

---

# PLANNING REPORT

## MASTER PLAN AMENDMENT

---

### Housing Element

#### Chester Township Morris County, New Jersey

Prepared for: Chester Township Planning Board

*Under the supervision of:*

George A. Ritter, P.P./AICP  
Professional Planner  
NJ License #2126  
AICP #017420

April 14, 2010

Adopted: May 11, 2010

## Table of Contents

INTRODUCTION .....	1
GOALS AND OBJECTIVES .....	2
RMP HOUSING AND EMPLOYMENT PROJECTIONS .....	3
EXISTING CONDITIONS .....	3
Inventory of Housing Stock.....	3
Demographic Characteristics.....	4
Existing and Future Employment Characteristics .....	5
Existing and Planned Infrastructure .....	6
Zone Plan .....	7
Constraints to Development .....	8
AFFORDABLE HOUSING NEED .....	9
Second Round Fair Share Obligation (1987-1999) .....	9
Round Three Fair Share Obligations (1987-2018) .....	10
ANALYSIS AND RECOMMENDATIONS .....	13
Residential Development.....	13
Employment and Business Development .....	15
Affordable Housing Opportunities .....	15
RELATIONSHIP TO THE RMP .....	17
FAIR SHARE PLAN .....	17
CERTIFICATION.....	17

# THE HOUSING ELEMENT

## INTRODUCTION

The overriding policy of the Housing Element of the Master Plan is to ensure provision of a variety of housing opportunities sufficient to address the needs of the community and the region, including the need for affordable housing, while at the same time respecting the density limits of the Highlands Element Land Use Plan, the resource constraints applicable to the Highlands Area, and the numerous other policies, goals and objectives set forth by the Township Master Plan. The Housing Plan furthers MLUL purposes of zoning (at N.J.S.A. 40:55D-2, specifically 2a., 2e., 2g., 2l.) and fulfills the requirements of the New Jersey Fair Housing Act (N.J.S.A. 52:27D-301 et seq.) which in keeping with New Jersey Supreme Court doctrine, as expressed in the “Mount Laurel” decisions, recognizes that every municipality in a “growth area” has a constitutional obligation to provide, through its land use regulations, a realistic opportunity for provision of a fair share of its region’s present and prospective needs for housing for low- and moderate-income families.

The most recent Housing Element for Chester Township was adopted on November 22, 2005. That plan was submitted to the Council on Affordable Housing (COAH) as part of the Township’s third round petition for substantive certification. The 2005 Housing Element utilized COAH’s methodology for calculating growth share pursuant to their Substantive Rules (N.J.A.C. 5:94) that became effective on December 20, 2004. COAH required each municipality to determine its obligation using information supplied by COAH for prior rounds and projected need calculated by the municipality. The fair share obligation was based on three elements: Growth share calculated for residential and non-residential development for the years 2004 to 2014; rehabilitation share calculated by COAH; and the municipality’s prior round obligation for new construction also determined by COAH. During the intervening years that followed adoption of the Housing Element in 2005, COAH made substantive amendments to its rules which led to a suspension of its review for certification and extension of the third round petition deadline.

The Housing Element that follows incorporates provisions that align it with the Highlands Regional Master Plan (RMP) and reflects changes in COAH’s third round methodology set forth in new substantive rules that became effective on June 2, 2008. Those rules provide the municipality’s rehabilitation share and prior round new construction obligation as established by COAH. With regard to growth share, which is now for the period 2004 through 2018, COAH has provided municipalities with a choice for establishing its obligation. A municipality may choose to use the growth share figures projected by COAH as set forth in Appendix B of its substantive rules. Alternatively, the rules provide for adjustments to COAH’s projections following procedures provided in those recently adopted rules. Further, municipalities located in the Highlands Region may chose to use projections provided by the Highlands Council in its Municipal Build-Out Report. Chester Township has chosen to use projected growth share numbers prepared by the Highlands Council.

Employment characteristics have been updated in this Housing Element with respect to recent trends in job creation. Further, this plan complies with requirements of the Fair Housing Act, the Municipal Land Use Law (MLUL), and the revised New Jersey Council on Affordable Housing (COAH) Procedural Rules and Substantive Rules for round three, which became effective on June 2, 2008.

Finally, the plan presented here provides an analysis of Chester Township's obligation to provide its fair share of the region's affordable housing need. Chester Township has an obligation of 36 units from prior rounds consisting of 4 rehabilitation units and 32 units of new construction. Growth share for the period 2004-2018, generated by new residential and non-residential construction, has been projected by the Highlands Council as 19 units of affordable housing. Combining the three components used to determine the pre-credited affordable housing obligation for round three — rehabilitation share, prior round obligation and growth share — Chester Township's obligation is 55 units comprised of 51 new construction units and 4 units of rehabilitation. The Chester Township Fair Share Plan that accompanies this Housing Element provides details of how the Township intends to meet its remaining obligations.

