existing uses; compatibility with adjacent uses; access to transit and other services; potential parking and traffic impacts; potential impacts on community design and character; and consistency with the Township’s goal of distributing affordable housing throughout the Township.
- **Create a Package of Incentives.** Conduct a focus group with property owners, realtors and developers to identify what incentives might be most attractive to them to create new mixed use developments in the identified target areas, either as new development or through the addition of residential use to existing commercial structures. Incentives to consider include low interest financing (in partnership with local banks), assistance in applying for State grant monies (such as the “At Home Downtown” program), increased height and/or density, fast track processing, and financial contribution from the Township. Link the provision of incentives to the provision of affordable housing.
- **Ensure Quality and Affordability in Perpetuity.** Strive to ensure that all new affordable units created through partnership activities are high quality, drawing on the design guidelines to be developed in conjunction with the Inclusionary Zoning program (see page 16) to help ensure that partnership-developed affordable housing fits in with its context and reinforces the message that affordability and quality go hand in hand. Ensure that partnership developments also have strong nonprofit management, with commitment to maintaining affordability and housing quality in perpetuity.
- **Publicize the Program.** Work with MEDC and other groups to publicize the program to property owners in the identified target areas.
- **Work with Property Owners and Developers to Develop Affordable Housing on Key Sites.** Work with property owners and developers to facilitate development of affordable housing on identified opportunity sites.

Implementation

- Identify Sites.** Work with interested developers to identify key opportunity sites and mixed use development opportunities.

- Develop Partnerships and Build Capacity.** Identify appropriate partners, including developers, lenders and relevant service agencies, and work with them to develop a common agenda for affordable housing development. Identify technical resources and training material to assist nonprofit agencies in developing their capacity to undertake complex projects.
- Focus on a Pilot Project.** Identify a feasible development opportunity and work with core partners to define and implement a feasible development program that includes a significant emphasis on affordable housing. Provide the necessary support to implement the development program in collaboration with partner organizations and individuals.
- Collaborate with Local Lenders.** Convene a meeting of local lending officials to develop financing programs for priority development projects and the mixed use incentives program.

Time, Cost and Unit Estimates

Timeline **Medium-high Priority** (1 to 2 years)

Cost **Estimated Annual Cost: varies, depending on development activity**
Estimated Per-Unit Cost: approximately \$15,000 to \$45,000 per unit
 (for 200 units, approximately \$3 million to \$9 million)
This is a high cost program. It requires staff time to develop partnerships, put together deals, and facilitate development activity, as well as (in many cases) a financial contribution from the Township to support priority developments. This might take the form of land use or zoning adjustments; fast-track processing; fee waivers; tax deferments; and/or grants to help underwrite land, construction or rehabilitation costs.

Units The goal in this program is to create 200 new affordable units through partnership developments by 2010.

Building Capacity

Montclair is fortunate to have a rich array of local resources that can support affordable housing development, from one of the nation’s leading research organizations on affordable housing (National Housing Institute) to university-based resources at Montclair State and nearby Rutgers, to local service agencies such as United Way. Combined with the Township’s own capacities, an active lending community, MEDC, and groups like HOME Corp, Montclair is well-positioned to implement the kind of partnership program described here.

That said, undertaking new developments on the scale described here will represent new challenges for local agencies, both in terms of expanding their own capacity and developing new forms of working relationships with others. Adequate attention needs to be given to identifying training needs and supporting capacity building with key partners. Some developments might also lend themselves to new forms of partnerships, involving private developers in the construction phase and then transferring ownership and management to local nonprofits. Public and quasi-public agencies such as the school district and Montclair State, and local business groups and employers, should also be considered potential participants in affordable housing development programs.



Creating Affordability Amidst Affluence

Lincoln, Massachusetts is an affluent suburb of Boston and not the type of town that is often associated with affordable housing. In the 1990s, Town officials realized that teachers, firefighters and other people that worked in the town could not find housing in their community and had to commute long distances to work. Long-term residents of Lincoln and young adults that grew up in town could not afford to stay. The local government purchased land and designated it for mixed income housing. The streets of the new development, which feels like a New England village, wind around mature trees, a meadow and a large wetlands. The houses, with wide porches and other amenities, echo the large homes and estates in the broader community. In total there are 120 buildings, sixty percent of which are affordable. For information visit www.designadvisor.com, which collected the information about Battle Road Farms.

Development Details

Development: Battle Road Farms

Location: Lincoln, Massachusetts

Development type: New construction for sale attached townhouses

Construction type: Two story wood frame

Density: 10 units per acre

Profile: Two and three bedrooms ranging from 1100 – 1800 square feet.

Total Units: 120, 60% affordable

Total area: 24 acres

Photos of Battle Road Farms, courtesy of DesignAdvisor.org

5 Housing Rehabilitation

Overview

Promotes the rehabilitation of dilapidated and deteriorating housing to improve quality and preserve affordability.

Benefits

- Creates affordable housing opportunities within the existing housing stock.
- Typically requires less investment per unit than new construction
- Improves housing safety and neighborhood quality.
- Builds on existing efforts and proven track records of local organizations and developers.

Description

- **Establish a Revolving Loan Fund to Support Housing Rehabilitation Activities.** Provide initial capital to establish a revolving loan fund to support housing rehabilitation activities. This fund will supplement the existing Housing Improvement Program funds and Rental Rehabilitation Program funds available through Essex County loans, which are currently over subscribed, as well as grant monies available through State programs. The loan fund can be managed by a local nonprofit or lending agency.
- **Partner with Local Nonprofits to Identify and Undertake Rehabilitation Projects.** Work with a local nonprofit such as HOME Corp to identify candidate buildings for rehabilitation, focusing in particular on the target areas identified in the Township's Housing Element and on larger multi-unit rental buildings. Provide assistance as needed to partner organizations to facilitate the rehabilitation process. One form of assistance could be a group of volunteer bankers and developers that examine proposals and make suggestions.
- **Ensure that Rehabilitated Properties Remain Affordable.** Require participating projects to enter into agreements to maintain rents and sale prices for rehabilitated properties at levels affordable to low and moderate income households. The minimum period of agreement should be 25 years, but in all cases the Township should strive to ensure affordability in perpetuity, especially for multi-unit buildings. To this end, the Township may utilize the Montclair Community Land Trust as a tool for helping ensure perpetual affordability of rehabilitated units.
- **Support Single Family Homeowners.** Allow low and moderate income single family homeowners to apply for low or no interest loans from the revolving loan fund. Establish a sliding interest rate pegged to the homeowner's income level.

Implementation

- Revolving Loan Fund.** Define initial capital investment needed to establish the revolving loan fund for housing rehabilitation as well as the necessary operating budget. Identify capital sources to support creation of the loan fund and the program's launch.
- Partner Agreements.** Establish partner agreements with HOME Corp and/or other interested nonprofits to undertake rehabilitation activities, confirming target areas and identifying candidate buildings for rehabilitation.
- Rehabilitation Activities.** Work with partner organizations to facilitate the rehabilitation process and ensure long-term affordability of rehabilitated units.

Time, Cost and Unit Estimates

Timeline **Medium-high Priority** (1 to 2 years)

Cost **Estimated Start-up Cost: \$1 million** *(to establish loan fund)*
Estimated Operating Cost: \$15,000 per year
This is a high cost program to launch (in establishing the revolving loan fund), but relatively low cost to administer. It requires staff time to establish the program; facilitate/coordinate the necessary partnerships; and provide ongoing oversight. It requires a significant financial contribution from the Township or other source at the outset to establish the revolving loan fund.

Units Rehabilitate and establish affordability restrictions on 160 units by 2010
 (approximately 27 per year).

This figure is derived based on COAH's calculation of the rehabilitation need for Montclair at 214 units for the period from 1999 to 2014. This figure is based on census data for overcrowded, older housing units, and homes reporting inadequate plumbing and kitchen facilities. The target figure above is based on the COAH rehabilitation calculation, distributed across the 15-year COAH timeframe to determine the 2010 target number.

AFFORDABLE HOUSING STRATEGY

6 Rent Monitoring and Arbitration

Overview

Provide reliable, regularly updated information on rents in Montclair, segmented by unit type and location.

Assist tenants and landlords by providing a clear procedure for dispute resolution under the auspices of a strengthened and reconstituted Landlord-Tenant Advisory Committee, renamed the Rent Arbitration Board and operating under the umbrella of the proposed Montclair Housing Commission.

Ensure an effective program through an affiliated Tenant and Landlord Advisory Service and information/outreach program.

Benefits

- Provides the community with a barometer of rental affordability and accurate information to support decision making and program delivery.
- Establishes a clear procedure for resolving disputes between tenants and landlords, including disagreements regarding the size and nature of rent increases.
- Promotes fairness, objectivity, and effective enforcement.

Description

- **Conduct an Annual Survey of Rents in Montclair.** Conduct an annual survey of rents in Montclair through either a comprehensive reporting mechanism or sampling procedure (recommended). Determine the most appropriate time of year to conduct the survey, and develop the survey methodology. Typical sampling methods include mail or phone surveys. Conduct the survey on an annual basis, and report results by unit type and ward within the Township.

At a minimum the survey should ask:

- Location (ward) of the apartment
- Number of units, by size, in the building
- Rent and other fees (utilities, maintenance, etc.) by unit size
- Length of residency of current renters
- Term of lease, if applicable
- Pending plans for rent increases or other lease changes

- **Establish a Rent Arbitration Board.** Reconstitute the Landlord-Tenant Advisory Committee under the title of Rent Arbitration Board and revise its functions and powers to ensure a clear and effective mechanism for resolving rent disputes between landlords and tenants. Organize the reconstituted Board under the umbrella of the proposed Montclair Housing Commission (see page 14). The Board will receive staff support from the proposed Housing Specialist.

