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# Housing Element

January 14, 2009

## Somerville Borough

Somerset County  
New Jersey

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## 1.0. Introduction

The current Housing Element of Somerville Borough Master Plan was prepared in 1990. This Housing Element, once adopted, will supersede the existing Housing Element. A Housing Element is technically an optional element of a master plan but a municipality may not pass a zoning ordinance until the housing plan element of the master plan is adopted (as set forth by N.J.S.A. 40:55D-62a). This Housing Element incorporates the plan elements required under N.J.S.A. 52:27D-310 of the New Jersey Fair Housing Act and N.J.A.C. 5:97-2.3 of NJ COAH Round III Substantive Rules (amendments through 10/20/08). These requirements are as follows:

- A. An inventory of Borough's housing stock by age, condition, purchase or rental value, occupancy characteristics, and types including the number of units affordable to low and moderate income households and substandard housing capable of being rehabilitated;
- B. A projection of the Borough's housing stock, including the probable future construction of low and moderate income housing, for the next six years;
- C. An analysis of the Borough's demographic characteristics, including but not necessarily limited to household size, income level, and age;
- D. An analysis of the existing and probable future employment characteristics of the Borough;
- E. A determination of the Borough's present and prospective fair share for low and moderate income housing and its capacity to accommodate its present and prospective housing needs, including its fair share for low and moderate income housing;
- F. A consideration of the lands that are most appropriate for construction of low and moderate income housing and of the existing structures most appropriate for conversion to, or rehabilitation for, low and moderate income housing, including a consideration of lands of developers who have expressed a commitment to provide low and moderate income housing;
- G. The household and employment projections for the municipality as provided by N.J.A.C 5:97 Appendix F;
- H. The municipality's prior round obligation provided by N.J.A.C. 5:97 Appendix C
- I. The municipality's rehabilitation share provided by N.J.A.C. Appendix B.

The Housing Element is required to be adopted by the Borough Planning Board and endorsed by the Borough Mayor and Council prior to the municipal filing or petition for substantive certification by COAH, per N.J.A.C. 5: 96-3.

## **2.0. Inventory of Borough Housing Stock**

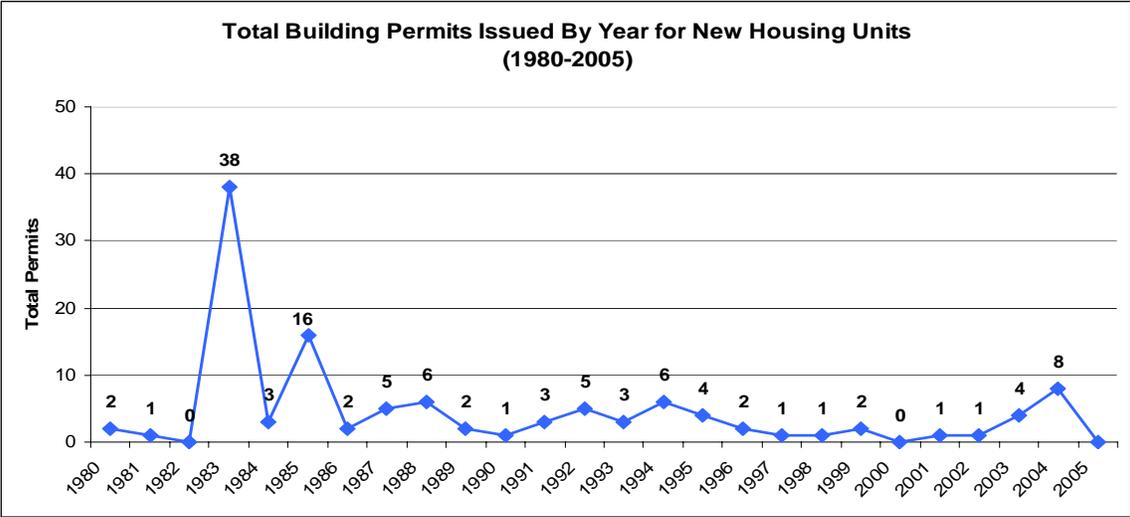
Detailed information concerning the Borough's housing stock is available through the United States Census Bureau (Summary Files 1 and 3 from the 1990 and 2000 Censuses). A brief comparison of basic characteristics is presented in Table 1.

**Table 1: Basic housing characteristics, Somerville Borough (1990-2000)**

	1990	2000	# Change	% Change
<b>Persons</b>	11,632	12,423	791	6.80%
<b>Households</b>	4,546	4,743	197	4.33%
<b>Housing Units</b>	4,853	4,882	29	0.60%
<b>Occupied</b>	4,546 (93.67%)	4,743 (97.15%)	197	4.33%
<b>Owner-Occupied</b>	2,249 (49.47%)	2,306 (48.62%)	57	2.53%
<b>Renter-Occupied</b>	2,297 (50.53%)	2,437 (51.38%)	140	6.09%
<b>Vacant</b>	307 (6.33%)	139 (2.85%)	-182	-59.28%
<b>Persons per occupied unit</b>	2.45	2.49	0.04	2%

As noted in Table 1, the Borough's basic housing characteristics experienced minimal growth between the 1990 and 2000 Censuses, an indication of the lack of developable land in the community. The population showed a moderate increase at a rate of 6.8% which translated into a lesser growth rate of 4.3% in the number of households. The census figures reveal very sluggish growth in the amount of housing units with just 29 new units created (0.6% growth) corresponding to a 4.3% increase in the occupancy rate. As Table 1 illustrates, much of the increase in the occupancy rate is a result, not of new construction, but of a plunge in the amount of vacant housing in the Borough over the past decade. Figure 1 depicts the total number of residential building permits issued by year (1980-2004). The data reveals that the Borough experienced no significant amount of annual housing construction since 1980, with new construction topping 10 units only twice in that time-span.

