

*Public Hearing Document*  
**Amendment to the  
Housing Element  
and Fair Share Plan**

City of Vineland  
Cumberland County, New Jersey

November \_\_\_\_, 2020

Clarke Caton Hintz




# Amendment to the Housing Element and Fair Share Plan

City Council and Planning Board  
City of Vineland  
Cumberland County, New Jersey

\_\_\_\_\_, 2020

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## Table of Contents

<b>Executive Summary</b> .....	1
<b>Fair Share Plan</b> .....	2
<b>Vineland’s Affordable Housing Obligation</b> .....	2
Rehabilitation .....	2
Prior Round .....	3
<i>Table 1. Prospective Need Credits</i> .....	4
<b>Market-to-Affordable</b> .....	4
<b>Newcomb Hospital Redevelopment</b> .....	5
<i>Newcomb Hospital Aerial</i> .....	6
100% Affordable Development: Newcomb Senior Apartments .....	8
Alternative Living Arrangements: Newcomb Assisted Living .....	9
<b>100% Affordable Family Housing</b> .....	9
<b>Affordable Housing Ordinance and Affirmative Marketing</b> .....	10
<b>Affordable Housing Trust Fund</b> .....	10
<b>Affordable Housing Administration</b> .....	11

## EXECUTIVE SUMMARY

This amendment to the June 10, 2015 adopted Third Round Housing Element and Fair Share Plan has been prepared for the City of Vineland, Cumberland County, in accordance with the rules of the New Jersey Council on Affordable Housing (hereinafter "COAH") at N.J.A.C. 5:93 et seq. and extant rules at N.J.A.C. 5:97 et seq., and the NJ Fair Housing Act (N.J.S.A. 52:27D-301 et seq.)

While the City of Vineland's Third Round affordable housing obligation, as detailed in the 2015 adopted housing plan, consists entirely of a Rehabilitation Share, an unforeseen opportunity for new affordable housing development has presented itself since the Plan was adopted. In addition, the City desires to collaborate with a tax-credit developer on a future 100% affordable family rental project, and to establish a Market-to-Affordable program, in order to create additional new affordable units. The City is therefore amending its Plan in order to incorporate these proposed affordable units, which it will seek to have credited toward a future affordable housing round. The City has also prepared a new Spending Plan in order to allow it the opportunity to fund its proposed Market-to-Affordable program and to provide financial support for the development of the proposed affordable housing units.

The Housing Element of the Master Plan is supported by a technical appendix called the Fair Share Plan Implementation that contains various resolutions, ordinances, crediting documents and other information pertinent to this element.



## FAIR SHARE PLAN

### VINELAND'S AFFORDABLE HOUSING OBLIGATION

In its March 10, 2015 decision, the New Jersey Supreme Court directed that the methods of determining municipal affordable housing allocation were to follow the methodology of the First and Second Round rules. For simplicity's sake, these are called the Second Round rules and are codified in the state's Administrative Code as N.J.A.C. 5:93-1 et seq. These categorize a municipality's affordable housing obligation into several components. Specifically, these include the Present Need or Rehabilitation Share; Prior Round, the cumulative obligation from the first and Second Rounds (1987-1999) and the Prospective or Future Need (1999-2025). Present need is defined in the Second Round rules as the sum of the "indigenous need" and the "reallocated present need." However, this was modified by the Court so that the reallocated present need was no longer to be assigned to municipalities in the region. Indigenous need is sub-standard housing occupied by low- and moderate-income households. This is now more commonly called the "Rehabilitation share." The reallocated present need that is no longer required to be distributed is the technique where excess indigenous need in a municipality was reassigned to other municipalities where their need was lower than the regional average. COAH's elimination of the reallocated present need was upheld by the Appellate Court on October 8, 2010.<sup>1</sup> The Prospective Need itself is divided into sub-components consisting of Gap Present Need (1999-2015) and Prospective Need (2015-2025), in 2017 by the NJ Supreme Court.

### Rehabilitation Share

In the history of affordable housing rules and regulations in New Jersey, the rehabilitation share was calculated using U.S. decennial census indicators of sub-standard housing cross-tabulated with demographic data. An example of a sub-standard dwelling unit is one lacking a complete kitchen, such as the absence of a stove for cooking. Because this information came from the long form census, since replaced by sampling in the American Community Survey (ACS), the traditional snapshot in COAH rules has been April 1 of the decennial year; which first started in 1980.