Questions and Answers about the Rent Arbitration Board

- **How does it work?** The dispute resolution process begins when a tenant is notified of a rent increase that (s)he believes is unreasonable or when the tenant feels the landlord is not performing required maintenance. The tenant petitions the Rent Arbitration Board and the Board assigns a volunteer mediator who tries to reach a voluntary settlement agreeable to all sides. If no agreement is reached within 30 days, the tenant may appeal to binding arbitration. The arbitrator examines evidence and makes a ruling within 30 days. If the arbitrator finds that the rent increase is unreasonable, he can prevent it from going into effect or roll it back if it has already been applied. If the arbitrator finds that required maintenance was not performed, he may prevent the landlord from raising rents until the maintenance is performed. It will be illegal for landlords to retaliate against tenants that take issues to the rent arbitration board.
- **What is the definition of unreasonable rent increase?** Different communities use different definitions of unreasonable rent increases. Current state law forbids rent increases that are so unreasonable they would “shock the conscience of a fair and honest person.” This definition may not provide adequate guidance for arbitrators. A more comprehensive definition of unreasonable rent increase should be developed and adopted by the Township Council when they enable the rent arbitration process.
- **Is it binding?** Landlord and tenants are encouraged to reach a voluntary agreement with the help of a mediator. If they cannot, the tenant may appeal to binding arbitration.
- **What if someone refuses to participate?** If the arbitrator feels that a tenant is not participating in good faith, he shall dismiss the complaint. If a landlord is not participating in good faith, the arbitrator shall rule for the tenant and either invalidate the rent increase or not allow other rent increases until the repair is done.
- **Are lawyers involved?** Lawyers are not required, nor are they encouraged. Parties may choose to bring a lawyer.
- **Can the board subpoena records?** The board may not compel parties to turn over records. If a party does not cooperate by providing relevant information, the arbitrator may rule that they are not participating in good faith.

- **Ensure a Clear, Accessible and Effective Dispute Resolution Procedure.** Define a clear procedure for resolving landlord-tenant disputes. The procedure should ensure fairness in representation for both parties, objective fact finding, and an effective enforcement mechanism. Disputes that cannot be resolved through mediation/conciliation should be referred for further fact finding and binding arbitration.
- **Establish a Working Partnership with a Local Nonprofit Agency to Provide Tenant and Landlord Advisory Services and Community Outreach.** Many tenants do not feel comfortable raising objections to unreasonable rent increases for fear of reprisal from their landlord, and even more are not aware of their rights or of dispute resolution services. A community-based nonprofit agency can play an important role in helping both tenants and landlords know their rights and providing advice to people with possible grievances. They can help people understand the grievance procedures, provide counseling, and help link interested parties with other useful resources (e.g., emergency assistance funds, affordable housing applications, etc.). The Township should establish a working relationship with an appropriate nonprofit agency, or agencies, to conduct community outreach and provide advisory services (with the nature and extent of such services agreed to with the Township).
- **Publicize the Tenant and Landlord Advisory Service and Rent Arbitration Board.** Make sure that tenants and landlords are aware of their rights and of the services available to them through the Tenant and Landlord Advisory Service and Rent Arbitration Board. Develop a pamphlet for distribution to all landlords and tenants, and require that tenants be given a copy of the pamphlet when signing a new lease or renewing an existing one. Provide information on the New Jersey “Truth in Renting” Act as part of the pamphlet, as well as other pertinent programs and services available through the Township, County and State including the existing emergency rental assistance program.
- **Provide Emergency Rental Assistance Loans from the Housing Trust Fund.** If necessary, supplement existing rental assistance loan programs with money from the housing trust fund.

Implementation

- Rent Arbitration Board.** Develop the proposal for restructuring and retooling of the Landlord-Tenant Advisory Committee as the Rent Arbitration Board and submit for Council approval in conjunction with establishment of the Montclair Housing Commission. Write the resolution for adoption by the Township Board that authorizes creation of the arbitration board.
- Rent Survey.** Define the rent survey methodology and conduct the first annual rent survey to establish baseline data. Evaluate rent data in light of the current-year COAH income limits and available income data for Montclair.
- Tenant and Landlord Advisory Service.** Identify appropriate partner(s) for the Tenant and Landlord Advisory Service and develop an agreement for the provision of services.
- Information Pamphlet.** Develop and distribute an informational pamphlet on the Rent Arbitration Board, Tenant and Landlord Advisory Service and related programs and services.

Time, Cost and Unit Estimates

Timeline **High Priority** (6 months to 1 year)

Cost **Estimated First-Year Costs: \$35,000**

Estimated Operating Cost: \$25,000 per year

This is a relatively low cost program for the Township. It requires staff time to establish the program; conduct the annual rent survey (inhouse or with help of a contractor); provide support to the Rent Arbitration Board; and to provide financial support for the Tenant Advisory Services contractor.

Units This program does not create units. It helps address affordability issues in existing units.

AFFORDABLE HOUSING STRATEGY

7 Montclair Community Land Trust

Overview

Sponsor establishment of a Community Land Trust (CLT) to support affordable housing initiatives in the Township and specifically serve as a vehicle for helping ensure long-term affordability of housing by holding the land under nonprofit ownership.

Benefits

- Provides a mechanism for acquiring and managing residential property—both vacant and improved—to help ensure affordability in perpetuity.
- Places land under community (nonprofit) ownership so that escalating land values do not affect the affordability of housing units on the property.
- Creates value over time as increased land equity accrues to the CLT and can be used to support additional property acquisition and related activities.
- Can be used to support both rental and for-sale housing affordability.
- Provides a vehicle for broader community participation in affordable housing through private land donations and financial contributions.

Description

- **Create a Community Land Trust.** Establish a CLT to help ensure long-term housing affordability by acquiring and managing land as a nonprofit, selling only the residential structure to low or moderate income persons (or, in the case of rental properties, to a qualified nonprofit housing agency). The value of the land is not part of the original or subsequent purchase price, and resale prices are limited by a formula that restricts the amount of profit a buyer is able to make. Furthermore, the CLT can act as a developer, building land and then selling the structure. Evaluate the pros and cons of establishing the CLT as a separate nonprofit or under the umbrella of an existing community nonprofit.
- **Provide Financial Contributions from the Township.** Dedicate a portion of the Township's affordable housing funds to support CLT land purchase and management activities. Explore opportunities for State or foundational grant support as well.
- **Encourage Land Donations.** Allow developers to dedicate land to the CLT in lieu of developer fee payments or on-site inclusionary units (see Program 3, Inclusionary Zoning). Also, encourage Montclair residents to consider property donations to the CLT as part of their estates.

- **Pursue Property Acquisition Opportunities to Convert Market-rate Properties to Affordability.** Work with nonprofit housing groups, tenant associations, churches and other interested organizations to purchase market-rate housing units and convert them to units with affordability restrictions in perpetuity. Seek State, federal and foundational support to fund such acquisitions.

Implementation

- CLT Vision and Purpose.** Define a vision and mission for the Montclair CLT, identifying the population to be served and potential demand.
- Partners and Proposal.** Identify potential partners who might be interested in creation of a Montclair CLT and convene a working group to define the vision and mission and develop a proposal for structuring, funding and operating the CLT. Either create a new nonprofit organization to operate the CLT, or identify an existing organization with adequate capacity to support the CLT's operations.
- Funding.** Investigate potential funding sources and raise funds for initial property acquisition and program operations.
- Publicity.** Publicize existence of the CLT and how residents can help support it.

Time, Cost and Unit Estimates

Timeline Medium-high Priority (1 to 2 years)

Cost **Estimated Annual Cost: varies, depending on acquisition activity**
Estimated Per-Unit Cost: could range from \$35,000 to \$80,000 per unit
 (for 120 units, approximately \$4 million to \$9.5 million)
Estimated Operating Cost: \$25,000 per year (*Township contribution*)
This program has a highly variable cost depending on the level of Township participation and specifics of the properties acquired. Remember, per unit costs need only reflect the land value of acquired properties; improvements are then resold with affordability restrictions in place. This program will require staff time to work with partners in establishing the program, and financial contributions from the Township to support property acquisition as well as (initially) program operations.

Units Acquire land ownership for 120 units of housing by 2010. This target figure is subject to change based on available resources.

AFFORDABLE HOUSING STRATEGY

8 Community Outreach and Education

Overview

Provide information on affordable housing issues, facilitate community involvement in affordable housing efforts, and build overall support in the community for the Townships' affordable housing program.

Benefits

- Provides accurate information on affordable housing, including why it is an issue in Montclair, how much it costs, what it looks like, and who needs it.
- Helps dispel the myths that often create community opposition to affordable housing initiatives.
- Creates proactive opportunities for members of the community to ask questions and voice their concerns on affordable housing in general rather than a specific development.
- Gauges community support and concern, and helps build support for affordable housing initiatives.

Description

- **Create a Community Outreach and Education Strategy.** Work with community partner groups to define the goals, approach and specific activities for an effective community outreach and education strategy for affordable housing. The strategy should identify key messages that will be emphasized and specific outcomes it hopes to achieve. The strategy should consider media outreach and information as well as targeted and general community outreach and information.
- **Develop Information Resources.** Draw upon existing information resources and develop new resources as necessary to achieve the goals of the Community Outreach and Education Strategy. Ensure that resource materials are visually appealing, easy to read, and appropriately illustrated. Utilize both web-based and print technologies.
- **Conduct Community Participation Events.** Based on the overall strategy, conduct community presentations, workshops, focus groups or other events to give Montclair residents an opportunity to better understand affordable housing issues in general, and the Township's Affordable Housing Strategy specifically. Possibly use focus groups to better understand community perspectives and concerns regarding key issues and program ideas.
- **Organize a Speakers' Bureau.** Organize a Speakers Bureau of Montclair residents who have special knowledge about affordable housing or experiences they can share related to successful affordable housing development and affordable housing needs in the Township. Advertise the existence of the bureau and work with local organizations to sponsor speaking events in appropriate venues.

Implementation

- Community Outreach and Education Strategy Design.** Develop a Community Outreach and Education Strategy to support public information, education and dialog regarding affordable housing in general, and the MAHS specifically.
- Information Resources, Events and Speakers' Bureau.** Implement the strategy, including development of information resources, conducting community outreach and participation events, and organizing the speakers' bureau.

Time, Cost and Unit Estimates

Timeline **High Priority** (6 months to 1 year)

Cost **Estimated Cost: \$15,000 first year; \$5,000 subsequent years**
This is a relatively low cost program. It requires staff and/or contractor time to develop the information and outreach strategy; develop information resources; and conduct community outreach and participation events.

Units This program does not create units.



Stamford Makes a Splash with Waterside Green

Stamford, Connecticut, is one of the nation's least affordable housing markets. Yet even in a community where home prices are unaffordable for most, it is possible to create new opportunities for affordability. Stamford developed a comprehensive affordable housing strategy in 2001, and has focused community efforts and resources on affordable housing for many years. As a result, it is now home to several well-built affordable housing complexes, like Waterside Green. With 75 Victorian-like units, this award-winning development was a welcome change from the abandoned school that previously occupied the property. The housing units are grouped in 4 clusters with a manicured inner courtyard in the center. Many buildings have picket fences and front porches. The neighbor's comments have been "overwhelmingly supportive," according to John Madeo, a co-creator of the project. For information visit www.designadvisor.com, the source for this information about Waterside Green.

