Fourth Round Present and Prospective Need Analysis

Borough of Glen Rock
Bergen County, New Jersey

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Prepared for the Borough of Glen Rock
Mayor and Council

BA# 4173.15

The original document was appropriately signed and sealed on January 15, 2025, in accordance with Chapter 41 of Title 13 of the State Board of Professional Planners

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Contents

Executive Summary 1
Section 1: Present Need 3
1.1: Present Need Background 3
Section 2: Equalized Nonresidential Valuation Factor 4
2.1: Basis of Calculation 4
2.2: Analysis of Calculation 4
Section 3: Income Capacity Factor 5
3.1: Basis of Calculation 5
3.2: Analysis of Calculation 5
Section 4: Land Capacity Factor 6
4.1: Basis of Calculation 7
4.2: Analysis of Calculation 8
Appendix A: Land Capacity Factor Details 11
ID #1 12
ID #2 13
ID #3 14
ID #4 15
ID #5 16
ID #6 17
ID #7 18
ID #8 19

Executive Summary

The following Present and Prospective Need Analysis has been prepared for the Borough of Glen Rock in Bergen County, New Jersey.

By way of background, Governor Murphy signed A-40/S-50 into law on March 20, 2024 after the Senate and Assembly adopted it. This legislation (hereinafter "Amended FHA" or "Act") overhauled the Fair Housing Act (FHA) by abolishing the Council on Affordable Housing (COAH) and created a new process that involved the Department of Community Affairs (DCA) and the Administrative Office of the Courts (AOC).

The Amended FHA directed the New Jersey Department of Community Affairs ("DCA") to report the present need (also referred to as the rehab obligation) and the prospective need for Round Four based upon the standards set forth in the Act. The DCA issued its report on October 18, 2024; and, in accordance with the Act, made clear that the report was advisory only. For Glen Rock, the DCA Report identifies a Present Need of 0 and a Prospective Round Four Need of 222.

Since the DCA report is non-binding, each municipality has the opportunity to study and define why its obligations should be different based on the standards in the Act. However, the municipality must adopt a binding resolution by January 31, 2025, identifying the present and prospective need obligation to which it is committing.

As to the Round Four Prospective Need of 222 units that the DCA reported on October 18, 2024, the methodology used to determine a municipality's prospective fair share obligation requires an initial determination of the regional prospective need. The region that Glen Rock is in consists of all municipalities in Bergen, Passaic, Hudson and Sussex counties. To determine a municipality's share of the regional need, the Act requires a calculation of three factors: (1) the equalized nonresidential valuation factor; (2) the income capacity factor; and (3) the land capacity factor. The Act then requires these three factors to be averaged and applied to the regional need to determine the share of the regional need for each municipality that is not a Qualified Urban Aid Municipality ("QUAM").

The Borough does not dispute the DCA's calculation of the Equalized Nonresidential Valuation Factor or the Income Capacity Factor. However, the Borough does dispute the calculation of the Land Capacity Factor. More specifically, the Borough accepts the DCA's invitation to examine the Land Capacity Factor and the lands that the DCA deemed developable for purposes of calculating this factor.

Recommendation: For the reasons set forth herein, the DCA was overinclusive. Once appropriate corrections are made to the land that is developable, the Borough's Prospective Need Obligation should be adjusted from the 222 figure the DCA reported to 201 units. Based upon the findings in this report, the following summarizes the comparison of the three allocation factors as adjusted by the analysis provided herein.

Table 1: Summary of Adjusted Factors

	Equalized Nonresidential Valuation Factor	Income Capacity Factor	Land Capacity Factor
DCA Analysis	0.35%	1.72%	0.33%
Borough Analysis	0.35%	1.72%	0.11%

Furthermore, as to the Present Need (also known as the rehab obligation), the Borough of Glen Rock finds that the methodology and the data utilized by the DCA to calculate its Present Need Obligation acceptable at 0 units for Round Four.

