



Hopatcong Borough Housing Element & Fair Share Plan

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Sussex County, New Jersey

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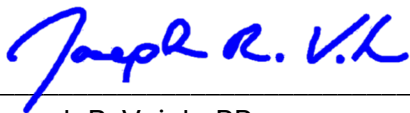
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Introduction

The need to provide a realistic opportunity for the creation of affordable housing has been recognized for decades in New Jersey. In the landmark case of *Southern Burlington County NAACP v. the Borough of Mount Laurel* 67 N.J. 151 (1975), (Mount Laurel I), the New Jersey Supreme Court established the doctrine that New Jersey municipalities have a constitutional obligation to zone for a variety and choice of housing types that would be affordable to low- and moderate-income households. This decision was reinforced in *Southern Burlington County NAACP v. Borough of Mount Laurel*, 92 N.J. 158, 456 A.2d 390 (1983) (Mount Laurel II). In its ruling, the Supreme Court expanded the Mount Laurel doctrine by establishing the first methodology for municipalities to establish their “fair share” of regional housing needs. Mount Laurel II also established the “builder’s remedy,” as an enforcement mechanism, empowering developers to potentially invalidate the zoning of municipalities that fail to provide for their fair share.

In response to the Supreme Court of New Jersey’s call for a more substantive legislative remedy in the Mount Laurel II decision, the New Jersey Legislature adopted the Fair Housing Act (FHA) in 1985 (N.J.S.A. 52:270-301, et seq.). The FHA established the Council on Affordable Housing (COAH) as an administrative alternative to builder’s remedy lawsuits and the concomitant jurisdiction of the courts. COAH was given the responsibility of dividing the state into housing regions, determining regional and municipal fair share affordable housing obligations, and adopting regulations that would establish the guidelines and approaches that municipalities may use in addressing their affordable housing need. These regulations would be subject to regular updates, called Rounds, to ensure that municipalities remain up to date with the requirements of the FHA.

COAH would administer affordable housing regulations in New Jersey for the first three rounds. However, difficulties in implementing in administering the Third Round since 2008 culminated in The Supreme Court of New Jersey declaring COAH moribund in 2015. Trial courts resumed their role as the sole forum for evaluating municipal compliance with Mount Laurel regulations until 2024, when Governor Chris Murphy signed P.L. 2024, c.2., formally abolishing COAH and transferring its responsibilities to the Department of Community Affairs (DCA). In October of that year, DCA prepared new affordable housing rules and methodology for determining municipal share of regional housing need, beginning the Fourth Round.

This Housing Element and Fair Share Plan for Hopatcong Borough has been prepared in accordance with applicable law.

History of Affordable Housing in Hopatcong Borough

Hopatcong Borough did not participate in the Third Round of affordable housing obligations. The New Jersey Supreme Court's declaring the Council on Affordable Housing moribund left the Borough without any way of determining its affordable housing obligation. No developer or other interested party has brought forth a suit over the Borough's lack of participation, nor has the township entered any settlement agreement for an alternative affordable housing obligation determination.

While the Borough has no Housing Element and Fair Share Plan for the Third Round, the Borough did participate in affordable housing activities in the years covered by the round. This includes a HUD and USDA-sponsored housing rehabilitation program in 2006, new construction of 100% affordable housing on eight municipally owned properties in 2006, and approvals for 21 units of supportive housing between 2002 and 2023. With the passage of P.L. 2024, c.2. and establishment of new rules for the Fourth Round, the Borough seeks to bring itself fully in compliance with any new or outstanding affordable housing obligation.

Current Planning Context

Pursuant to both the Fair Housing Act (52:27D-310) and the Municipal Land Use Law (MLUL) N.J.S.A. 40:55D-28, municipalities in New Jersey are required to include a housing element in their master plans. The statutorily required contents of the housing element are as follows:

- a. An inventory of the municipality's housing stock by age, condition, purchase or rental value, occupancy characteristics, and type, including the number of units affordable to low- and moderate-income households and substandard housing capable of being rehabilitated;
- b. A projection of the municipality's housing stock, including the probable future construction of low- and moderate-income housing, for ten years, taking into account, but not necessarily limited to, construction permits issued, approvals of applications for development and probable residential development of lands;
- c. An analysis of the municipality'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 municipality;
- e. A determination of the municipality'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; and

- 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. An analysis of the extent to which municipal ordinances and other local factors advance or detract from the goal of preserving multigenerational family continuity, as expressed in the recommendations of the Multigenerational Family Housing Continuity Commission as adopted pursuant to N.J.A.C. 52:27D-329.20.
- h. For a municipality located within the jurisdiction of the Highlands Water Protection and Planning Council, established pursuant to section 4 of P.L.2004, c.120 (C.13:20-4), an analysis of compliance of the housing element with the Highlands Regional Master Plan of lands in the Highlands Preservation Area, and lands in the Highlands Planning Area for Highlands-conforming municipalities
- i. An analysis of consistency with the State Development and Redevelopment Plan, including water, wastewater, stormwater, and multi-modal transportation based on guidance and technical assistance from the State Planning Commission.

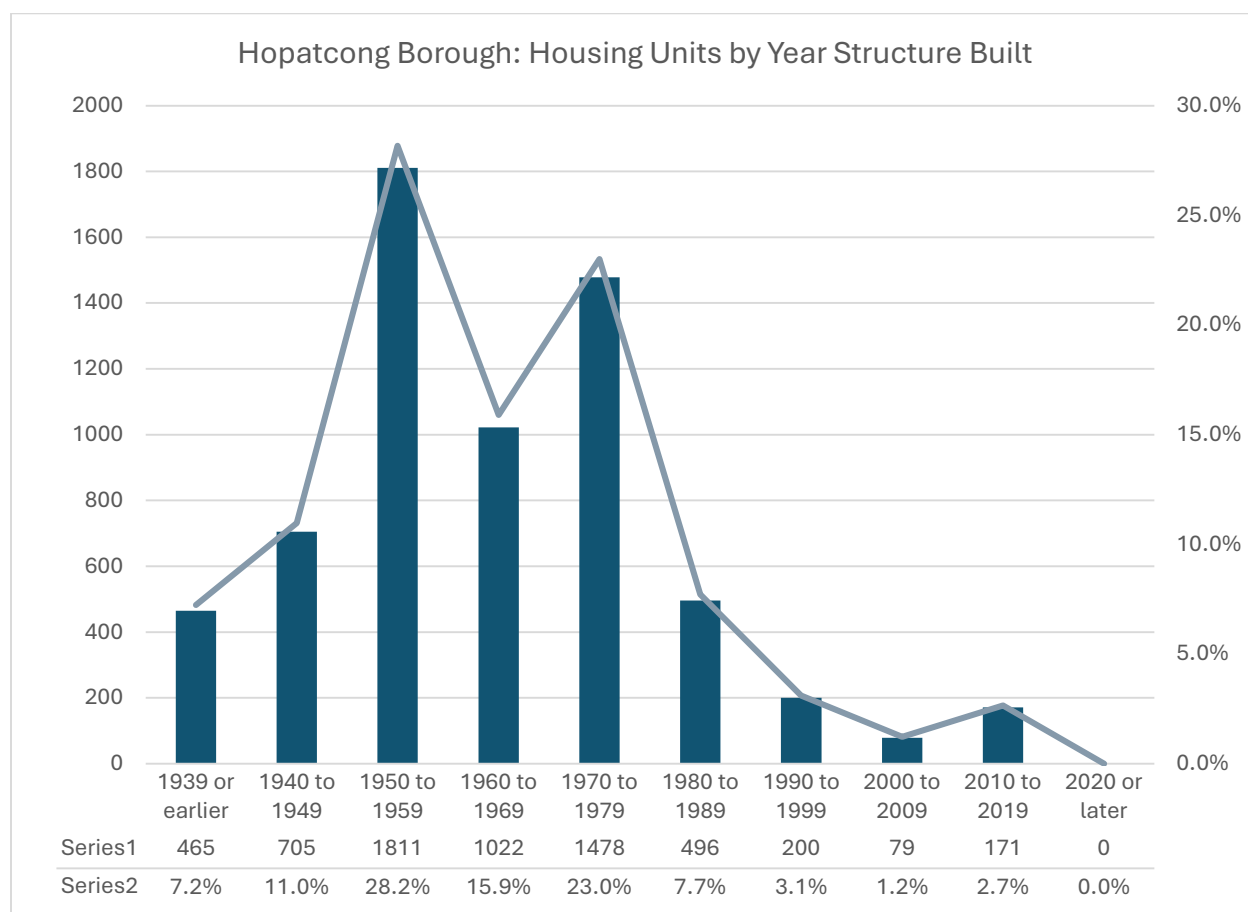
Item A: Municipal Housing Inventory

“An inventory of the municipality’s housing stock by age, condition, purchase or rental value, occupancy characteristics, and type, including the number of units affordable to low- and moderate-income households and substandard housing capable of being rehabilitated;”

Over 95 percent Hopatcong Borough’s housing stock consists of single-family homes. Much of this housing stock is aged, with over half units built prior to 1970, though deficiencies in need of rehabilitation remain low. Compared to the rest of Sussex County, a smaller share of Hopatcong housing stock, 10.5 percent vs. 15.1 percent, is renter-occupied.