Development Details

Development: Waterside Green

Location: Stamford, Connecticut

Development type: New construction for sale attached townhouses and flats

Construction type: Two and three story wood frame

Density: 27 units per acre

Profile: One, two and three bedroom units ranging from 651 square feet to 1236 square feet.

Total Units: 75 units

Total area: 24 acres

Photos of Waterside Green courtesy of DesignAdvisor.org

Table 4. Summary of Key Strategies

	DESCRIPTION	PRIORITY	COSTS	UNITS
1 Housing Specialist	Establish a new staff position to support MAHS implementation.	Highest (3 - 6 mo.)	\$60,000/year	No direct units; critical to MAHS imp.
2 Housing Commission	Create new 5-person commission to oversee MAHS implementation and new Rent Arbitration Bd.	Highest (3 - 6 mo.)	\$5,000/year	No direct units
3 Inclusionary Zoning	Require developments of 6 or more units to provide affordable housing (min. 20% of units). Smaller developments and non-residential developments pay developer fees.	High (6 mo. - 1 yr.)	\$30,000 first year, \$10,000/yr after	72 units by 2010
4 Development Partnerships	Work actively with partner groups to develop new affordable housing.	Medium-high (1 - 2 yrs.)	Varies. ~\$15k to \$45k Township contribution per unit; total of ~\$3 to \$9 million for 200 units. <i>See full text.</i>	200 units by 2010
5 Housing Rehab.	Rehabilitate dilapidated and deteriorated homes; lock-in affordability.	Medium-high (1 - 2 yrs.)	~\$1 million to create loan fund; \$15,000 per year to administer	160 units by 2010
6 Rent Monitoring/ Arbitration	Collect reliable information about rents and provide a workable mechanism for resolving disputes.	High priority (6 mo. - 1 yr.)	\$35,000 est. first year costs; \$25,000/year thereafter.	Does not create units; addresses affordability in existing units.
7 Community Land Trust	Create a nonprofit to hold land to ensure perpetually affordable housing.	Medium-high (1 - 2 yrs.)	Varies. ~\$35k to \$80k per unit; total of ~\$4 to \$9.5 mil for 120 units; \$25k/year towards CLT operations.	120 units by 2010
8 Outreach/ Education	Provide accurate information on affordable housing.	High Priority (6 mo. - 1 yr.)	\$15,000 first year, \$5,000/yr. after.	Does not create units

VI. Funding

Implementing the key strategies outlined in preceding section will require new and expanded sources of funding targeted towards affordable housing activities. This section provides a summary of the financial resources potentially available to support implementation of the Montclair Affordable Housing Strategy. Ten funding-related actions are specified. **Table 5**, on the last page of the section, summarizes the potential funding sources.

Developer Fees for Affordable Housing

Under state law, Montclair may collect developer fees from all residential and non-residential developments to support affordable housing activities. The Township recently adopted such a fee, established at one half of one percent of the assessed value of both residential and nonresidential developments. These fees are deposited in the Township's Affordable Housing Trust Fund.

Under COAH guidelines, the fee may be increased to 1 percent for residential development (based on the equalized assessed value, the coverage amount of the Home Owner Warranty document of a for-sale unit, or the appraised value on the document utilized for construction financing for a rental unit) and to 2 percent of assessed value for non-residential development (or the appraised value on the document utilized for construction financing).

Developer fees may be increased above these limits when the municipality provides a financial incentive for paying higher fees, such as a density bonus. The fee negotiated must bear a reasonable relationship to the additional consideration to be received, and must not exceed 6 percent of assessed value for residential developments. The COAH guidelines do not establish a maximum percentage for non-residential developments.

Projects that meet the Township's new inclusionary zoning requirements (i.e., provide 20 percent of units at affordable prices or rents) are exempt from the fee.

Potential funding from this source: Revenues from developer fees will depend on the level of development activity (remembering that developments providing inclusionary housing are exempt from the fee payment). Assuming an increase in the fee, and a relatively active development market, it may be possible to generate \$150,000 to \$200,000 from this source by 2010.

- **Funding Action 1: Increase Developer Fees.** Increase the development fees in Montclair to the maximum allowed under the COAH guidelines (1 percent of assessed value for residential; 2 percent for non-residential), with clear procedures for the application of higher fees in return for financial incentives such as a density bonus.

CDBG Funds

The Township receives Community Development Block Grant (CDBG) funds on an annual basis to support a range of community development activities. A portion of these funds should be committed annually to supporting implementation of the MAHS. The goal should be a minimum annual set-aside of approximately \$150,000.

Potential funding from this source: Revenues from CDBG funds will depend on competing needs and commitments. Assuming an average contribution of \$150,000 per year, CDBG funds could account for \$750,000 in funding for affordable housing by 2010.

- **Funding Action 2: Commit Portion of CDBG Funds to Affordable Housing.** Establish a minimum annual set-aside of CDBG funds to support affordable housing initiatives in Montclair. Consider additional allocations on a project-specific basis as special needs arise.

Regional Contribution Agreements

Under COAH guidelines, municipalities that create affordable housing units beyond their identified regional fair share (“receiving municipalities”) may accept payments from non-conforming municipalities (“sending municipalities”) within the same housing region for accommodating up to 50 percent of the sending municipality’s regional fair-share housing obligation. These Regional Contribution Agreements, or RCAs, require that the sending municipality make a payment of at least \$35,000 to the receiving municipality for every unit transferred. Montclair has received funds through RCAs in the past, and may continue to do so as a means of generating outside revenue to help achieve community goals.

Potential funding from this source: Revenues from RCAs will depend on interest from “sending” municipalities and agreement-specific negotiations. Assuming one or two RCAs totaling 50 units, and a minimum fee of \$35,000 per unit, RCAs could generate at least \$1.75 million by 2010.

- **Funding Action 3: Seek Out RCAs.** Contact municipalities in the housing region to inquire regarding potential interest in developing Regional Contribution Agreements. Negotiate agreements to receive as high a per-unit fee as possible.

Section 8 Surplus Funds

Montclair has surplus funds from its Section 8 program that can be used to support affordable housing programs. These funds represent a potential one-time contribution towards affordable housing, to be accessed at the discretion of the Council.

- **Funding Action 4: Seek Commitment of Funds from Council.** Work with the Township manager to prepare a proposal for Council review and approval for use of some or all of the Section 8 surplus funds for implementation of the MAHS.

Montclair Housing Trust Fund

Montclair has created a Housing Trust Fund to receive development fee payments and other affordable housing contributions. The Township should continue and strengthen the Housing Trust Fund by channeling all affordable housing funds there (including RCA and CDBG contributions). The Township can also encourage private contributions to the Trust Fund from local employers, civic organizations and individuals.

Potential funding from this source: While the Housing Trust Fund is not a significant generator of income, it serves an important role as a central account for affordable housing funds. It can also attract revenues from private sources. If advertised and structured to accept tax-deductible donations, it is possible that the Trust Fund might attract up to \$100,000 in private donations by 2010.

- **Funding Action 5: Structure the Housing Trust Fund to Accept Tax-Deductible Donations.** Work with an existing community nonprofit to create a mechanism by which local employers, charities, organizations and individuals can make contributions to the Montclair Housing Trust Fund.
- **Funding Action 6: Advertise the Housing Trust Fund.** Make sure that people in the community know about the Trust Fund and how they can make a contribution. Use specific project proposals that have the potential to generate community interest and support to help get the word out about the fund and encourage donations.

Other State and Federal Resources

Montclair has successfully competed for state and federal housing funds in the past, including a \$2 million grant from the State Department of Community Affairs to create 91 affordable housing units through rehabilitation programs in the Label Street and New Street neighborhoods. Under the new initiatives of the MAHS, led by a full-time Housing Specialist, the Township should be well positioned to compete for similar funds in the future. HOME funds, low-income housing tax credits, and state programs such as the “At Home Downtown” program are all potential sources of funding for specific affordable housing projects.

Potential funding from this source: It is extremely difficult to estimate the funds available from these sources, as they are dependent on state and federal funding and Montclair’s ability to compete on specific project proposals. However, it is not unrealistic to expect that the Township and Township-based projects might be able to access up to \$2 million in project-related affordable housing funding from state and federal sources.

- **Funding Action 7: Identify and Apply for State and Federal Funds on Specific Projects.** Work with partner organizations to identify and compete for applicable state and federal funds to support specific affordable housing developments.

Socially Responsible Lending by Private Institutions

Work with local lending institutions to encourage and facilitate their active participation in local affordable housing initiatives, helping them fulfill federal lending requirements under the Community Reinvestment Act. Lender participation can be direct or through the Housing Trust Fund, and can be in the form of low-interest lending, first-time homebuyer clubs, homeownership counseling, and other activities.

Potential funding from this source: Financial support from local lenders can be in the form of no- and low-interest financing to support development of new affordable housing, property acquisition, and housing rehabilitation activities. Financial commitments would be made on a project-specific basis according to the merits of each project.

- **Funding Action 8: Meet with Local Lenders to Identify Opportunities for Participation.** Convene a meeting of local lending officials to present the MAHS and discuss how they can help support its implementation, especially the development partnerships, rehabilitation, and community land trust strategies.

Community Fundraising

An annual community fundraiser for the Montclair Affordable Housing Trust Fund can help increase the fund's visibility, support community education initiatives, provide an opportunity for residents to get involved, and generate money for the fund. Fundraising linked to specific projects can also be effective, for example a community art auction and dinner to raise funds for artist housing.

Potential funding from this source: While a single community fundraiser may not generate considerable funding, an annual fundraiser can generate more significant contributions, and has the potential to grow over time, potentially generating up to \$100,000 between now and 2010.

- **Funding Action 9: Organize a Pilot Fundraiser with the Montclair Affordable Housing Coalition and Others.** Meet with the Montclair Affordable Housing Coalition to explore interest in co-sponsoring a pilot community fundraiser with the Township and other interested organizations.

Bond Measure

To generate the significant capital investment needed to undertake comprehensive affordable housing initiatives and multiple developments, some communities have opted for voter-approved bond measures. Building on significant community education and support for affordable housing, these communities have been able to generate large amounts of local funding and to leverage those funds with additional state, federal and private sources.

Similar strategies used in other communities to develop ongoing income streams to support affordable housing include designating a percentage of general fund revenues or instituting an increase in the real estate transfer tax, or similar levy, so that a small portion of the increase in local property values is captured and put to use in alleviating the impact that such increases have on low and moderate income tenants and first-time homebuyers.