Accordingly, the remainder of this Prospective Needs Analysis is divided into the following sections:

- Section 1: Present Need
- Section 2: Equalized Nonresidential Valuation Factor
- Section 3: Income Capacity Factor
- Section 4: Land Capacity Factor

Section 1: Present Need

The following section reviews the Borough's Present Need as calculated by the DCA.

1.1: Present Need Background

As per the adopted legislation, a municipality's Present Need obligation shall be determined:

> *"by estimating the deficient housing units occupied by low- and moderate-income households in the region, following a methodology similar to the methodology used to determine third round municipal present need, through the use of most recent datasets made available through the federal decennial census and the American Community Survey, including the Comprehensive Housing Affordability Strategy dataset thereof."*

The "Affordable Housing Obligations for 2025-2035 (Fourth Round) Methodology and Background" workbook released by the DCA (herein referred to as the "DCA Workbook" or the "Workbook") noted that the Present Need calculations used three factors to calculate its present need: the number of housing units lacking complete kitchen facilities, the number of units lacking complete plumbing facilities, and the number of overcrowded units.

The analysis employed by DCA utilizes data from HUD's Comprehensive Housing Affordability Strategy (CHAS) dataset, which has municipal-level data on the number and percentage of low- and moderate-income households from a special tabulation of the US Census's American Community Survey (ACS) data. For a full explanation of how this data was utilized, see the DCA Workbook.

The DCA determined by the Borough's Present Need number is 0 units and is acceptable to the Borough of Glen Rock.

Section 2: Equalized Nonresidential Valuation Factor

The following section reviews the equalized nonresidential valuation factor calculated by the DCA. The following is summarized:

1. The Borough finds that the methodology utilized by the DCA to calculate its nonresidential valuation factor is acceptable.
2. The Borough's change in equalized nonresidential valuation between 1999 and 2023 is $ 113,073,017.
3. This results in the Borough's calculated share of the region's equalized nonresidential valuation of 0.35%.

2.1: Basis of Calculation

As per the adopted legislation, a municipality's equalized nonresidential valuation factor shall be determined as follows:

> *"To determine this factor, the changes in nonresidential property valuations in the municipality, since the beginning of the round preceding the round being calculated, shall be calculated using data published by the Division of Local Government Services in the department. For the purposes of such, the beginning of the round of affordable housing obligations preceding the fourth round shall be the beginning of the gap period in 1999. The change in the municipality's nonresidential valuations shall be divided by the regional total change in the nonresidential valuations to determine the municipality's share of the regional change as the equalized nonresidential valuation factor."*

2.2: Analysis of Calculation

The calculation conducted by the DCA determined that the Borough has a 0.35% share of the region's equalized nonresidential valuation.

Table 2: DCA Equalized Nonresidential Valuation Calculation Summary

Year	Non-equalized Nonresidential Valuation	Equalization Ratio	Equalized Nonresidential Valuation
1999	$95,727,900	0.8829	$108,424,397
2023	$171,306,100	0.7734	$221,497,414
Difference			*$113,073,017*

Source: DCA Fair Share Housing Obligations for 2025-2035 (Fourth Round) Workbook

The Borough has reviewed the methodology and data utilized by the DCA for this calculation. The methodology employed by the DCA is appropriate, the Borough finds that the equalization ratios employed by the DCA are accurate.

Section 3: Income Capacity Factor

The following section reviews the income capacity factor calculated by the DCA. It finds that the data and methodology utilized by the DCA relating to the Borough's income capacity factor are both acceptable.

3.1: Basis of Calculation

As per the adopted legislation, a municipality's income capacity factor shall be determined by calculating the average of the following measures:

> *"The municipal share of the regional sum of the differences between the median municipal household income, according to the most recent American Community Survey Five-Year Estimates, and an income floor of $100 below the lowest median household income in the region; and*
>
> *"The municipal share of the regional sum of the differences between the median municipal household incomes and an income floor of $100 below the lowest median household income in the region, weighted by the number of the households in the municipality."*

3.2: Analysis of Calculation

The calculation conducted by the DCA determined that the Borough has a 1.72% share of the region's income capacity factor. Table 3 below summarizes the methodology utilized by the DCA to determine this share.