## **GOALS AND OBJECTIVES**

In furtherance of Township efforts to ensure sound planning, this Plan incorporates the following goals and objectives with respect to future housing in the Highlands Area:

1. To the extent feasible, the zone plan will guide anticipated new residential development into compact, center-based projects.
2. To provide a realistic opportunity for the provision of the municipal share of the region's present and prospective needs for housing for low- and moderate-income families.
3. To the maximum extent feasible, to incorporate affordable housing units into any new residential construction that occurs within the Highlands Area including any mixed use, redevelopment, and/or adaptive reuse projects.
4. To preserve and monitor existing stocks of affordable housing.
5. To reduce long term housing costs through:
  - a. The implementation of green building and energy efficient technology in the rehabilitation, redevelopment and development of housing. Recent innovations in building practices and development regulations reflect significant energy efficiency measures, and therefore cost reductions, through building materials, energy efficient appliances, water conservation measures, innovative and alternative technologies that support conservation practices, and common sense practices such as recycling and re-use.
  - b. The promotion of the use of sustainable site design, efficient water management, energy efficient technologies, green building materials and equipment, and retrofitting for efficiencies.
  - c. Maximizing the efficient use of existing infrastructure, through such means as redevelopment, infill and adaptive reuse.

6. To use a smart growth approach to achieving housing needs:
  - a. Use land more efficiently to engender economically vibrant communities, complete with jobs, houses, shopping, recreation, entertainment and multiple modes of transportation.
  - b. Support a diverse mix of housing that offers a wide range of choice in terms of value, type and location. In addition, seek quality housing design that provides adequate light, air, and open space.
  - c. Target housing to areas with existing higher densities and without environmental constraints, within walking distance of schools, employment, services, transit and community facilities with sufficient capacity to support them.

### **RMP HOUSING AND EMPLOYMENT PROJECTIONS**

The Housing Element is herewith modified to incorporate RMP provisions as the basis for housing and employment growth projections. These projections have been recalculated using the Highlands Council Municipal Build-Out Analysis results for the Township, including consideration of water availability, septic system yield, and water and wastewater utility capacity. Housing and employment projections are required to determine the municipal “Growth Share” component of the overall Fair Share Housing obligation. Consistent with the Substantive Rules (N.J.A.C. 5:97) of the Council on Affordable Housing (COAH), the municipal affordable housing need is measured as a percentage of residential and non-residential growth from 2004-2018. COAH ratios require in general one (1) affordable unit for every four (4) new market rate housing units and one (1) affordable unit for every 16 new jobs (calculated on the basis of new non-residential square footage by Uniform Construction Code Use Group designation).

Pursuant to COAH Rules, the overall housing obligation also includes a Rehabilitation Share and the Prior Round Obligation; each of these is offset in the final analysis by eligible credits, reductions and adjustments, as appropriate.

### **EXISTING CONDITIONS**

The following sections provide information regarding the condition of existing housing stock in Chester Township, the prospects for employment in Chester Township, and the need for affordable housing in Chester Township. The 2000 Census data, supplemented by recently released data including employment statistics for 2008, compiled by the New Jersey Department of Labor and Workforce Development, have been used in this amended Housing Element.

#### **Inventory of Housing Stock**

According to the 2000 Census, Chester Township has 2,377 total housing units, 98% of which are occupied year-round. In 2000, approximately 98% of the housing units in the Township were single-family, compared to 69% for all of Morris County. Given the high percentage of single-family homes in the community, most of the year-round housing in Chester Township is owner-occupied (93%) as compared with 76% Countywide. In 2000, 84% of the owner occupied dwellings had three bedrooms or more. Of the 164 rental units in the Township, about three-quarters are single-family, detached houses.

Houses in Chester Township are fairly large; in 2000, 93% of the houses had three bedrooms or more. Houses in Chester are also relatively new: 78% were constructed since 1960. Housing in Chester Township is also expensive. In 2000, the median value of an owner-occupied house in the Township was \$407,900; almost double the \$257,400 countywide median value.

Gross rent in Chester Township is more than the countywide median gross rent — \$1,315 vs. \$883. Rent as a percentage of household income, an indicator of affordability, was less in Chester Township than Morris County (18% vs. 24.2% of households spent 35% or more of household income on rent). The 164 rental units in Chester Township account for 7% of the Township's housing stock.

Indicators of substandard housing in need of rehabilitation include: Crowding (more than 1 person per room), lack of complete plumbing facilities, and lack of kitchen facilities. In 1999, as reported by households for the 2000 Census, over 99% of all housing units in Chester Township had one or less persons per room. There are no houses that lacked complete plumbing facilities. All houses had complete kitchen facilities and telephone service.

### **Demographic Characteristics**

Chester Township's residentially developed land is characterized by suburban neighborhoods that developed in response to residential growth pressure caused by substantial commercial and office development associated with interstate routes 80, 287 and 78 and less densely populated areas more closely resembling rural development patterns. The undeveloped residentially zoned areas are largely open space areas comprised of farmland — much of which is preserved — and public parks associated with the environmentally sensitive areas of the Township. Chester Township has a limited variety of housing types comprised principally of detached single-family dwellings on large lots. Smaller single-family homes generally located south and east of Chester Borough, are built on lots with an area of one to two acres. These developed neighborhoods, as well as the undeveloped parcels in the Township are heavily reliant on septic systems and private wells thus limiting more dense development.

Starting in the year 2003, the pace of housing construction in Chester slowed dramatically. Over the period between the beginning of 2003 and the end of 2008, a total of 106 certificates of occupancy (CO) were issued — an average of 18 per year. That compares to an average of 62 per year for the six-year period preceding 2003. Housing starts have been on the decline since 2003 due to a limited supply of developable land, restrictions imposed by DEP that became effective on May 9, 2005 for the Highlands Preservation Area and a national economic recession that began in 2007. The pace of new housing construction slowed to 11 units per year on average from 2006 to the end of 2008, a decrease of 56 percent as compared to the 2003-2005 pace.