Potential funding from this source: Given the time and effort to develop this fund source, it is not included in the anticipated funds for affordable housing through 2010. However, it represents a significant source of potential funding for subsequent planning periods and effort should be focused on laying the necessary groundwork during the next several years.

- **Funding Action 10: Evaluate the Feasibility of an Affordable Housing Bond Measure or Similar Fundraising Strategy.** Convene a group of local officials, Township staff and community partners to explore the possibility of an Affordable Housing Bond Measure or other municipal-led fundraising effort to create a significant and reliable revenue stream to support implementation of the MAHS in subsequent planning periods.

Table 5. Summary of Potential Funding Sources

SOURCE	POTENTIAL BY 2010	ACTION NEEDED
Developer Fees	\$150,000 to \$200,000	1 Increase developer fees.
CDBG Funds	\$750,000	2 Commit portion of CDBG funds.
RCA's	\$1.75 million or more	3 Seek out RCA's.
Section 8 Surplus Funds	TBD	4 Seek commitment from Council.
Housing Trust Fund	\$100,000 (private donations)	5 Structure for tax-deductible donations. 6 Advertise the Fund.
Other State/Fed Sources	\$2 million or more	7 Identify and apply for project-specific funds.
Private Lenders	Low and no interest financing	8 Meet w/ lenders to strategize.
Community Fundraising	\$100,000	9 Organize a pilot fundraiser.
Bond Measure	N/A in current plan period	10 Evaluate bond measure feasibility and other options.

VII. Action Plan, Years 1 and 2

The Montclair Affordable Housing Strategy should be reviewed on an annual basis to identify priority actions for the coming year. The action plan should be used as a management tool to support program implementation. It should be used as a guideline, rather than a rigid plan, to ensure that those responsible for implementation are able to take advantage of unforeseen opportunities they arise, using the plan's Guiding Principles and Housing Targets to determine which opportunities should be given the highest priority.

Following are the priority actions for implementation in the first year of the MAHS based on the key strategies identified in this document.

ACTION	RESPONSIBILITY	DEADLINE
Hire a Housing Specialist	Council; Planning and Community Development	Within 4 months
Form a Housing Commission	Council; Planning and Community Development; Housing Specialist	Within 6 months
Increase developer fees and commit CDBG and Sect 8 Surplus funds	Council; Planning and Community Development; Housing Specialist	Within 6 months
Develop and Adopt Inclusionary Zoning Ordinance	Council; Housing Commission; Housing Specialist	Within 9 months
Develop and launch community education and outreach program	Housing Commission; Housing Specialist	Within 9 months
Conduct Baseline Rent Survey	Housing Specialist	Within 12 months
Launch the Rent Arbitration Board	Council; Housing Commission; Housing Specialist	Within 12 months
Conduct Annual Review; Update Action Plan	Council; Housing Commission; Housing Specialist	Within 12 months
Develop Rent Arbitration Info Pamphlet and Launch Advisory Service	Housing Commission; Housing Specialist	Within 14 months
Structure Housing Trust Fund to accept tax-deductible donations	Housing Commission; Housing Specialist	Within 16 months
Initiate Development Partnerships / Identify Opportunity Sites	Housing Commission; Housing Specialist	Within 16 months

Action Plan continued on next page

Action Plan, continued from preceding page

ACTION	RESPONSIBILITY	DEADLINE
Launch Revolving Loan Fund for Rehabilitation; Identify Buildings/Sites for Rehab.	Housing Commission; Housing Specialist	Within 18 months
Develop Community Land Trust vision and proposal with partner groups	Housing Commission; Housing Specialist	Within 18 months
Organize and host community fundraising event	Housing Commission; Housing Specialist	Within 24 months

Existing Conditions and Trends Report

Baird+Driskell Community Planning
Final Draft / June 2004

INTRODUCTION and OVERVIEW	2
POPULATION AND DEMOGRAPHICS	3
HOUSING	10
AFFORDABILITY	12
AT-RISK UNITS.....	18
EXISTING HOUSING PROGRAMS in MONTCLAIR.....	20
SOURCES and METHODS.....	22

INTRODUCTION and OVERVIEW

Montclair is at an important juncture.

While the Township has traditionally had a diverse population, that diversity has been eroding in recent years. Census data show that Montclair's seniors have been moving out of town at a relatively fast pace over the past ten years, while more recent data indicate that lower income families with children are joining the out-migration. Anecdotal information coupled with data on home prices and rents show a dramatic decline in housing affordability that may have far-reaching impacts for the community. Based on available data, it appears that nearly all low income households and a significant majority of moderate income households (together representing nearly 40 percent of Montclair's households) are living in unaffordable housing (i.e., paying more than 30 percent of income on housing).

Due to several factors, most notably the completion of the Montclair Connection train line, housing prices have increased significantly since year 2000. Rents have been increasing \$100 to \$200 a month in some neighborhoods, dilapidated homes in less desirable neighborhoods are selling for \$140,000, and median rents appear to be in the low to mid \$1000s for one and two bedroom units. As a result, most low and moderate income families in Montclair are hard-pressed to find suitable, affordable housing in today's market. The problems resulting from market changes are compounded by expiring affordability requirements on over 100 units in the next four years.

As a result, the demographics of Montclair are shifting. As prices go up, seniors are unable to afford their taxes and move out. The poverty rate is dropping as poor families leave town. Fewer young adults are able to afford to live in the Township and even moderate income individuals like firefighters and teachers who work in Montclair cannot afford to live here.

This document provides a summary of population, demographic and housing trends in Montclair. It looks at current information, historical data dating back to the 1970s as well as forecasts for the year 2008. It was prepared for the Montclair Affordable Housing Task Force and will be incorporated into the final draft of the Affordable Housing Strategy document.

The first section of the document deals with population and demographics. The second section deals with housing trends. The final section describes existing programs that help provide affordable housing. Sources and methodology are described at the end.

POPULATION AND DEMOGRAPHICS

Population Trends

Montclair Township's current population (2003) is estimated at 39,566. This reflects an increase of six percent from 1990, but a decrease of more than ten percent from 1970 (see **Table A**). By the year 2008, the population is expected to increase another two percent. Essex County, with a 2000 population of 793,633, grew two percent from 1990 to 2000, half as fast as Montclair during the same period.

Table A. Population, 1970 to 2008 (est.)

Year	Population	Increase	Percent Change
1970	44,043	-	-
1980	38,321	-5,722	-13%
1990	37,487	-834	-2%
2000	38,977	1,490	4%
2003	39,566	579	1%
2008	40,478	922	2%

Sources: See Methodology

Age

The age distribution of a population can indicate special housing needs as well as potential future housing needs. For example, a community with a large proportion of seniors will have different housing needs than a community with many young families.

- **Present:** Montclair's current population is spread fairly evenly across generations and is similar to national averages, with slightly fewer young adults (age 20-34) and slightly more middle age adults (35-54). The median age of Montclair is 37.5, two years older the national median (**Table B**).
- **Past:** Montclair's age profile has varied widely since 1970, when 32 percent of residents were under the age of 20. The number of children fell dramatically to 23 percent of the total population by 1990, before rebounding to the current level of 27 percent. Other noticeable changes include a decreasing number of young adults and an increasing number of older adults. These trends have slowly but steadily inched the median age up by six months every decade since 1970. However, an analysis of migration patterns using age adjusted mortality statistics shows that between 1990 and 2000 almost 1,400 seniors moved out of Montclair. Senior advocates attribute this loss to high taxes and a housing stock that is generally too large and too expensive to meet the needs of seniors.

- **Future:** Five-year population estimates for Montclair indicate that the number of school aged children is expected to fall slightly by the year 2008 while the senior population is expected to increase slightly.

Table B. Age Distribution, 1970 to 2000

	1970		1980		1990		2000	
	Total	Percent	Total	Percent	Total	Percent	Total	Percent
Under 20	14,243	32%	9,574	25%	8,737	23%	10,707	27%
20-34	7,546	17%	9,045	24%	9,080	24%	7,012	18%
35-54	10,654	24%	9,085	21%	10,772	29%	13,435	34%
55-64	5,078	12%	4,395	11%	3,371	9%	3,158	8%
65-84	5,919	13%	5,528	14%	4,838	13%	3,879	10%
85 and up	603	1%	694	2%	882	2%	786	2%
Median Age	35.5		36.2		36.5		37.5	

Sources: See Methodology

Race and Ethnicity

Montclair has an ethnically diverse population that has become slightly more diverse in the last decade. As shown in **Table C**, Montclair's population in year 2000 was 62 percent White, 33 percent Black and 3 percent Asian. The White population has dropped three percentage points a decade since the 1970 level of 72 percent. The Black population has done the opposite, gaining two percentage points a decade from the 1970 level of 27 percent. The Asian population and the catch-all category of *Other* have both increased slowly. Latinos, tracked separately by the census, made up around five percent of the population in year 2000, up from three percent in 1990.

Table C. Race and Ethnicity, 1990 and 2000

	1990		2000	
	Total	Percent	Total	Percent
White	24,602	65%	2,3297	62%
Black	11,832	31%	1,2497	33%
Asian	808	2%	1,228	3%
Other	487	1%	775	2%
Hispanic	1,075	3%	1,975	5%

Sources: See Methodology

Household and Family Characteristics

- **Number of Households:** The Bureau of the Census defines a household as all persons who occupy a housing unit, including families, single people and unrelated persons. Persons living in retirement or convalescent homes, dormitories or other group living situations are not considered households.

The number of households in Montclair increased 2 percent from 1990 to 2000, to a total of just over 15,000 households in 2000. As shown in Table D, roughly 65 percent of these households were families in 2000, similar to 1990. The number of female-headed households with children rose steadily between 1970 and 2000, from less than 750 to over 1,100 households. The largest non-family type was people living alone, with roughly 4,200 people. Seniors made up 34 percent of this group while adults under the age of 25 make up less than five percent.

- **Household Size:** The average household size decreased from 1970 through 1990, falling from just below three people per household, to just above 2.5, but remained constant from 1990 to 2000.

Table D. Household Characteristics, 1990 and 2000

	1990		2000	
	Total	Percent	Total	Percent
Total Households	14,554	100%	15,020	100%
Families	9,504	65%	9,682	64%
Female headed households with children	1,038	7%	1,128	8%
Living Alone	4,172	29%	4,396	29%
Average Household Size	2.9	2.6	2.5	2.5

Sources: See Methodology

Household and Per Capita Income

Montclair's median household income in 2003 was estimated at just over \$84,000, an increase of approximately twelve percent from year 2000 median household income of just under \$75,000 (**Table E**). However, when adjusted for inflation, income growth was about five percent (year 2003 median household income is approximately \$78,800 when expressed in year 2000 dollars). Similarly, income growth in the 1990s, while high in real dollar terms, was much more modest when adjusted for inflation (1990 median income was \$69,223 in year 2000 dollars, showing a 8 percent inflation-adjusted growth rate for the decade).

