

City of Cape May

Cape May County, New Jersey



HOUSING ELEMENT & FAIR SHARE PLAN

AUGUST 21, 2018

Adopted after a public hearing by Resolution by the
City of Cape May Planning Board on _____

Endorsed by Resolution by the Council of the City of Cape May on _____

HOUSING ELEMENT & FAIR SHARE PLAN - AUGUST 21, 2018
City of Cape May
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Cape May, NJ 08204

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EXECUTIVE SUMMARY

The City has prepared a Master Plan Housing Element (including a Fair Share Element) in accordance with the requirements set forth in the "Municipal Land Use Law" (N.J.S.A. 40:55D-28) ("MLUL"), the Fair Housing Act (N.J.S.A. 52:27D-301 et seq.) ("FHA"), the Uniform Housing Affordability Controls (N.J.A.C. 5:80-26.1 et. seq.), applicable Mount Laurel case law, applicable orders of the Court, and the Settlement Agreement between the City and Fair Share Housing Center ("FSHC"). The Supreme Court has invalidated the most recent version of the regulations adopted by the New Jersey Council on Affordable Housing ("COAH") on September 26, 2013 in Re: Adoption of N.J.A.C. 5:96 & 5:97 by NJ Council on Affordable Housing, 215 N.J. 578 (2013), this Affordable Housing Plan comports with COAH's rules at N.J.A.C. 5:91 et seq. and N.J.A.C. 5:93 et seq., and subsequent applicable laws and regulations such as amendments to the FHA. In accordance with the above, this Housing Element is designed to achieve the goal of accessibility to affordable housing to meet both present and prospective needs, with particular attention to creating a realistic opportunity for the production of low and moderate income housing.

In response to New Jersey Supreme Court's decision In Re: the Adoption of N.J.A.C. 5:96 and 5:97 by N.J. Council on Affordable Housing, 221 N.J. 1 (2015) ("Mount Laurel IV"), and the City's desire to avoid any potential builder's remedy law suites, the City filed a Declaratory Judgment action on July 8, 2015, along with a motion for temporary immunity, and sought approval of a Housing Element and Fair Share Plan. The Court subsequently granted the City's immunity motion, and that immunity against all Mount Laurel lawsuits is still in full force and effect.

Because of the current uncertainty as to the appropriate manner by which to calculate the City's affordable housing obligations, the City and FSHC agreed that a settlement would be in the best interest of low and moderate income households and the City. Under the supervision of the Special Court Master, the City and its professionals entered into negotiations with representatives of the FSHC to settle the City's Declaratory Judgment action globally. A settlement agreement was eventually agreed to, which was executed by FSHC on **February 21, 2018** and the City on **February 21, 2018** (hereinafter the "FSHC Settlement Agreement").

After a properly noticed Fairness Hearing was held **April 20, 2018**, the Court entered an Order on **May 16, 2018**, which approved the FSHC Settlement Agreement. This Housing Element and Fair Share Plan effectuates the settlement as approved by the Court. A Compliance Hearing was held on April 2, 2018.

I. Introduction

Every municipality in New Jersey has a constitutional obligation to provide a "realistic opportunity" to create its "fair share" of affordable housing. This obligation was established as a result of the Mount Laurel decisions decided by the Supreme Court of New Jersey and the adoption of the Fair Housing Act of 1985. In accordance with the Municipal Land Use Law, a municipality may not adopt a zoning ordinance unless it has adopted a Housing Element. (N.J.S.A. 40:55D-1 et. seq.). A Fair Share Plan addressing how the municipality will provide for affordable housing is an essential component of the Housing Element. Pursuant to N.J.S.A. 52:27D-310 the Housing Element is required to include the following:

- 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;
- A projection of the municipality's housing stock, including the probable future construction of low and moderate income housing, for the next ten years, taking into account, but not necessarily limited to, construction permits issued, approvals of applications for development, and probable residential development trends;
- An analysis of the municipality's demographic characteristics, including, but not necessarily limited to, household size, income level, and age;
- An analysis of the existing and probable future employment characteristics of the municipality;
- A determination of the municipality's present and prospective fair share of low and moderate income housing and its capacity to accommodate its present and prospective housing needs, including its fair share of low and moderate income housing; and
- A consideration of the lands 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.

COAH's regulations at N.J.A.C. 5:93-5.1 require the City's Housing Element to "include the municipality's strategy for addressing its present and prospective housing needs," and the following information and documentation must be submitted with the Housing Element and Fair Share Plan:

- The minimum requirements of the Fair Housing Act, N.J.S.A. 52:27D-310 (listed above);

- 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;
- A projection of the municipality's housing stock, including the probable future construction of low and moderate income housing, for the six years subsequent to the adoption of the housing element, taking into account, but not necessarily limited to, construction permits issued, approvals of applications for development and probable residential development of lands;
- An analysis of the municipality's demographic characteristics, including, but not limited to, household size, income level and age;
- An analysis of the probable future employment characteristics of the municipality;
- 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;
- 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;
- A map of all sites designated by the municipality for the production of low and moderate income housing and a listing of each site that includes its owner, acreage, lot and block;
- The location and capacities of existing and proposed water and sewer lines and facilities relevant to the designated sites;
- Copies of necessary applications for amendments to, or consistency determinations regarding, applicable area wide water quality management plans (including wastewater management plans).
- A copy of the most recently adopted municipal master plan and where required, the immediately preceding, adopted master plan;
- For each designated site, a copy of the New Jersey Freshwater Wetlands maps where available. When such maps are not available, municipalities shall provide appropriate copies of the National Wetlands Inventory maps provided by the U.S. Fish and Wildlife Service;
- A copy of appropriate United States Geological Survey Topographic Quadrangles for designated sites; and

- Any other documentation pertaining to the review of the municipal housing element as may be required by the Council.