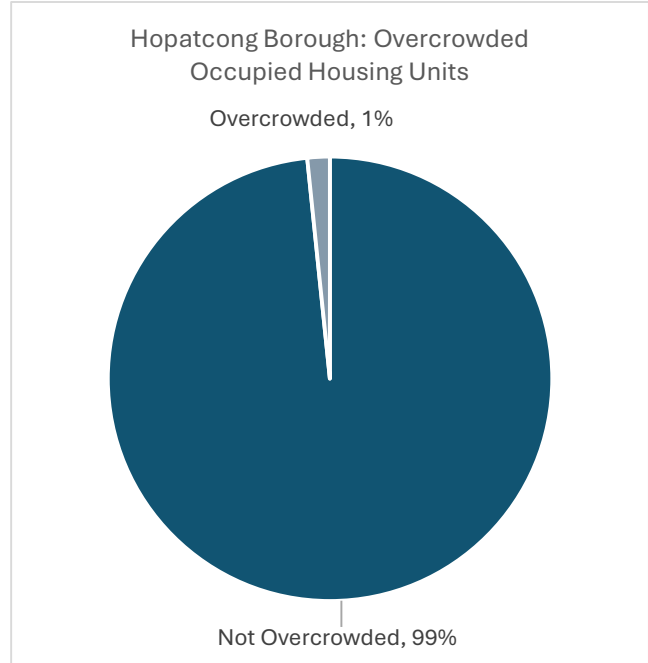
Total Housing Stock, Age, and Condition

According to the 2023 American Community Survey 5-Year Estimates, there are 6,427 housing units in Hopatcong Borough, comprising 10.2 percent of Sussex County’s 62,825 housing units per the same survey. Housing development saw two major spikes in the 1950s and 1970s before falling off sharply. As of writing, no new units have been built since 2020.



Source: 2023 American Community Survey, 5-Year Estimates: B25034

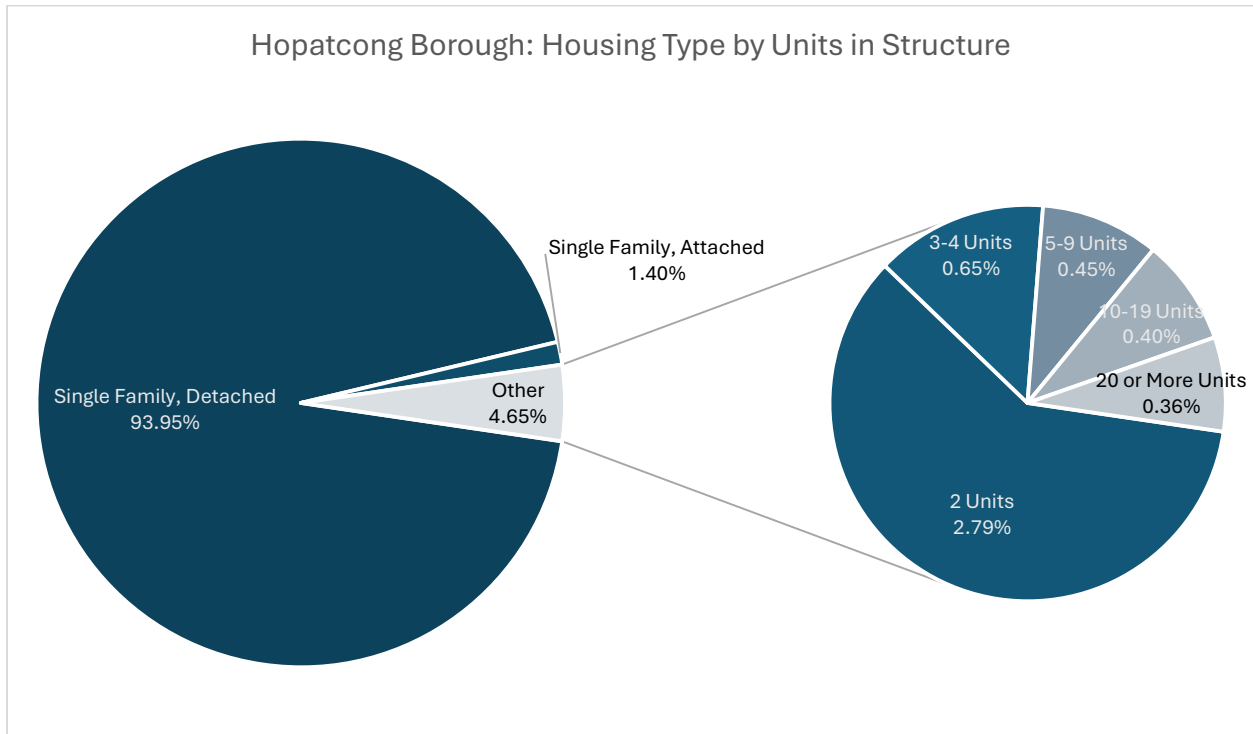
While the overall housing stock is aged, deficiencies in need of rehabilitation remain low. Out of 5,842 occupied housing units in the Borough, only 63 units, just over 1 percent, meet the HUD criteria for overcrowding (more than 1 person per room), with no units meeting the criteria for severe overcrowding (more than 1.5 persons per room). In addition, there are 40 units estimated to lack complete plumbing facilities, and 11 units estimated to lack complete kitchen facilities. These may or may not have overlap with overcrowded units due to limitations in data gathering.



Source: 2023 American Community Survey, 5-Year Estimates, DP04

Housing Type and Value

Over 95 percent of Hopatcong Borough's housing stock consists of single-family homes. Of the portion of units in multi-family structures, over half are duplexes with just two units.



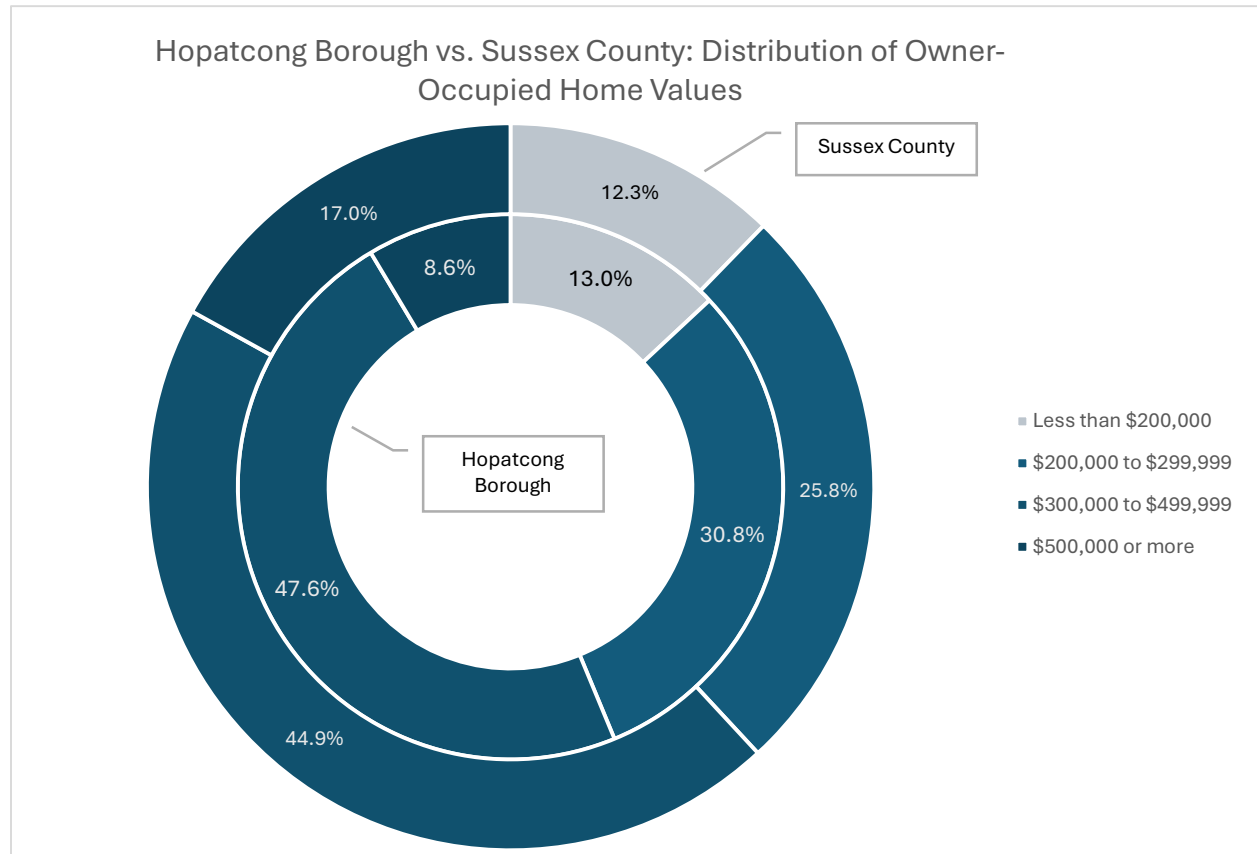
Source: 2023 American Community Survey, 5-Year Estimates, DP04

The table to the right shows the distribution of housing sizes in Hopatcong Borough by number of rooms. Median room count has increased slightly in recent years, from 6.0 in 2018 American Community Survey estimates to 6.1 in 2023 estimates.