Based on income projections from Claritas, Inc., the median household income is expected to grow to approximately \$95,500 by 2008. However, when controlled for inflation (assuming the same inflation rate for 2003-2008 as in 2000-2003), the projected 2008 median household income will be approximately \$79,600 (year 2000 dollars), a very modest two percent increase from year 2003.

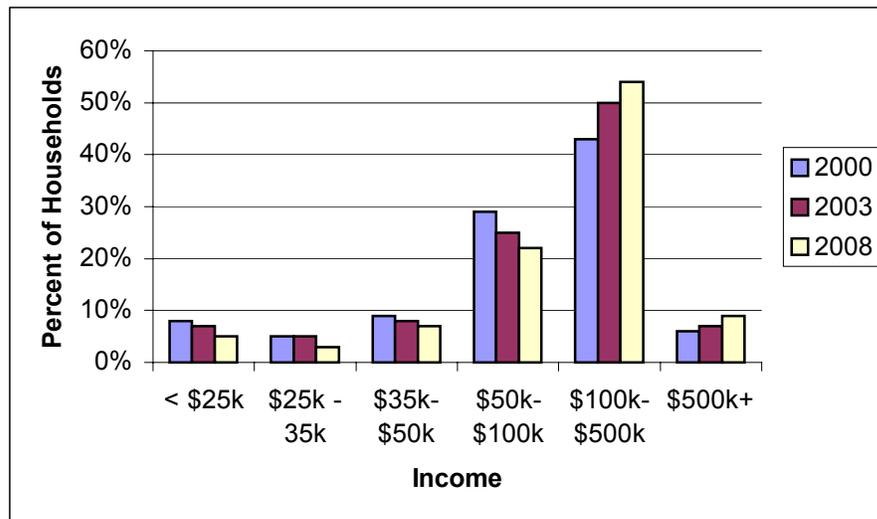
Table E. Household Income, 1990 through 2008

	1990	2000	2003	2008
Income	\$69,223	\$74,858	\$78,446	\$79,970
Percent Increase		8.1%	4.8 %	1.9 %

Sources: All figures in 2000 dollars, See Methodology for more information

Most interesting from the Claritas data is the projected growth in the higher income brackets in Montclair from 2000 to 2008, as shown in **Figure 1**. While many Montclair households will remain in the lower and moderate income brackets, they will decline as percentage of households. The only two income brackets that will show proportional growth from 2000 to 2008 are the \$100,000-\$500,000 bracket and the \$500,000+ bracket.

Figure 1. Income Growth, 2000 to 2008



Another measure of income is per capita income (i.e., the total personal income in Montclair divided by the number of residents). In real dollar terms, the per capita income grew faster than the median household income in Montclair from 1990 to 2000, increasing 17 percent to approximately \$45,000 in year 2000. The higher rate of growth in per capita income as compared to median household income reflects the higher rates of income growth among the top percentage of households, as shown in Figure 1, with slower rates of growth among households at other income levels.

Poverty and School Lunch Program Participation Rates

The poverty rate in Montclair has dropped from nine percent in 1970 to six percent in 1990 to 5.6 percent in 2000, meaning that 2182 people in Montclair were living below the official poverty line in year 2000. However, it should be noted that the poverty line is established on a national level and does not reflect regional variations in living costs. In high cost areas such as Montclair and the New York metro area, a larger percentage of people would officially be living below the poverty line if the line were established based on localized cost factors.

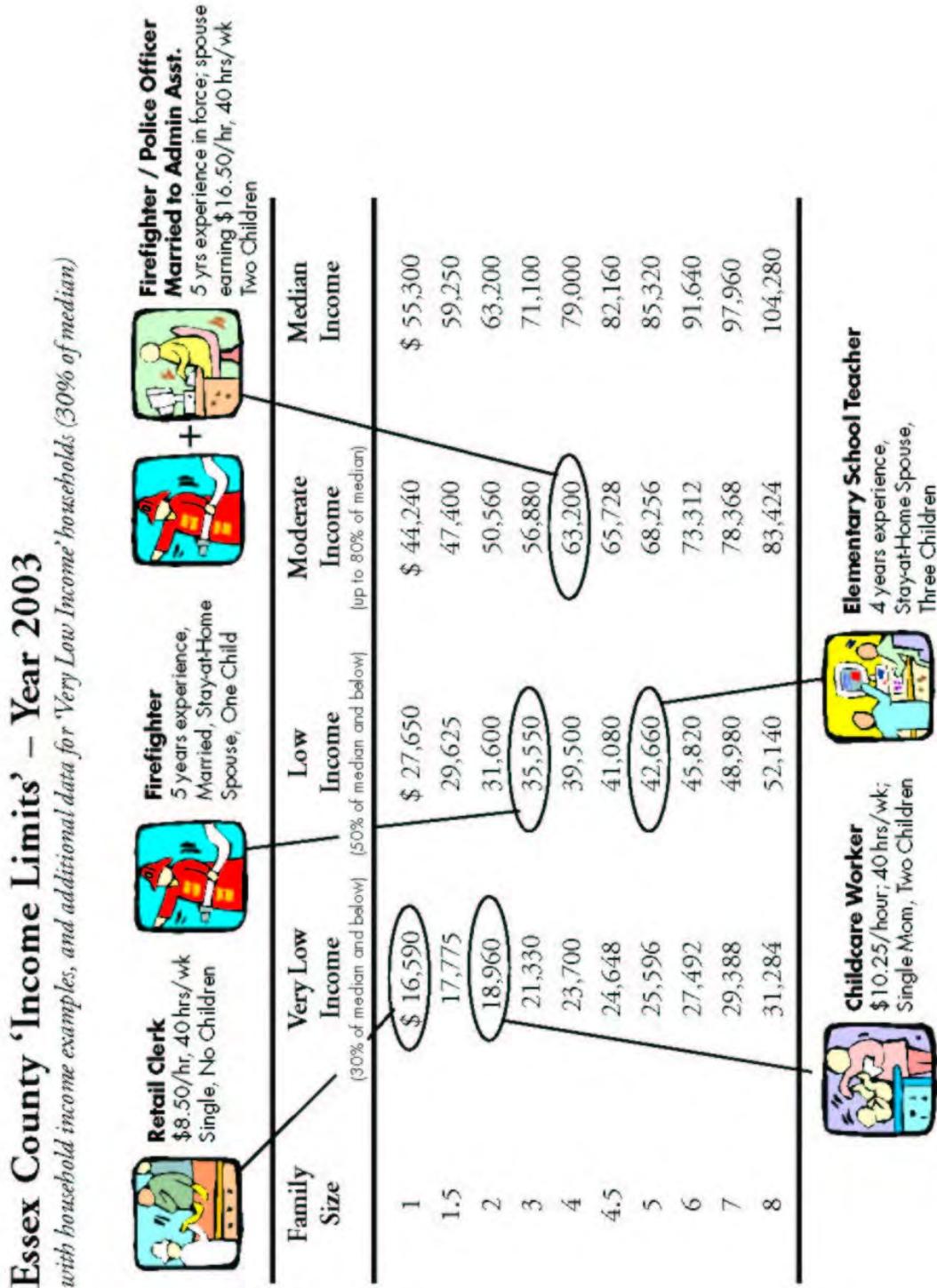
An additional measure of income that is particularly useful in understanding income trends since the 2000 census is the free and reduced price school lunch programs. Children from families with incomes up to 130 percent of the poverty level are eligible for free meals and those with incomes between 130 percent and 185 percent of the poverty level are eligible for reduced-price meals. Montclair offered just over 1000 free or reduced lunches in the 2003/2004 school year, a 16 percent decrease from 2001/2002. In contrast, the number of children on free and reduced lunches increased nationwide from 2001 to 2002, the latest year for which these data are available. Given the combination of economic conditions and housing costs, the drop in program participation in Montclair during the past year is likely due to out-migration of lower income families. There is little reason to believe that rising income is the cause of the falling program participation rates.

COAH Income Limits

The New Jersey Council on Affordable Housing (COAH) establishes 'income limits' each year to define the qualifying incomes for 'low' and 'moderate' income households. Broken out by size of household, and presented for groupings of counties throughout the state (Essex County is grouped with Morris, Union and Warren counties), the income limits establish the current year median income for households of various size, as well as the 'cut off' points for 'low income' (50% of median and below) and 'moderate income' (up to 80% of median).

Figure 2 was prepared by Baird+Driskell using COAH guidelines to present the 2003 income limits, add an third category of 'very low income' (30% of median income), and illustrate types of households that might fall under various categories. Household income examples are based on local salary data, including data from the Montclair School District and the Township's police and fire departments.

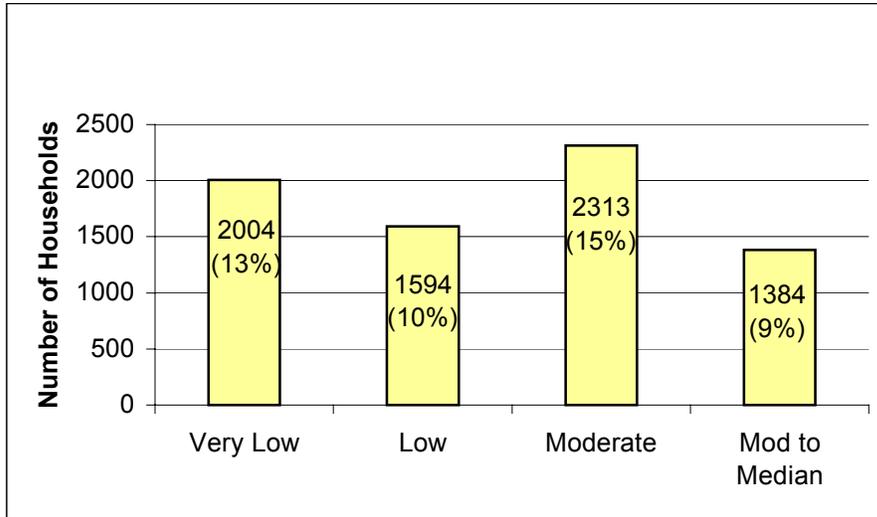
Figure 2. COAH Income Limits – Year 2003



Source: New Jersey Council on Affordable Housing (COAH), 2003. Household income examples and calculation of 'Very Low Income' limits added by Baird+Driskell.