Pursuant to N.J.A.C. 5:93-5.15(c), if a municipality intends to collect development fees, it shall prepare a plan to spend development fees that includes the following:

- A projection of revenues anticipated from imposing fees on development, based on historic development activity;
- A description of the administrative mechanism that the municipality will use to collect and distribute revenues;
- A description of the anticipated use of all development fees;
- A schedule for the creation or rehabilitation of housing units;
- If the municipality envisions being responsible for public sector or non-profit construction of housing, a pro-forma statement of the anticipated costs and revenues associated with the development; and
- The manner through which the municipality will address any expected or unexpected shortfall if the anticipated.

Through this Housing Element and Fair Share Plan, the City promotes provision of a variety of housing types over a range of affordability, encourages the ongoing maintenance of the City's existing housing stock, and formally acknowledges the constitutional obligation to provide a realistic opportunity for the provision of housing affordable to families of low and moderate income. This document also serves then as a basis for the implementation of land use regulation by the City of Cape May to enable satisfaction of the aforementioned affordable housing constitutional obligation.

II. Housing Element

Affordable housing is defined under N.J.'s Fair Housing Act as a dwelling, either for sale or rent that is within the financial means of households of low or moderate income as income is measured within each housing region. The City of Cape May is in COAH's Region 6, which includes Atlantic, Cape May, Cumberland and Salem counties. Moderate-income households are those earning between 50% and 80% of the regional median income. Low-income households are those with annual incomes that are between 30% and 50% of the regional median income. As required by the amended FHA (Roberts bill), COAH has also included a very low-income category, which is defined as households earning 30% or less of the regional median income.

Through the Uniform Housing Affordability Controls (hereinafter "UHAC") at N.J.A.C. 5:80-26.3(d) and (e), COAH requires that the maximum rent for a qualified unit be affordable to households that earn no more than 60% of the median income for the region. The average rent must be affordable to households earning no more than 52% of the median income. The maximum sale prices for affordable units must be affordable to households that earn no more than 70% of the median income. The average sale price must be affordable to a household that earns no more than 55% of the median income.

The regional median income is defined by COAH using the federal Department of Housing and Urban Development ("HUD") income limits on an annual basis. In the spring of each year HUD releases updated regional income limits which COAH reallocates to its regions. It is from these income limits that the rents and sale prices for affordable units are derived. These figures are updated annually and are available from COAH.

Introduction

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In response to New Jersey Supreme Court's decision In Re: the Adoption of N.J.A.C. 5:96 and 5:97 by N.J. Council on Affordable Housing, 221 N.J. 1 (2015) ("Mount Laurel IV"), and the City's desire to avoid any potential builder's remedy law suits, the City filed a Declaratory Judgment action on July 8, 2015, along with a motion for temporary immunity, and sought approval of a Housing Element and Fair Share Plan. The Court subsequently granted the City's

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After a properly noticed Fairness Hearing was held **April 20, 2018**, the Court entered an Order on **May 16, 2018**, which approved the FSHC Settlement Agreement. See attached Appendix B. This Housing Element and Fair Share Plan effectuates the settlement as approved by the Court. A Compliance Hearing was currently scheduled for on April 2, 2018.

Pursuant to both the FHA and the MLUL, municipalities in New Jersey are required to include a housing element in their master plans. The principal purpose of the housing element is to describe the specific, intended methods that a municipality plans to use in order to meet its low and moderate income housing needs. Further, the housing element is meant to demonstrate the existing zoning or planned zoning changes that will allow for the provision of adequate capacity to accommodate household and employment growth projections, to achieve the goal of access to affordable housing for present and future populations.

Demographic Analysis

As indicated above, the MLUL requires an analysis of housing and demographic data as part of any Housing Element. The 2010 Census and the US Census population estimates is the most recent available comprehensive database of this type of information for the municipality.

Population

According to the 2000 Census, the City of Cape May lost 634 persons in its population between 1990 and 2000, more than a 13% decline. The 2010 Census and 2016 American Community Survey (ACS) reflect information that confirms that this trend continues. Population declined by an additional 427 persons from 2000 to 2010 and 78 persons from 2010 to 2016. As shown in Table I, population in Cape May County declined by 2.16%. It should be noted that a 20-40% regional decline in population is shown by other seashore municipalities including Avalon Borough, North Wildwood City, Ocean City, Sea Isle City, Stone Harbor, and Wildwood Crest Borough. These declines reflect the trend of seashore communities transitioning to more second home units. Cape May has been more resilient to this regional trend and has been shown to be a more stable residential community.