The Rehabilitation Share in Vineland for the Third Round was approved by the Court in 2015 as 319 units.

Under the extant rules, rehabilitation programs are to be made available to the owners of rental property. The Vineland Housing Authority (VHA) operates 606 units of public housing that undergo periodic rehabilitation of units. Since the 2010 fiscal year, the VHA has budgeted \$1,034,500 in capital improvement funding from HUD for its

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<sup>1</sup> - 6 A. 3d 445, 416 NJ Super. 462, Appellate Div.(2010)

units, thereby demonstrating that rehabilitation is also open to rental owners. Funding for capital improvements has occurred in each budget since at least 2010.

Funding for both owner-occupied and capital improvement funding for rehabilitation comes from the U.S. Department of Housing and Urban Development. While no changes to those programs are anticipated, the municipality collects an affordable housing development fee and has used \$1,757,531 of trust fund monies (through April 30, 2020) for its owner-occupied rehabilitation program. Should a shortfall occur in either funding from HUD or from the affordable housing trust fund, the City Council passed a Resolution of Intent to Bond (Resolution No. 2008-658), that agrees to fund or issue debt for any shortfall in its affordable housing program.

Vineland commits to the completion of its Third Round rehabilitation component. It will continue to operate the Community Development Program and coordinate with the Vineland Housing Authority to continue its program of periodic unit rehabilitation.

### **Prior Round**

Vineland City is an urban aid municipality and has been eligible for this designation since the beginning of municipal obligations under the Fair Housing Act. Consequently, in the First and Second Rounds, the municipality had no new construction obligation.

### **Prospective Need**

As noted, Vineland's designation as an urban aid municipality and meeting other COAH eligibility requirements means that the municipality also has no prospective need in the Third Round.

This plan amendment has been prepared to add an unforeseen opportunity to provide 151 age-restricted affordable units from the redevelopment of the Newcomb Hospital site, to develop a future 100% affordable family affordable rental project, establish a 10-unit Market-to-Affordable program, and to establish through a new Spending Plan a mechanism for the City to provide financial support for the development of these affordable units. The future 100% affordable family development is expected to be developed with between 60 and 90 total units, which is the typical range for a low income housing tax credit application to the New Jersey Housing and Mortgage Finance Agency, which operates the program with pass-through federal funding. Table 1, following, provides additional detail.

**Table 1. Prospective Need Credits**

	Rental	Senior	Very Low-Income	Low-Income	Moderate-Income	Total
<b>100% AFFORDABLE DEVELOPMENT APPROVED AND PROPOSED</b>						
Newcomb Senior Apartments (Phase I approved; Phase II proposed)	X	X	14	68	54	136
<b>100% AFFORDABLE DEVELOPMENT PROPOSED</b>						
Family Housing	X		8-12	30-45	30-45	60-90
<b>ALTERNATIVE LIVING ARRANGEMENTS PROPOSED</b>						
Newcomb Assisted Living	X	X	15	0	0	15
<b>MARKET-TO-AFFORDABLE</b>						
Market-to-Affordable			0	5	5	10
<b>Total Units</b>			37-41	103-118	103-118	206-236

Note, Table 1: The very low-income category is broken out to demonstrate compliance with the Fair Housing Act and its numbers are included in the low-income and total unit columns.

**MARKET-TO-AFFORDABLE**

The City intends to initiate a Market-to-Affordable program, through which it will identify up to 10 suitably priced housing units throughout the City and use affordable housing trust funds to subsidize their purchase by income-qualified buyers.

All such units will conform to COAH’s Second Round rules, as follows:

- In accordance with the rules, at least \$20,000 per unit will be provided as a subsidy. However, the City anticipates offering a property owner a subsidy of up to \$75,000 to create a deed-restricted unit;
- At least half of the proposed units will be affordable to low-income households;
- The units will be affirmatively marketed in accordance with N.J.A.C. 5:93-11;
- The City will place a 30-year deed restriction and mortgage lien on each unit;
- The City’s Administrative Agent will:
  - Qualify and place income-eligible households in low- and moderate-income units upon initial occupancy;



- Place income-eligible households in low- and moderate-income units as they become available during the 30-year term of affordability controls;
- Enforce the terms of the deed restriction and mortgage lien;
- Ensure as necessary that a separate interest-bearing escrow account for the market-to-affordable funds from the City;
- Sponsor a homeownership counseling program and post-purchase session for prospective purchasers for homes sold to income-qualified buyers;
- Assist the Director of Community Development in the dispersal of these units throughout the City; and
- Proactively identify units on an ongoing basis that meet the requirements of a Market-to-Affordable program.