Using the COAH income limits and 2003 household income data from Claritas, Inc., it is estimated that approximately 38 percent of Montclair households are in the ‘Low’ (23%) and ‘Moderate’ (15%) income categories (Figure 3). Approximately 13 percent of Montclair households fall in the ‘very low income’ category, making less than 30 percent of the median household income.

Figure 3. Estimated Income Distribution in Montclair, Year 2003



HOUSING

Housing Units

The 2000 US Census counted 15,607 units in Montclair, an increase of four percent (624 units) from the 1990 figure of just over 15,000 (**Table F**). Half of those units (49%) are single family, a number that did not change significantly from 1990 to 2000. Montclair has a mix of multifamily dwellings, with just over 2,000 two-family units and just over 3,000 units in midsize buildings (3-9 units) and about the same number in large apartment (10+) buildings. Both the number of single family homes and the number of mid-sized apartments increased from 1990 to 2000, while the number of two-family units decreased slightly. There were few (five) mobile homes in Montclair in 2000, and none counted in 1990.

Table F. Housing Units, 1990 and 2000

	1990		2000	
	Total	Percent	Total	Percent
Total units	15,069	100%	15,607	100%
Single Family	7,277	49%	7,656	49%
Two units	2,157	14%	2,082	13%
3-9 units	2,550	17%	2,926	19%
10 + units	2,999	20%	2,938	19%
Mobile homes	0	0%	5	<1%

Sources: See Methodology

Overcrowding

Overcrowding, according to the US Census, are units with more than one inhabitant per room, excluding the kitchen and bathroom. For example, a two bedroom apartment with a living room and dining room would be overcrowded if it had five people. It is likely that overcrowding is underreported in the Census, because people living in overcrowded units may be reluctant to provide information about household members living in the unit illegally or in violation of the lease.

The 2000 census reported that just over three percent of Montclair households were living in overcrowded conditions, higher than the 1990 level of two percent.

Tenure

Tenure refers to whether a housing unit is rented or owned. Many communities prefer the stability associated with owner-occupied units, but rental units, particularly multi-bedroom rental units, are an important part of a diverse community's housing stock, providing housing options for moderate and lower income families who may not be able to afford the down payment for a house or may lack traditional credit.

According to year 2000 census figures, there were just under 8,500 owner-occupied units in Montclair (56 percent of all occupied units) and just over 6,500 renter-occupied units (44 percent of the total) (see **Table G**). These percentages are nearly the same as in 1990. Nationwide, 66 percent of families owned their own home in 2000.

Table G. Tenure, 1990 and 2000

	1990		2000	
	Total	Percent	Total	Percent
Owner Occupied	8,108	56%	8,476	56%
Renter Occupied	6,410	44%	6,544	44%

Sources: See Methodology

Vacancy

Montclair had a vacancy rate in year 2000 of less than 3 percent, or 500 units, according to the Census (see **Table H**) and a slightly higher rate in 1990. This indicates a very tight housing market in which demand for units exceeds the available supply. A vacancy rate of five percent is the minimum considered necessary to permit ordinary rental mobility. In a housing market with a lower vacancy rate, tenants will have difficulty locating appropriate units and strong market pressure will inflate rents. A two percent vacancy rate for owned housing is considered normal, with lower vacancy rates typically resulting in escalating prices.

Table H. Vacancy

	1990		2000	
	Total	Percent	Total	Percent
Occupied	14,518	97%	15,107	97%
Vacant	551	3%	500	3%

Sources: See Methodology

Housing Conditions

Because the housing stock of Montclair is older (83 percent of units are more than 50 years old), housing conditions are a potential concern. In general, however, the housing stock in Montclair is in good condition. The 2000 Census reported that less than half a percent of houses lacked full plumbing facilities that year.

The condition of Montclair's housing stock has improved in recent years. In 1997, there were approximately 30 abandoned, boarded up and tax-delinquent properties. This number had dropped to six in 2003. However, there are still several neighborhoods where it a targeted rehabilitation effort would be helpful. The 1997 Montclair Housing Element identifies four such target neighborhoods that are considered appropriate for housing rehabilitation.

AFFORDABILITY

Affordability is determined by comparing household incomes with the cost of housing. Federal and state guidelines typically define affordability at 30 percent of household income. In other words, if a household has to pay more than 30 percent of its income on housing, it is overpaying for housing (i.e., the housing is unaffordable). In high-cost housing markets such as Montclair, lenders and other agencies now regularly accept that households will pay more than 30 percent of household income on housing. However, the 30 percent rule is still applied in most programs, and is used here for measuring affordability in Montclair.

Also, as a point of information, the term ‘affordable housing’ is typically used to refer specifically to housing that is affordable to households with moderate to low incomes. The issue of affordability is more pronounced, and problematic, for these households, since there is typically a gap (often a significant gap) between what they can afford and what is available in the marketplace. Households with above-moderate incomes typically do not have difficulty finding affordable housing opportunities.

Renter Affordability

Median rent (including utilities) in the 2000 Census was \$866, a 17 percent increase from 1990’s median rent of \$741. However, when adjusted for inflation, rents during the 1990s actually decreased 11.5 percent (the 1990 median rent expressed in year 2000 dollars was \$978). This trend coupled with growth of approximately eight percent in the median household income resulted in an improving overall affordability picture during the 1990s.

However, it is extremely important to note that these are overall measures based on medians. At the lower end of the income spectrum, affordability remained an issue through the 1990s (see discussion in *Housing Overpayment*).

Both rents and home prices in Montclair have increased significantly in both absolute and real dollar terms since year 2000, bringing housing affordability to the forefront of community issues. While data as comprehensive as the census are not available, a review of several other data sources indicates significant rent increases in the 2000 to 2003 period.

A review of 53 units listed on the Multiple Listing Service (MLS) in August 2003 showed prices that ranged from \$885 to \$2,355. The most common units were two-bedroom, 24 in total, with the remainder split roughly equally between one bedroom units and three bedroom units. There was one studio apartment, one boarder apartment, and no apartments with more than three bedrooms. The median price was \$1,190 (\$1,112 in year 2000 dollars) for a one-bedroom, \$1,500 (\$1,401 in 2000 dollars) for a two-bedroom, and \$1,830 (\$1,709 in 2000 dollars) for a three-bedroom (prices standardized to include utilities, see methodology). These all represent significant increases from the year 2000 median rent of \$866.

The increased rents shown in the MLS data are confirmed by anecdotal information from a number of sources. For example, Ms. Alverso, Director of Montclair’s Section 8 program,

reported in October 2003 that rents recently jumped \$100 to \$200 a month in Montclair’s lower income neighborhoods.

The MLS data specifically highlight a shortage of rental units affordable to lower income households, with only three apartments listed for under \$1000 a month. A low income, two-person household making \$31,000 would not have been able to find any two-bedroom apartments where they paid under 35 percent of their income. If they were willing to pay half of their income in rent, they would have had four apartments to choose from. A four person household making \$35,000 a year would not be able to find a single three bedroom apartment even if they were willing to spend 50 percent of their income.

While a number of realtors, landlords and tenants have indicated that rents have stabilized and, in some locations, dropped slightly during recent months, they continue to be at a much higher level than three years ago.

Figure 4. Affordable Rents for 3-Person Household,, 2003

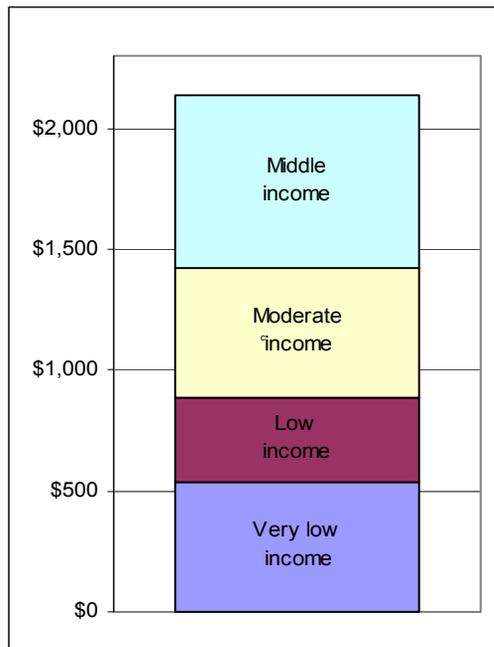


Table I. Maximum Affordable Rents for 3-Person Household, 2003

Income level	Maximum Rent
Very Low income (<30% of median)	\$533
Low income (30–50% of median)	\$889
Moderate income (50-80% of median)	\$1422
Middle income (80-120% of median)	\$2133

Sources: Low and moderate income categories based on COAH 2003 income limits for three-person household. Very low and middle income categories based on Baird+Driskell calculations. Affordable rents based on 30 percent of income. See methodology for full description.

Homeowner Affordability

Median home value in the 2000 Census was \$317,500, an increase of 19 percent from the 1990 median home value of \$266,800. However, when adjusted for inflation (using the CPI), the median home value fell 9 percent during the 1990s (the 1990 median home value was \$352,200 when expressed in year 2000 dollars).

However, as in rents, home prices in Montclair have increased significantly since the 2000 census. While median home prices for 2003 are not available, county-level data shows a significant increase in the area, with the median home price in Essex County rising from \$255,200 in the third quarter of 2000 to \$342,800 in the second quarter of 2003 (\$320,200 in year 2000 dollars, for a 25 percent inflation-adjusted increase in the County during that period).

A review of MLS data for Montclair for the first nine months of 2003 shows very limited home purchase options for lower and moderate income households. For example, in the first nine months of 2003, there were no sales of single family homes that a low income household could afford (in this case defined as under \$156,150). In 2002, there were only three homes in that price range. There were only nine single family homes accessible to a moderate income three person family (priced below \$208,200) in the first nine months of 2003. This is a slightly slower pace than in 2002, when there were 14 homes.

Condos are also inaccessible for most low and moderate income families. In the first ten months of 2003, there were no 2+ bedroom condos that sold for under \$156,150 and eight that sold for under \$208,200. In 2002, there were eight and 21, respectively.

The decline in affordable homeownership opportunities is even more dramatic when compared to 2001. There were 76 units that sold for between \$100,000 and \$150,000 in that year (condos and single family units combined). This number dropped to 38 in 2002 and seven for the first nine months of 2003.