Table I
Population in Cape May County Municipalities

Municipality	2016	2010	2000	1990	2010 to 2016 % Change
Avalon Borough	1,421	1,334	2,143	1,809	6.52%
Cape May City	3,529	3,607	4,034	4,668	-2.16%
Cape May Point Borough	214	291	241	248	-26.46%
Dennis Township	6,342	6,467	6,492	5,574	-1.93%
Lower Township	22,272	22,866	22,945	20,820	-2.60%
Middle Township	18,778	18,911	16,405	14,771	-0.70%
North Wildwood City	3,943	4,041	4,935	5,107	-2.43%
Ocean City	11,430	11,701	15,378	15,512	-2.32%
Sea Isle City	1,905	2,114	2,835	2,692	-9.89%
Stone Harbor Borough	925	866	1,128	1,025	6.81%
Upper Township	12,098	12,373	12,115	10,681	-2.22%
West Cape May Borough	955	1,024	1,095	1,026	-6.74%
West Wildwood Borough	500	603	448	453	-17.08%
Wildwood City	5,192	5,325	5,436	4,484	-2.50%
Wildwood Crest Borough	3,210	3,270	3,980	3,631	-1.83%
Woodbine	2,690	2,472	2,716	2,678	8.82%
Cape May County Total	95,404	97,265	102,326	95,089	-1.91%

Source: 2016 ACS 5-Year Population Estimates
2010 Census Data

Cape May's decline in population is a continuation of a trend that began in the 1980's. The 1970 population of 4,392 grew more than 10% in 1980 to 4,853. Between 1980 and 1990, however, the population declined nearly 4% to 4,668. The 2000 population of 4,034 brought the population to more than 8% below the 1970 population. The 2016 population of 3,529 is a further reduction of 12.52%. Census population estimates for July 1, 2017 indicate a population of 3,480. Projecting the 2017 estimate at current rates indicates a population estimate of 3,429 by 2020.

The following table indicates that the number of certificates of occupancy for residential units that have been issued from 2000 through 2017 is 231. It is clear that the rate of new housing growth in the City has slowed over an eight year period (2008-2016) with 84 units as compared to 2000-2007 with 138 units.

Table II
Cape May City
Certificates of Occupancy (C.O.) for Residential Construction: 2000-2016

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
C.O.	15	16	19	35	16	22	15	9	12	11	4	7	10	8	7	13	12	231

Source: New Jersey Department of Community Affairs, Division of Codes & Standards

Density and Distribution of Population

Cape May's population has declined since 1990. This decline followed decades of population growth in the City, when the population increased by 461 residents 10.5 percent of its 1970 population. Between 2000 and 2010, the City lost 427 residents, or 10.6 percent of its 2000 population. The city lost an additional 78 persons from 2010 to 2016. It is expected that Cape May's year-round population will continue to decline. Table III, demonstrates the change in population since 1970.

Table III
Population Change by Decade

	Population	# Change	% Change
1970	4,392		
1980	4,853	461	10.5%
1990	4,668	-185	-3.8%
2000	4,034	-634	-13.6%
2010	3,607	-427	-10.6%
2020	3,429	-178	-4.9%

Source: New Jersey State Data Center, US Census Data

The decline in population reflects the increasing number of residential properties that are used as second homes. These declines do not reflect any lessening of Cape May's viability. To the contrary, real estate in Cape May remains desirable and vacancy rates are low. Few new homes are being built due to the unavailability of vacant land. However, the redevelopment of existing residential lots remains strong.

The census data reflects residency on Census Day (April 1, 2010) and the owner's census data has been recorded at the location of the primary residence. In the 2000 census, 51.4 % of Cape May's homes were designated for seasonal use. This was an increase of 968 seasonal homes since 1990, when seasonal homes accounted for 27.7% of the housing stock. The 2010 data reflects this continued trend. Total housing was 4,155 units with 2,320 of the units or 55.8% indicated as vacant or seasonal.

Density is a measure of the distribution of population over a given area. Cape May's relatively small land area, intensity of buildings, and compactness of development have contributed to Cape May's status as the 6th densest community in Cape May County behind Wildwood, Wildwood Crest, North Wildwood, West Wildwood and Ocean City. Even with the decrease in population in the City since 1990, Cape May has remained in the middle of the densest resort communities in the county. This decrease in density can be attributed to the increasing number of households living in the City on a seasonal basis. Cape May's middling density is also a product of undeveloped tracts in East Cape May and the preserved open space in its existing parks.