Over the next nine years, between 2009 and 2018, construction of new homes will be severely limited. Conformance with the Highlands RMP will restrict new residential development to in-fill lots in the existing older neighborhoods and development of single-family homes on potential exception lots located in the Highlands Preservation Area. The build-out projection by the Highlands Council, not accounting for existing vacant building lots and exception lots, is a mere 12 residential units. The majority of new housing that will be occupied in the decade beginning in 2010 has already been

approved and development is underway. It is anticipated that the completion of the 27-unit single-family development located on the former Cantor estate property will extend into the year 2014. As for redevelopment, the existing residential neighborhoods are relatively young places. Over half of the homes in Chester were built after 1970; therefore, any substantial redevelopment is likely to be several decades in the future.

The 2000 Census population of Chester Township is 7,282 people. That is about 22 percent higher than the population count for 1990, which was 5,958. With a significant decrease in new housing construction occurring since 2003, population growth is trending downward. Chester Township's 2008 population is estimated by the Census Bureau to be about 7,761 persons, a moderate 7 percent increase over the 2000 Census count. The slow down in population increase between 2000 and 2008 corresponds to the decrease in new housing units occupied during that period as compared to new housing occupancy for the 1990-2000 period (309 versus 380 units).

In 2000 there were 2,323 year-round dwellings, with an average household size of 3.1 persons/DU for owner-occupied homes. Since the 2000 Census and up until the end of 2008, approximately 309 new dwellings have been occupied in the Township; thus year-round dwellings would number about 2,632 by the end of 2008. Universal household size in 2000 was 3.05 persons/DU, slightly less than the 3.17 recorded in 1990.

Just as housing values in Chester Township are greater than in the County and State, the median household income in the Township is greater than in the County and State. Chester Township's 2000 median household income of \$117,298 exceeded Morris County's median household income of \$77,340 by 52%. Between 1990 and 2000, income growth in Chester Township exceeded income growth in Morris County by 5%.

### **Existing and Future Employment Characteristics**

Chester Township is a semi-rural residential community. The Township has few industries and relies mainly on retail trade and local service businesses for private sector employment opportunities. The total number of reported businesses in Chester Township in 2008 was 177. There were 1,443 jobs associated with those businesses. Local government employment in 2008 accounted for 270 jobs or approximately 16% of the 1,713 covered jobs in the Township.

The Township's limited job opportunities and its relatively small contribution to the regional employment base are represented in the employment figures for 2008. Chester Township's 1,713 jobs represented less than 1% of Morris County's 253,973 jobs.

Overall employment in Chester Township for the nine years proceeding 2009 trended upward. On the private sector side of the employment picture, both businesses and jobs increased between 1999 and 2008. In 2008 there were 20 more businesses and 391 more people employed in the Township. As the private sector employment base expanded during that period, so did local government jobs which increased by 30% from 207 jobs in 1999 to 270 in 2008.

Future business development and job creation post 2008 is limited by lack of infrastructure needed to support major commercial or industrial projects and constraints resulting from conformance with the

RMP and municipal zoning. Most of the Township's commercial and industrial zoned land is built-out. Further, the Township does not anticipate any new sewer extensions; therefore development must rely on septic systems limited to no more than 2,000 GPD of flow. Both of these factors will impede non-residential growth and job creation. The RMP build-out results for Chester Township, which includes resource and utility constraints, indicates that no new jobs, reliant on public sewer, will be created at full build-out. Existing businesses will be able to expand if water use is within the ranges established by the RMP.

## **Existing and Planned Infrastructure**

### **Utilities**

With few exceptions, wastewater in Chester Township is treated by means of individual subsurface disposal systems (septic). Waster water utility systems serving schools, private institutions and housing development exist in limited numbers. All but one is a privately operated, Non-Highlands Domestic Sewerage Facilities (HDSF). The only HDSF serving Chester Township — Environmental Disposal Corporation — provides wastewater treatment for flows generated by the Gill St. Bernard's School. The school is connected to a lateral extension provided by the Peapack-Gladstone Borough Sewerage Authority. Although this HDSF has capacity (0.605 MGD), none is available for use in Chester Township, the Gill St. Bernard's School notwithstanding.

Potable water in Chester Township is provided to homes and businesses by private domestic wells, with few exceptions. In the northeast corner of the Township, several homes are connected to a municipal water supply system extended from neighboring Randolph Township. Approximately 29 homes are served by this system operated by the Randolph Township Municipal Utility Authority. The Elizabethtown Water Company provides service to about 50 homes via a main located in Old Chester Road extending from Peapack-Gladstone Borough north to Fox Chase Road. Although capacity is available in this system, the Township has no intention to expand service. One Township property, located on North Road adjacent to Chester Borough, is served by the Chester Borough Water Utility.

### **Transportation**

Chester Township is bisected by State Route 206, which traverses the Township in a north-south orientation. Route 206 serves as a major arterial connector between Interstate I-78 south of the Township and I-80 in northern New Jersey. Development along this heavily traveled thoroughfare is limited by municipal regulations and Highlands zoning; its entire length that passes through Chester Township is within the Highlands Preservation Area. Township ordinances restrict access from private drives and new intersections are discouraged. Further, the Township requires a 200-foot wide buffer on each side to preserve scenic elements that contribute to the Township's rural character. No major improvements are contemplated at this time.

NJ Route 24 (County Route 510) serves as the major east-west traffic carrier through the Township, providing vehicular access between southwest Morris County and Morristown/I-287. As it extends from Chester Borough to Mendham Township, this rural minor arterial road forms the boundary between the Highlands Preservation Area to the west and the Planning Area east of Route 24. Most of Chester Township's commercial zoning/land use is located on this stretch of Route 24 as well as a



Township property identified as a potential site for affordable housing.