Hopatcong Borough: Housing Size by Room Count		
# of Rooms	Total	Percent
1 Room	59	0.9
2 rooms	107	1.7
3 rooms	310	4.8
4 rooms	901	14.0
5 rooms	1031	16.0
6 rooms	1396	21.7
7 rooms	1064	16.6
8 rooms	773	12.0
9 rooms or more	786	12.2
Median # of Rooms	6.1	

Source: 2023 American Community Survey, 5-Year Estimates, DP04

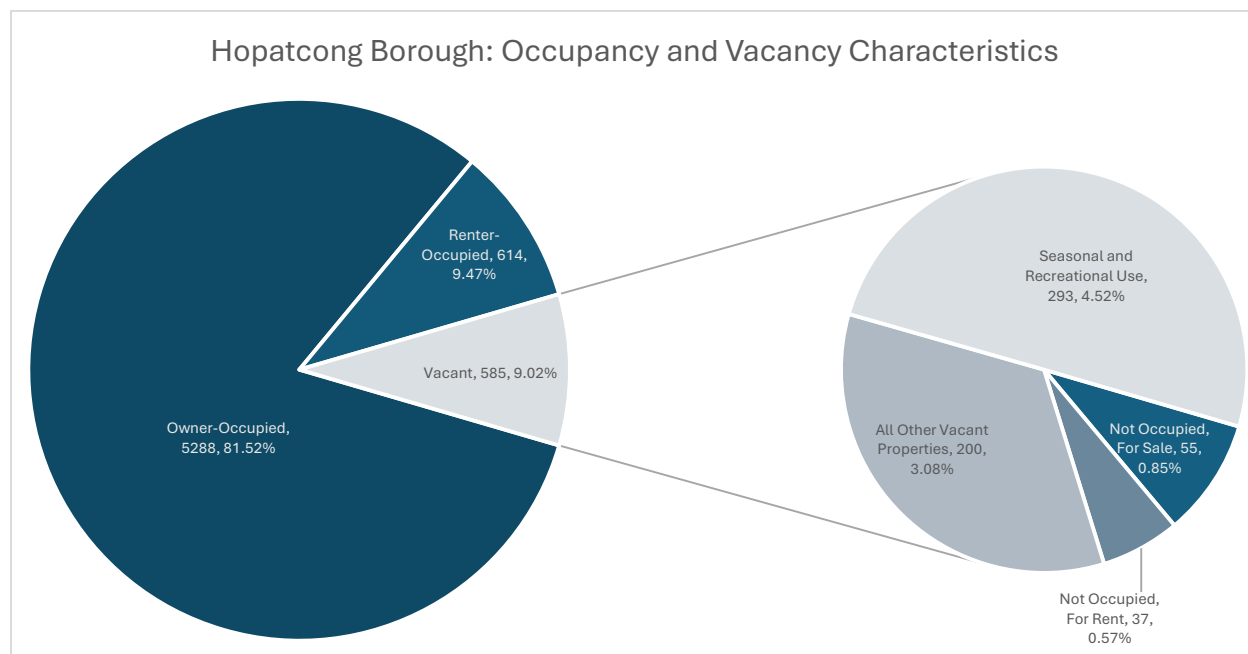
For the Borough's 5,288 owner-occupied housing units, nearly half of all units are valued between \$300,000 and \$500,000. Compared to Sussex County as a whole, the Borough has a significantly lower share of homes valued over \$500,000. It's this difference at the top end that explains most of the difference in median home prices: \$318,600 for Hopatcong Borough versus \$342,800 for Sussex County. Both figures, however, represent considerable increases from the \$240,300 and \$266,000 median home values for the Borough and County, respectively, reported in the 2018 American Community Survey.



Source: 2023 American Community Survey, 5-Year Estimates, DP04

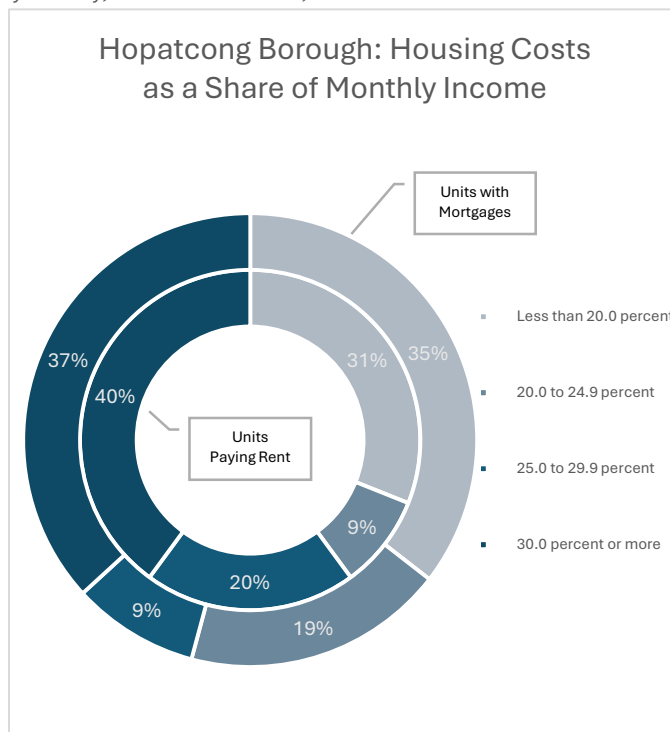
Occupancy Characteristics

Approximately 82 percent of Hopatcong Borough's housing units are owner-occupied. Total vacancies are estimated at 585 units, approximately 8 percent of the total. Owing to much of the Borough fronting Lake Hopatcong, around half of vacant units are from homes occupied only part of the year for seasonal or recreational use.



Sources (top and bottom): 2023 American Community Survey, 5-Year Estimates, DP04 & B25004

In terms of housing burden (defined by HUD as spending 30 percent or more of gross monthly income on housing), approximately 37 percent of units with a mortgage and 40 percent of units paying rent are cost burdened. This does not include approximately 10 percent of occupied units without a mortgage (i.e. owned outright) that also meet the criteria for housing cost burden. For both homeowners and renters, housing burden in the Borough is distinctly bimodal; most residents have either very low or very high housing costs relative to their incomes.



Item B: Municipal Housing Projections

“A projection of the municipality’s housing stock, including the probable future construction of low- and moderate-income housing, for ten years, taking into account, but not necessarily limited to, construction permits issued, approvals of applications for development and probable residential development of lands;”

Per the table on the right, Hopatcong Borough has authorized an additional 112 residential units since 2013. Approximately 40 percent of the authorized units were for multifamily structures consisting of more than two units. At least one new housing unit has been approved every year over the available record period, but housing activity in general remains low in the Borough.

One factor that may contribute to low housing activity is the Borough’s low population growth. The most recent housing, population, and employment forecasts by the North Jersey Transportation Planning Authority show significant cooling in expected population growth between assessments done in 2005 and 2015. Furthermore, as both of these forecasts predate the COVID-19 pandemic, these projections do not capture the disruptive effect the pandemic had on population and job growth across the State.

Hopatcong Borough: Housing Units Authorized by Building Permits		
Year	1 & 2 Family	Multifamily
2013	4	0
2014	4	0
2015	1	1
2016	1	0
2017	22	18
2018	20	0
2019	3	0
2020	4	0
2021	7	0
2022	6	0
2023	21	0
Total	93	19

Source: New Jersey Department of Community Affairs, Building Permits, Yearly Summary Data

Hopatcong Borough: NJTPA Projection Comparisons		
Projected Year (Year of Analysis)	2035 (2005)	2050 (2015)
Population	17,170	15,101
Growth Rate	0.3%	0.1%
Households	6,440	5,854
Growth Rate	0.4%	0.1%
Employment	2,010	1,737
Growth Rate	1.2%	0.4%

Source: North Jersey Transportation Planning Authority, Regional Transportation Plan Municipal Demographic Projections

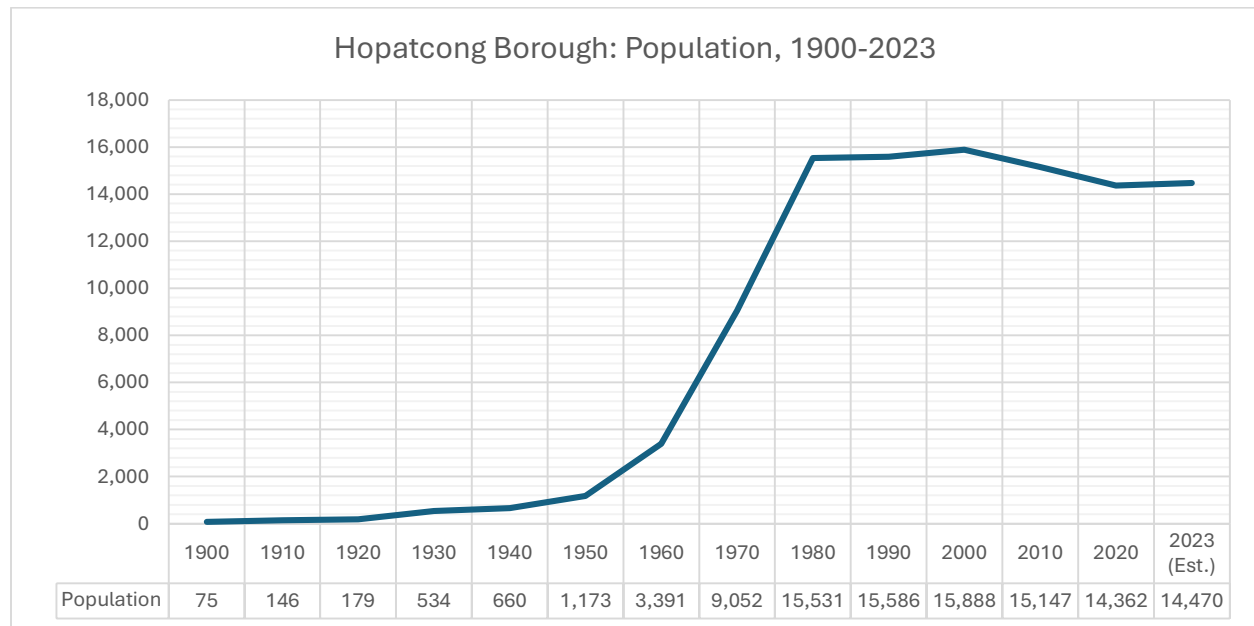
A lack of readily developable land may also contribute to low housing activity in the Borough. 32 percent of all land in the Borough is within the Highlands Preservation Area. Those lands not in the Preservation Area face additional constraints such as confirmed critical wildlife habitat and vernal pool areas, steep slopes, and open waters. These factors place firm upper limits on the developmental potential of the Borough if it is to avoid encroachment on these and other environmental resources.