Vineland will assess the viability of its Market-to-Affordable program at the end of a two-year period from date of Court approval of this amendment to its Housing Element and Fair Share Plan, and will make whatever necessary adjustments it can in order to continue to maximize the opportunity for the program to create affordable units.

In the Fair Share Plan Implementation, Exhibit C contains a sample operating manual for the Market-to-Affordable program.

#### **NEWCOMB HOSPITAL REDEVELOPMENT**

Newcomb Hospital, which is located on South State Street on what was formerly known as Block 4216, Lot 1, first opened in 1923 as a community hospital for the city, built with funds donated by local attorney Everett Newcomb. Over the years, several additions to the main building were built. Eventually the facility was sold to South Jersey Healthcare Group, and in 2004 it was closed and replaced by a new regional hospital on the west side of the City. South Jersey Healthcare Group sold the property in 2008.

In February 2012, the City Council declared the area in need of redevelopment and adopted a redevelopment plan. The property owner was named the redeveloper for the site. A 2015 amendment to the redevelopment plan allowed the site to be subdivided, as explained below.

## Newcomb Hospital Aerial



The redeveloper received site plan approval in 2016 to construct a 100% affordable age-restricted apartment development and a market-rate assisted-living facility on the site. However, to secure tax-credit financing for the age-restricted apartments, it was necessary to subdivide the site, and in mid-2016 the redeveloper received Planning Board approval to subdivide the site into Lots 1.01, 1.02, 1.03, 1.04 and 1.05. Lot 1.04 was transferred to the City of Vineland for construction of an emergency services building. In the summer of 2019, after the project failed to advance to construction, the lots reverted to the Vineland Development Corporation, a municipal development corporation established by the City to address various development and redevelopment needs in Vineland. A new redeveloper has been named for two of the lots, and the City is preparing a Request for Proposals for redevelopment of the remaining two lots.

Fair Share Plan Implementation Exhibit D contains the redevelopment study and plan and adopting resolutions and ordinances, along with approval for the subdivision.

As stated in N.J.A.C. 5:93-5, affordable housing sites must be available, approvable, suitable, and developable, as defined in N.J.A.C. 5:93-1.3, for the production of low-income (including very low-income) and moderate-income housing. The Newcomb Hospital site meets these criteria as follows:

- **Site Availability** – All four lots are owned by the Vineland Development Corporation, and there are no title encumbrances or other hindrances to the named redevelopers taking title.
- **Site Approvability** –The site is located within Planning Area 1, the Metropolitan Planning Area as designated by the State Development and Redevelopment Plan. PA-1 is a preferred area for the development of affordable housing. The site is not within the jurisdiction of CAFRA, the Pinelands Commission or any other regional planning entity.

The site is not constrained by wetlands or flood hazard areas. A review of NJDEP’s NJ-GeoWeb mapping indicates the site is not on the Known Contaminated Sites list, does not contain a Deed Notice, and is not a designated groundwater contamination area (CKE or CEA).

- **Site Suitability** – The site is 6.43 acres, very close to Vineland’s Center City Redevelopment District and within an Urban Enterprise Zone. The property previously contained Newcomb Hospital and related buildings, now demolished. It has frontage on South State Street to the west, Almond Street to the North, and Howard Street to the east. It is bordered to the south by vacated Cherry Street, and beyond that by a rehabilitation clinic, other medical offices, and a parking garage. Across South State Street are additional medical offices, and across Howard Street are office and residential uses, including an apartment building. Across Almond Street are residential uses. The closest transit runs along Landis Avenue. The 553 bus route connects the area to the downtown, the regional hospital, the college, and the Cumberland Mall, in

addition to Atlantic City, Millville and Bridgeton. (See aerial photograph.) The redevelopment plan for the site serves as an overlay zone to the site's underlying R-B-2 Residential Business Zone, which permits residential development. The redevelopment plan lists age-restricted housing and assisted-living facilities as permitted primary uses.