The only other county road in Chester Township is North Road (Route 513), a north-south road serving Hunterdon, Morris and Passaic counties. Existing development and zoning along this thoroughfare are predominantly residential, the Black River Middle School and Highlands Council headquarters notwithstanding.

Commuter rail service is not available in Chester Township and no plans for such are contemplated. The county operates a bus line on Route 24 offering limited morning and evening service to/from Morristown.

### **Zone Plan**

Residential is the primary land use/zoning in Chester Township followed by open space/recreation. Commercial uses are few and far between, principally located along the Township's major transportation corridors — routes 206 and 24.

Residential uses and zoning exist throughout the Township at densities varying from very-low to moderate. Housing types are limited with single-family detached as the overwhelming example. The only attached single-family development — Four Seasons at Chester — completed development in 1997. Minimum lot sizes as set forth in the Township's Land Use ordinance range from 1 to 10 acres. Only a few lots zoned for 1 to 3 acres are vacant. Such parcels are typical of existing in-fill lots within established developed neighborhoods. The vast majority of vacant developable parcels larger than 3 acres are located in the Preservation Area, limiting development to single-family detached homes on exception lots created through subdivision of larger parcels.

Chester Township has a long-standing policy of protecting its natural resources, scenic vistas and environmentally sensitive areas. Protection methods include low-density residential zoning and fostering land conservation/preservation by means of public acquisition and farmland preservation programs. Where development is permitted to occur, the Township requires conservation easements to protect wetlands, steep slopes and significant stands of vegetation from disturbance. The Township's zone plan, which prioritizes protection of vital resources, is in step with the goals, objectives and policies of the RMP. The Land Use Capability Map set forth in the RMP serves the Township well since 85 percent of Chester Township is within the Highlands Preservation Area.

The Township does not currently have an inclusionary zoning district where an affordable housing set aside is mandatory. Alternative means for providing low and moderate income housing are contained in the Township's Land Use Ordinance, which permits, under particular circumstances, affordable accessory apartments and farm labor housing.

Development and zoning in Chester Township has historically been dictated by three primary factors; a desire to maintain a rural character, an abundance of environmentally sensitive land and the lack of sewer and water infrastructure. Since none of these factors is likely to change in any significant way, there appears to be no compelling reason to amend the zone plan until full conformance with the RMP is achieved. The Township submitted its petition for plan conformance on December 7, 2009.

## **Constraints to Development**

Constraints to development in Chester Township, as they relate to this housing element, fall into one of two categories; regulatory or environmental. The trend with regard to both over the last decade has been the appearance of progressively more restrictive regulation by State agencies. The effects have been to further limit development opportunities including production of affordable housing.

Constraints result from municipal and State imposed requirements that restrict or discourage development on the Township's numerous environmentally sensitive areas. On a municipal level, Chester Township's zone plan, as previously discussed, discourages land development while promoting conservation. This far reaching approach to development is ever present in the goals and objectives laid out in the Township's master plan comprising the foundation from which Chester Township's land use regulations have been formed. State requirements include those promulgated by the New Jersey Department of Environmental Protection (DEP) and the New Jersey Highlands Council pursuant to their Regional Master Plan.

The "Highlands Water Protection and Planning Act" (Act) was signed into law on August 10, 2004. The legislation will have lasting impacts on planning and zoning in the Highlands Area<sup>1</sup> of Chester Township. The Act establishes a comprehensive, long-term approach to the protection and preservation of the water and natural resources of the New Jersey Highlands Region. The Act defines the Highlands Region and divides it into a Preservation Area, where development would be strictly regulated, and a Planning Area where development would not be as strictly controlled. The law establishes the Highlands Water Protection and Planning Council (Highlands Council) whose major responsibilities include preparing and implementing a regional master plan for the Highlands Region, exercising review authority over any local application for development within the Preservation Area, and reviewing publicly-funded capital projects. Chester Township and Morris County will be required to amend their master plans to conform to the Highlands Regional Master Plan. From a regulatory standpoint, the Act requires 300-foot buffers from all highlands open waters, prohibition of building on slopes of 20% or greater, and limitations on the amount of impervious cover for lots in the Highlands Area among other restrictions. The full degree of impact will not be known until the Highlands Council completes its guidelines for development. It appears that the goals and objectives of the Chester Township Master Plan are consistent with the planning principles found in the Act. The Township Master Plan and Land Use regulations will require amendments for compliance with the RMP.

The DEP has promulgated regulations to protect Category 1 (C-1) waters within the State. In Chester Township, C-1 waters are prevalent. The regulations provide for a 300-foot buffer area where most development is prohibited. This constraint will have the greatest impact on the developable lands that are located in the Planning Area. These restrictions may be pre-empted by more stringent requirements imposed by the RMP following the Township's exercise of its option to opt-in for the Highlands Planning Area. The affected lands will be significantly impacted by the Highlands open waters buffers.

---

<sup>1</sup> All of the Township (Preservation and Planning Area)

## AFFORDABLE HOUSING NEED

Three components are added together for a determination of a municipality's third round need: Rehabilitation share, prior round obligation and growth share. Chester Township's affordable housing need determination utilizes the NJ Council on Affordable Housing (COAH) figures for rehabilitation and prior round obligations. With regard to growth share, the Township has opted to utilize COAH's August 12, 2009 waiver to permit Highlands municipalities to use adjusted growth projections provided by the Highlands Council in lieu of those provided by COAH to calculate the Township's growth share obligation. Following are details of Chester Township's obligations to provide its fair share of the region's low and moderate income housing.