Figure 1

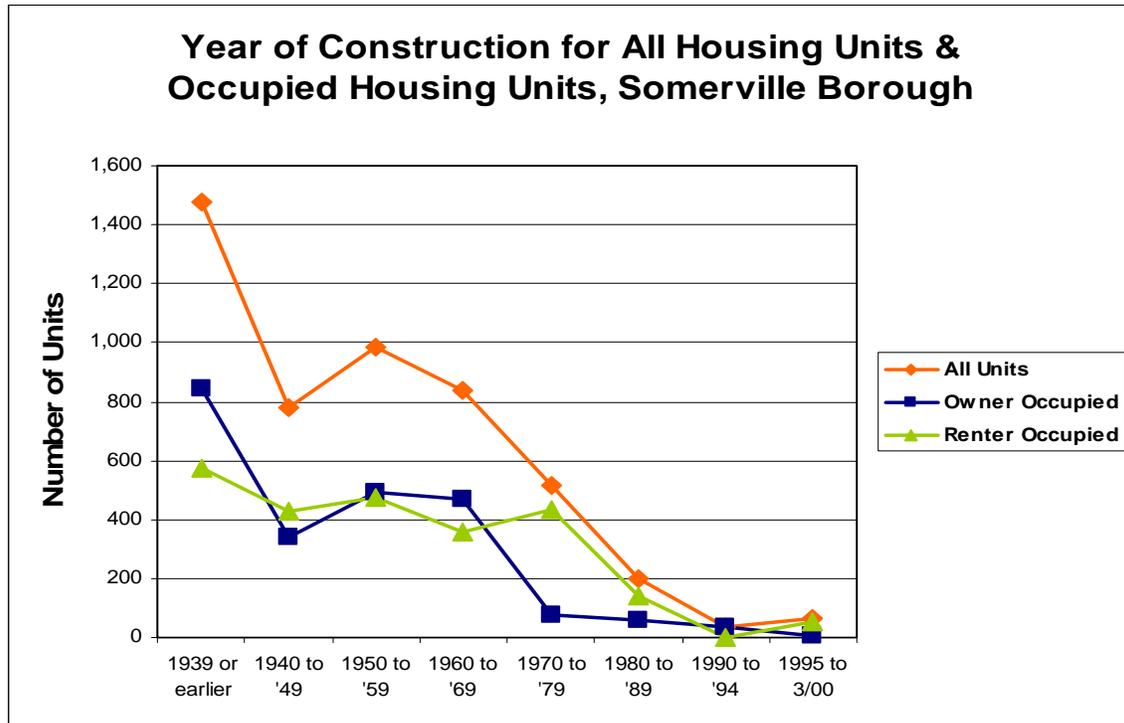


Source: US Census Bureau (2004)

2.1. Physical Character of Borough Housing Stock

During the past 25 years, the Borough has experienced little growth in the housing market with just over 100 new housing units constructed. Overall, the Borough’s housing stock is split between homes constructed in the second half of the twentieth century, and those built prior to 1952, the median year of construction according to 2000 Census data. Borough-wide, owner-occupied units tend to be older than rental units, but the difference is minimal, with median years of construction 1949 & 1955 respectively. As Figure 2 reveals, this discrepancy is largely due to a sharp decline in owner occupied housing construction in the 1970s. The figure again illustrates the built-out nature of the Borough as new construction has declined at a fairly steady rate since the 1950s.

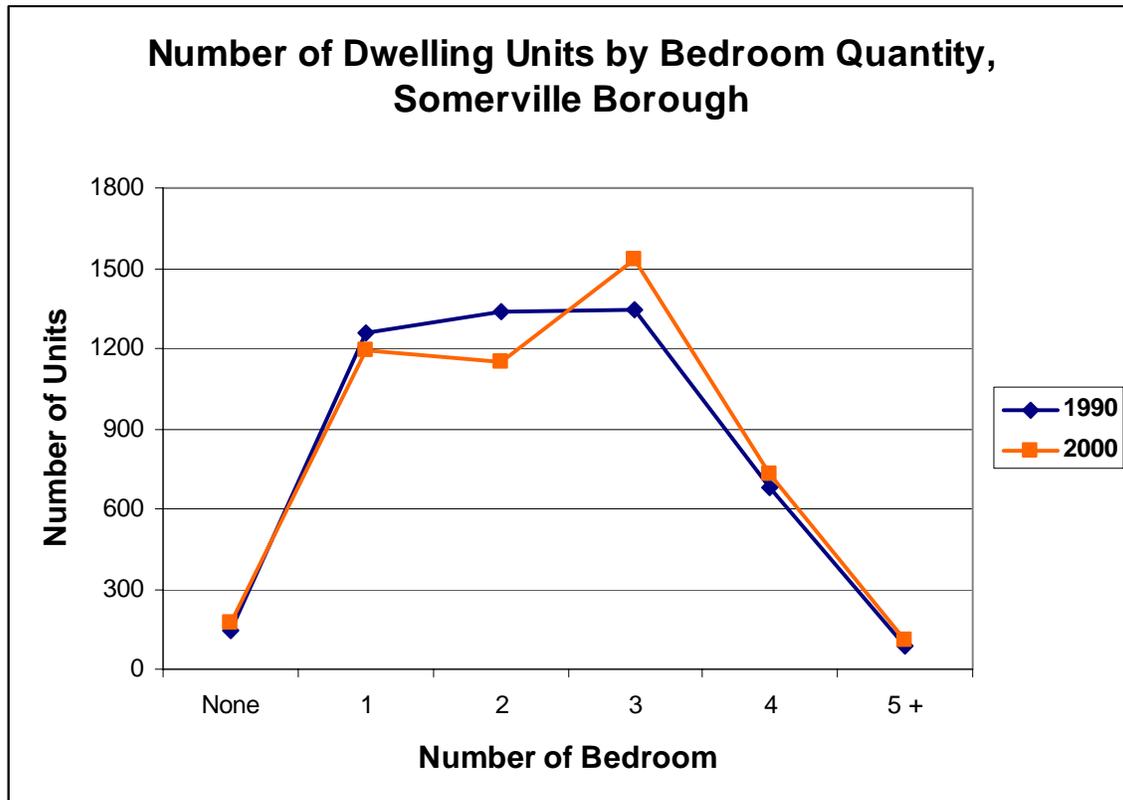
Figure 2



Source: 2000 Decennial Census, Summary File 3

The typical home in Somerville has a three-bedroom configuration, with the number of one-, two-, four-, and five-bedroom units declining slightly between 1990 and 2000. Although the number of five-bedroom units decreased over the same period, a slight inclination towards larger units appears to be developing in the Borough, as the proportion of units with four bedrooms or more increased by roughly 10%. This is illustrated by Figure 3 below.

Figure 3



Source: 1990 and 2000 Decennial Census, Summary File 3

## 2.2. Substandard Housing

Housing units are generally considered to be substandard where they lack basic facilities (such as complete plumbing or kitchens), or where they are overcrowded (having, on average, more than one person per room). Based on these definitions, a maximum of 106 substandard dwelling units were present in the Borough as of the 2000 Census (as detailed in Table 2). The community's total rehabilitation share is equal to the sum of the municipalities overcrowded and dilapidated units multiplied by its regional Low/Moderate Income Deterioration Share minus its Rehabilitation Share Credit. Based upon this formula Somerville Borough total rehabilitation share is 73 units.