The Borough has reviewed the data and the methodology utilized by the DCA for this calculation and finds both to be acceptable.

Table 3: Income Capacity Factor

Number of Households	Median household income in the past 12 months (in 2022 inflation-adjusted dollars) *	$100 Below Regional Median HH Income Floor	Diff. from Median Household Income Floor with Household Weight	HH Weighted Income Difference % of Region Total	Diff from Median Household Income Floor	Income Difference % of Region Total	Income Capacity Factor
3,652	$ 202,586	$51,992	549,969,288	1.6%	$ 150,594	1.8%	1.72%

Section 4: Land Capacity Factor

The DCA issued the data and mapping that was the basis for the land capacity factor on November 27th, over a month after the DCA deadline to issue its non-binding numbers under the Amended FHA.

The link to the DCA GIS data, and the description section (https://njdca.maps.arcgis.com/home/item.html?id=12acdfe0a5104f8f8a2f604e96063e74) includes the following language:

> "The land areas identified in this dataset are based on an the best available data using publicly available data enumerated in N.J.S.A. 52:27D-304.3c.(4) to estimate the area of developable land, within municipal and regional boundaries, that may accommodate development. It is important to note that the identified areas could be over or under inclusive depending on various conditions and that municipalities are permitted to provide more detailed mappings as part of their participation in the Affordable Housing Dispute Resolution Program." (underlined for emphasis)

The areas identified as developable in the DCA's calculation of the Land Capacity factor is overinclusive. Accordingly, the land capacity allocation factor should be adjusted from 6.539 to 2.075 acres. When this correction is made, Glen Rock's Round Four Prospective Need number should be 201 instead of the 222-unit figure identified by DCA.

While the basis for removing land treated as developable in the DCA's calculation is set forth below, it is important to note that the analysis to correct the land allocation factor is different than the analysis to use the determine a municipality's entitlement to vacant land adjustment. While the analysis to correct the Land Capacity factor focuses on developable land, the analysis to support a vacant land adjustment focuses on land suitable for inclusionary development. Therefore, just because a site was not removed for purposes of calculating the land capacity factor has no bearing on whether it should be removed to calculate entitlement to a vacant land adjustment.

In this regard, the Borough secured court approval of a vacant land adjustment in Round 3 and will necessarily seek an adjustment in Round Four in conjunction with its preparation of a Housing Element and Fair Share Plan. Nothing herein should be construed as a waiver of those rights that are explicitly reserved.

An analysis of the lands identified by the DCA as being "developable" revealed several inaccuracies. In summary, these inaccuracies generally included lands which were: artifacts of error as described by the DCA; located on developed properties or those inaccessible due to environmental constraints; located on open space or common element properties; located on properties presently under construction; and located on properties with active site plan or approvals. Correcting these inaccuracies adjusts the Borough's weighted land area from 6.539 acres to 2.075 acres. This results in an adjustment of the Borough's calculated share of the region's land capacity from 0.33% to 0.11%.

4.1: Basis of Calculation

As per the adopted legislation, a municipality's income capacity factor shall be determined by:

> *"estimating the area of developable land in the municipality's boundaries, and regional boundaries, that may accommodate development through the use of the 'land use / land cover data' most recently published by the Department of Environmental Protection, data from the American Community Survey and Comprehensive Housing Affordability Strategy dataset thereof, MOD-IV Property Tax List data from the Division of Taxation in the Department of the Treasury, and construction permit data from the Department of Community Affairs and weighing such land based on the planning area type in which such land is located. After the weighing factors are applied, the sum of the total developable land area that may accommodate development in the municipality and in the region shall be determined. The municipality's share of its region's developable land shall be its land capacity factor. Developable land that may accommodate development shall be weighted based on the planning area type in which such land is located."*

The legislation identifies the primary data sources and weighing factors to utilize in calculating a municipality's land capacity factor. However, unlike the equalized nonresidential valuation factor and the income capacity factor, the legislation did not establish a delineated process to combine the aforementioned data sources into one comprehensive and coherent formula.