### Second Round Fair Share Obligation (1987-1999)

On November 1, 1995, the COAH granted Chester Township substantive certification for round two. The Council established Chester Township's 1987-1999 pre-credited need at 62 units, comprised of 32 new construction units and 30 rehabilitation units. COAH's second round certification included approval of credits totaling 27 units. Four of those credits, comprised of rental bonuses for a group home that closed in 2003, were subsequently declared ineligible by COAH. The plan also included a proposed 5-bedroom group home to be developed by the Arc of Morris County. The home was completed in 1996 and subsequently COAH awarded the Township 5 new construction credits and 5 rental bonus credits for round two (COAH resolution granting Extended Certification dated April 13, 2005).

**Table 1: Summary of New Construction Credits Established by COAH**

Prior Round Certification	Project Credits	Totals
Arc I (Prior Cycle)	3	
CASH	15	
Devereux Deerhaven	4	
<i>Bonuses</i>		
CASH	1	
Devereux Deerhaven	4	
Subtotal		27
<b>Round two Extension</b>		
Arc II	5	
<i>Bonuses</i>		
Arc II	5	
Devereux Deerhaven	-4	
Subtotal		6
<b>Total New Construction Credits</b>		<b>33</b>

The Township's second round certified Fair Share Plan addressed the 30-unit rehabilitation need established for prior rounds through zoning. The RC Residential Cluster Zone was established to comply with a court settlement. It provided a developer with an option to plan for higher densities in exchange for providing funds to the Township's Affordable Housing Trust Fund in lieu of constructing affordable units. One such development — Four Seasons at Chester — was approved and the funds

generated for affordable housing have been used to administer Chester Township’s rehabilitation program. The Township has completed five (5) rehabilitation units under this program.

The Township’s fair share obligations and credits as certified by COAH for round two are as follows:

**Table 2: Round Two Affordable Housing Need Certified by COAH**

<b>Pre-Credited Need</b>	<b>Affordable Units</b>
Rehabilitation	30 units
New Construction	32 units
<b>Round Two Obligation</b>	<b>62 units</b>
<b>Credits</b>	
Rehabilitation	5 units
Prior Cycle (Arc I)	3 units
Chester Area Senior Housing (CASH)	15 units
Group Home (Devereux Deerhaven)	4 units
Group Home (Arc II)	5 units
Rental Bonuses (CASH and Arc II)	6 units
<b>Round Two Credits</b>	<b>38 units</b>

The fair share plans addressing the round two needs certified in 1995 and 2005 (extension) provided for the rehabilitation obligation through zoning and the new construction need with mechanisms that included group homes, 100 percent affordable senior housing and rental bonuses.

In summary, Chester Township has fulfilled its second round new construction obligation with 32 out of 33 certified credits comprised of completed units and rental bonuses. The one-unit surplus rental bonus credit will be carried forward into round three. With regard to rehabilitation at first glance it would appear that the Township has a 25-unit shortfall going into round three; however, COAH has recalculated Chester’s rehabilitation share for 2004-2018 to four (4) units whereas five (5) have been completed. Its substantive rules state “Credits for rehabilitation shall not exceed the rehabilitation share and shall only be credited against the rehabilitation component” (N.J.A.C. 5:94-3.2); therefore, utilizing four (4) credits will extinguish the Township’s obligation and the remaining surplus rehabilitation credit will be applied to subsequent rounds as needed. The following sections provide more details on the subjects of obligations and credits for round three.

**Round Three Fair Share Obligations (1987-2018)**

COAH’s methodology used to calculate Chester Township’s round three fair share obligations relies on three components: the rehabilitation share, any remaining prior round obligation for the period 1987-1999, and projected growth share for 2004-2018. For round three, the 32-unit pre-credited prior round obligation, comprised of new construction units, remains unchanged from COAH’s second round projection. With regard to the Township’s share of rehabilitation units, as stated above, the figure has been revised downward. On June 2, 2008 new rules became effective for COAH’s third round (N.J.A.C. 5:97-et seq.). Appendix B provides updated rehabilitation share figures for use in preparation of a Housing Element and Fair Share Plan. Chester Township’s rehabilitation share for the third round is now four (4) units. Chester Township’s total adjusted pre-credited fair share obligation going into round three is 36 units as shown below in Table 3.

**Table 3: Affordable Housing Need Recalculated by COAH for Round Three**

Obligations	Units
Rehabilitation Share	4 units
Prior Round (1987-1999)	32 units
<b>Total Fair Share Obligation</b>	<b>36 units</b>

Growth share for municipalities located in the Highlands Region may be calculated using data provided by the Highlands Council in its municipal build-out report. Growth for the Township for the period covering 2009-2018 has been projected by the Highlands Council as 12 residential units and no jobs. Actual growth measured by certificates of occupancy (COs) issued for residential and non-residential development between 2004 and 2008 totals 78 residential units and 24 jobs using calculations provided by COAH. Adding together these two figures — actual growth (2004-2008) and projected growth (2009-2018) — determines total growth share for 2004-2018. The total projected growth is 90 residential units (78 *built* + 12 *projected*) and 24 jobs resulting from non-residential development. COAH has determined that one in every five new residential units and every 16 jobs create a municipal obligation of one affordable unit; therefore, Chester’s growth share obligation is 19 units [(90 divided by 5) + (24 divided by 16) = 18 + 1 = 19].