**Table 2: Substandard Housing Units, Somerville Borough**

<b>Characteristics</b>	<b>Number of Units</b>
1. Overcrowded (>1 person per room)	
1a. In Structures built prior to 1950	98
2. Lacking complete plumbing	8
3. Lacking complete kitchen	0
4. Deteriorated Housing (1a+2)	106
5. Rehabilitation Share (69.1%*4)	73
5a. Minus Rehab.Share Credits	0
6. Adjusted Rehab Share (5-5a)	<b>73</b>

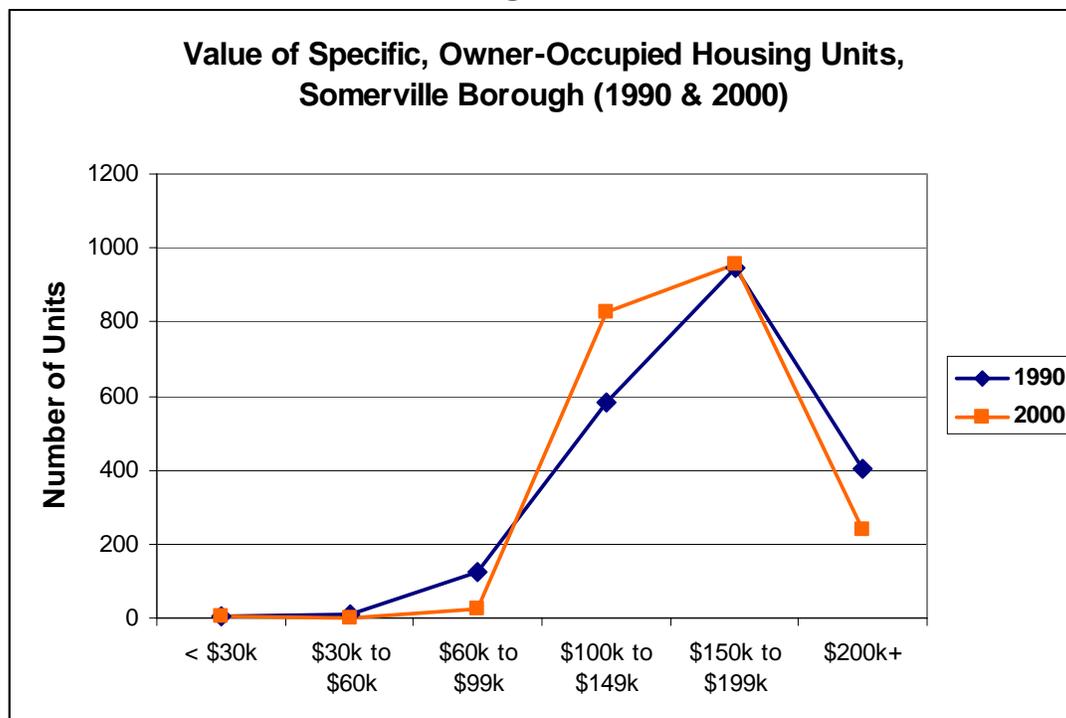
### 2.3. Value and Price of Housing Units

Table 3 illustrates the relative median value of owner-occupied housing units in the Borough as presented in the 1990 and 2000 Censuses, as well as the relative cost of 'contract rent' (rent paid monthly during a lease, exclusive of utilities) over the same timeframe. While rents during the decade rose dramatically, with increases exceeding 20%, median home values actually decreased. This change, however, was almost unnoticeable compared to the rise in contract rents as noted by Figures 4 & 5 below.

**Table 3: Median Home Values and Rent Costs, Somerville Borough (1990 & 2000)**

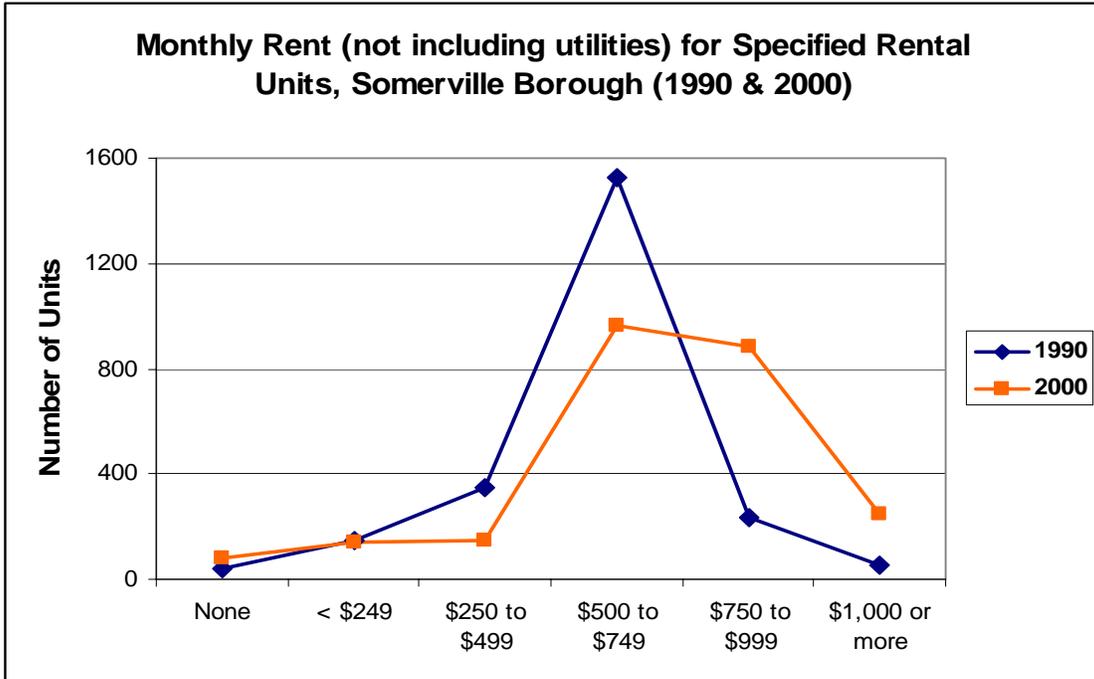
	1990	2000	# Change	% Change
<b>Median value of owner-occupied units</b>	\$160,900	\$158,200	-2,700	-1.68%
<b>Median monthly rent of renter-occupied units</b>	\$616	\$743	127	20.62%

**Figure 4**



Source: 1990 and 2000 Decennial Census, Summary File 3

Figure 5



Source: 1990 and 2000 Decennial Census, Summary File 3

## 2.4. Housing Unit Affordability

National standards consider market-rate housing to be affordable at a given income level where a household does not spend more than 30% of its monthly income on direct housing costs. This section considers units in the Borough which are affordable in this market-rate context.