Item C: Analysis of Demographic Characteristics

“An analysis of the municipality’s demographic characteristics, including but not necessarily limited to, household size, income level and age;”

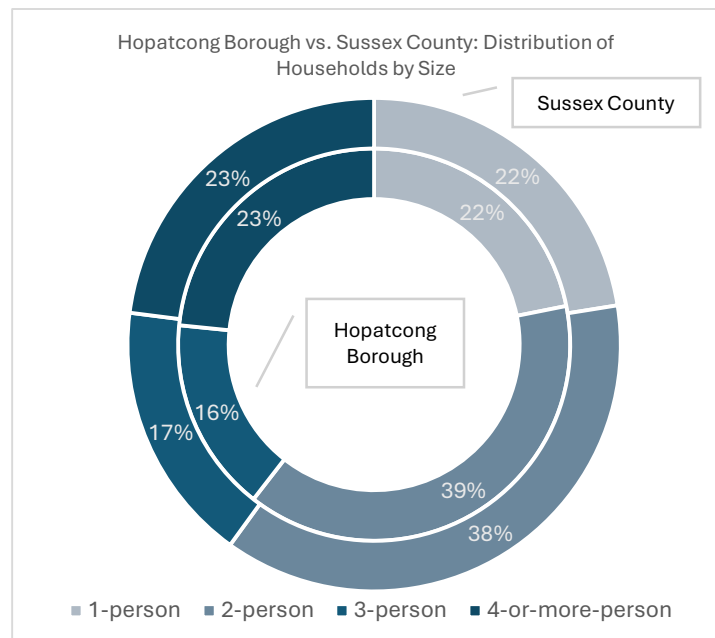
Population and Households

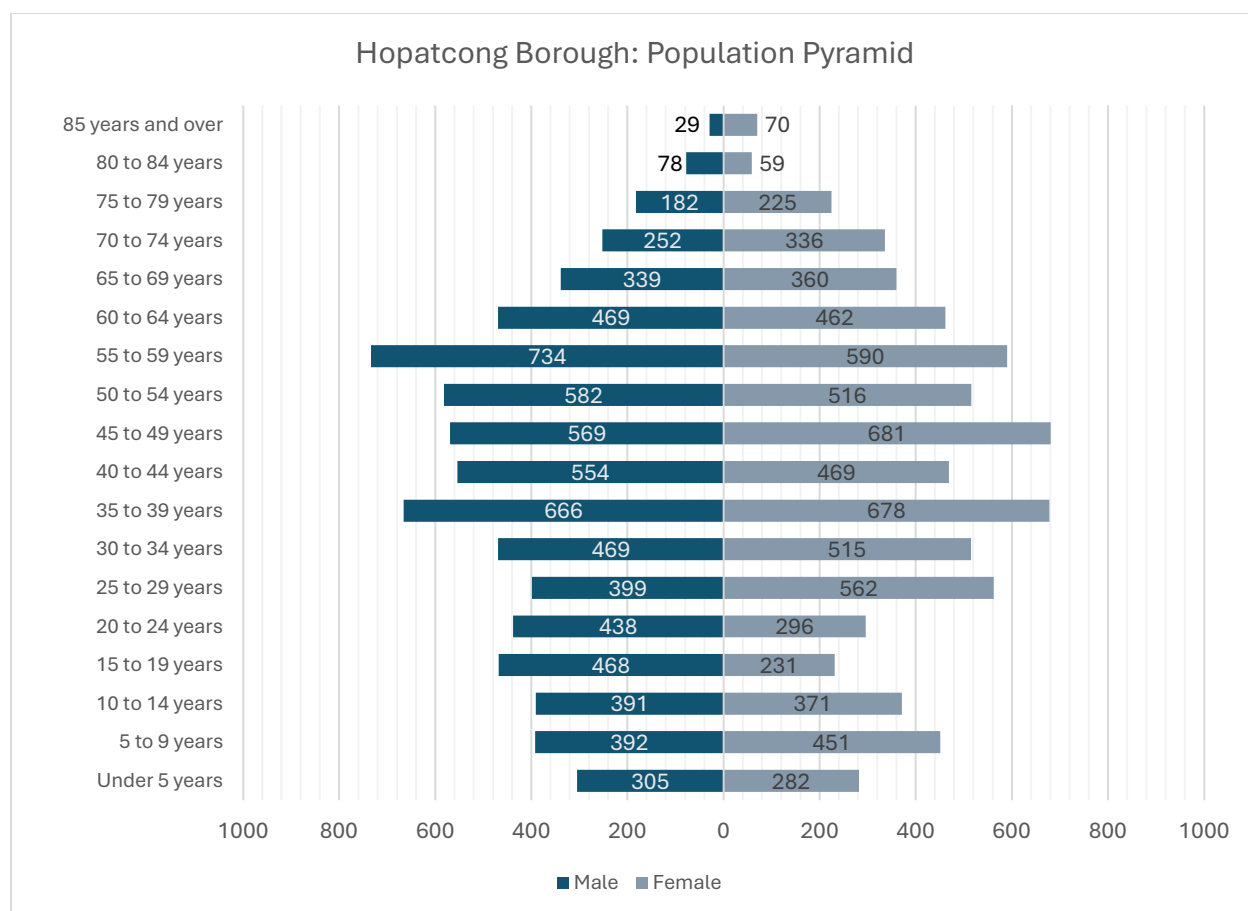
The latest available American Community Survey data estimates Hopatcong Borough’s population at 14,470, nearly identical to the 2020 Decennial Census. Hopatcong Borough grew exponentially from 1940 to 1980, but population would plateau in the following decades and is currently in a gradual decline.



Sources (top and right): 1900-2020 US Decennial Census, American Community Survey, 5-Year Estimates, DP05, S1101 and S2501

Hopatcong Borough’s 14,470 residents are divided between 5,842 total households, of which 4,123 are families. Average household and family size are 2.47 and 2.91, respectively. Both average household and average family size are in line with their respective Sussex County averages of 2.50 and 2.95.





Source: 2023 American Community Survey, 5-Year Estimates, S0101

Hopatcong Borough’s median age of 41.4 years old is slightly older than Sussex County’s median age of 44.1 years. However, the Borough’s old age dependency ratio, a measure of the relationship between people aged 65 and older with the 15-64 working age population, is significantly lower than the County average: 19.6 percent compared to 29.8 percent.