**Computation of Fair Share Obligation**

Adding together all three components — rehabilitation share, prior round obligation, and growth share 2004-2018 — Chester Township’s overall pre-credited fair share obligation for round three is 55 units comprised of 4 rehabilitation units, 32 new construction units from prior rounds and 19 units, also new construction, attributed to growth share. The computation shown in Table 4 below illustrates the obligation before application of credits allowed by COAH.

**Table 4: Pre-Credited Round Three Affordable Housing Obligation**

Round Three Methodology Components	
Rehabilitation Share	4 units
Prior Round Obligation (new construction)	32 units
Growth Share 2004-2018 (new construction)	19 units
<b>Fair Share Obligation</b>	<b>55 units</b>

**Credits, Reductions and Adjustments**

The section above describes Chester Township’s cumulative fair share obligation for the period 1987-2018, which has been calculated to be 55 units (Table 4). COAH allows municipalities to reduce this obligation by applying credits, reductions and adjustments for prior housing activity including new construction and rehabilitation of deficient units completed after April 1, 2000, which are occupied by low or moderate income households. Chester Township is not entitled to any reductions or adjustments; however, credits for new construction of affordable units completed during prior rounds and rehabilitation of deficient units have accrued to the Township’s fair share obligation.

Chester Township received second round substantive certification on November 1, 1995. The Fair Share Plan certified by COAH included a total of 27 new construction credits. Also included in the plan were seven (7) proposed affordable units consisting of a 5-bedroom group home and two

accessory apartments. The group home was completed in 1996 and certified by COAH subsequent to the November 1995 substantive certification. The accessory apartments have not been built and remain as proposed affordable units.

#### Certified Credits

New construction credits have accrued to a senior housing project known as Chester Area Senior Housing (CASH) that was joint ventured with Chester Borough, development of two group homes managed by Morris County Arc, and a third group home known as Devereux Deerhaven. Two certified rehabilitation credits are available for use to satisfy the Township's rehabilitation share obligation.

The completed Chester Area Senior Housing (CASH) project provided Chester Township with 19 units; however, only 15 affordable housing units were eligible for credit pursuant to COAH's round two certification issued on November 1, 1995. Further, Chester Township's second round substantive certification included four (4) units of affordable housing plus four (4) bonus credits for a group home known as Devereux Deerhaven. That facility, which opened in 1992, closed on July 9, 2003. Although the previously certified affordable units no longer exist, COAH has determined that the Township can retain the four (4) unit credit because affordability controls were in place for more than ten (10) years. However, the Township may no longer claim the four (4) bonus credits.

The Arc of Morris County completed a 3-bedroom group home in 1986. This was included in the Township's second round Fair Share Plan and certified by COAH. These three prior cycle credits are available for use in satisfying the Township's new construction obligation for round three.

In 1996, the Morris County chapter of Arc completed a 5-bedroom group home. COAH has certified that the Township is eligible to receive 5 new construction credits for this affordable housing project. Additionally, 5 rental bonus credits associated with the group home have been awarded to the Township.

#### Pending Credits

Regarding the CASH project discussed above, completed affordable units have yet to be certified by COAH. The project, which was completed in 1994, included a total of 38 affordable units. The development was joint-ventured with Chester Borough. By agreement with the Borough, Chester Township was credited with 19 units, which were included in its second round Fair Share Plan. Due to limitations on age-restricted housing imposed by COAH, only 15 units were eligible for credit in round two as certified by COAH. The Township should include the remaining 4 units in its petition to COAH for certification of the round three plan.

In 2000, a certificate of occupancy was issued for a single-family home developed by Habitat for Humanity. The home was transferred by deed to an income qualified household and should be eligible as one credit toward the Township's obligation for round three. Supporting information will be sent to COAH with Chester Township's petition for substantive certification.

Below is a table that provides a listing of credits and a computation of Chester Township's Fair Share Obligation for round three (1987-2018).

**Table 5: Remaining Third Round Fair Share Obligation**

<b>Rehabilitation Share</b>	<b>4 units</b>
Renovated deficient units	5 units
<b>Remaining Rehabilitation Share Obligation</b>	<b>0 units</b>
<b>New Construction Obligation from Prior Round (1987-1999)</b>	<b>32 units</b>
Prior Cycle (Arc)	3 units
Chester Area Senior Housing (CASH)	15 units
Devereux Deerhaven	4 units
Arc of Morris County	5 units
Rental Bonuses (6 units certified)	5 units
<b>Remaining Prior Round Obligation</b>	<b>0 units</b>
<b>Growth Share</b>	<b>19 units</b>
Habitat for Humanity (pending)	1 unit
Chester Area Senior Housing (pending)	4 units
Surplus Bonus Credit from Prior Round (certified)	1 unit
<b>Remaining Growth Share Obligation</b>	<b>13 units</b>

To summarize, Chester Township has fulfilled its rehabilitation obligation of four (4) units and is left with a 1-unit surplus to be applied to subsequent COAH rounds. The prior round obligation has been satisfied with 32 out of 33 certified credits. The Township’s 19-unit growth share obligation has been reduced by 6 units comprised of one-unit left over from the prior round, one pending credit for the home built by Habitat for Humanity and four CASH units not available for credit in round two leaving Chester Township with a 13-unit shortfall. The Township’s strategies for meeting its Fair Share Obligation are detailed in the Chester Township Fair Share Plan.