New Jersey's Council on Affordable Housing (COAH) defines moderate-income households as those having not more than 80% of gross median household income, and low-income households as those having not more than 50% of the gross median household income. While COAH sets qualifying income levels by housing region, and based on the number of persons per household, these general definitions of low and moderate-income can be applied in a market context to provide a rough estimate of housing unit affordability in the Borough. Given that the most recent comprehensive home cost data is from the 2000 Census, this plan assesses unit affordability based on aggregate Borough income levels from the same Census (in order to allow for an 'apples to apples' comparison) rather than more recently defined COAH regional income levels.

The COAH-specified qualifying income levels for the Housing Region 3 (which includes Somerset County) are \$ 58,020 for a moderate and \$ 36,263 for a low income (one bedroom unit) and thus, are higher than those calculated herein for Somerville. Therefore, the below calculation of the number of affordable units is conservative. In addition, the estimated numbers of affordable units are affordable only in a market setting, and are not deed restricted.

Somerville Borough's median household income as of the 2000 Census was \$51,237. Based on COAH standards (50% / 80%), a low-income household would therefore have an income of \$25,619 or lower, and a moderate-income household would have an income of \$40,990 or lower. Based on these income levels, Table 4 presents the maximum monthly housing cost at each level that would be affordable (market rate context).

**Table 4: Affordable monthly housing expenses at low and moderate income levels**

'Moderate' annual household income	\$40,990
'Low' annual household income	\$25,619
Monthly affordable limit for housing expenses [(annual income/12)*.3]:	
Moderate-income households	\$1025
Low-income households	\$640

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Table 5 (below) reflects an estimate of the number of rental units (as of the 2000 Census) with rents below these thresholds, and which therefore qualify as being 'affordable' at the low and moderate income levels (again, in a market setting, without deed restrictions).

**Table 5: Affordable rental units at low & moderate income levels**

Affordable to moderate-income households (<\$1025)	2,150
Affordable to low-income households (<\$640)	573

Source: 2000 Decennial Census, Summary File 3

Calculating the number of affordable owner-occupied dwelling units in the Borough requires an assumption in terms of mortgage term, down payment, interest rate, PMI and real estate taxes. For this purpose, a thirty-year mortgage, 5.5% down payment, 5.625% interest, 0.78 % PMI and a property tax rate of 3% are assumed. In this framework, a \$122,000 home would result in a monthly payment of \$1,024 and would therefore be affordable at the moderate income level. An \$ 76,000 home would result in a monthly payment of \$640.00, therefore, being affordable at the low income level (as previously defined). Table 6 (below) reflects an estimate of the number of owner-occupied units in the Borough having values below these thresholds.

**Table 6: Affordable owner-occupied units at low & moderate income levels**

Affordable to moderate-income households (<\$122k)	390
Affordable to low-income households (<\$76k)	19

Source: 2000 Decennial Census, Summary File 3

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### **3.0. COAH Round III Growth Share Obligation**

The growth share obligation consists of both residential and non-residential growth. The Borough of Somerville is relying on the projected residential and non-residential growth share obligation for the period January 1, 2004 to December 31, 2018, as stated in N.J.A.C. 5:97 Appendix F. The projected residential and non-residential growth share obligation is, respectively, 56 and 64.88. The total projected growth share obligation is 121. The Fair Share Plan will describe how the Borough intends to address the growth share obligation.

### **4.0. Prior Round I & II Obligation**

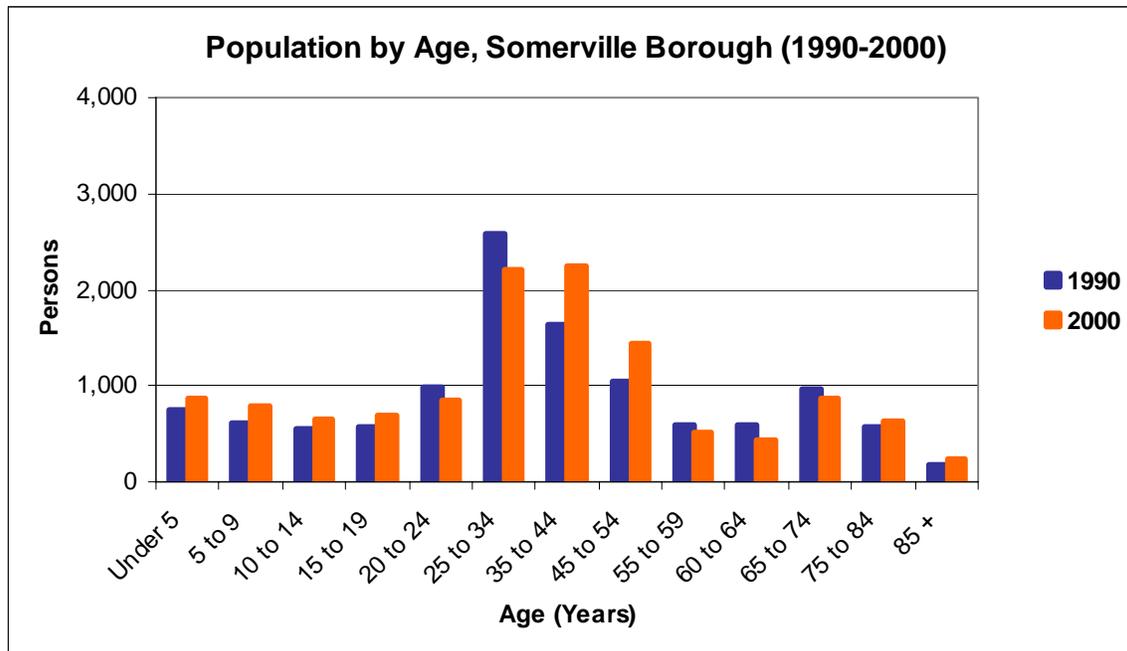
The prior round obligation, as stated in N.J.A.C. 5:97 Appendix C, is 153 units. The Fair Share Plan will describe how the Borough intends to address the obligation, as determined by COAH, for period between 1987 and 2018.