Despite Cape May's median density, density itself is not necessarily a measure of quality of life. Scarcity of land resources and high real estate values has led to development at greater densities in coastal communities across New Jersey. As a whole, the densities of coastal communities in

Cape May County are several factors larger than the density of the county aggregate. This is due to the relatively low densities of mainland Cape May County communities as a whole as well as the preservation of large inland tracts of land from development, such as the Cape May County Airport and Belleplain Wildlife Refuge, Cape May National Wildlife Refuge, Beaver Swamp Fish & Wildlife Refuge. Table IV displays density figures for municipalities in Cape May County:

Table IV
Density of Cape May County - 2000 to 2016

	Land Area	Total Population			Persons per Square Mile		
	(square miles)	2000	2010	2016	2000	2010	2016
New Jersey	7,416.9	8,414,350	8,791,894	8,915,456	1,134.5	1,185.4	1,202
Cape May County	256.5	102,326	97,265	95,404	398.9	379.2	371.9
"Resort Communities"							
Avalon	4.6	2,143	1,334	1,421	465.9	290.0	308.9
Cape May City	2.3	4,034	3,607	3,529	1,753.9	1,568.3	1,534.3
Cape May Point	0.4	241	291	214	602.5	727.5	535
North Wildwood	1.7	4,935	4,041	3,943	2,902.9	2,377.1	2,319.4
Ocean City	7	15,378	11,701	11,430	2,196.9	1,671.6	1,632.9
Sea Isle City	2.3	2,835	2,114	1,905	1,232.6	919.1	828.3
Stone Harbor	1.6	1,128	866	925	705.0	541.3	578.1
West Cape May	1.2	1,095	1,024	955	912.5	853.3	795.8
West Wildwood	0.3	448	603	500	1,493.3	2,010.0	1,666.7
Wildwood	1.3	5,436	5,325	5,192	4,181.5	4,096.2	3,993.8
Wildwood Crest	1.1	3,980	3,270	3,210	3,618.2	2,972.7	2,918.2
"Mainland Communities"							
Dennis Township	62.1	6,492	6,467	6,342	104.5	104.1	102.1
Lower Township	27.4	22,945	22,866	22,272	837.4	834.5	812.8
Middle Township	70.4	16,405	18,911	18,778	233.0	268.6	266.7
Upper Township	65	12,115	12,373	12,098	186.4	190.4	186.1
Woodbine	7.8	2,716	2,472	2,690	348.2	316.9	344.9
"Resort Communities"	23.8	41,653	34,176	32,269	1,750.1	1,436.0	1,355.8
"Mainland Communities"	232.7	60,673	63,089	62,180	260.7	271.1	267.2

Source: 2016 ACS 5-Year Estimates
2010 US Census

In terms of distribution of population across the City's land area, the portions of the City bound by Lafayette Street, Texas Avenue, Pittsburgh Avenue and New Jersey Avenue are the densest and tend to be occupied on a more year-round basis, according to the 2010 Census. The residential blocks nearest the City's ocean and harbor shoreline are inhabited on a more seasonal basis.

It has been observed that a number of the new seasonal homeowners are purchasing homes in anticipation of future use as a retirement home. Once a proportion of current seasonal homeowners actually do retire in Cape May, they will be listed as permanent residents. This helps lessen the trends of declining population and increased seasonal homeownership that were found in the last census. It should be noted that 32.5% of Cape May City residents are age 65 or older, as compared with 23.8% of the total County population.

Future population projections through 2040 were available from the South Jersey Transportation Planning Organization "Regional Transportation Plan 2040" July 2012. This plan notes that Cape May County had one of the lowest growth rates in the country in the 2000 – 2010 decade with an actual decline from 102,326 to 97,265. Using local input and past trends, this Plan used Moody's forecast with the expectation that the current decline would be reversed but growth would be minimal. In its May 2011 Ocean City Metro Report (Cape May County is designated as the Ocean City Micropolitan Statistical Area), Moody's Analytics stated that: *Location amid densely populated urban areas will serve as a long-term driver for tourism, but leisure/hospitality will muster a pace of growth that is below the national average. OCE will benefit from an influx of retirees, supporting growth in healthcare. However, low industrial diversity and high relative business costs will restrict growth. OCE will be a below-average performer over the long-run.*

Table V
Cape May County Population Projections 1990-2040

Municipality	1990	2000	%	2010	2020	%	2030	2040	%
Avalon Borough	1,809	2,143	1.85	1,334	1,208	-0.94	1,220	1,233	0.10
Cape May City	4,668	4,034	-1.36	3,607	3,512	-0.26	3,547	3,584	0.10
Cape May Point	248	241	-0.28	291	322	1.05	347	351	0.46
Dennis Township	5,574	6,492	1.65	6,467	6,461	-0.01	6,525	6,594	0.10
Lower Township	20,820	22,945	1.02	22,866	22,846	-0.01	23,075	23,317	0.10
Middle Township	14,771	16,405	1.11	18,911	21,872	1.57	23,175	23,419	0.35
North Wildwood City	5,017	4,935	-0.16	4,041	3,858	-0.45	3,897	3,937	0.10
Ocean City	15,512	15,378	-0.09	11,701	11,002	-0.60	11,112	11,228	0.10
Sea Isle City	2,692	2,835	0.53	2,114	1,980	-0.64	1,999	2,020	0.10
Stone Harbor	1,025	1,128	1.00	866	816	-0.58	824	833	0.10
Upper Township	10,681	12,115	1.34	12,373	13,237	0.70	13,589	13,732	0.19
West Cape May	10,126	1,095	0.67	1,024	1,007	-0.16	1,017	1,028	0.10
West Wildwood	453	448	-0.11	603	709	1.75	765	773	0.46
Wildwood City	4,484	5,436	2.12	5,325	5,298	-0.05	5,351	5,407	0.10
Wildwood Crest	3,631	3,980	0.96	3,270	3,124	-0.45	3,155	3,189	0.10
Woodbine	2,678	2,716	0.14	2,472	2,416	-0.22	2,441	2,466	0.10
Cape May County	95,809	102,326	0.76	97,265	99,928	0.27	102,012	103,083	0.16

Source: South Jersey Transportation Planning Organization "Regional Transportation Plan 2040" July 2012

These long range projections factored in an assumption that the current decline would be reversed but growth would be minimal. Based on most recent Census data, it appears the current decline has slowed but has not reversed itself. The SJTO projection of population trend reversal appears premature and it is unclear if and when the reversal will occur. Whether this assumption will prove true can be argued and ultimately the future trends will be dictated by current and future demographic and economic factors.

