

Affordable Housing 101:

What is it?

Why is it Required?

What is Required?

Informational Forum

Readington Township Committee + Planning Board

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Who Are We?



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Tonight's Agenda

- Why is Readington Planning for Affordable Housing?
- What Is Affordable Housing, and Who Qualifies for It?
- Readington's Affordable Housing Obligations
- Different Kinds of Affordable Housing, and How To Pay For It
- Where Are We Now?
- What's the Process?



Why Are We Doing This?

NJ Fair Housing Act

- Amended in 2024
- Provided a new process and regulations for municipal Housing Plan Element/Fair Share Plans
- Municipal obligations are determined by new methodology

Towns must comply by planning for affordable housing, or risk being sued by developers



What Is “Affordable” Housing in Hunterdon County?

2025 Affordable Home Sales Prices (illustrative) – Low - Moderate

- One-bedroom: \$125,229 - \$184,603
- Two-bedroom: \$154,916 - \$226,165
- Three-bedroom: \$182,624 - \$264,956

2025 Affordable Rents (illustrative) – Very Low - Moderate

- One-bedroom: \$822 - \$1,645
- Two-bedroom: \$987 - \$1,974
- Three-bedroom: \$1,140 - \$2,281

Sales prices and rents are *regulated*, not market-driven.



Who Qualifies for Affordable Housing?

Maximum Household Income, Region 3, 2025				
Income Level	1 Person	2 Person	3 Person	4 Person
Median <small>(reference)</small>	\$107,400	\$122,800	\$138,100	\$153,400
Moderate <small>(80% of median)</small>	\$85,920	\$98,240	\$110,480	\$122,720
Low <small>(50% of median)</small>	\$53,700	\$61,400	\$69,050	\$76,700
Very Low <small>(30% of median)</small>	\$32,220	\$36,840	\$41,430	\$46,020



Who Qualifies for Affordable Housing?

Representative Average Income		
Occupation	Income	Percent of Median Income
Police Officer (Readington Township)	\$113,672 (https://projects.nj.com/paycheck/counties/hunterdon/)	Less than 80% of median for a four-person household
Teacher (Readington Township)	\$78,236 (https://patch.com/new-jersey/across-nj/what-are-teachers-earning-your-nj-school-district)	Less than 80% of median for a one-person household
Bank Teller (Flemington)	\$36,754 (https://www.ziprecruiter.com/Salaries/Bank-Teller-Salary-in-Flemington,NJ)	Less than 50% of median for a one-person household



Readington's Fourth Round Affordable Housing Obligation

What is the "Fourth Round"?

2025 -2035: Readington must provide 504 affordable units/credits in the Fourth Round

Who sets the Township's Obligation? NJ Department of Community Affairs

NJ Fair Housing Act set forth a methodology for calculating municipal obligations

NJDCA published *advisory* obligations using methodology

Court determined obligation after mediation with Township



Readington Fought NJDCA's Fourth Round Obligation

NJ DCA advisory obligation: 561

CCH calculation using same methodology: 504

Further refinement of CCH calculation: 315 -Readington Stipulated to this Obligation

Court adjudicator recommended using original CCH number of 504

Court Ordered Readington Obligation: 504

Township is appealing the obligation, but meantime must plan for 504 units to be provided by 2035



Requirements for Affordable Housing

Fair Housing Act:

- At least 25% must be rental units, half of which must be available to families with children
- At least 50% must be family units– not age-restricted (55 and older) or special-needs
- No more than 20% of family units can be 1-bedroom units, at least 20% of family units must be 3-bedroom units
- No more than 30% of units can be age-restricted (55 and older)
- At least 50% of units must be low-income or very low-income
- At least 13% of units must be very low-income, half of which must be available to families with children (not age-restricted or special-needs)



Readington's Fourth Round Obligation: Crediting and Bonus Framework

Type of Obligation	Number
Obligation	504
Total Permitted Bonuses	126
Net New Units Required	378
Minimum family units (50% of all units)	189
Minimum rental units (25% of all units)	95
Minimum family rental units (50% of rental units)	48
Minimum very low-income units (13% of new units*)	50
Minimum three-bedroom units (20% of family units)	38
Maximum age-restricted units (30% of all units)	113

Assumes maximizing bonuses



Ways of Providing Affordable Housing

- Inclusionary – Market-rate and affordable together, usually 15% affordable for rentals and 20% affordable for for-sale.
- 100% Affordable – Affordable housing with no market-rate homes. Funded with tax credits or grants, plus usually a municipal contribution. If external funding is not available, municipality must guarantee the financial subsidies to implement the development
- Special-Needs Bedrooms – AKA: Group Homes. Often municipally funded in return for deed restriction
- Other Mechanisms – Market-to-Affordable, Extensions of Affordability Controls.

Readington plans to take advantage of all of these methods.



Providing Affordable Housing: Inclusionary Zoning

What?

Zoning that requires market-rate residential development to include affordable housing.

Why?