### **5.0. Analysis of Select Demographic Characteristics**

During the decade between the 1990 and 2000 Censuses, the Borough's population displayed robust growth overall, while the demographic composition of the area shifted, becoming on the whole, slightly younger. The total number of persons under the age of 20 grew by 520 accounting for 65.7% of the overall population growth and one-fourth of the Borough's total population, indicating a large number of families with children in Somerville.

Also during this time period, the Borough on the whole became more affluent. While the number of persons per occupied housing unit increased slightly during this decade, from 2.45 to 2.49 and the median housing value actually decreased, these changes are negligible compared to the rise in median household and family income. The median household income increased by roughly 29% (from \$39,667 to \$51,237), and the median family income increased by almost the same order - 25% (from \$48,367 to \$60,422). A more detailed comparison of income levels in 1990 and 2000 is presented in Figure 8.

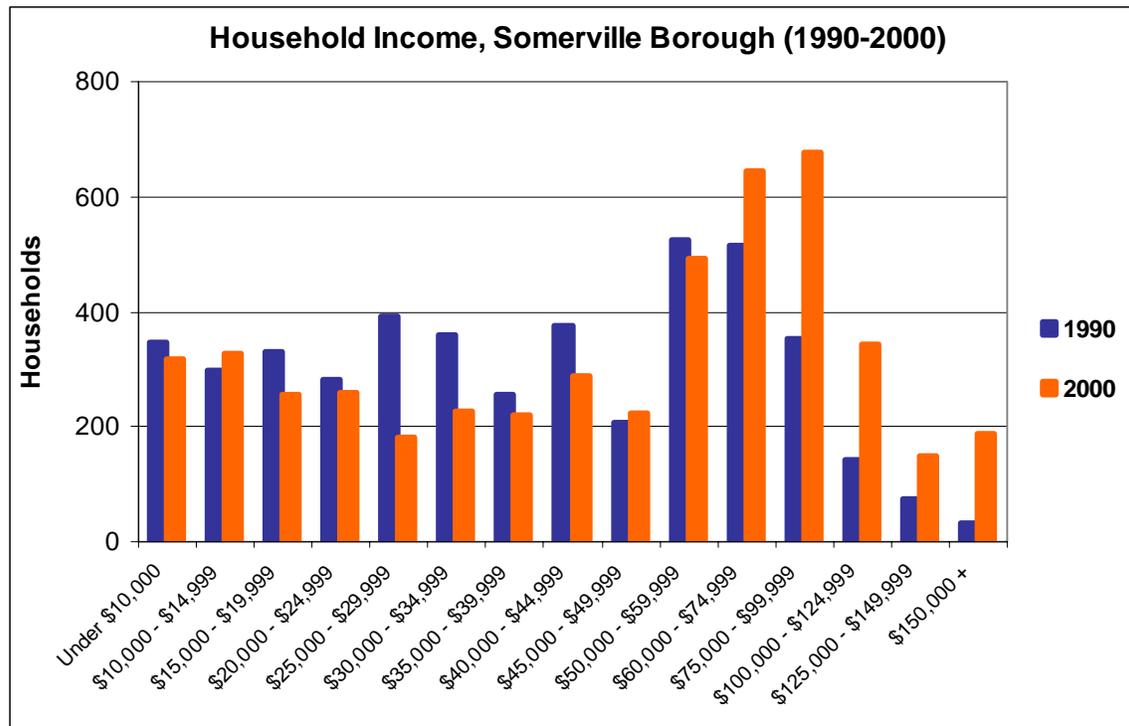
**Figure 7**



Source: 1990 and 2000 Decennial Census, Summary File 3

As Figure 7 indicates, high numbers of school-aged residents as well as the middle-aged residents is a consistent pattern in the Borough. This fact underscores the importance of providing affordable housing alternatives for the significant amount of families as well as consideration of the future housing needs for the current middle-aged population.

Figure 8



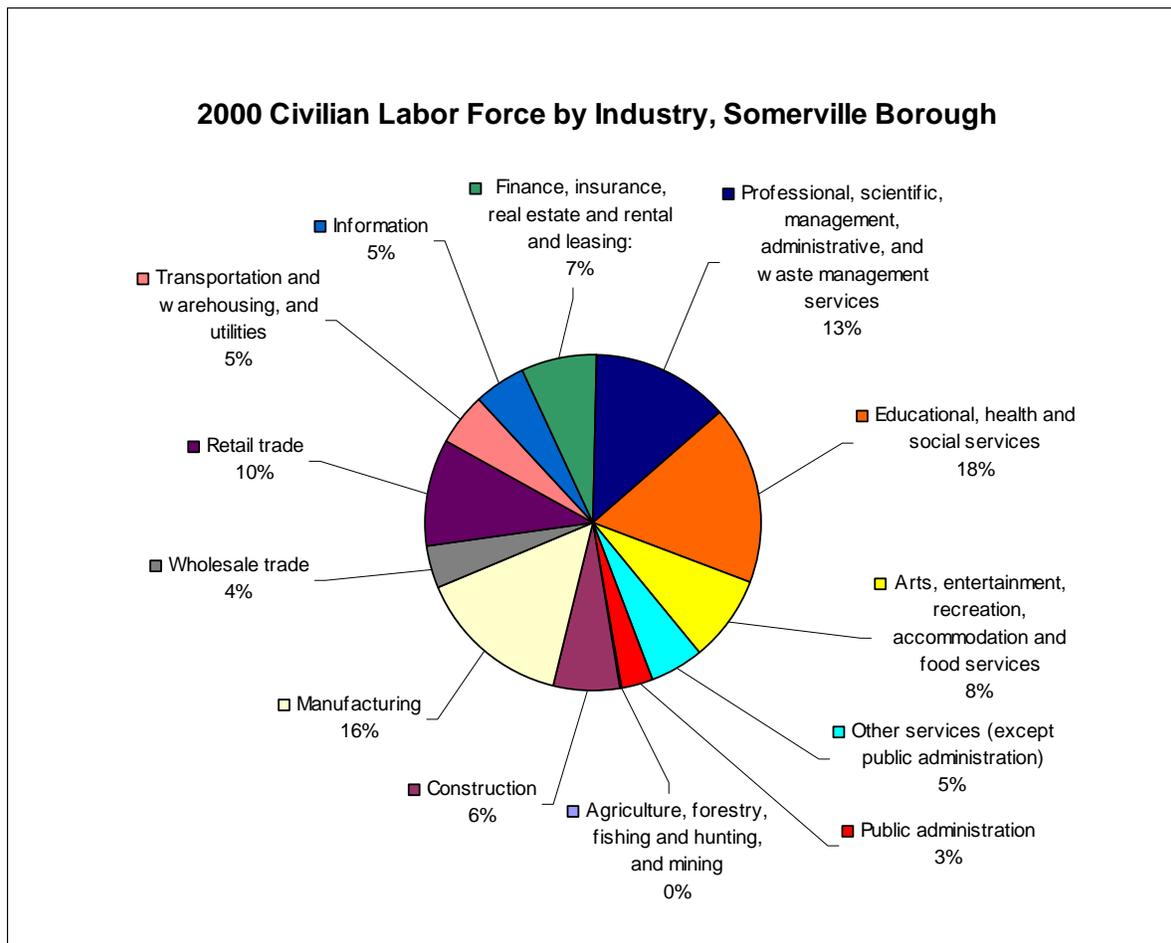
Source: 1990 and 2000 Decennial Census, Summary File 3