It is widely known that Cape May County as well as the City of Cape May populations greatly increases during the summer. Cape May County has provided estimates of summer population in 2016. It has been estimated that Cape May City's summer population swells to 46,324 persons. This is 13.2 times the City's population estimate of 3,500 for 2016.

Table VI
Cape May County Summer Population Estimate - 2016

Type	Cape May City	Cape May County
Dwelling Units, 2015*	4,246	99,382
Dwelling Units x 5 Residents/DU	21,230	496,910
Hotel/Motel Units	3,255	18,733
Hotel/Motel Units x 2.5 residents/unit	8,138	46,876
Campsites	-	14,724
Campsites x 3.75 Campers/Site	-	55,215
Group Quarters	4000	14,091
Marina Slips	228	4,660
Marina Slips x 2 persons/slip	456	9,320
Day Trippers	12,500	145,000
Total Population	46,324	767,412

*Dwelling unit numbers from 2016 NJDCA building permits and 2015 ACS

**Camp Site Numbers from 2016 County Health Dept.

***Marina counts from 2010 "Boaters Guide to Cape May County"

****Day-Trippers: Annual figure from Longwoods International 2005 Survey

Age of Population

The Census breaks the population down by age cohorts. Table VI: 2016 Age Cohorts shows the break-down for the City of Cape May and Cape May County. Generally, in comparison to the County as a whole, Cape May has an older population. The City population age 65+ is 32.5% of the total. The County population 65+ is 23.8%. In addition, children under the age of 19 make up 20.5% of the County's population as compared with 21.8% of the City's population.

**Table VII
2016 Age Cohorts**

Age	Population Cape May City	% of Population	Population Cape May County	% of Population
Under 5	142	4.0	4,533	4.8
5 to 9	52	1.5	4,825	5.1
10 to 14	51	1.4	4,558	4.8
15 to 19	525	14.9	5,490	5.8
20 to 24	446	12.6	5,732	6.0
25 to 34	381	10.8	9,369	9.8
35 to 44	81	2.3	9,186	9.6
45 to 54	226	6.4	13,347	14.0
55 to 59	158	4.5	7,263	7.6
60 to 64	318	9.0	8,325	8.7
65 to 74	598	16.9	12,823	13.4
75 to 84	340	9.6	7,077	7.4
85 +	211	6.0	2,876	3.0
Total	3,529	100	95,404	100

Source: 2016 ACS 5-Year Estimates

The median age for Cape May County was 48.4 in 2016 which increased from 46.4 years in 2010 and increased from 42.3 years in 2000. The median age for the City of Cape May has declined from 50.2 years in 2010 to 48.8 years in 2016.

Non-family households make up 44.2% of the households in Cape May City. This is lower than the County rate of 35.5% and slightly lower than the State average 30.7%. The average household size in Cape May City is 1.84 persons/dwelling unit, while the County average is 2.31 and the State average is 2.68, making the average household in Cape May City smaller than that of the County and State.

Education:

Within Cape May City's adult population, 92.9% have received a high school diploma and 43.5% received a bachelor's degree or higher making the City slightly better educated than the rest of Cape May County. When compared to the County, 90.1% of the adult population has received a high school diploma and 30.5% of the adult population has received a bachelor's degree or higher.

Housing

Age of Housing:

Table VIII depicts the number of new housing units constructed between 2000 and 2016 for the City, County and State.

Table VIII
Cape May City, Cape May County and New Jersey
Housing Units: 2000, 2010 & 2016

Jurisdiction	Housing Units 2000	Housing Units 2010	Housing Units 2016	Increase	% Increase from 1990-2010
Cape May City	4,064	4,155	4,259	195	4.80%
Cape May County	91,047	98,309	98,900	7,853	8.62%
New Jersey	3,310,275	3,553,562	3,586,442	276,167	8.34%

*Source: 2010 Census Data
2000 Census Data*

As of 2016, approximately 76.3% of the City's current housing stock was constructed prior to 1980, with 23.5% constructed prior to 1940. The City therefore has what can be considered an older housing stock, reflective of the recent population growth in the Township. The age of housing stock can be used as a gauge of the overall condition of housing in the community.

According to the New Jersey Department of Labor, Residential Building Permits Issued, 128 new building permits were issued in Cape May from 2009-2017. From January 2018 to May 2018, there were seven residential building permits issued.

