



HAMLG2405
January 17, 2025
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Via email

MEMORANDUM

To: Fred Dumont, Director - Hamilton Township Community and Economic Development
From: Caroline Reiter, P.P., A.I.C.P., Hamilton Township Affordable Housing Planner
Date: January 17, 2025
Re: Round 4 Affordable Housing Obligation

As requested, we are providing additional information on the Township of Hamilton's Round 4 affordable housing obligation of **546 units**.

Regional Obligation and Allocation Factors

New Jersey affordable housing obligations are calculated on a regional level and then filtered down to the municipal level. There are six affordable housing regions in the state; the regions each include three or four counties. Region 4, in which Hamilton is located, includes Mercer, Monmouth, and Ocean counties.

The calculated affordable housing obligation, which is referred to as the prospective need obligation, for Region 4 is **13,822 units**. The New Jersey Fair Housing Act (FHA) Amendment that was the subject of the March 2025 affordable housing legislation known as P.L.2024, c.2., details how the Department of Community Affairs (DCA) shall calculate the regional obligation, and how that number is filtered into individual municipal affordable housing obligations.

The Fair Housing Act directs the DCA to allocate the regional need to each municipality in the region through the three allocation factors: Equalized Nonresidential Valuation factor, Income Capacity factor, and Land Capacity factor. After calculating each allocation factor, they are then averaged, and that average is applied to the regional prospective need to calculate a municipality's affordable housing obligation.

DCA calculated the following allocation factors for Hamilton:

- **Equalized Nonresidential Valuation factor of 6.85%;**
- **Income Capacity factor of 2.60%; and**
- **Land Capacity factor of 2.41%.**



The above three factors are then averaged to an Average Allocation factor of 3.95%, which, when applied to Region 4's total prospective need of 13,822 units, results in DCA's calculated affordable housing for Hamilton of 546 units.

A brief description of each of the three factors, and their applicability to Hamilton, follows.

Equalized Nonresidential Valuation: This is the municipal share of regional nonresidential valuation change from 1999-2023, based on data published by DCA's Division of Local Government Services. Hamilton's Tax Assessor has confirmed the data that DCA used to calculate Hamilton's Equalized Nonresidential Valuation factor of 6.85%.

Income Capacity: This is census data. T&M has confirmed that the data used to calculate Hamilton's Income Capacity of 2.60% is correct.

Land Capacity Factor: This is developable land, primarily taken from NDJEP mapping. DCA estimates approximately 273 acres of land that results in Hamilton's Land Capacity of 2.41%.

The NJDCA identified about 273 acres of Vacant Land Capacity in Hamilton. T&M, in coordination with the Township, conducted a thorough review of this acreage and determined that several areas represented no realistic potential for future development and should, therefore, be removed from the inventory of Vacant Land Capacity. After removal of such areas, the Township's adjusted Vacant Land Capacity totals approximately 166.4 acres.

Reduction of the Vacant Land Capacity to 166.4 acres reduces the Land Capacity Factor to 1.48%, thereby resulting in the following allocation factors for Hamilton:

- Equalized Nonresidential Valuation factor of 6.85%;
- Income Capacity factor of 2.60%; and
- Land Capacity factor of 1.48%.

The above three factors are then averaged to an Average Allocation factor of 3.64% which, when applied to Region 4's total prospective need of 13,822 units, results in an alternate affordable housing for Hamilton of 504 units.

Lots, or portions thereof, were removed from the inventory of Vacant Land Capacity for a variety of reasons, including:

- Presence of existing development as indicated by recent aerial imagery from 2020 and/or 2024;
- Presence of existing construction activity with accompanying development approvals;
- Extreme narrowness of Vacant Land Capacity areas, which renders development unfeasible or unrealistic;
- Inclusion of properties containing Vacant Land Capacity on the current Recreation and Open Space Inventory (ROSI);
- Location of Vacant Land Capacity areas within or on the periphery of existing drainage basins, as confirmed with recent aerial imagery from 2020 and/or 2024;



- Current use of properties with Vacant Land Capacity areas by local businesses (e.g., Anthony Yaros Industries, which is a landscape supply company);
- Presence of small areas of Vacant Land Capacity in yard areas of properties with an active use (e.g., church);
- Presence of Vacant Land Capacity within landlocked properties, or on properties with limited or infeasible access (e.g., only frontage is I-295 or the approach of an overpass over I-295); and
- Presence of Vacant Land Capacity areas within:
 - school sites;
 - landfills;
 - cemeteries;
 - Hamilton Train Station and associated parking areas;
 - swamplands;
 - Grounds for Sculpture.

Adoption of Binding Resolution

Hamilton's Mayor and Council is tasked with adopting a binding resolution stipulating the Township's affordable housing obligation. The FHA requires that this resolution be adopted no later than January 31, 2025. Failure to adopt the resolution can result in the Township losing protection from exclusionary zoning litigation, i.e. builders' remedy lawsuits.

The Township can either accept DCA's calculated obligation of 546 units or use the alternate obligation of 504 units in its binding resolution. Based on T&M's review of the DCA calculation, in particular the land capacity data, we recommend that the Township utilize the alternate obligation of 504 units because it represents a more accurate land capacity for Hamilton Township.

Next Steps

Once the Township has adopted a binding resolution stipulating its affordable housing obligation, the Affordable Housing Attorney will file the resolution with the Program and file an Action of Declaratory Judgment (DJ Action). The FHA Amendment includes a "challenge" option. Interested parties can challenge a municipality's Round 4 affordable obligation through February 28, 2025. All challenges are to be resolved by March 31, 2025.

In February, we will continue to work with the Township in the development of Hamilton's Housing Element and Fair Share Plan, which the Planning Board must adopt at a public hearing with required notice no later than June 30, 2025. This process may include calculation of a Vacant Land Adjustment, with an associated Realistic Development Potential (RDP) and Unmet Need. The Housing Element and Fair Share Plan will also list the Township's completed, planned and proposed affordable housing mechanisms to meet Hamilton's Prior Round, Round 3 and Round 4 affordable housing obligations.

Please let us know if there are further questions on Hamilton's Round 4 affordable housing obligation and the required timeline.