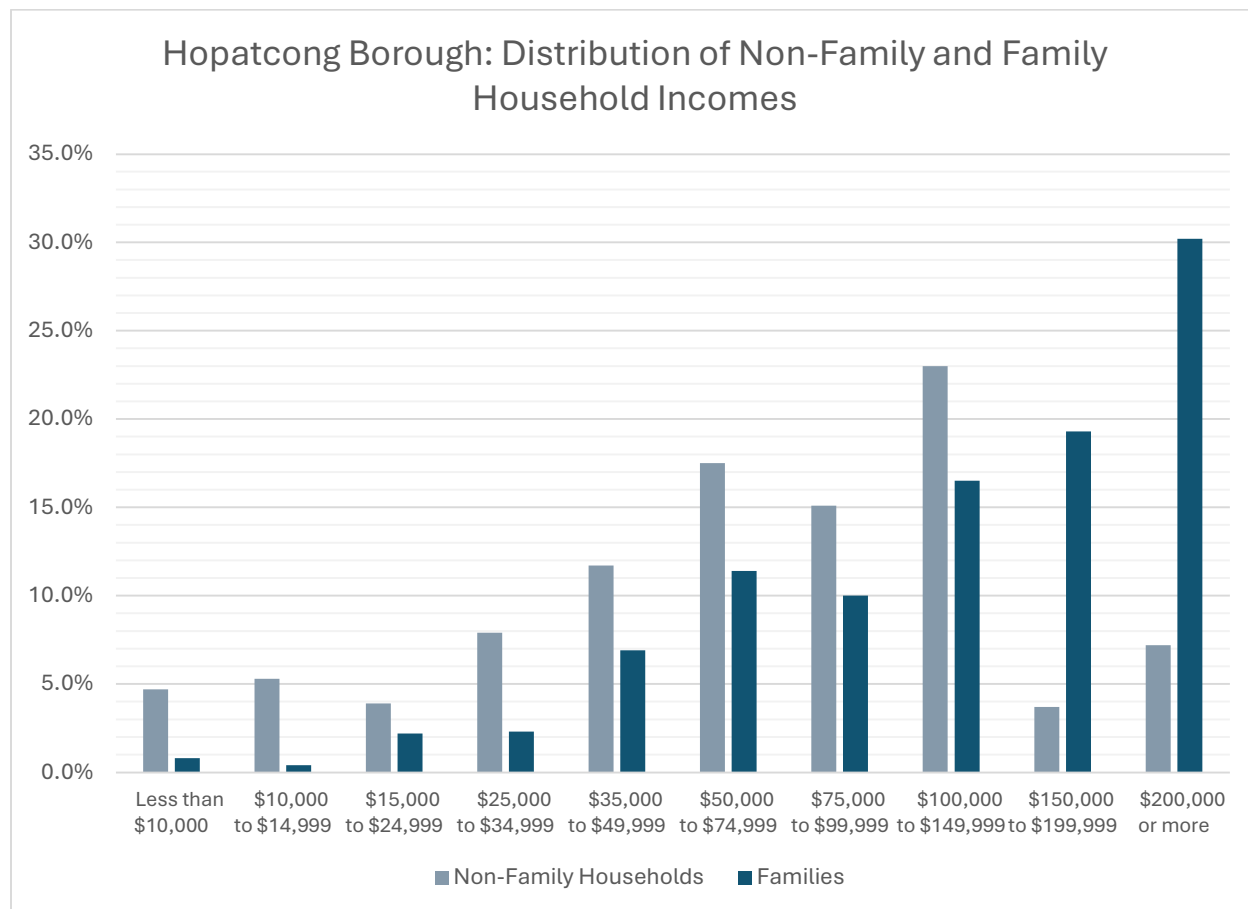
Income

In terms of income, Hopatcong Borough’s median household income is similar to Sussex County as a whole. Median family income is lower than median family income across all of Sussex County, but in keeping with State averages. The Borough’s poverty rate is below both County and State levels.

Selected Economic Characteristics: Hopatcong Borough vs. Sussex County/New Jersey			
	Hopatcong Borough	Sussex County	New Jersey
Median Household Income	\$114,057	\$114,316	\$101,050
Median Family Income	\$124,653	\$134,187	\$123,892
Poverty Rate	4.2%	5.4%	9.8%

Source: 2023 American Community Survey, 5-Year Estimates, S1701, S1901

Analyzing detailed income distributions, non-family household incomes lag behind family households. The median non-family household income of \$83,560 is about two thirds the median family income of \$124,653. At the extreme lower end, while around 7 percent of non-family households have incomes below \$15,000, less than 2 percent of family households do.



Source: 2023 American Community Survey, 5-Year Estimates, S1901

Much of the disparity between family and non-family household income is explained by non-family households being smaller on average; 1.29 persons compared to 2.91 for average family size per the 2023 American Community Survey Five-Year Estimates. However, this should not be taken to mean that all non-family households are wealthier on a per-capita basis, and thus not of concern for affordable housing needs. Demographics such as young working professionals can face difficulties forming families if priced out of homeownership. Similarly, seniors living alone may likely own their homes, but living on fixed incomes can make staying in their homes unviable if increased property valuations result in higher property tax burden. These and other non-family households represent populations more vulnerable to housing costs than simple per capita income metrics would suggest.

Item D: Existing and Future Employment Characteristics

“An analysis of the existing and probable future employment characteristics of the municipality;”

Hopatcong Borough Labor Force Analysis

Hopatcong Borough’s civilian labor force has held steady between 2013 and 2023. This is consistent with trends throughout Sussex County as a whole. Barring a temporary disruption in 2020, unemployment rates have been in decline in both the Borough and County even as the total labor force remains constant.

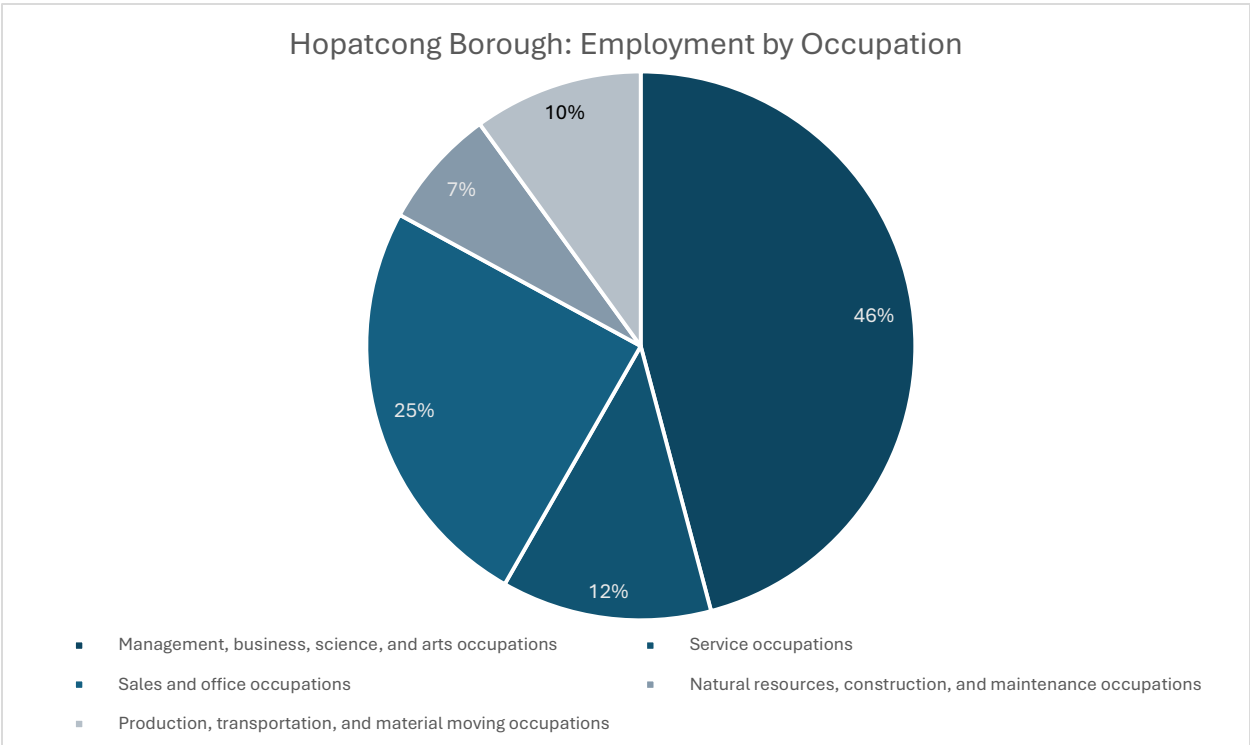
Hopatcong Borough: Labor Force Estimates, 2013-2023				
Year	Civilian Labor Force	Resident Employment	Total Unemployed	Unemployment Rate (%)
2013	8,391	7,678	713	8.5
2014	8,178	7,622	556	6.8
2015	8,031	7,562	469	5.8
2016	7,917	7,530	387	4.9
2017	8,020	7,634	386	4.8
2018	7,993	7,670	323	4.0
2019	8,143	7,858	285	3.5
2020	8,125	7,285	840	10.3
2021	8,042	7,496	546	6.8
2022	8,185	7,845	340	4.2
2023	8,340	7,956	384	4.6

Sussex County: Labor Force Estimates, 2013-2023				
Year	Civilian Labor Force	Resident Employment	Total Unemployed	Unemployment Rate (%)
2013	79,189	72,788	6,401	8.1
2014	77,258	72,319	4,939	6.4
2015	76,070	71,976	4,094	5.4
2016	75,241	71,726	3,515	4.7
2017	76,002	72,719	3,283	4.3
2018	75,967	73,080	2,887	3.8
2019	77,369	74,788	2,581	3.3
2020	76,179	69,295	6,884	9.0
2021	76,084	71,299	4,785	6.3
2022	77,614	74,621	2,993	3.9
2023	79,040	75,673	3,367	4.3

New Jersey: Labor Force Estimates, 2013-2023				
Year	Civilian Labor Force	Resident Employment	Total Unemployed	Unemployment Rate (%)
2013	4,528,019	4,147,661	380,358	8.4
2014	4,493,894	4,191,318	302,576	6.7
2015	4,494,606	4,237,876	256,730	5.7
2016	4,492,821	4,271,201	221,620	4.9
2017	4,614,953	4,406,151	208,802	4.5
2018	4,604,787	4,420,713	184,074	4.0
2019	4,687,390	4,525,044	162,346	3.5
2020	4,638,386	4,200,980	437,406	9.4
2021	4,648,814	4,337,793	311,021	6.7
2022	4,736,213	4,552,563	183,650	3.9
2023	4,829,671	4,615,722	213,949	4.4