Figure 8 (above) illustrates the increasing affluence of the Borough's population. The increase in affluence will likely lead to new housing being more upscale or luxurious than existing housing stock.

## 6.0. Analysis of Current and Future Employment

Data from the 2000 Census indicates that Somerville's civilian labor force (the number of Borough residents over 16 who were employed) numbered 6,500. Figure 9 (below) depicts the classifications of these workers by industry. Of these employed residents, roughly 19% were employed within the Borough, with the remaining 81% being employed outside Somerville.

**Figure 9**



Source: 2000 Decennial Census, Summary File 3

The 2007 Economic Census data is not yet available as this data will become available in 2009 through 2010. Therefore the 2002 Economic Census data will be used and this data provides data pertaining to the number of jobs which are actually located within Somerville.. As Table 7 (below) indicates, roughly 8,005 jobs were located within the Borough as of 2002 (a precise number cannot be determined, as this census provides only a range of employees for certain occupational classes; in such instances, the number of employees can be estimated as the mid-point of this range).

**Table 7: Jobs Within Somerville as Reported by the 202 Economic Census (Industries Reported)**

<b>NAICS INDUSTRIES</b>	<b># Establishments</b>	<b># employees</b>
Manufacturing	22	533
Wholesale trade	32	339
Retail trade	83	820
Information	8	149
Real estate & rental & leasing	18	66
Professional, scientific, & technical services	150	g
Administrative & support & waste management & remediation services	32	f
Educational services	6	b
Health care & social assistance	92	2,695
Arts, entertainment, & recreation	5	16
Accommodation & food services	58	496
Other services (except public administration)	49	331

Notes:

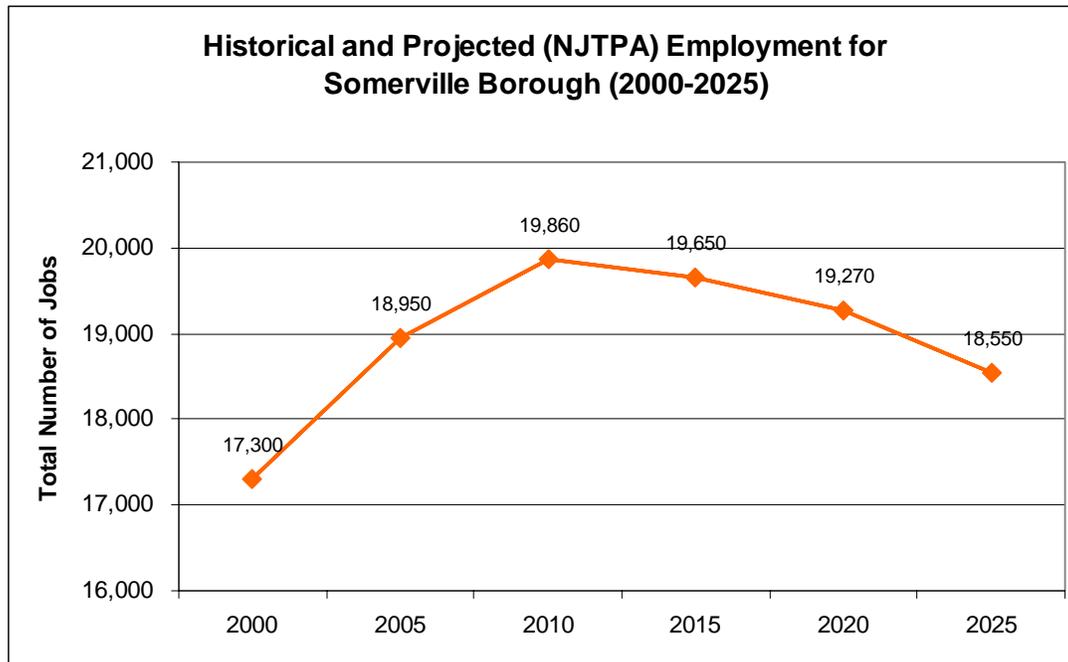
b = 20 to- 99 employees

f = 500 to 999 employees

g = 1,000 to 2,499 employees

The North Jersey Transportation Planning Authority (NJTPA) (in its 2005 Demographic Projections), projects an annual growth rate of 1% between 2005 and 2010 and a negative growth rate for the remaining 15 years. The agency's projections are presented below in Figure 10.

**Figure 10**



Source: NJTPA, Population Projection (March 2005)