**Table 6: Summary of Round Three Obligations**

<b>Round Three Fair Share Summary</b>	
Rehabilitation Share	1-unit surplus
Prior Round Obligation	Satisfied
Growth Share Obligation	13-unit shortfall

**ANALYSIS AND RECOMMENDATIONS**

The following sections provide an analysis and recommendations regarding the Township’s present housing characteristics and future housing strategies, with particular emphasis on its affordable housing need.

**Residential Development**

Chester Township is characterized by large areas of public parkland, vast areas of undeveloped ground in its natural state or in agriculture, and residential development chiefly comprised of detached single-family homes on large lots. Morris County contains a greater variety of housing types, including multi-family housing, generally located in more developed areas such as Morristown, Dover and Boonton. These communities have developed infrastructure systems to accommodate higher-density housing. Rural municipalities that do not provide sufficient infrastructure, such as Chester Township, have generally developed as single-family communities.

Due to factors such as the Township’s rural character, environmentally sensitive lands, lack of infrastructure, and predominantly single-family development pattern, future housing in Chester Township will continue to be primarily large-lot detached single-family housing. Lack of public sewer and water service, coupled with environmental constraints, precludes planning for higher density development. Higher density development is also inconsistent with Chester Township’s designation as a Highlands region community that is 85% in the Highlands Preservation Area. Further, the Township intends to opt-in to the Highlands RMP for the Planning Area, which places additional limitations on development in the Township. Accordingly, Chester Township should plan for continued low-density housing in the undeveloped areas of the Township to provide protection of environmentally sensitive lands and preservation of its rural character.

Between 2000 and 2008, new housing activity in Chester Township was characterized by both an upward trend followed by a steep decline in new housing completions. Certificates of Occupancy (COs) for new residential units authorized since 2000 added 309 dwelling units to the 2000 Census figure of 1,997 DU, an increase of 16% over a nine-year period. During that period, the annual number of COs issued for new homes fluctuated from a high of 79 in 2002 to a period low of 7 units recorded in 2008. The mean for the period was 34 units per year. An upward trend in residential construction, which began in the 1990’s, continued for the first three years of the period. Between 2000 and 2002, the number of COs issued for new homes in the Township average 68 per year. Starting in 2003 and continuing through 2008, new housing construction in Chester Township slowed considerably. Only 78 COs were issued during that period, an average of just 16 units annually. Trends for period are illustrated in Table 6.

**Table 7: Trend Analysis 2000-2008**

Period	COs Issued	Annual Average	Period Median
2000-2002	203	68	65
2003-2008	106	18	20
2000-2008	309	34	24

Residential development has contracted considerably since 2003. As Chester Township nears full build-out, it is unlikely that the Township will ever again experience double-digit annual completions for new homes. This conclusion has been drawn from several factors including:

- Lack of developable land;
- Reliance on well and septic systems;
- Effects of the Highlands RMP; and
- Current municipal zoning.

The factor that will have the most impact on reducing potential future development is the restriction on lot size imposed by DEP on development within the Highlands Preservation Area. These regulations require a minimum lot size of 25 acres for a new individual subsurface disposal system that discharges less than 2,000 Gallons Per Day (GPD) on a lot that contains forest on less than 50% of its area, and 88 acres if the lot contains forest on more than 50% of its area. Since 85% of the Township lies within the preservation area and all of the potential development would rely on septic systems,



future growth will be severely restricted. The Residential Growth Share 2004-2018 projected in this Housing Element is estimated to be 19 units pursuant to a build-out analysis issued by the Highlands Council in 2009. Additional homes that may be developed on lots created through minor subdivisions occurring on Highlands exceptions lots and development of existing in-fill lots; however, the numbers are small and will not effect the outcome.

### **Employment and Business Development**

Chester Township's future employment prospects are limited by the municipality's small job base and its long-standing policy of discouraging commercial and industrial development in the Township. In 1997 the Township repealed the IL-Industrial zone and replaced it with the PO/R-Professional Office/Residential District, which does not permit industrial development. Most Township residents favor the Township's existing economic characteristics and support the Township's managed growth policies. It is anticipated that future job growth in the Township will be minimal, mostly resulting from expansion of existing firms, although some new businesses and home occupations will continue to be established. It is likely that employment characteristics in the Township will continue at current levels. The analysis of Non-Residential Growth Share 2004-2018 completed by the Highlands Council provides an estimate of potential future employment for the 10-year period of COAH's round three starting in 2008. It is projected that no new jobs will be created as a result of new facility construction. The Township has only a small amount of vacant land zoned for business development. Current tax records show five vacant lots totaling 5.8 acres. Three of these lots are less than one-acre in size each. The largest vacant non-residential parcel is a two-acre lot. All of the remaining lots that are zoned for business use are developed.

Eighty (80%) percent of the 44 business zoned lots are located within the Highlands Preservation Area and subject to strict DEP regulations. It is unlikely that any job producing expansions, redevelopment, or new development of vacant lots and businesses will occur before the end of 2018. Based upon the historical pace of non-residential development in Chester Township, the lack of vacant land zoned for commercial uses, the Township's goal of discouraging non-residential development, and the limited demand for commercial development in Chester Township, it is clear that the Highlands forecast of no job growth between 2009 and 2018 is accurate.

### **Affordable Housing Opportunities**

The growth share obligation for Chester Township has been calculated to be 19 units of new construction. The Township will seek COAH's approval of one additional affordable housing unit that has been constructed since 1995 and reaffirmation of units/credits that were included in the round two plan but not needed for elimination of the prior round obligation (Tables 4 and 5). If approved, those credits will further reduce the growth share obligation to 13 units. Following is an analysis of potential affordable housing opportunities in Chester Township for consideration by the Planning Board.