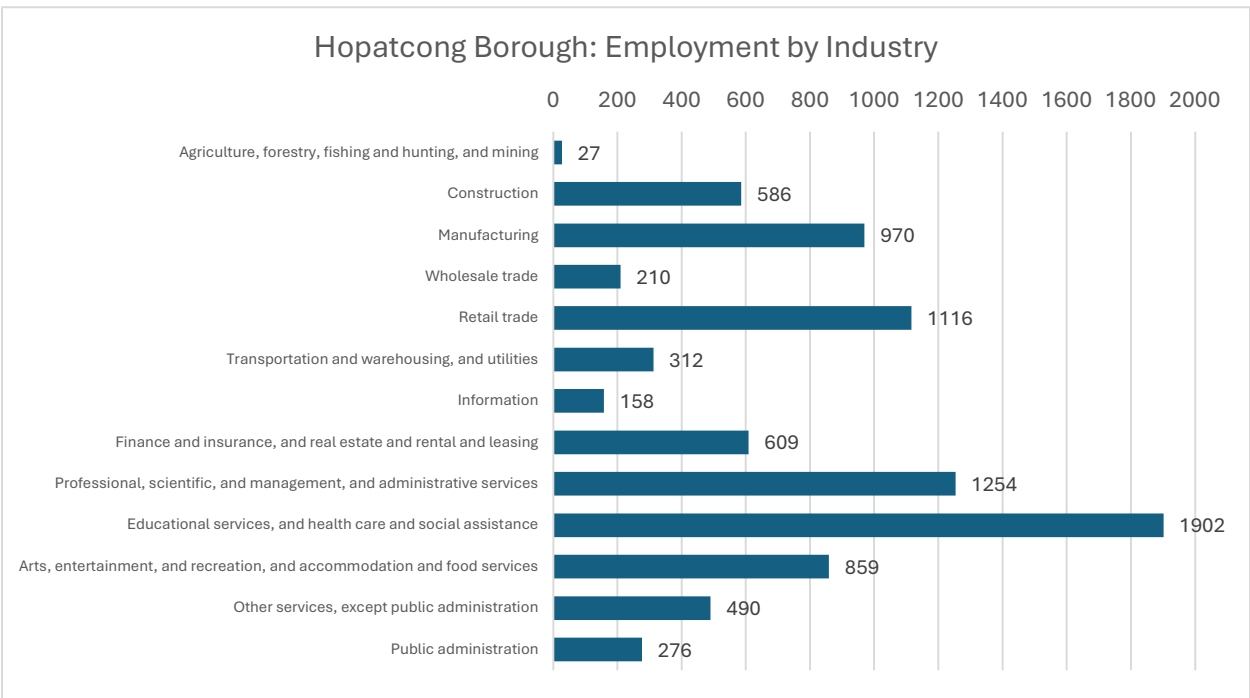
Source: New Jersey Department of Labor and Workforce Development: Labor Force Estimates, 2013-2023

In terms of employment by occupation (type of work done by employer), The management, business, science, and arts occupations comprise about half of the civilian labor force, followed by sales and office occupations and service occupations.



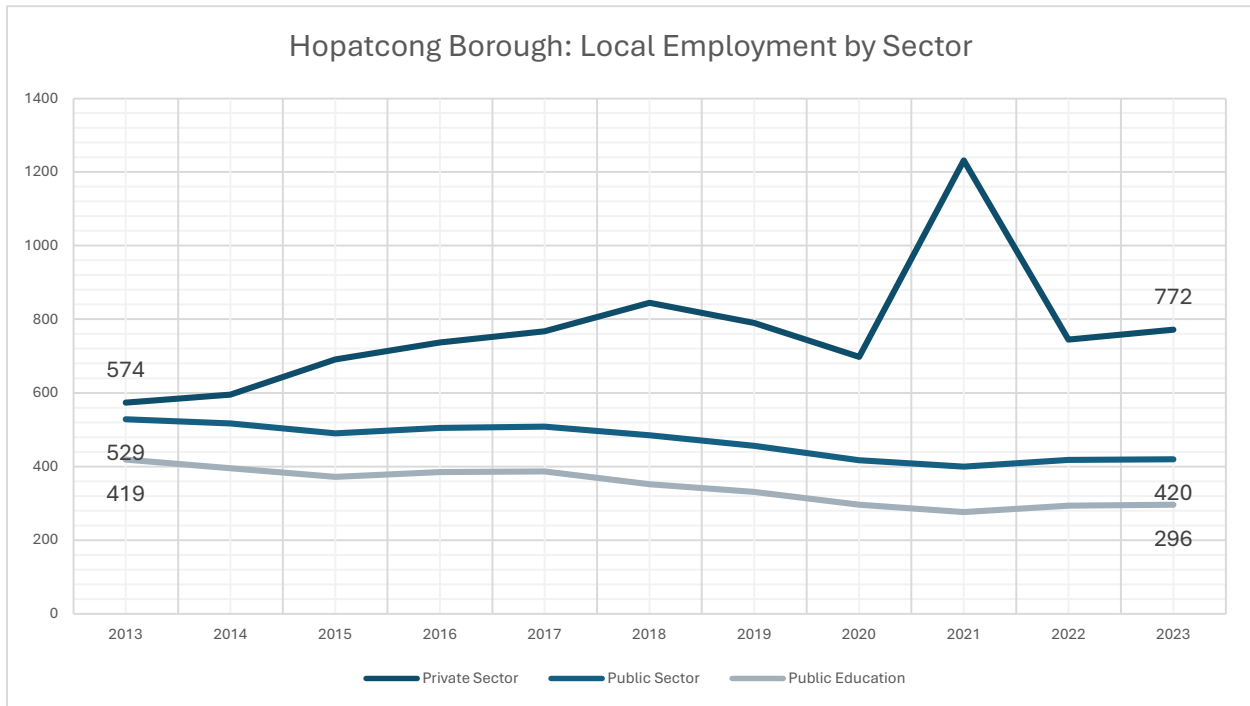
Source (Top and bottom): American Community Survey, 2023 5-year Estimates, DP03

When broken down by industry (class of employer), educational services, health care, and social assistance are the most common industry, followed by administrative professionals.

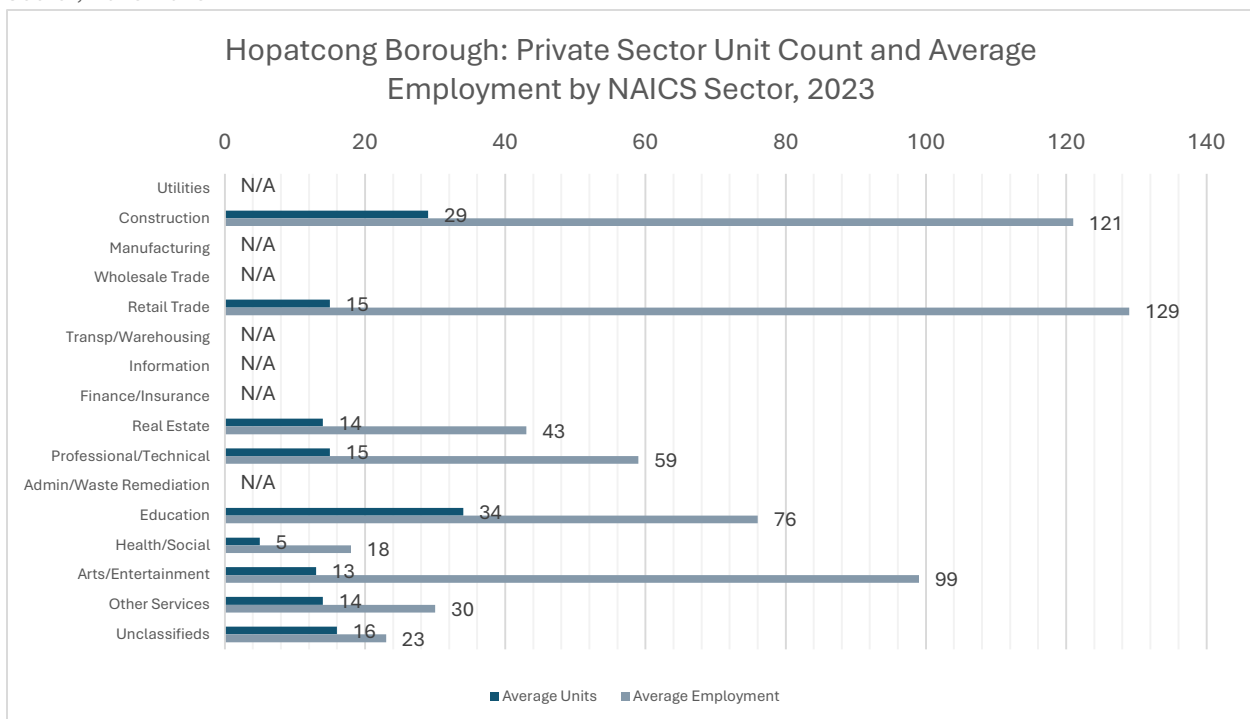


Employment within Hopatcong Borough

The New Jersey Department of Labor and Workforce Development publishes annual Municipal Reports by Sector, but not all sectors have publicly disclosed data. Aggregate data shows that local private employment has pulled away from near-parity with public employment to just below a 2:1 ratio over a ten-year period from 2013 to 2023.