To create mixed income neighborhoods, generate affordable housing without public expenditure.

Benefits

- Developer responsibility/financed
- Integrated affordable housing
- Readington has been able to secure higher-than-minimum set-asides

Challenges

- Municipality must offer additional benefit, such as increased densities, higher total number of units



Providing Affordable Housing: 100% Affordable Projects

What?

All units in a development are affordable, with no market-rate housing.

Why?

Efficient way to deliver affordable units, external financing often available.

Benefits

- Economies of scale – no market units
- Bonus credits – 1 for 1
- Federal/State funding
- Provides much-needed rental housing
- Municipal control

Challenges

- Concentration of lower-income households
- Funding is not guaranteed, and varies from year to year; municipality must guarantee any financial subsidies to implement



Providing Affordable Housing: Special-Needs Housing

What?

Specialized housing, usually supervised, for individual adults and households with special needs – physically or developmentally disabled, mentally ill, at risk of homelessness.

Why?

Meets critical need market-rate housing cannot. Target populations typically have low or no income.

Benefits

- Usually adapts existing housing unit
- Credits by bedroom
- Bonus credits – 1 for 1

Challenges

- Often municipally sponsored – municipality is financial guarantor
- Cannot satisfy entire obligation



Providing Affordable Housing: Market-to-Affordable

What?

Purchase, deed-restriction and re-sale or re-rental of previously market-rate units.

Why?

Creates affordable units from existing housing stock.

Benefits

- No new construction
- Integrated throughout municipality
- Remedy for vacant or substandard homes

Challenges

- Cost based on market conditions-very expensive
- Municipality must fund any needed repairs in addition to funding purchase of dwelling
- Ownership and management of rental units
- Participation is voluntary-uncertain



Providing Affordable Housing: Extension of Controls

What?

Renews deed restriction on existing affordable homes.

Why?

Keeps affordable units affordable, rather than losing them to the market.

Benefits

- Use of existing housing stock
- Already managed as affordable housing
- Applies to all kinds of affordable units
- Bonus credits -- .5 for 1 for rental extensions

Challenges

- Costly, requires payment to owner
- Participation is voluntary-uncertain



How Does a Site Get Selected for Affordable Housing?

- **Available:** Interested owner, vacant or redevelopable? Are there any deed easements or restrictions that would prevent development?
- **Suitable:** Is the property of sufficient size? Is it in a good location? Is there access?
- **Developable:** Are there constraints on the site (flood plains, wetlands, stream corridors, steep slopes, contamination) that would prevent the development?
- **Approvable:** Does the proposed project fit the zoning/Can the property be rezoned? Is there sufficient water and sewer capacity? Will outside agencies be able to approve it?



Durational Adjustment: Lack of Utilities to Serve AH Sites

- Allowed for when a municipality has insufficient water or sewer capacity to service AH sites
- Means the Township must provide the opportunity (zoning) for affordable housing, but doesn't have to provide those units until utilities become available for those sites
- Readington does not have sufficient sewer capacity to satisfy the obligation at this time
- **The Township will be required to support any project that can provide utilities for affordable housing, even if it's not where the Township wanted it**



Paying for Affordable Housing

- Developers
- **Municipal Affordable Housing Trust Fund: Not taxpayer money!**
 - Residential development fees – 1.5% of increase in equalized assessed value
 - Non-residential development fees – 2.5% of increase in equalized assessed value.
 - Other revenues (rent, loan repayments, proceeds from unit sales)
 - Can be used to build new 100% affordable units or make existing units more affordable.
 - Municipality must have a Spending Plan for its trust funds, which must be approved by Court
 - Readington's Affordable Housing Trust Fund:
 - \$10.4 million in revenues collected through December 31, 2025 since inception in 1990's
 - \$10.0 million spent on affordable housing initiatives
- **Municipal Funds, Including Bonding, if Necessary**
 - Trust fund can reimburse as funds become available



Where Are We Now?

- June 27, 2025: Adopted Original 4th Round Housing Plan
- *Original plan relied on more than 200 affordable units on the Unicom property-- Unicom objected*
- August 28, 2025: Adopted Amended 4th Round Housing Plan:–*removed Unicom units, challenged*
- December 2025: Mediation with challengers with Program-Township presented alternative framework to Program Judge
- February 2, 2026: Program Judge could not find proposed plan compliant-matter to be resolved via Superior Court
- Today: Readington working to develop a compliant housing plan for approval by the court



What's the Process?

- Township identifies sites for new units and other mechanisms (market-to-affordable, extensions of controls, etc.)
- Housing Plan/Fair Share Plan (HPE/FSP) drafted to include sites and mechanisms
- Planning Board holds public hearing and adopts HPE/FSP
- Township Committee endorses the HPE/FSP and approves Spending Plan
- Township Committee adopts necessary zoning ordinances to enable developments included in the HPE/FSP
- Entire HPE/FSP is submitted to Court for approval – goal is a Certification of Compliance





Question Time

Thank you for your attention!