Figure 5. Affordable Home Prices for 3-Person Household, 2003

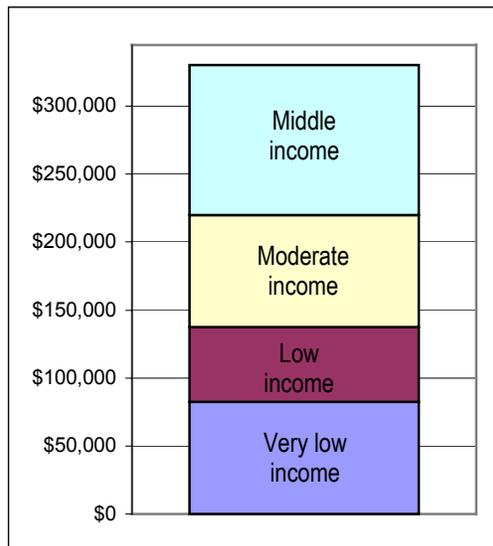


Table J. Maximum Affordable Home Prices for 3-person Household, 2003

Income level	Price
Very Low income (<30% of median)	\$82,545
Low income (30–50% of median)	\$137,575
Moderate income (50-80% of median)	\$220,119
Middle income (80-120% of median)	\$330,170

Sources: Low and moderate income categories based on COAH 2003 income limits for 3-person household. Very low and middle income categories based on Baird+Driskell calculations. Home prices based on 30 year fixed rate mortgages as calculated by Fannie Mae mortgage calculator (10 percent down, 5.75 percent interest). See methodology for full description.

Overpayment

The incidence of overpayment for housing, reported in the Census, is used as a standard measure of affordability. Overpayment is defined as being when a household is paying more than 30 percent of household income on housing (inclusive of utilities and taxes).

In year 2000, approximately 30 percent of homeowners overpaid for housing (with 23 percent paying more than 35 percent of their income on housing). The incidence of overpayment was slightly higher for renters, with 33 percent of renter households overpaying, and 25 percent paying more than 35 percent of household income on housing.

However, for low income households (earning less than \$35,000 in 2000) the incidence of overpayment was much higher. For low income renters, nearly 75 percent were overpaying for housing in year 2000, with over 80 percent of very low income renters paying more than 35 percent of income on housing. For low income homeowners, all but 20 out of nearly 700 households reported paying more than 35 percent of their income on housing.

For moderate income households (earning between \$35,000 and \$50,000) the incidence of overpayment was high for homeowners, with 55 percent overpaying for their housing, and most of those paying over 35 percent of household income on housing costs. The only group where overpayment was not severely pronounced was among moderate income renters, where 30 percent of households were paying more than 30 percent of their income on housing (about 16 percent reported paying more than 35 percent of income on housing).

We can easily conclude that the incidence of overpayment has increased in the last three years, but cannot say definitively to what degree. However, it is not unrealistic to state that nearly all low income households not living in a subsidized housing situation are currently paying more than 30 percent of their income (or most likely over 35 percent of their income) on housing. In other words, *there are extremely few market-rate units in Montclair that remain affordable to lower income households.*

The situation for moderate income households is less clear. While the incidence of overpayment is certainly much higher now than it was in 2000, it is difficult to say to what degree. The group that would be most impacted by price increases in the past three years are

moderate income renters. It is not unrealistic to expect that the incidence of overpayment for this group is now in the range of 50 percent. This would mean that approximately a third of market-rate rental units became unaffordable to moderate income households over the past three years. We believe this is a conservative estimate of the impact of recent rent increases on moderate income households.

Based on current year (2003) estimates, approximately 38 percent of Montclair's households fall in the low and moderate income categories. It is safe to say that a significant majority of these households are currently living in unaffordable housing situations, with nearly all low income households (25 percent of the Township's households) lacking affordable housing.

Table K on the following page shows the number and percentage of households that were overpaying for housing in year 2000 (with overpayment defined as spending 30 percent or more of household income on housing costs). Figures are provided for both renter and owner households, with breakdowns by income category. The bottom rows provide breakdowns for renters based on the number of units in their building (giving us information on whether overpayment is more common in larger or smaller buildings) as well as breakdowns for senior households, both renter and owner. Income categories are based on COAH guidelines, with additional categories added. *Very low income households* are defined here as households earning less than 30 percent of the median income, while *middle income households* are defined as earning anywhere from 80 to 120 percent of median income, and *above middle income households* as those earning more than 120 percent of median income. The final column provides the total numbers and percentages of overpaying households in each category, while the first two columns provide a breakdown to help understand the severity of overpayment.

Table K. Housing Overpayment in Year 2000 by Tenure, Income Category, Units in Building, and Senior Status

	Moderately overpaying (spending 30-34% of income on housing)	Significantly overpaying (spending more than 35% of income on rent)	TOTAL overpaying (spending more than 30% of income on housing)
Owners			
who are:			
<i>Very low income</i>	0 (0%)	293 (98%)	293 (98%)
<i>Low income</i>	7 (2%)	373 (97%)	380 (98%)
<i>Moderate income</i>	80 (13%)	259 (42%)	339 (55%)
<i>Middle income</i>	71 (14%)	153 (30%)	224 (44%)
<i>Above middle inc.</i>	329 (7%)	474 (10%)	803 (17%)
Renters			
who are:			
<i>Very low income</i>	60 (5%)	958 (81%)	1,018 (86%)
<i>Low income</i>	230 (25%)	438 (48%)	668 (74%)
<i>Moderate income</i>	189 (14%)	220 (16%)	409 (30%)
<i>Middle income</i>	39 (3%)	23 (2%)	62 (5%)
<i>Above middle inc.</i>	13 (1%)	0 (0%)	13 (1%)
Renters living in:			
<i>Single family home</i>	30 (6%)	134 (26%)	164 (32%)
<i>2-4 unit building</i>	148 (6%)	711 (30%)	859 (36%)
<i>5-19 unit building</i>	148 (9%)	369 (23%)	517 (33%)
<i>20-49 unit building</i>	52 (7%)	151 (21%)	203 (28%)
<i>50+ unit building</i>	154 (15%)	274 (27%)	428 (42%)
Seniors who rent	124 (13%)	448 (46%)	572 (58%)
Seniors who own	114 (8%)	503 (34%)	617 (42%)

ources: Low income and moderate income categories from COAH, 2000. Very low income, middle income, and above middle income added by Baird and Driskell. Payment data from 2000 US Census. Very low income is less than 30 percent of the median, low is less than 50 percent, moderate is less than 80 percent, and middle is less than 120 percent. The median income in 2000 was \$63,540. See methodology for additional notes.

AT-RISK UNITS

There are nearly 600 affordable housing units in Montclair under some form of rent or price restriction, as listed on the following page (**Table I**). Approximately half of these units are reserved for seniors. Funding for development of the 28 listed projects has come from both State and Federal sources, and in many cases the subsidy period required under each State or Federal program is set to expire.

The Township has conducted a preliminary review of these projects and pending expiration dates to identify currently affordable units that are at risk of converting to market rates. A rating of 'high risk,' 'moderate risk' or 'unknown' in Table J indicates projects that will be given special attention to ensure that existing rent or price restrictions remain in place so that these nearly 600 housing units remain a part of Montclair's affordable housing stock.

Table L. Affordable Housing Units Existing and Proposed as of 4/2003

Project	Location	# of Afford. Units	Affordability Control Expires	Comments	Risk of Conversion
McClean, Vernon	39-41 New Street	7	2006	NRIP {c} /fed. HOME funds through the NJDCA	Unkown
12 Miller Street	12 Miller Street	2	2007	Balanced Housing, NJDCA-HOMECorp	Low
South End Gardens	340 Orange Road	99	2007	Section 202 senior housing capital advance HUD	Low
Miller Street	9-15 Miller Street	9	2009	Balanced Housing, NJDCA-HOMECorp	Low
Ebinum, Linus	22 Mission Street	3	2009	NRIP {c} /fed. HOME funds through the NJDCA	Unkown
LaForte, Samuel	43-45 New Street	3	2010	NRIP {c} /fed. HOME funds through the NJDCA	Unkown
Thompson, R & J	18 New Street	2	2012	NRIP {c} /fed. HOME funds through the NJDCA	Unkown
Miller Cottages	17-27 Miller Street	6	2013	Balanced Housing, NJDCA-HOMECorp	Low
Tisbury Associates	218 Bloomfield Ave	12	2013	NRIP {c} /fed. HOME funds through the NJDCA	Unkown
Montclair Mews	50 Pine Street	36	2014	Balanced Housing, NJDCA	Unkown
Silas, Ralph	84 Mission Street	4	2014	NRIP {c} /fed. HOME funds through the NJDCA	Unkown
SNIP {a}	58 Maple Avenue	2	2024	Balanced Housing, NJDCA-HOMECorp	Low
SNIP {a}	62 Mission Street	3	2026	Balanced Housing, NJDCA-HOMECorp	Low
SNIP {a}	14 Mission Street	2	2026	Balanced Housing, NJDCA-HOMECorp	Low
SNIP {a}	59 Mission Street	2	2026	Balanced Housing, NJDCA-HOMECorp	Low
SNIP {a}	53 Mission Street	2	2028	Balanced Housing, NJDCA-HOMECorp	Low
SNIP {a}	25 Mission Street	2	2029	Balanced Housing, NJDCA-HOMECorp	Low
SNIP-Phase II	68 Elmwood Avenue	2	2030	Balanced Housing, NJDCA-HOMECorp	Low
SNIP-Phase II	24 Miller Street	2	2030	Balanced Housing, NJDCA-HOMECorp	Low
SNIP-Phase II	26 Miller Street	2	2031	Balanced Housing, NJDCA-HOMECorp	Low
Montclair Senior Hous.	Pine/Glenridge	48	2042	Section 202 senior housing capital advance HUD	Low
Union Garden Apts.	50 Greenwood	55	No Expiration	Federally funded units	None
Matthew Carter Apts.	20 Glen Ridge	54	No Expiration	Federally funded units	None
Matthew Carter Apts.	80 Glen Ridge	72	No Expiration	Federally funded units	None
First Montclair House	56 Walnut Street	130	No Expiration	Section 202 senior housing capital advance HUD	None
Montclair Inn	27 Hillside Avenue	20	No Expiration {b}	Section 202 senior housing capital advance HUD	None
Pine/Bay Station{d}	Pine Street	16	To be determined	A min. of 10% of rental units will be affordable	None
Total Affordable Units*		581		{a} Southend Neighborhood Improvement Project	
Total Affordable Senior Units		288		{b} with provisions	
				{c} Neighborhood Rehab. Improvement Program (NRIP)/federal HOME funds through the NJDCA	
				{d} Future project or in progress	

EXISTING HOUSING PROGRAMS in MONTCLAIR

Following is a brief summary of the existing housing programs operating in Montclair.