The DCA subsequently released a workbook entitled "Affordable Housing Obligations for 2025-2035 (Fourth Round) Methodology and Background" (herein referred to as the "DCA Workbook" or the "Workbook") which established that department's interpretation on how to calculate the land capacity factor. In summary, that workbook identified the following steps:

1. First, the DCA divided the weighing regions established by the legislation by municipality.
2. Next, land use/land cover areas were used to identify vacant, developable lands. The workbook identifies the codes and descriptions of the land use/land cover data used in this process. In short, they include: cropland and pastureland; orchards/vineyards/nurseries/horticultural areas; deciduous forest areas; coniferous forest areas; plantations; mixed forest areas; old field areas; phragmites dominate old field areas; deciduous brush/shrubland; coniferous brush/shrubland; mixed deciduous/coniferous brush/shrubland; severe burned upland vegetation; and undifferentiated barren lands.
3. These initial vacant, developable lands were then refined to remove rights-of-way as well as developed properties. For the latter, the DCA utilized MOD-IV tax data

and selected underlying tax parcels with property class codes for residential, commercial, industrial, apartment, railroad, and school.

4. Construction permit data was then analyzed to capture more recent development activities that may not have otherwise been reflected by the land use/land cover data or MOD-IV tax data.
5. Other limiting factors were utilized to remove initial vacant, developable lands. These include: open space, preserved farmland, category 1 waterways and wetlands (and associated buffers based on special area restrictions), steep slopes exceeding 15 percent, and open waters.
6. Due to limitations resulting from inconsistencies between data sources, the resulting DCA mapping included instances of small land areas caused by an incongruous alignment of geospatial layers. To eliminate these "slivers" of leftover land, DCA eliminated any segment with an area of less than 2,500 square feet. This presumed that a sliver with a minimum dimension of 25 by 100 feet could be a developable property
7. Finally, the resulting land area for each municipality was summed with the resulting land areas for all other municipalities within each housing region to then determine the municipal percentage of land capacity for the housing region.

4.2: Analysis of Calculation

The calculation conducted by the DCA determined that the Borough has 6.539 acres of developable land which accounts for a 0.33% share of the region's land capacity factor. Overall, the Borough finds the general methodology utilized by the DCA to calculate its land capacity factor acceptable. However, an analysis of the DCA's resultant mapping discovered the following:

1. Several of the lands identified as "developable" by the DCA represent slivers which "are considered artifacts of error that are common when overlaying polygons and vectors from non-coincident data sources." The DCA initially tried to eliminate these slivers by deleting any feature parts with an area of less than 2,500 square feet.
2. Other lands identified as "developable" by the DCA are located on properties with development. To eliminate "developable" lands on developable properties, the DCA had removed any lands where the underlying tax parcels had property class codes for residential, commercial, industrial, apartments, railroad, and school. However, the property classifications identified by the DCA did not account for houses of worship, properties developed with nonprofit facilities, and residential dwellings with associated farmland.
3. Several lands identified as "developable" by the DCA were in fact located on open space, common elements for homeowner's associations, or properties containing infrastructure (e.g. detention basins, utility improvements, rights-of-way, etc.).

4. Some developable areas did not account for areas restricted by regulated 100-year floodway areas of streams and other mapped watercourses.
5. There were several instances of lands identified as "developable" by the DCA being located on properties which are presently under construction. This is likely due to a lag in construction permit reporting.
6. Finally, lands identified as "developable" by the DCA are located on properties with active site plan or general development plan (GDP) approvals which are no longer available for development.

These discrepancies are summarized in Table 4 utilizing the Land Capacity Analysis and are detailed in Appendix A of this analysis. Removing these lands would adjust the Borough's weighted land area from 6.539 acres to 2.075 acres. This results in an adjustment of the Borough's calculated share of the region's land capacity from 0.33% to 0.11%.