- **Site Developability** – The site has access to existing water and sewer infrastructure. Water service is provided by the Vineland Water Utility, and sewer service is provided by the Landis Sewerage Authority. Currently there is access to the site from South State Street and Howard Street, but no access from Almond Street. Redevelopment of the site will remove the majority of existing surface parking.

There were several conditions of the Planning Board's 2016 approval of the subdivision of the original Lot 1 that any newly named redeveloper will be required to address:

- The redeveloper will need to address the shortage of required parking;
- The redeveloper will need to provide utility cross-easements to ensure appropriate utility access and service to all four lots;
- The redeveloper will need to provide a stormwater management plan for each lot;
- The redeveloper will need to provide appropriate access to public streets from each lot.

### **100% Affordable Development: Newcomb Senior Apartments**

In 2018, the original redeveloper received approval from the City Council to assign to Eastern Pacific Development, LLC its rights and responsibilities as redeveloper for Lots 1.01 and 1.02. The City then approved Eastern Pacific as the redeveloper for those two lots, which were proposed for 140 units of affordable age-restricted housing, in two phases. In May 2018, Eastern Pacific, which later changed its name to Newcomb Senior Urban Renewal, LLC, in order to take advantage of long-term tax exemptions, received preliminary site plan approval for Phase I for 70 affordable age-restricted units on Lot 1.01. In July 2018 Newcomb Senior Urban Renewal executed an agreement with the City for payments in lieu of taxes (PILOT), and in November 2018 received 9% tax-credit financing for 68 units; the number had been reduced from the original 70 and the number of floors had been increased from three to four, to provide sufficient room for parking. The project received final site plan approval in 2019, and construction is expected to begin in late 2020 or early 2021.

Newcomb Senior Urban Renewal submitted a tax-credit application for Phase II of the project in September 2020 for the other 68 affordable age-restricted units, which will

be constructed in a mirror-image building on Lot 1.02 should it receive an award from the New Jersey Housing Mortgage and Finance Agency.

The tax-credit financing agreement for Phase I indicates that seven units will be very low-income, five of which will be available to households experiencing homelessness; 34 units will be low-income; and 27 will be moderate-income. The redeveloper will affirmatively market and administer the units in accordance with UHAC, except that, pursuant to tax-credit financing requirements, 10% of the units instead of 13% will be available to households making 30% or less of area median income.

Appendix E contains the approvals, PILOT agreement, and financing documents for the Newcomb Senior Apartments project.

Vineland will seek credit in a future round up to the permissible limit for up to 136 age-restricted affordable rentals.

### **Alternative Living Arrangements: Newcomb Assisted Living**

The Planning Board approvals that Newcomb Medical Alliance Center had originally received for the construction of an assisted-living facility on the site have expired, and the subdivision of the original lot means a new site plan application is required. The City is in the process of developing a Request for Proposals in order to identify a new redeveloper to construct a two-building assisted-living facility on Lots 1.03 and 1.05, consisting of 73 and 70 units, respectively. The operator of the facility will be required to demonstrate that at least 10% of the units, or 15 units, in the facility will be set aside permanently for Medicaid-eligible residents.

Vineland will seek credit in a future round up to the permissible limit for up to 15 very low-income age-restricted affordable rentals from this project.

### **100% AFFORDABLE FAMILY HOUSING**

A tax-credit developer has expressed interest to the City in identifying a suitable site for the development of a 100% affordable family rental project. Typically, such projects are between 60 and 90 units in any one phase. The developer anticipates identifying such a site and finalizing site control by the spring of 2021, to enable submission of a tax-credit application during the 2021 family application cycle. Once a site is identified, a full site suitability analysis, construction schedule and pro forma for the project will be developed.

The developer will sign a development agreement with the City that requires the affordable units to be deed-restricted for at least 30 years; to be administered by an experienced and qualified administrative agent; and to meet UHAC requirements for bedroom distribution and income distribution, with the exception that, pursuant to the amended Fair Housing Act, 13% of affordable units by bedroom distribution must be affordable to very low-income households, earning 30% or less of regional median income.