### 6.1. NJTPA Employment Projection VS. COAH Round III Growth Share

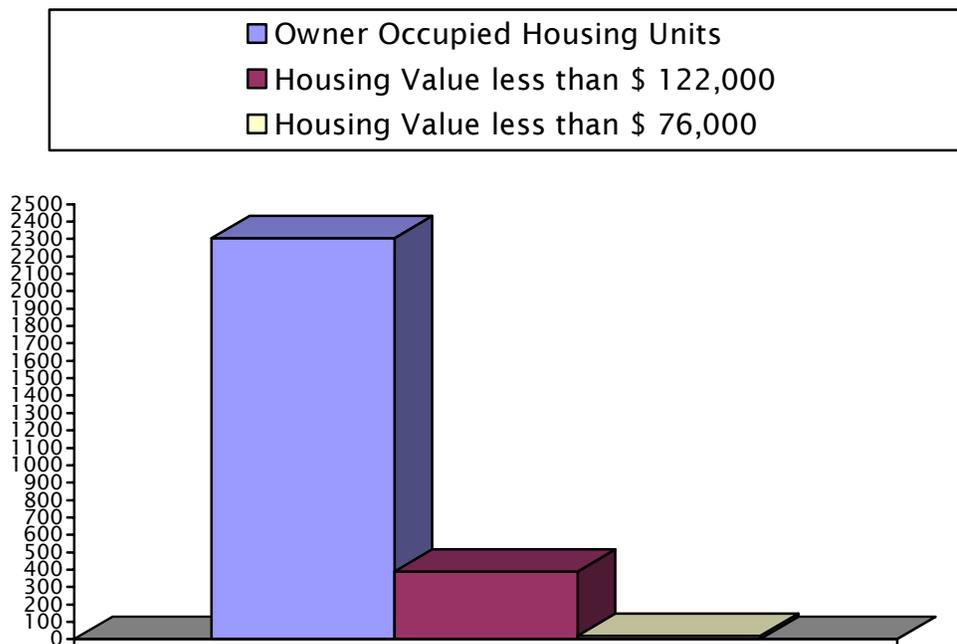
COAH has projected an increase in employment of 1,038 jobs between 2004 and 2018. The NJTPA, projects an increase a total of 80 jobs for the same time period (linear estimation between the NJTPA data points). A sharp contrast in employment projections exists between the data sets. The Fare Share Plan will address the growth share obligation based upon COAH employment Projections.

## 7.0. Analysis of Existing Affordable Housing

Somerville has a total of 4,743 occupied housing units and 48.62% of the units are owner occupied (2,306 units), the remaining 51.38% (2,437 units) are rented. Using the median income level for the Borough and the COAH income limit standards of 50% /80% for low and moderate income limits, respectively generates a low income household limit of \$ 640.00 and a moderate income household limit of \$1,025.00 (see Table 4 & 5). A total of 2,150 housing units are rented at rates less than \$ 1,025.00 and 573 units are rented at rates less than \$ 640.00. **Therefore, a total of 88% of the rental units are affordable for moderate income households and 23.5 % are affordable for low income households.**

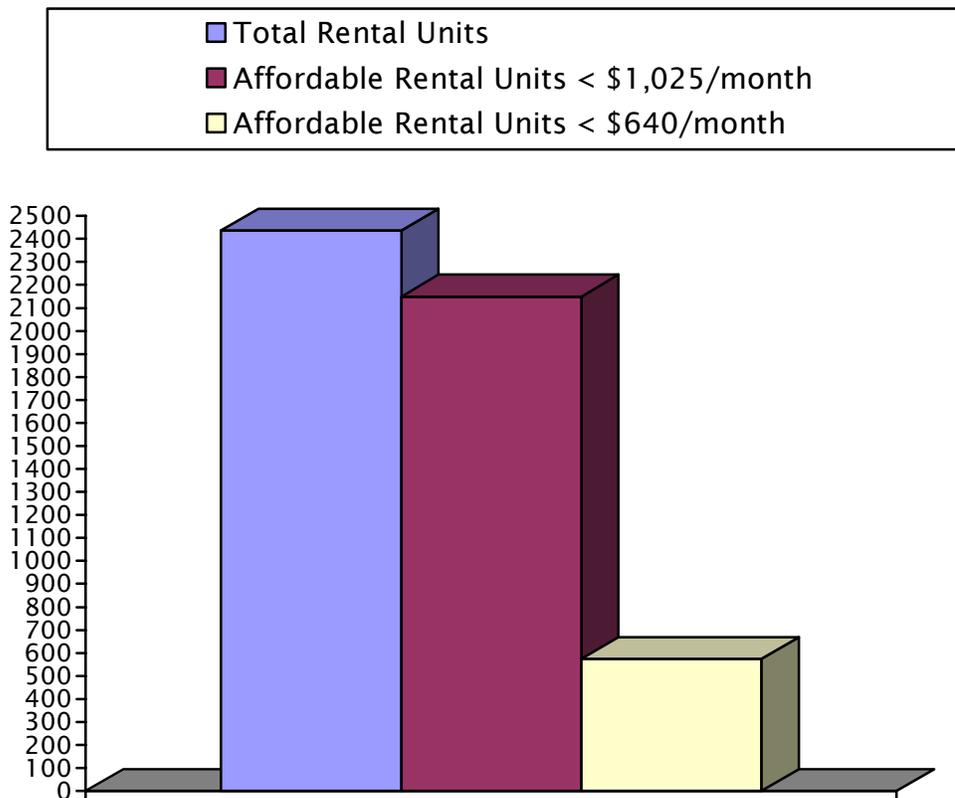
The total number of owner occupied units with house values less than \$ 122,000 is 390 units. This represents 17% of the total owner occupied units are affordable. The total number of owner occupied units with house values less than \$ 76,000 is 19 units and represents .8% of the total owner occupied units. The relationship between affordable housing (either owner-occupied or rented) and total housing units is depicted on Figures #11 & #12.

Figure 11-Owner Occupied Housing Comparison to Moderate/Low Income Data Specific to Somerville



Source: 2000 Decennial Census, Summary File 3

Figure 12-Rental Unit Comparison Using Moderate/Low Income Data Specific to Somerville