Irrespective of the land capacity factor analysis established herein, the Borough reserves the right to conduct a vacant land adjustment (VLA) to determine its realistic development potential (RDP) at a later date.

Table 4: Summary of Land Capacity Factor Analysis

ID#	Shapefile Object ID*	Block	Lot	Initial Weighted Area* (acres)	Review	Status	Weighted Area Recalculated* (acres)
1	27230	190	1	0.6353	Vacant developable municipal owned limited frontage in floodplain with 11,500 sf in floodway	Partial Include area outside floodway	0.3713
2	27234	84	1	0.2293	Vacant developable municipal owned	Include	0.2293
3	27229	203	1	1.4227	Vacant developable municipal owned	Exclude	0.0000
4	27231	173	11	0.2849	Narrow 25 feet or less in width, vacant minimal to no frontage adjacent to railroad, Undevelopable	Exclude	0.0000
5	27234	2203	11	1.1322	Narrow, vacant adjacent to railroad, frontage limited by steep slopes and underpass retaining wall. Undevelopable	Exclude	0.0000
6	27235	127	16	2.3170	Vacant municipally owned completely in the 100 yr floodplain and 41,000+/- sf in the regulatory floodway	Partial Include area outside floodway	1.3753
7	27236	129	12	0.0986	Municipal owned although upland and isolated	Include	0.0986
8	27237	129	21	0.2613	Not developable parcel almost completely in floodway and completely in the 100 yr floodplain of Ho-Ho-Kus Brook leaving minimal area. Undevelopable	Exclude	0.0000
					Total		**2.0745**

* Object ID and area computations identified were obtained from the NJDCA published Vacant and Developable Land Analysis.

Appendix A:
Land Capacity Factor Details

The following illustrations show in more detail the specific mapping of all the various land capacity areas as identified in the DCA analysis provided through the Land Capacity Analysis for P.L. 2024, c.2. They are obtained from the web based ARCGIS online mapping utilizing feature layers (hosted) by NJDCA and incorporating other layer features available through NJDEP and ARCGIS Online services.

ID #1

Map 1: NJ Department of Community Affairs, NJ Department of Environmental Protection, NJ Office of Information Technology

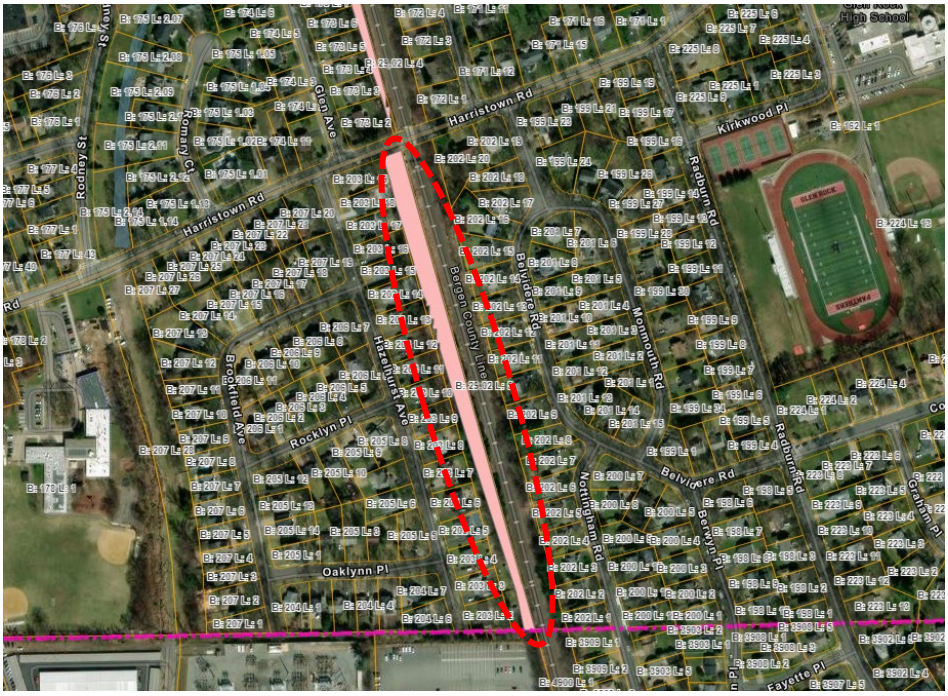
ID#	Shapefile Object ID	Block	Lot	Initial Weighted Area (acres)	Analysis	Status	Weighted Area Recalculated (acres)
1	27230	190	1	0.6353	Vacant developable municipal owned limited frontage in floodplain with 11,500 sf in floodway	Partially developable area outside floodway	0.3713