Source (Top and bottom): New Jersey Department of Labor and Workforce Development: Municipal Reports by Sector, 2013-2023



Employment Projections

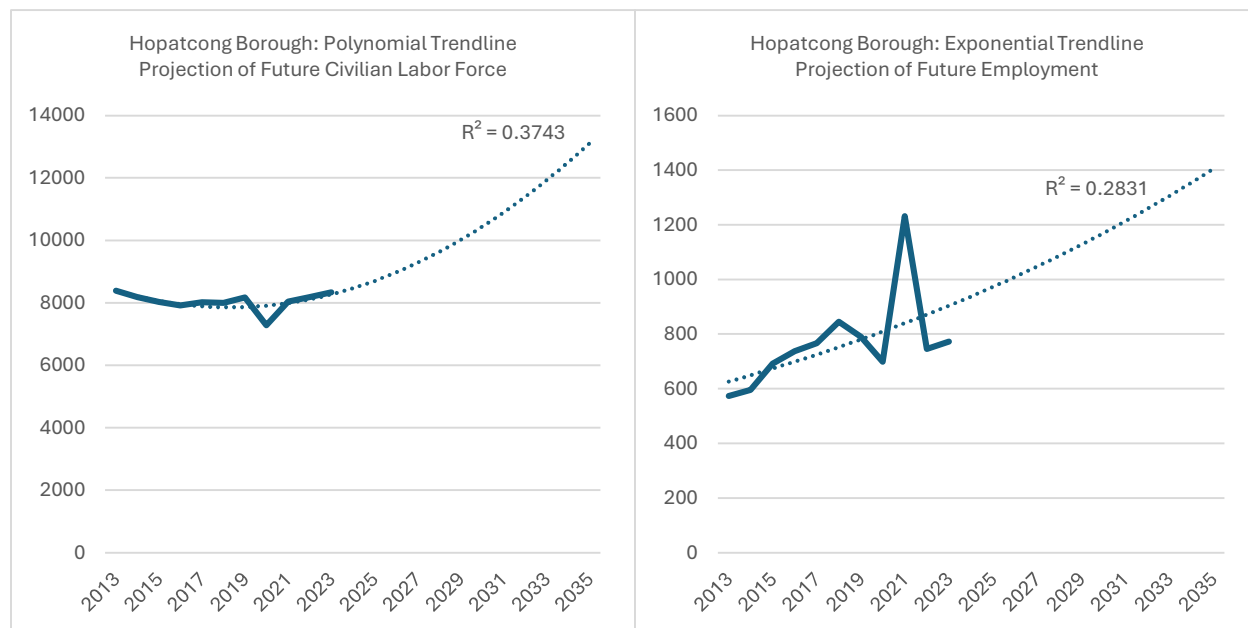
Few sources exist for employment projections at the municipal level. The most recent projections by North Jersey Transportation Planning Authority project an annualized employment growth of 0.4 percent from 2015 to 2050. However, as NJTPA's municipal projections rely on manual allocation of data collected at the county level, these figures do not necessarily relate to other labor force or employment projections by the New Jersey Department of Labor and Workforce Development or United States Census Bureau.

Hopatcong Borough: NJTPA Employment Projection	
2015 Employment	1,505
2050 Employment	1,737
Annualized Employment Change	0.4%

Source: North Jersey Transportation Planning Authority, Regional Transportation Plan Municipal Demographic Projections

Absent more robust publicly available data, the next best projections involve performing statistical analysis on existing available data to extrapolate trends into future projections. Mapping lines of best fit to existing New Jersey Department of Labor and Workforce Development data suggest that, if current trends continue, Hopatcong Borough may have a civilian labor force of just under 13,000 employees by 2035, with local employment reaching 1,400 workers by the same year.

Source: New Jersey Department of Labor and Workforce Development: Labor Force Estimates and Municipal Reports by Sector, 2013-2023



Item E: Present and Prospective Fair Share Determinations

“A determination of the municipality’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;”

Updates to the New Jersey Fair Housing Act pursuant to P.L. 2024, c.2 transferred responsibility for developing methodology for determining municipal present and prospective fair share to the New Jersey Department of Community Affairs. In October of that year, DCA published its report of Affordable Housing Fourth Round Methodology and Background, including initial calculations of present and prospective need for all municipalities. This section summarizes Hopatcong Borough’s allocation of present and prospective need based on DCA’s assessment and the Borough’s response thereof. It also includes a summary of the Borough’s response to all prior round obligations pursuant to the Borough’s settlement agreement with Fair Share Housing Center.

Regional Context

As part of establishing shares of present and prospective need, DCA assigned all New Jersey Counties to one of six housing regions. Sussex County, along with Essex, Union, and Warren County, constitute Region 2.

DCA calculated the affordable housing need for each region based on different methodologies for both present and prospective need. Present regional need utilized US Department of Housing and Urban Development data to estimate the share of inadequate housing (defined using HUD standards as homes that lack complete kitchen or plumbing facilities, as well as homes more than 50 years old and overcrowded). For prospective need, DCA assessed the change in total households in each region between the 2010 and 2020 Decennial Census. This change was then divided by 2.5 on the estimate that 40 percent of household growth came from new low-and-moderate-income households.

New Jersey Housing Region 2 (Essex, Sussex, Union, Warren) Present and Prospective Need	
Present Need	18,547
Prospective Need Determination	
2010 Households	693,844
2020 Households	745,108
Change	51,264
Regional Prospective Need (Change / 2.5)	20,506

Source: New Jersey Department of Community Affairs: Affordable Housing 2025-2035 (Fourth Round) Methodology and Background

Prior Round Obligation

Hopatcong Borough did not participate in the Third Round of affordable housing obligations. The New Jersey Supreme Court's declaring the Council on Affordable Housing moribund left the Borough without any way of determining its affordable housing obligation. No developer or other interested party has brought forth a suit over the Borough's lack of participation, nor has the township entered any settlement agreement for an alternative affordable housing obligation determination. Absent guidance from DCA regarding how to determine Third Round obligations for municipalities without a third-party settlement, this Housing Element makes no assumptions about the extent or status of any prior round obligations.

Fourth Round Obligation

Based on New Jersey DCA's methodology, Hopatcong Borough was determined to have a Fourth Round present need of 3 units, and a prospective need of 306 units, for a total Fourth Round obligation of 309 units. The table to the right summarizes DCA's calculations as pertains to Hopatcong Borough.

Under the provisions of P.L. 2024, c.2, Municipalities were required to either accept the present and prospective need figures as provided by DCA, or calculation their own determination based on methodology laid out in the law (i.e. disputes had to be matters of improper calculation only, not of opinion), no later than January 30, 2025. The Borough would undertake its own assessment of both its present and perspective need. For prospective need, the Borough re-analyzed DCA's land capacity data to remove any parcels that failed to satisfy one or more criteria for vacant developable land according to law.

Based on these analyses, the Borough adopted a revised Fourth Round obligation of 3 present need and 244 prospective need. After resolving any challenges, the Superior Court of New Jersey fixed the Borough's Fourth Round present and prospective need figures in agreement with the Borough's assessment.

New Jersey DCA Fourth Round Calculations for Hopatcong Borough	
Present Need	
Total Present Need	3
Prospective Need	
Nonresidential Valuation Factor	0.29%
Land Capacity Factor	2.21%
Income Capacity Factor	0.81%
Average Allocation Factor	1.10%
Regional Prospective Need (Region 2)	20,506
Prospective Need	306
Preliminary Fourth Round Obligation	309

Source: New Jersey Department of Community Affairs: Affordable Housing 2025-2035 (Fourth Round) Methodology and Background

Summary of Hopatcong Borough's Fourth Round Obligation	
Present Need	
Present Need	3
Prospective Need	244
Prior Round Obligation	TBD
Total Fourth Round Obligation	247*

**To incorporate any unmet prior round obligation once determined*

In addition to establishing methodology for determining present and prospective need, P.L. 2024, c.2 established rules for minimum and maximum allowances for certain types of affordable housing. Based on Hopatcong's determination of present and prospective need, the following minimums and maximums apply:

- Age-restricted housing is limited to a maximum of 30 percent (73 units) of a municipality's prospective need.
- Bonus credits of any kind are limited to a maximum of 25 percent (61 units) of a municipality's prospective need.
- Affordable units reserved for very low-income households must constitute a minimum of 13 percent (32 units) of a municipality's actual units created towards its prospective need.
- Affordable units available to families with children must constitute a minimum of 50 percent (122 units) of a municipality's actual units created towards its prospective need.
- Affordable units for rent must constitute a minimum of 25 percent (61 units) of a municipality's actual units created towards its prospective need, with at least half (31 units) of affordable rental housing made available to families with children.

Item F: Consideration of Appropriate Sites

“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.”

Pursuant to N.J.A.C. 5:93-1.3, sites that are designated to produce affordable housing shall be available, approvable, developable, and suitable according to the following criteria:

- “Available site” means a site with clear title, free of encumbrances which preclude development for low- and moderate-income housing. N.J.A.C. 5:93-1.3.
- “Approvable site” means a site that may be developed for low- and moderate-income housing in a manner consistent with the rules or regulations of agencies with jurisdiction over the site. A site may be approvable although not currently zoned for low- and moderate-income housing.
- “Developable site” means a site that has access to appropriate water and sewer infrastructure, and is consistent with the applicable area wide water quality management plan (including the wastewater plan) or is included in an amendment to the area wide water quality management plan submitted to and under review by the DEP.
- “Suitable site” means a site that is adjacent to compatible land uses, has access to appropriate streets and is consistent with the environmental policies delineated in N.J.A.C. 5:93-4.

In addition to the above qualifications, sites should be consistent with the State Development and Redevelopment Plan (SDRP). Sites that are located in the Metropolitan Planning Area 1 or Suburban Planning Area 2 of the SDRP, or are in an existing sewer service area, are the preferred locations for municipalities to address their fair share obligation. Approximately one third of Hopatcong Borough is in the Highlands Preservation Area, outside of the jurisdiction of the SDRP. Of the remaining land, the Borough consists primarily of Planning Area 5 (Environmentally Sensitive), with portions of Planning Area 4 (Rural) along the borders of the Preservation Area. Most of the land outside of the Highlands Preservation Area is a Highlands designated center, including its entire coastline with Lake Hopatcong.

As required under the Fair Housing Act and the MLUL, the Township shall consider “lands of developers who have expressed a commitment to provide low- and moderate-income housing.” The Borough has not received any interest from any developer who has expressed a commitment to providing low- and moderate-income housing.