- In 2005 the Township purchased a 15-acre site that was previously occupied by Glenlora Nursing Home. United Cerebral Palsy of Morris-Somerset County (UCP) submitted a proposal to redevelop the site for use by them as an integrated service center for developmentally disable persons. Their plan included 8 apartments that would have been made available to low income individuals on a rental basis. In 2008, UCP informed the Township that it could not honor its commitments regarding the

project due to its inability to secure project funding. It appears that the site could accommodate as many as 10 dwelling units. Inclusionary zoning is one mechanism offered by COAH to provide a realistic opportunity for a municipality to meet its affordable housing obligations. The Township should consider rezoning the site from residential and business to inclusionary housing for development of affordable housing units. Alternatively, the Township could consider redevelopment of the site for a group home to house the developmentally disabled, which does not require a zoning amendment.

- Chester Township has included accessory apartments in its fair share plan since 1995. In 1996 the Township adopted the Affordable Accessory Apartment ordinance. Although no affordable accessory apartments have been completed since then, this affordable housing mechanism still remains a viable alternative for adding low and moderate income units in Chester Township. The Township should consider expanding the opportunity to provide these units by allowing them in the Township's non-residential zoning districts.
- A developer has expressed interest in the building of affordable units on a parcel located in the Highlands Preservation Area. The site is at the northwest corner of Route 206 and Four Bridges Road and is zoned R-3 Residential. A conceptual plan and architect has been submitted for review by the Planning Board. It provides for 8 units, all affordable apartments that are proposed as rental units. The Township should consider this proposal in its fair share plan.
- Hercules Corporation owns a site in Chester Township that presents an opportunity for an adaptive reuse including affordable housing. The site, which is known as Simmons Precision, has been declared a brownfield site by the New Jersey Department of Environmental Protection (DEP). The two parcels owned by Hercules are located in the Highlands Preservation Area; therefore subject to rules and regulations promulgated by DEP and the Highlands Council. It has the potential to be declared a Highlands Brownfield Site thus allowing for the possibility of an adaptive reuse.
- In an effort to preserve environmentally sensitive land and reduce the effects of sprawl, it is recommended that the Township consider redevelopment of the Simmons Precision property to accommodate affordable housing units. The first step to consider is an investigation to determine if the site is an area in need of redevelopment pursuant the New Jersey Local Redevelopment and Housing Law.

It is recommended that the Township consider all of the above as potential opportunities for meeting their obligation to provide a realistic opportunity for development of affordable housing that meets Chester Township's needs for the third round and beyond. The Fair Share Plan that accompanies this Housing Element provides additional information about the Township's obligations, credits and proposals for meeting its fair share of the region's low and moderate income housing.

## **RELATIONSHIP TO THE RMP**

The Highlands RMP includes goals, policies and objectives that address the housing needs for low and moderate income families within the Highlands Region:

- GOAL 60: MARKET-RATE AND AFFORDABLE HOUSING SUFFICIENT TO MEET THE NEEDS OF THE HIGHLANDS REGION WITHIN THE CONTEXT OF ECONOMIC, SOCIAL AND ENVIRONMENTAL CONSIDERATIONS AND CONSTRAINTS.
- Policy 607: To require that conforming municipalities implement both resource protection requirements of the RMP along with the new Jersey Supreme Court's doctrine, in its Mount Laurel decisions, that every municipality in a "growth area" has a constitutional obligation to provide through its land use regulations, sound land use, and long range planning, a realistic opportunity for a fair share of its region's present and prospective needs for housing for low and moderate income families.
- Policy 608: To require that conforming municipalities update and adopt a housing element, fair share plan, and implementing ordinance(s) to reflect current conditions and resource protection requirements of the RMP.

These mandates must be reconciled with the RMP policy to protect the character and natural resources of the Region and infrastructure limitations that result from the Land Use Capability Zone.

Unquestionably, the pattern of future development in Chester Township has been altered by the Highlands RMP Land Use Capability Zone. This is especially true regarding non-residential development. The vacant lands located along the Route 22 and Route 57 corridors as well as property located adjacent to Strykers Road south of Route 57 have long been developed with commercial enterprises and small manufacturing businesses as per municipal zoning. The RMP has placed these sites within the Conservation Zone or Environmentally Constrained Sub-Zone thereby limiting expansion of sewer service needed for large scale commercial and industrial development as envisioned by the Township. As a result, the HB and ROM zones south of Route 57 will see modest development consisting of small-scale new businesses or modest expansions of existing enterprises in keeping with the goals and objectives set forth in the RMP.

## **FAIR SHARE PLAN**

The municipal Fair Share Plan has been redrawn to the extent necessary to address the affordable housing obligation, while at the same time complying with Highlands Area density and resource constraints and the referenced changes to the Fair Housing Act. Prior plans for the provision of affordable housing units which have not yet been implemented have been reevaluated for consistency with these provisions and altered accordingly.

## **CERTIFICATION**

The Township intends to file a petition for Substantive Certification of its Third Round Housing Element and Fair Share Plan (inclusive of implementing ordinances and supporting documentation) with the Council on Affordable Housing within the deadline set by COAH for conforming Highlands municipalities. The municipality will proceed with such action only after the documents prepared in its support have been reviewed and approved by the Highlands Council for consistency with the Highlands Regional Master Plan.