Housing Tenure:

Cape May has increased its 2010 housing units to 4,155 to according to the 2010 Census. This represents a 2.2% increase over the 4,064 housing units identified in the 2000 Census. Of these units 1,457, or 35.1%, are occupied units, 2,320 housing units (55.8%) are for seasonal use. The remaining units are considered vacant. In comparison, of the 2000 units 1,821, or 45%, are occupied units, 2,089 housing units (51.4%) are for seasonal use. Comparing these figures with the 1990 Census, there were 4,052 housing units, 1,868 of which were occupied (46%) and 1,121 (27.7%) were considered for seasonal use. This data confirms the continuing trend of losing full time residential units to second homes and rental units.

Table IX
Cape May County Total & Occupied Housing Units 2000 & 2010

Municipality	Total Units			Occupied Units			% Occupied	
	2000	2010	% Change	2000	2010	% Change	2000	2010
Avalon Borough	5,281	5,434	2.9	1,045	692	-33.8	20%	13%
Cape May City	4,064	4,155	2.2	1,821	1,457	-20.0	45%	35%
Cape May Point	501	619	23.6	133	164	23.3	27%	26%
Dennis Township	2,327	2,672	14.8	2,159	2,370	9.8	93%	89%
Lower Township	13,924	14,507	4.2	9,328	9,579	2.7	67%	66%
Middle Township	7,510	9,296	23.8	6,009	7,256	20.8	80%	78%
North Wildwood City	7,411	8,840	19.3	2,309	2,047	-11.3	31%	23%
Ocean City	20,298	20,871	2.8	7,464	5,890	-21.1	37%	28%
Sea Isle City	6,622	6,900	4.2	1,370	1,041	-24.0	21%	15%
Stone Harbor	3,428	3,247	-5.3	596	441	-26.0	17%	14%
Upper Township	5,472	6,341	15.9	4,266	4,566	7.0	78%	72%
West Cape May	1,004	1,043	3.9	507	493	-2.8	50%	47%
West Wildwood	775	893	15.2	202	276	36.6	26%	31%
Wildwood City	6,488	6,843	5.5	2,333	2,251	-3.5	36%	33%
Wildwood Crest	4,862	5,569	14.5	1,833	1,532	-16.4	38%	28%
Woodbine	1,080	1,079	-0.1	773	757	-2.1	72%	70%
Cape May County	91,047	98,309	8.0	42,148	40,812	-3.2	46%	41.5%

Source: Census 2010, Redistricting Data File H1, February 2011; Census 2000, General Demographic Profiles, US Census Bureau, 2001

The percentage of occupied units decreased from 2000 to 2010 and increased from 2010 to 2016. The 2016 Census data indicates that 1,404 housing units (33%) in the City were occupied and 2,855 units (67%) were vacant. A total of 967 units (68.9%) of the occupied units are owner occupied with the additional 437 units (31.1%) occupied by renters. The City has a high vacancy rate due to seasonal / recreation use shown in Table X.

Table X
Cape May City
Housing Tenure: 2016

Cape May City	2000 Units	2000 % of Total	2010 Units	2010 % of Total	2016 Units	2016 % of Total
Total Housing Units	4,064	100%	4,155	100%	4,259	100%
Occupied Housing Units						
-Owner Occupied	1,034	56.8%	791	54.3%	967	68.9%
-Renter Occupied	787	43.2%	666	45.7%	437	31.1%
-Total	1,821	100%	1,457	100%	1,404	100%
Vacant Housing Units	2,243	100%	2,698	100%	2,855	100%
Seasonal, Recreational Use	2,089	93.1%	2,320	86%	N/A	N/A
Rental Vacancy Rate	85	3.8%	283	10.5%	N/A	N/A

Source: 2010 Census Data
2000 Census Data

Physical Character of the City Housing Stock

Although not as impacted as other Cape May County seashore towns, Cape May is experiencing a transition from a year-round community to a seasonal community. This is most apparent in data examining the amount of seasonal homes in the City. This Census data reveals the overall City and County trend of loss of occupied units. From 2000 to 2010 occupied units fell 20% to 1,457 and fell another 3.6% from 2010 to 2016. This follows a State and regional seashore community trend that reflects the growing portion of seasonal units. Avalon, Ocean City, Sea Isle City, and Stone Harbor were communities that also had losses of 20% or more. Full time residents are being lost to this trend. Cape May has slowed this trend and has not been impacted to the extent of other coastal communities in Cape May.

In Table XI, selected housing data from the City's Division of Construction Code Enforcement shows low building activity during the Great Recession. Beginning in 2007, construction activity decreased significantly until 2012, when the economy began to rebound.

Table XI
Cape May Building Permits: 2007-2017

Year	New Building	Addition	Alter.	Demo	C/O Issued	Units Lost	Units Gain	Change
2007	21	27	521	15	51	13	9	-4
2008	15	35	560	9	60	29	12	-17
2009	4	23	563	6	55	13	6	-7
2010	14	24	516	14	31	4	4	0
2011	12	22	487	9	35	10	10	0
2012	12	30	432	6	34	4	12	+8
2013	26	37	299	9	27	4	12	+8
2014	35	50	448	15	16	1	7	+6
2015	34	32	517	14	34	6	13	+7
2016	27	48	633	21	35	0	15	+15
2017	20	52	576	8	34	7	14	+7
TOTAL	220	380	5552	126	412	91	114	+23

Source: City of Cape May Building Permit Data

New structures built within Cape May over the past decade have tended to be detached and some attached single-family housing units. In some cases, new development has been conversion projects replacing bed and breakfast uses with single family rental type uses. In other cases, existing homes were demolished to make way for new, flood elevation-compliant homes. There is insufficient land for major increases in building units. This trend should continue for some time into the future as flood insurance rates continue to escalate. Overall, new units did not translate to more full time residents as the secondary home trend outweighed any gains.