ID #2

Map: NJ Department of Community Affairs, NJ Department of Environmental Protection, NJ Office of Information Technology

ID#	Shapefile Object ID	Block	Lot	Initial Weighted Area (acres)	Analysis	Status	Weighted Area Recalculated (acres)
2	27234	84	1	0.2293	Vacant developable municipal owned	Include	0.2293

ID #3



Map: NJ Department of Community Affairs, NJ Department of Environmental Protection, NJ Office of Information Technology

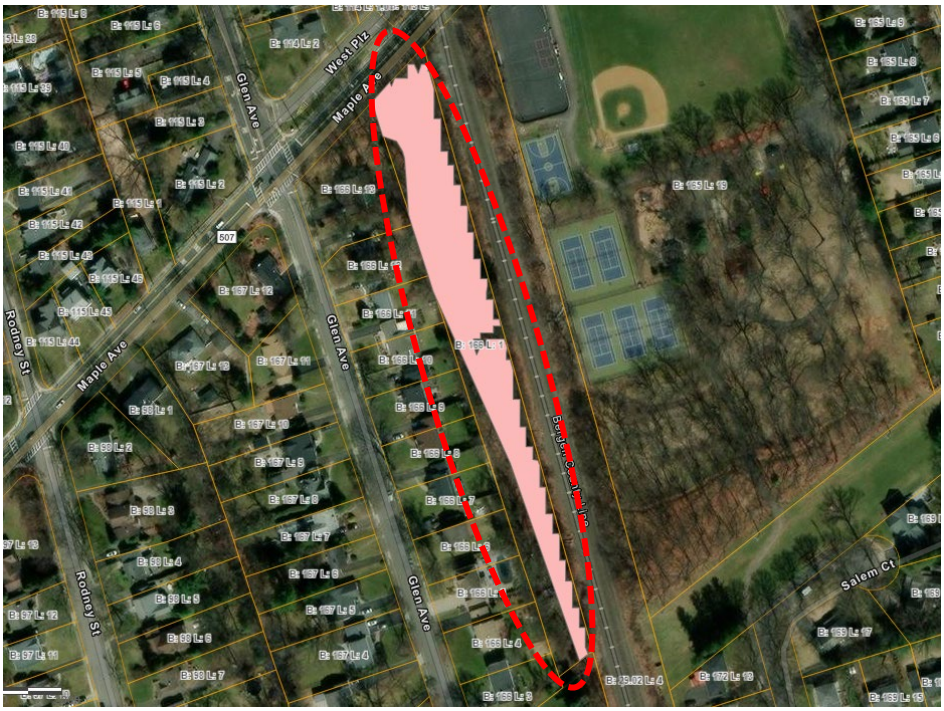
ID#	Shapefile Object ID	Block	Lot	Initial Weighted Area (acres)	Analysis	Status	Weighted Area Recalculated (acres)
3	27229	203	1	1.4227	Narrow, vacant adjacent to railroad, frontage limited by adjacent railroad crossing. Undevelopable	Exclude	0.0000

ID #4

Map: NJ Department of Community Affairs, NJ Department of Environmental Protection, NJ Office of Information Technology