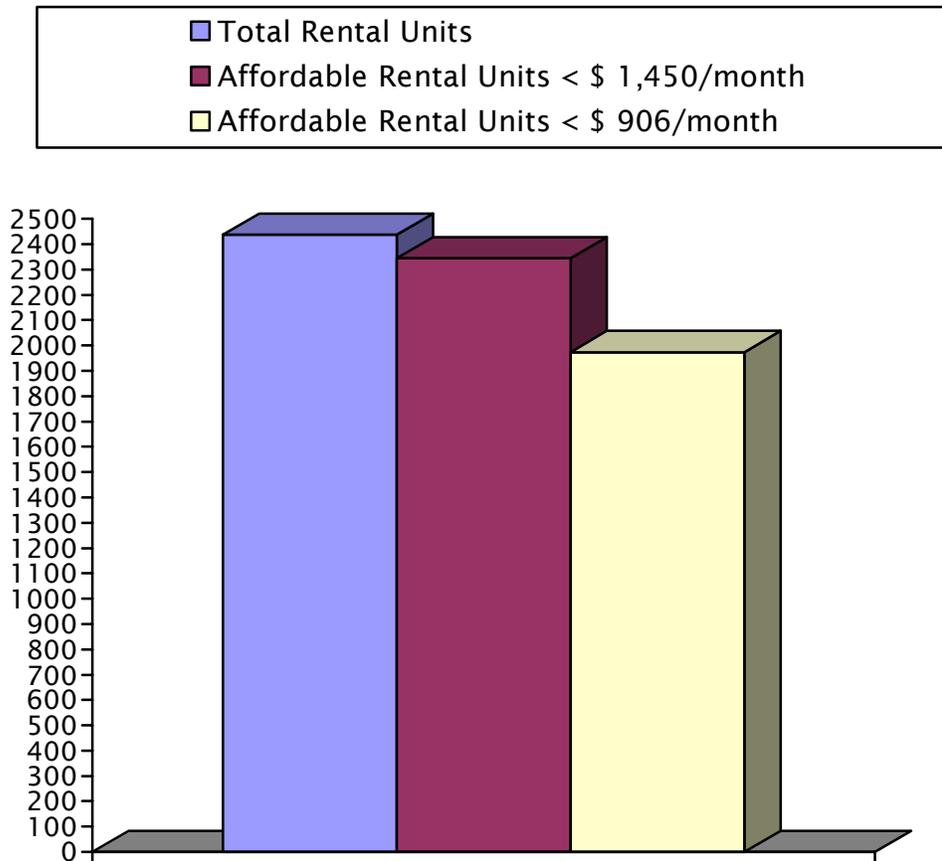


Source: 2000 Decennial Census, Summary File 3

If the Region 3 COAH income limits are used for moderate and low income and the same assumptions for buying a house are used as stated above, the maximum mortgage limit would be \$ 162,500 for a moderate income household. In addition, the maximum rent for a moderate income household would be \$ 1,450.00. **Using these numbers 1,517 of the 2,306 owner occupied housing units (66%) are affordable to moderate income households. In addition, 2,345 of the 2,437 rental housing units (96%) are affordable to moderate income households. These relationships are depicted in Figures 13 & 14 below.**

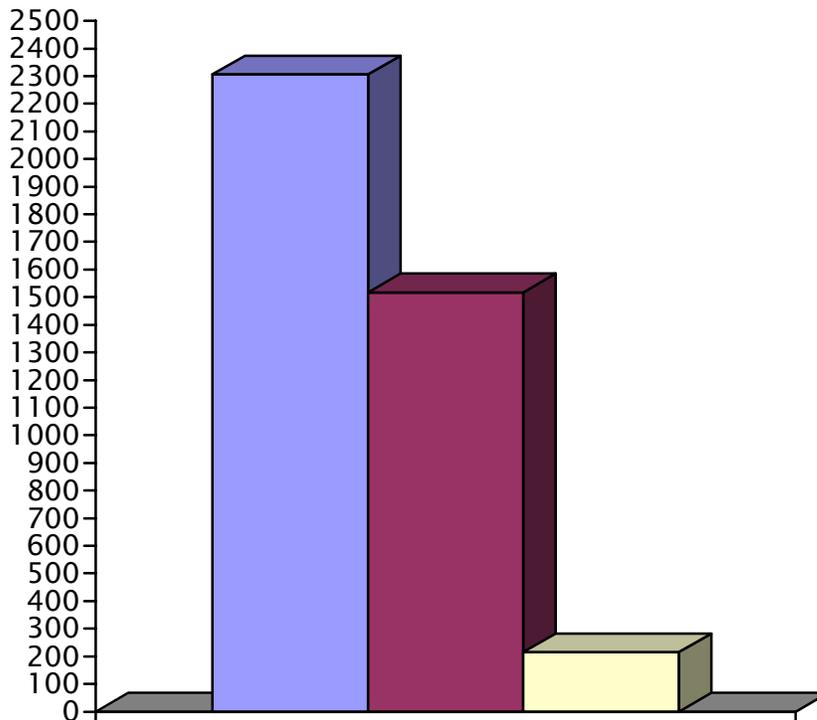
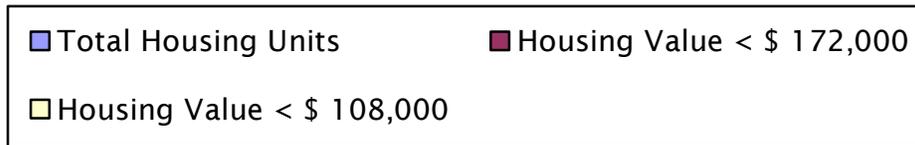
**The figures also depict the comparison of rental units that are affordable to low income households and the number of houses that have values that could be purchased by low income households. 1,974 rental units or 81% of the rental units are affordable to low income households. A total of 215 houses have a value of \$108,000 or less or 9.3% are affordable to low income households.**

Figure 13- Rental Unit Comparison  
Using COAH Region 3 Moderate/Low Income Limits



Source: 2000 Decennial Census, Summary File 3

Figure 14-Owner Occupied Housing Comparison to Values Derived From COAH Region 3 Moderate/Low Income



Source: 2000 Decennial Census, Summary File 3

**Somerville already provides affordable rental housing at ratios far greater than COAH Round I, II or III (residential ratios in round III) ratios. If the region 3 COAH income limits are used Somerville far exceeds providing owner occupied affordable housing for moderate income households and is within 1% of providing affordable low owner occupied housing for low income households (using COAH Round III ratio of 1 in 5 units shall be affordable and the split between the moderate and low income units is 50%). Somerville receives no credit for the existing affordable housing for numerous administrative reasons (i.e. lack of deed restrictions, lack of ownership/site control, incompatibility with Federal programs, etc.).**

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## 8.0. Creation of Affordable Housing Over the Next 6 Years

Somerville is essentially built-out as evidenced by issuance of less than one new construction permit for dwellings per year over the last 15 years. Figure 1 depicts the number of building permits issued but does not account for the number of demolition permits issued. If demolition permits are accounted for, the number of new dwellings constructed averages less than one new dwelling per year. The new dwellings are infill development. Given the demographics of the Borough, it is likely that one or more of the dwellings will be priced below affordable (that a moderate income family could afford- using COAH Region 3 income limits). The Borough has designated four (4) areas that are need of redevelopment and redevelopment plans were prepared and adopted by the Borough for the four (4) areas. Given the current economic climate it is hoped but not known whether redevelopment activities will occur in these redevelopment zones over the next six (6) years. If redevelopment occurs, affordable housing will be provided within the redevelopment area or the Borough.

### 8.1. Housing Plan Preparation Notes

This housing plan incorporates elements of the draft Housing Plan prepared by Remington & Vernick Engineers (R&V), dated July, 2007.