Table XII provides an inventory of the age of the housing stock in Cape May City

Table XII
Cape May City
Inventory of Housing Age: 2016

Year(s) Constructed	Percent of Total
2014 or later	0%
2010 to 2013	1.4%
2000 to 2009	4.0%
1980 to 1999	18.4%
1960 to 1979	32.9%
1940 to 1959	19.9%
1939 or earlier	23.5%

Source: US Census Bureau, 2012-2016 American Community Survey 5-Year Estimates

For 2017, Cape May County had a foreclosure rate of 1 in 1074 units. Cape May City area which is based on the 08204 zip code and includes portions of Lower Township had a foreclosure rate of 1 in 1012 units. The foreclosure issues within the City do not appear to be significant or deleterious to the overall housing stock.

The average household size in Cape May is 1.95 persons per household, compared with 2000 and 1990 when average household size was 2.02 and 2.13 persons per household respectively. This follows a national trend to smaller household size. Cape May County has an average household size of 2.32 persons per household which has remained relatively consistent over the last decade.

In 2016, the median value of the owner occupied units in Cape May City was \$557,200. The median home value has decreased since the release of the 2010 Census, which was \$700,000. Cape May City's average median home value is greater than that of Cape May County as well as New Jersey.

Table XIII
Cape May City, Cape May County and New Jersey
Median Home Values: 2010 & 2016

Median Home Value	2010	2016	Percent Decrease
Cape May City	\$700,000	\$557,200	-20.4%
Cape May County	\$337,300	\$296,100	-12.21%
New Jersey	\$357,000	\$316,400	-11.37%

*Source: US Census Bureau, 2012-2016 American Community Survey 5-Year Estimates
2010 Census Data
2000 Census Data*

Online real estate website Zillow indicates provides 2017 data for comparison. The median home value in Cape May is \$581,600. Cape May home values have gone up 10.9% over the past year and Zillow predicts they will rise 3.9% within the next year. The median list price per square foot in Cape May is \$445, which is higher than the Ocean City Metro average of \$273. The median price of homes currently listed in Cape May is \$795,000. It should be noted that this data is for all units and does not provide owner occupied units data.

As noted in Table XIV the majority of owner occupied units are valued at more than \$300,000. Of the 967 owner-occupied units reported in the 2012-2016 American Community Survey, 90% were valued at more than \$300,000.

Table XIV
Cape May City
Home Value of Specified Owner Occupied Units: 2016

Value of Specified Owner Occupied Units	Number of Units	Percent of Total
Less than \$50,000	9	0.9%
\$50,000- \$99,999	0	0%
\$100,000- \$149,999	10	1%
\$150,000- \$199,999	0	0%
\$200,000- \$299,999	78	8.1%
\$300,000- \$499,999	333	34.4%
\$500,000- \$999,999	370	38.3%
Over \$1,000,000	167	17.3%

Source: US Census Bureau
2012-2016 American Community Survey 5-Year Estimates
2010 Census Data

As noted in Table XV the majority of the gross rents charged were less than \$1,500 per month. Of the 357 rental units reported in the 2012-2016 American Community Survey, 94.9% of the units were rented at less than \$1,500.

Table XV
Cape May City
Gross Rent of Specified Renter Occupied Units: 2016

Value of Occupied Rental Specified Units	Number of Units	Percent of Total
Less than \$500.00	33	9.2%
\$500.00-\$999.00	286	80.1%
\$1,000.00-\$1,499.00	20	5.6%
\$1,500.00-\$1,999.00	8	2.2%
\$2,000.00-\$2,499.00	10	2.8%
\$2,500.00-\$2,999.00	0	0%
\$3,000 or more	0	0%
No cash rent	80	--

Source: US Census Bureau
2012-2016 American Community Survey 5-Year Estimates
2010 Census Data

The median gross rent in Cape May City was \$837.00 in 2016. The median rent is lower than that of the Atlantic County and New Jersey averages.

Table XVI
Cape May City, Cape May County and New Jersey
Median Rents: 2010 & 2016

Median Rent	2010	2016	% Change
Cape May City	\$788.00	\$837.00	6.2%
Cape May County	\$973.00	\$1,045.00	7.4%
New Jersey	\$1,092.00	\$1,213.00	11.1%

*Source: US Census Bureau, 2012-2016 American Community Survey 5-Year Estimates
 2010 Census Data*

Single family detached homes remain the dominant housing structure in the City, representing 41.7% of total housing units. In addition single family attached homes account for 26.9% of the housing structures in the City.