Household Assistance Programs

Section 8 Rental Assistance

Montclair runs a federally-funded Section 8 program, with 290 vouchers, a number that has not changed in the recent past and is not expected to change in the near future. Section 8 provides a rent subsidy to low-income renters. There is a waiting list, which has been closed since 2000, with over 200 eligible people. There were over 500 people on the waiting list when it was last opened.

Home Buyer Purchase Program

As part of the Homebuyer program, Essex County provides up to a \$15,000 deferred payment loan to low/moderate income home buyers purchasing one, two or three family homes.

Rehabilitation Programs

Home Improvement Program (HIP)

Essex County provides differed loans to low and moderate income homeowners to make home improvements for heating, roofing, plumbing, etc. The loans must be paid off when the property is sold.

Rental Rehabilitation Program

The County provides no-interest and low-interest loans for rehabilitation of rental properties that create affordable rental housing. The term and interest rates vary depending on the nature of the development project.

Emergency Assistance Fund

The United Way has money available for emergency home repairs for qualified low income homeowners.

Housing Development Programs

Low Interest Loans

The County has a low-interest loan fund for new construction and rehabilitation of affordable housing. The interest ranges from zero to five percent and can be deferred. Some of the loans are long term while others must be paid back when construction is complete. The number of loans initiated varies widely from year to year, as does the size of the loan. The township has also made low and zero interest loans to affordable developers.

Redevelopment Area Designations

The Township has designated four areas as “In Need of Redevelopment”. This gives the township additional flexibility to acquire and sell dilapidated properties. Montclair also requires new housing in redevelopment areas have an inclusionary component.

Land Purchase/Donation

The township has sold municipal land for \$1 to affordable housing developers, like the United Methodist Homes.

Purchase/Lease

The Township of Montclair has purchased a building and leases it to the Salvation Army for \$1, so the Salvation Army can run a homeless shelter.

Grants

The Township has made significant grants to fund the creation of affordable housing. They have received money to do this through Community Development Block Grants, Regional Contribution Agreements, Developer’s Fee Fund and Section 8 Surplus Funds.

Regulatory Programs**Inclusionary Requirements**

The Township requires that ten percent of all units in redevelopment areas be affordable to low and moderate income households.

Developer Fees

The Township requires that all developers, with some exceptions, contribute to an Affordable Housing Trust Fund. The contribution is set at 0.5 percent of the assessed value for residential developments and 1.0 percent of assessed value for commercial developments.

Tax Abatement

Montclair offers five-year tax abatements for the construction of new affordable housing or the renovation of existing affordable housing within areas in need of rehabilitation.

SOURCES and METHODS

Data from 1970 and 1980 are from the US Census as reported in the 1997 Montclair Housing Element. Data from 1990 and 2000 were downloaded directly from the US Census Factfinder. Data from 2003 and 2008 were collected from *Household Trends* and *Pop-Facts Demographic Trend* reports from Claritas, Inc., a private company that supplies data. The Consumer Price Index was taken from the Bureau of Labor Statistics Web page.

Senior Survival Rates

I multiplied the number of seniors in the 1990 Census, broken down in ten-year age categories (65-75; 75-85 and 85 plus), by the mortality rate as supplied by the US Census. (U.S. Bureau of the Census, State Population Projections, computer-readable data file PROJ90SD.DAT downloaded from <http://www.census.gov/population/projections/state/10/17/96>. Consistent with projections used in U.S. Bureau of the Census, Current Population Reports, P25-111, Population Projections for States, by Age, Sex, Race and Hispanic Origin: 1993 to 2020, by Paul R. Campbell, Government Printing Office, Washington, DC, 1994.) This provided a predicted number of seniors for 2000. I then subtracted the actual number of seniors as reported by the 2000 Census to arrive at a number of seniors that were missing and had presumably moved away.

Affordability

To standardize rental prices between apartments that included utilities and those that did not, I increased the rent by a set figure. Specifically, I estimated heat and electricity would average \$90 a month for a one bedroom apartment, \$130 for a two bedroom, and \$155 for a three bedroom.

The Multiple Listing Service Data for sales was gathered on September 20, 2003 by Allan Ash and analyzed by Joshua Abrams. The data for rents was gathered in August by Ash and analyzed by Abrams.

Source for Essex County home prices: New Jersey Association of Realtors.

Income

I used the inflation calculator on the Bureau of Labor Statistics web page to convert past incomes and prices to constant (year 2000) dollars. The inflation calculator does not work for future years. To convert 2008 income figures to year 2000 dollars I used an estimated annual rate of inflation of 2.3 percent (the average inflation for the past three years).

Maximum Affordable Home Price

I used the Fannie Mae online mortgage calculator (www.fanniemae.com/sc/Application/fanniemae/affordability.do)

I assumed a 30 year, fixed rate mortgage with ten percent down and 0.25 percent of value in monthly taxes and insurance. I used 5.75 percent interest after a survey of mortgage providers (Pace Funding, JP Morgan Chase and Citibank). Home buyers would need additional money for closing costs.

Housing Payment as Percent of Income

The Census supplies payment as percent of income data for various income categories, e.g. \$20,000-\$34,999. When income limits categories (very low income, low income, etc) fell within this range (for example the limit for low income is \$31,770) I assumed an even distribution of individuals over paying and not overpaying for housing payments and scaled accordingly. In 2000, median income was \$63,540, which means very low income (less than 30 percent of the median) was up to \$19,062, low income (less than 50 percent) was up to \$31,770, moderate income (less than 80 percent) was up to \$50,832, and middle (less than 120 percent) was up to \$76,248. Low and moderate supplied by COAH, 2000; Very low, middle and above middle added by Baird and Driskell.

Programs Considered

Background

The Affordable Housing Task Force spent several months examining potential programs. Task Force members evaluated the programs for their ability to create or preserve affordable units as well as their time frame, cost, political viability, level of effort required and overlap with existing programs. This is the full list of programs that were considered.

1. Ensuring Adequate Sites

- 1a. **Infill Development Program** - Identifying locations that have potential for new development. Some of the new units would be required to be affordable.
- 1b. **Increase in Zoned Densities for Residential Development** – Across the board increases in the density of units allowed with a requirement that some of the units be affordable.
- 1c. **Targeted Increases in Zoned Densities (along transit corridors and in or near commercial districts)** - Increases in the density allowed in some neighborhoods with a requirement that some of the units be affordable. Units near commercial districts or transportation hubs allow residents to live without cars, making housing more affordable.
- 1d. **Density Bonus Program** – Allowing developers to build additional units on a site in exchange for providing some affordable units.
- 1e. **Minimum Density Standards** - Setting a minimum number of units per acre that all new developments must meet. This ensures that locations that are well suited for denser affordable housing are not lost.
- 1f. **Affordable Housing Overlay District** – In certain neighborhoods, adding additional inclusionary requirements on top of the current zoning.
- 1g. **Rezoning Non-Residential Land for Residential Use** - Changing the zoning of land that is currently commercial or industrial, but is underused and would be better as residential.
- 1h. **Second Units Program** - Allowing or encouraging a second unit. Second often rent at affordable rates and provide an additional source of income for the property owner.
- 1i. **Inclusionary Zoning for Residential Development** – Requirement that residential developments have some units that are affordable. The units can be on or off site, depending on the requirements.
- 1j. **Inclusionary Zoning for Commercial Developments** - Requirement that commercial developments have some residential units that are affordable. The units can be on or off site, depending on the requirements.

- 1k. **Mixed Use Zoning** – Allowing new developments to have a mix of retail, commercial and residential.
- 1l. **Land Purchase and Resale (or Donation) to Affordable Housing Develops** – Montclair Township takes possession of a property and transfers it to another entity.

2. Removing Governmental Constraints

- 2a. **Fast Tract Development Review for Affordable Housing Proposals** – Expedited review by Montclair for proposals that create affordable housing.
- 2b. **Development Fee Waivers / Reimbursement** – Waiving fees for affordable housing developers, or reimbursing those fees.
- 2c. **Design Guidelines / Design Review for Moderate and High Density Housing** – Clear standards about what types of housing development will be approved. By having well written, explicit standards, developers can develop properties more rapidly and therefore can afford to provide more affordable housing.
- 2d. **Revised Zoning and Development Standards to Support Affordability** – Examining zoning requirements and building codes that add costs to developments, but are not necessary.
- 2e. **Tax Abetment to Support Affordability for Low and Moderate Income Households** - Reducing taxes, usually for a limited length of time to encourage affordable development.

3. Preserving Affordable Housing

- 3a. **At-Risk Units Program** – Monitoring and targeting units that are currently affordable, but are at risk of becoming not affordable.
- 3b. **Multi-Family Inspection and Rehabilitation Loan Program** – Providing money for repairs and rehabilitation in exchange for affordability guarantees.
- 3c. **Home Repair and Loans and Grants** – Providing money to help low income residents with emergency or routine repairs.
- 3d. **Rent Monitoring** – Tracking rents to be aware of increasing prices.
- 3e. **Rent Control Ordinance** – A law that limits increases in rent.
- 3f. **Rent Arbitration and Dispute Resolution Program** – A board that reviews rent disputes or unreasonable increases in rent.

4. Household Assistance

- 4a. **First-Time Homebuyer Program (low interest financing, down-payment assistance, second mortgages)** - Programs to make home-ownership more feasible for first time homebuyers.
- 4b. **Employer Assisted Mortgage** – Businesses assist employees with the mortgages. Most appropriate for large businesses like universities.
- 4c. **Rental Assistance Program** – Vouchers or other programs that assist renters usually in the form of a partial payment of rent, for example HUD’s Section 8 programs.
- 4d. **Home Share Program** – Developing a program to help match seniors or others with extra space in their homes with people who are looking for housing.
- 4e. **Emergency Shelter Program** – Short-term, emergency housing for the homeless.
- 4f. **Transition Housing Program** – Short-term to moderate term housing for the homeless, or those at risk of being homeless. Transitional housing is a stepping stone to standard housing.

5. Other Programs

- 5a. **Alternative Home Ownership Models (Limited Equity Housing, Mutual Housing Association, Co-Housing, Community Land Trust)** – Non-traditional housing methods. Some methods allow residents to have a partial ownership stake in their home, while reserving some of the equity for a non-profit. Other methods keep the entire equity in the name of the non-profit, but give residents control over their environment.
- 5b. **Housing Trust Fund** – A source of money that can be used either for loans or grants to develop affordable units.
- 5c. **Partnerships with Community Development Corporations** – Working with local non-profits to develop new units.
- 5d. **Partnerships with Local Banks** – Working with banks to identify lending opportunities that promote affordable housing.