ID#	Shapefile Object ID	Block	Lot	Initial Weighted Area (acres)	Analysis	Status	Weighted Area Recalculated (acres)
4	27231	173	11	0.2849	Narrow with many areas 25 feet or less in width, vacant minimal to no frontage adjacent to railroad, Undevelopable	Exclude	0.0000

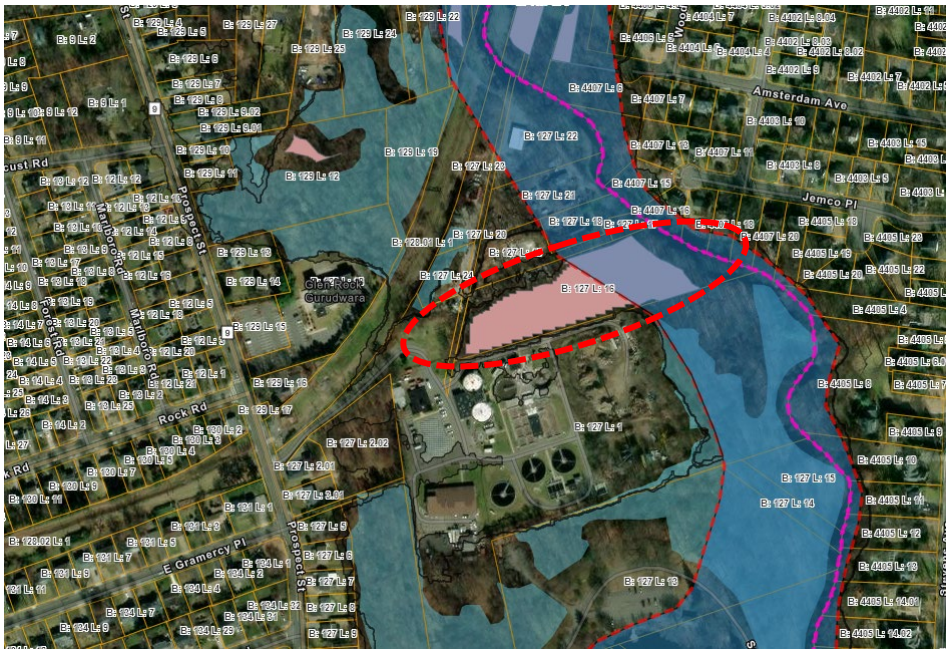
ID #5



Map: NJ Department of Community Affairs, NJ Department of Environmental Protection, NJ Office of Information Technology

ID#	Shapefile Object ID	Block	Lot	Initial Weighted Area (acres)	Analysis	Status	Weighted Area Recalculated (acres)
5	27234	2203	11	1.1322	Narrow, vacant adjacent to railroad, frontage limited by steep slopes and underpass retaining wall. Undevelopable	Exclude	0.0000

ID #6



Map: NJ Department of Community Affairs, NJ Department of Environmental Protection, NJ Office of Information Technology

ID#	Shapefile Object ID	Block	Lot	Initial Weighted Area (acres)	Analysis	Status	Weighted Area Recalculated (acres)
6	27235	127	16	2.3170	Vacant municipally owned completely in the 100 yr floodplain and 41,000+/- sf in the regulatory floodway	Partial Include area outside floodway	1.3753

ID #7

Map: NJ Department of Community Affairs, NJ Department of Environmental Protection, NJ Office of Information Technology

ID#	Shapefile Object ID	Block	Lot	Initial Weighted Area (acres)	Analysis	Status	Weighted Area Recalculated (acres)
7	27236	129	12	0.0986	Municipal owned although upland and isolated	Include	0.0986

ID #8

Map: NJ Department of Community Affairs, NJ Department of Environmental Protection, NJ Office of Information Technology

ID#	Shapefile Object ID	Block	Lot	Initial Weighted Area (acres)	Analysis	Status	Weighted Area Recalculated (acres)
8	27237	129	21	0.2613	Not developable parcel almost completely in floodway and completely in the 100 yr floodplain of Ho-Ho-Kus Brook leaving minimal area. Undevelopable	Exclude	0.0000