Affordable Housing Tools and Credits

In meeting the Borough's affordable housing obligations, the Fair Housing Act grants municipalities a variety of tools and opportunities for credit towards their prospective need. A municipality may receive one credit for such activities as establishing affordability controls with private developers, rehabilitating existing housing units into affordable units, or administering their own properties for affordable housing, among others.

In addition to regular credit-earning activities, certain development types associated with the most at-need populations and best development practices are eligible to receive bonus credits. A summary of the credits authorized by P.L. 2024, c.2 is provided in the accompanying table. Such bonus credits may apply for up to 25 percent of a municipality's prospective need for the Round.

Development Type	Bonus Credits:
Creation of LMI housing for individuals with special needs or permanent supportive housing	1
Creation of LMI housing in partnership/sponsorship with a non-profit housing developer	0.5
Creation of LMI housing within a half-mile radius of an NJ Transit, Port Authority, or PATH rail, bus, or ferry station (one mile radius if also in a Garden State Growth Zone)	0.5
Creation of age-restricted housing, provided the credit is not applied to more than 10% of the units constructed in a development	0.5
Creation of LMI housing with at least three bedrooms, in excess of the minimum 50% of new units created for the bedroom distribution of required affordable housing for families with children	0.5
Creation of LMI housing on land that was previously developed/utilized for retail, office, or commercial space	0.5
Extending an existing LMI unit's affordability control for a new term of affordability	0.5
Creation of LMI units as part of an 100% affordable development, provided the municipality contributes either land or a minimum 3 percent of the development costs towards the project.	1
Creation of LMI housing for Very Low-Income families above the 13% of units required to be reserved for Very Low-Income families	0.5
Creation of LMI housing by converting an existing market rate unit into an affordable unit	1

Source: P.L. 2024, c.2 (N.J.S.A. 52:270-301, et seq.)

Vacant Land and Durational Adjustments

Depending on local conditions, it may not be possible for a municipality to provide sufficient sites for meeting its affordable housing obligations, even with bonus credits. In such cases, a municipality may request an adjustment of its prospective need. The Fair Housing Act provides for two such adjustments:

- Vacant Land Adjustments, which are based on a lack of developable land due to such factors as environmental constraints, deed restrictions, or preexisting plans for development that remove currently vacant lands from consideration.
- Durational Adjustments, which are based on a lack of available water and sewer infrastructure, or available capacity for expanding such infrastructure.

Each type of adjustment has its own advantages and disadvantages. A vacant land adjustment has the advantage of lowering a municipality's total perspective need outright. However, vacant land adjustments require the municipality to complete an inventory of its developable lands to demonstrate its limited development potential. Such assessments are vulnerable to being revised upwards by courts calling for greater presumptive densities than the initial inventory would suggest.

Additionally, developer interest in inclusionary developments may initiate further upwards revisions of prospective need based on a change in circumstances, as land previously considered unlikely to develop may be included. Thus, while a vacant land adjustment can potentially lower a municipality's prospective need, it leaves municipalities vulnerable to later upwards revisions should an interested party challenge the determination.

In comparison, a durational adjustment defers the obligation to provide for a municipality's prospective need until suitable water and sewer infrastructure exists to support such development. Compared to vacant land adjustments, durational adjustments are simpler to determine; a municipality only needs to demonstrate its lack of available water and sewer infrastructure and inability to secure additional water and sewer allocation based on availability.

However, should a municipality receive a durational adjustment, it obligates any increase in public water and sewer capacity to be prioritized towards satisfying its prospective need. Since durational adjustments do not reduce a municipality's prospective need, this requires the municipality to devote such infrastructure towards satisfying its entire affordable housing obligation, before approving other types of development. This can severely limit a municipality's ability to expand other land uses.

Affordable Housing Subcommittee

Hopatcong Borough is seeking a durational adjustment for its entire Fourth Round prospective need. At present, it is not possible for the Borough to satisfy its prospective need through available sites without first establishing additional water and sewer infrastructure. At the same time, a lack of developer interest and unresolved questions regarding prior round obligations leave the Borough unable to identify appropriate sites to satisfy its obligation in a realistic manner.

In order to begin addressing these deficiencies, the Borough proposes to establish an Affordable Housing Subcommittee. The Subcommittee will be tasked with definitive record of affordable housing compliance actions within the Borough, coordinating with DCA to resolve ambiguities surrounding the Borough's prior round obligation, and establishing criteria for site selection that, should adequate service infrastructure be developed, may provide available, approvable, developable, and suitable sites for providing a realistic opportunity for the Borough to satisfy its current and outstanding affordable housing obligations.

Affordable Housing Overlay Zone

In anticipation of future Subcommittee actions, the Borough proposes to establish an Affordable Housing Overlay Zone. This floating zone will provide a foundation for future zoning amendments to permit inclusionary residential developments sufficient to satisfy the Borough's obligations, conditional on the establishment of adequate public water and sewer capacity to support such development. Where such overlays are established, the underlying zoning will remain in effect until such a time as a developer expresses a commitment to providing low- and moderate-income housing within the designated zones.

Additional Compliance Mechanisms

The Borough will continue to seek opportunities to partner with non-profit organizations for the rehabilitation and, on a per-site basis, construction of new affordable housing units. The Borough will likewise continue to maintain its Affordable Housing Trust Fund, including a commitment to conform with all reporting requirements thereof.

Items G, H, and I: State and Regional Consistency Requirements

Multigenerational Housing Continuity Commission Consistency

“An analysis of the extent to which municipal ordinances and other local factors advance or detract from the goal of preserving multigenerational family continuity, as expressed in the recommendations of the Multigenerational Family Housing Continuity Commission as adopted pursuant to N.J.A.C. 52:27D-329.20.”

The New Jersey State Legislature established the Multigenerational Housing Continuity Commission in 2021 with the passage of P.L. 2021, c.273. The Commission, created in response to a record number of senior deaths in nursing homes during the COVID-19 pandemic, is tasked with informing the Governor of local incentives and barriers to seniors living with members of their extended family as an alternative to nursing homes. As part of the law, municipalities are required to review their ordinances and other factors for their potential to advance or detract from multigenerational living arrangements as a required component of the Housing Element.

While Hopatcong Borough’s code doesn’t contain any explicit provisions to promote multigenerational family living arrangements, nothing about the Borough’s definition of a family or single-family dwelling is constructed to impede such arrangements as permitted residential uses. The Borough’s Highlands code includes a stronger definition of immediate family member that explicitly includes grandparents as immediate family members, but this word usage only pertains to activities eligible for granting municipal Highlands Act exemptions. Similarly defining family in land use to include multi-generational considerations may clarify the right of multi-generational families to make such arrangements as a permitted residential land use.

Highlands Regional Master Plan Consistency

“For a municipality located within the jurisdiction of the Highlands Water Protection and Planning Council, established pursuant to section 4 of P.L.2004, c.120 (C.13:20-4), an analysis of compliance of the housing element with the Highlands Regional Master Plan of lands in the Highlands Preservation Area, and lands in the Highlands Planning Area for Highlands-conforming municipalities”

This Plan is consistent with the Highlands Regional Master Plan (RMP). Any proposed development within the Highlands Preservation Area will be 100% affordable pursuant to the July 2024 Affordable Housing RMP Amendment to Policy 71G pertaining to case-by-case Highlands permit and waiver review in the Preservation Area. Additionally, per amendments

to Water Availability objectives, any creation or expansion of public water and wastewater systems shall be limited to the Existing Community Zone of the Planning Area.

Hopatcong Borough submitted its Petition for Plan Conformance for the Planning Area in 2019. Even prior to this petition, the Borough has prepared several planning documents pursuant towards conformance with the Highlands Regional Master Plan. These include an updated Master Plan Reexamination Report, Highlands Environmental Resource Inventory, and Highlands Exemption Ordinance. The Borough intends to continue towards conformance with the Highlands Regional Master Plan.

New Jersey State Development and Redevelopment Plan Consistency

“An analysis of consistency with the State Development and Redevelopment Plan, including water, wastewater, stormwater, and multi-modal transportation based on guidance and technical assistance from the State Planning Commission.”

Approximately 32 percent of the Borough is in the Highlands Preservation Area, outside of the jurisdiction of the State Development and Redevelopment Plan. The remainder of the Borough is in Planning Area 5 (Environmentally Sensitive), save for select parcels located at the northern and western edges of the non-Preservation Area portion in Planning Area 4 (Metro). Most of the Borough outside of the Highlands Preservation Area, including the entirety of its lakeside frontage, is a State Plan Center, coinciding with a Highlands Designated Center of similar extents.

While the Center designation is consistent with the Borough’s existing lakeside community character and public water and sewer infrastructure, such development potential must be balanced against the need to preserve and enhance the ecosystem of the State’s largest freshwater lake. This will entail not only limiting development outside of existing sewer service area but ensuring that such development and related infrastructure meets such design standards to prevent impacts, such as soil erosion and nitrogen deposition, known to degrade lake ecosystems.

No rail or bus service operates directly to and from Hopatcong Borough. Residents living in the southern portions of the Borough can access the Morris and Essex Line and Montclair-Boonton Line of NJ Transit via the Lake Hopatcong Station in nearby Roxbury Township. NJ Transit operated a park and ride service from the downtown area, but this service no longer appears on their latest map. Resumption of this or a similar shuttle service between transit stations and the downtown may be the topic of additional feasibility studies pursuant to the recommendations of the State Development and Redevelopment Update.