Talking Points – Laurette Kratina, PP, AICP, Supervising Planner, Somerset County Planning Board – August 5, 2008 Somerset County Planning Chair's Forum

Revised Vacant Land Analysis Published in the NJ Register on June 16th, 2008

First, it is important to recognize that despite objections raised during review of the first version of the Vacant Land Analysis associated with COAH's Third Round Rules Published in the January 22, 2008 NJ Register, no fundamental changes were made involving use of the NJDEP's 2002 Land Use Land Cover Dataset as the basis for defining vacant land in the analyses associated with the Third Round Rules Adopted May 6, 2008 or the proposed amendments. Tax parcels were not used in either the first or second analyses, contributing significantly to obvious errors that result in an over-estimation of vacant land. The bulk of the error has to do with the inclusion of the back yards and grounds of many residential and non-residential parcels that cannot be subdivided without a variance as part of developable land. The proposed rule amendment published in the register on June 16th includes language that acknowledges this error, but states that, because uniform, state agency verified parcel data is not available statewide, parcel data could not be used for the analysis. The Vacant Land Analyses were prepared for COAH by the National Center for Neighborhood and Brownfields Redevelopment at Rutgers University.

The changes made to the vacant land analysis associated with the proposed amendments to the Third Round Rules include:

1. 300' C-1 waterway buffers were expanded to include all headwaters. Buffers for certain other streams in areas with acid soil conditions were expanded to 150'.
2. DEP clipped adopted sewer service areas to remove Habitat ranked 3, 4 and 5, wetlands, C-1 buffers and Floodplains. It is important to note that this layer is draft. It is currently being vetted at the municipal level by counties involved in the new Wastewater Planning Process. It is subject to corrections identified by Counties and Municipalities as part of the WMP process. Many corrections involve developments that have occurred since 2002 which are now receiving sanitary sewer service.
3. Build-out was re-calculated for all vacant lands outside of the DEP modified Sewer Service Areas outside the Modified SSA boundaries using HUC 11 septic densities based on the new 2.0 nitrate dilution standards specified in the new DEP WQMP Rules. The density multipliers used by Rutges were

derived by Rutgers based on community type and State Plan – Planning Area, and were applied to vacant lands within the Modified SSA boundary. For Somerset, which is in COAH Housing Region 3, densities range from 13.84 units per acre for Category 1 lands to 2.27 units per acre for Category 4 lands.

4. The revised Analysis also uses GIS data representing actual municipal zoning densities within Sewer Service Areas in the Highlands Planning Area. DEP's new septic density standards based on a nitrate dilution factor of 2.0 ppm was applied in the non-sewered portions of the Highlands Planning Area. It is important to note that the Highlands Council considers this to be inconsistent with the Highlands Regional Master Plan. It is our understanding that the DEP is developing a "hybred" approach that blends the new WQMP septic standards with the Highlands septic standards for use in the Planning Area. This will lower build-out results.

In your packet, please see that a tables have been included that compare the vacant land analysis results associated with the Adopted rules with the proposed rule amendments. We would like to point out the significant increase revised NCNBR Report shows for our Highlands Municipalities. This is attributed to the use of density factors associated with actual zoning, which results in a significant increase in non-residential development capacity because of the way vacant land is defined.

Projections

Econsult – COAH's consultant that prepared the Task 1 report "Allocating Growth to Municipalities" used complicated method that I will attempt to describe, when coming up with municipal projections for 2018 from which municipal growth share affordable housing obligations were derived.

Econsult allocated NJ Department of Labor and Work Force Population and Employment Projections available at the county level down to the municipal level based on municipal historical growth trends and the extend to which each municipality is approaching its physical growth capacity. In addition to using the revised build-out results produced by Rutgers as part of the Vacant Land Analysis, a somewhat mysterious revised "implied growth rate" was used in the process through which the revised housing and employment growth allocations were made.

The revised Task 1 report amends the previously calculated "implied growth rate" to reflect a longer sampling period of 1993 through 2006 and "a historical build-out level" that is not clearly explained in the report.

The basic steps that were used are generally as follows:

1) Econsult first calculated the average each municipality's historical growth rate and its implied growth rate. The rates were applied to the 2002 base year, and the municipal growth was totaled for each County. When the total exceeded the Department of Labor's projection for the County, the municipal projections were then proportionately scaled down.
2) To determine if the physical growth capacity of the municipality was exceeded, the growth in each municipality was compared to the Build-out results from the revised Vacant Land Analysis. The 2018 projections were constrained so as not to exceed the municipal build-out capacity.
3) ECONSULT then applied a "maximum growth rate" which is either the municipality's historical growth rate or its implied growth rate – whichever is highest.
4) The "spillover" amounts from municipalities that had growth rates beyond the "Vacant Land Build-out" and "maximum growth rate" was then distributed to any adjacent municipalities that had not reached their "maximum growth" yet. Once all adjoining municipalities reached their maximums – any remaining spill-over is allocated to the next ring of adjacent municipalities, and this process is repeated until all spillover is distributed. Spillover can even be pushed into adjacent counties in this way. No table is provided in the Task 1 Report that shows which municipalities received spillover, or sent spillover.
5) The sum of the municipal projections were then re-checked against the County-level NJ Dept. of Labor projections, which must match within a range of 0.1. If too low, municipal projections were scaled up, if too high, they were scaled down.

The process is virtually impossible to replicate. In addition, the concept of reallocating spillover appears arbitrary – there is no rational relationship between the allocation of spillover to the growth trends and patterns of the "receiving" municipalities.

Furthermore, the use of fundamentally outdated NJ Dept. of Labor projections is questionable given the very significant socio-economic changes that are occurring both nationally and statewide. These changes, further compounded by changes in industry and technology, are affecting the entire economy and housing industry in particular. Economic reports indicated that this economic slowdown will last for a prolonged amount of time as compared to the last recession we experienced. It is

important to note that the NJ Department of Labor routinely updates its projections every 2 years. It released updated state-level projections last month which show a significantly slower growth rate statewide than the previous projections. This slower growth rate is especially pronounced with regard to new jobs.