## **AFFORDABLE HOUSING ORDINANCE AND AFFIRMATIVE MARKETING**

The City of Vineland has an Affirmative Marketing and Affordable Housing Ordinance (§425-87 through -99 of the City's Code) in accordance with COAH's substantive rules and N.J.A.C. 5:80-26. It last amended these in September 2013 (Ordinance No. 2013-42). The City's Affordable Housing Ordinance governs the creation, administration, and occupancy of affordable units in the City. It establishes the required low- and moderate-income set-asides, establishes development fees, and outlines occupancy standards. It includes regulations for qualification of income eligibility, price and rent restrictions, bedroom distribution, affordability control periods, and unit marketing in accordance to N.J.A.C. 5:80-26. All newly created affordable units will comply with the 30-year affordability control required by UHAC, N.J.A.C. 5:80-26.5 and 5:80-26.11. The ordinance will be amended as part of this plan amendment to bring it into comportment with recent legislation and Court decisions.

The City's affirmative marketing plan is designed to attract buyers and/or renters of all majority and minority groups to the affordable units located in the City, regardless of race, creed, color, national origin, ancestry, marital or familial status, gender, affectional or sexual orientation, disability, age or number of children. Additionally, the affirmative marketing plan is intended to target those potentially eligible households who are least likely to apply for affordable units and whose members reside or work in Housing Region 6, comprising Atlantic, Cape May, Cumberland and Salem Counties.

The City's affirmative marketing plan must be adhered to by all private, nonprofit or municipal developers of affordable housing units and must cover the period of deed restriction or affordability controls on each affordable unit. The costs of implementing the affirmative marketing plan (i.e., the costs of advertising the affordable units, etc.) are the responsibilities of the developers or owners of the affordable units. This requirement is included in the City's Affordable Housing Ordinance and is always included as a condition of any municipal development approval. A copy of the Affordable Housing Ordinance, and the Affirmative Marketing Plan and adopting resolution, are included as Fair Share Plan Implementation Exhibit F.

## **AFFORDABLE HOUSING TRUST FUND**

The City's last approved Spending Plan, prepared in 2011, discusses anticipated revenues, collection of revenues, and the use of revenues. The City has prepared a new Spending Plan, which may be found in Fair Share Plan Implementation Exhibit G, as part of this amendment to its Housing Element and Fair Share Plan.

Collected revenues will be placed in the City's Affordable Housing Trust fund and will be dispensed for the use of affordable housing activities. Pursuant to the City's plan, Vineland may use the funds in the trust fund for any of the below listed items:

- Rehabilitation program;

- New construction of affordable housing units and related development costs;
- Extensions or improvements of roads and infrastructure directly serving affordable housing development sites;
- Acquisition and/or improvement of land to be used for affordable housing;
- Purchase of existing market rate or affordable housing for the purpose of maintaining or implementing affordability controls, such as in the event of foreclosure;
- Green building strategies designed to be cost-saving for low- and moderate income households, either for new construction that is not funded by other sources, or as part of necessary maintenance or repair of existing units;
- Maintenance and repair of affordable housing units;
- Repayment of municipal bonds issued to finance low- and moderate-income housing activity; and
- Any other activity as specified in the approved spending plan.
- Affordability assistance.

At least 30% of collected development fees, excluding previous and planned expenditures on rehabilitation or new construction initiatives, must be used to provide affordability assistance to low- and moderate-income households in affordable units included in a municipal Fair Share Plan. Additionally, no more than 20% of the annual revenues from development fees and interest may be expended on administration, including, but not limited to, salaries and benefits for municipal employees or consultant fees necessary to develop or implement a rehabilitation program, a new construction program, a housing element and fair share plan, and/or an affirmative marketing program.

#### **AFFORDABLE HOUSING ADMINISTRATION**

The City will appoint by resolution a Municipal Housing Liaison, and will retain the services of a qualified and experienced affordable housing consultant as its municipal Affordable Housing Administrative Agent. The draft resolution appointing the Municipal Housing Liaison may be found in Fair Share Plan Implementation Exhibit H, and the authorizing resolution and draft Administrative Agent agreement may be found in Fair Share Plan Implementation Exhibit I.