Table XVII
Cape May City
Types of Dwelling Units: 2016

Type of Unit	Number of Units	Percent of Total
1- Unit; detached	1,774	41.7%
1- Unit; attached	1,145	26.9%
2 Units	123	2.9%
3 or 4 Units	398	9.3%
5 to 9 Units	225	5.3%
10 to 19 Units	173	4.1%
20 or more Units	421	9.9%
Mobile Homes	0	0%
Boat, RV, Van, etc.	0	0%
Total	4,259	100%

*Source: US Census Bureau
 2012-2016 American Community Survey 5-Year Estimates*

Table XVIII provides Census data regarding the condition of housing and whether units are overcrowded:

Table XVIII
Cape May City
Condition of Housing: 2016

Characteristic	Number of Units
Overcrowded (> 1 person per room)	0
Total Units lacking complete plumbing	0
Total Units lacking complete kitchen	0

Source: US Census Bureau, 2012-2016 American Community Survey 5-Year Estimates

Employment & Labor

Analysis of Existing Employment:

The 2016 American Community Survey data indicates that the civilian labor force (16 years and older) for Cape May City and Cape May County in 2016 were 1,115 and 47,194 respectfully. The Cape May City labor force represents 2.36% of the County civilian labor force. In 2016, the percent of the persons age 16 and over in the civilian labor force in Cape May City was 34%. This average is lower than the County average of 58.6%. The City had a lower unemployment rate than the County, rates were 1.9% and 5.4% respectfully.

The Census data distribution of occupational positions in Cape May City generally reflects that of Cape May County and the State.

Table XIX
Cape May City and Cape May County
Civilian Labor Force Characteristics: 2016

	Cape May City		Cape May County	
	Number of Persons	Percent of Total	Number of Persons	Percent of Total
Labor Force	1,115	34%	47,194	58.6%
Employed	1,051	32%	42,837	53.2%
Unemployed	64	1.9%	4,357	5.4%

Source: US Census, 2012-2016 American Community Survey 5-Year Estimates

Table XX
Cape May City, Cape May County and New Jersey
Occupation Distribution: 2016

Occupation	Cape May City	Cape May County	New Jersey
Management, business, science and arts occupations	39.3%	34.5%	41.2%
Service Occupations	15.1%	22.5%	16.7%
Sales and Office Occupations	28.5%	24.6%	24.4%
Natural resources, construction and maintenance occupations	9.0%	11.0%	7.2%
Production, transportation and material moving occupations	8.0%	7.4%	10.5%

Source: US Census, 2012-2016 American Community Survey 5-Year Estimates

In 2016, the median income in Cape May City was \$54,907. However, there is a wide range of income levels, as 33.9% of the population make over \$100,000 and 18.9% make under \$25,000. The distribution of household income is indicated in Table XXI.

Table XXI
Cape May City
Household Income: 2016

Household Income	Number	Percent
Less than \$10,000	91	6.5%
\$10,000- \$14,999	49	3.5%
\$15,000- \$24,999	125	8.9%
\$25,000- \$34,999	196	14.0%
\$35,000-\$49,999	204	14.5%
\$50,000- \$74,999	149	10.6%
\$75,000- \$99,999	115	8.2%
\$100,000- \$149,999	279	19.9%
\$150,000- \$199,999	91	6.5%
\$200,000 or more	105	7.5%

Source: US Census, 2012-2016 American Community Survey 5-Year Estimates

Analysis of Future Employment:

As mentioned in the 'Analysis of Existing Employment' section, data from the 2016 American Community Survey data indicates a civilian labor force (those in the population above the age of 16) of 1,115, of which 1,051 were employed. Classifications of workers by occupation distribution can be referenced in Table XXII which lists occupation by industry of workers in the City.

Table XXII
Cape May City
Employment Classification: 2016

Industry	Number of Employees	% of Total Employed
Agriculture, forestry, fishing, hunting and mining	4	0.4%
Construction	34	3.2%
Manufacturing	50	4.8%
Wholesale Trade	0	0.0%
Retail Trade	181	17.2%
Transportation, warehousing and utilities	58	5.5%
Information	10	1.0%
Finance, Insurance, Real Estate and Rental/Leasing	81	7.7%
Professional, scientific, management, administrative and waste management services	94	8.9%
Educational services, health care and social assistance	152	14.5%
Arts entertainment, recreation, accommodation and food services	188	17.9%
Other services except public administration	141	13.4%
Public Administration	58	5.5%

Source: US Census, 2012-2016 American Community Survey 5-Year Estimates

Income

According to the 2012-2016 American Community Survey, the 2016 median household income for Cape May County was \$59,338. This is more than the median household income for the City, \$54,907. Approximately 5.6% of the families in Cape May were considered to be below the poverty line in 2016.

Table XXIII
Median Household Income 2016

Municipality (Geographic Area)	Median Income (2016 Dollars)		Per capita Income (2016 Dollars)	Income in 2016 below poverty level % of Families
	Households	Families		
Avalon Borough	82,678	109,643	71,818	1.5
Belleplain, CDP	79,583	93,882	29,309	0.0
Burleigh, CDP	39,583	41,625	24,683	14.2
Cape May City	54,907	99,250	43,427	5.6
Cape May Courthouse, CDP	60,181	79,936	33,205	7.1
Cape May Point Borough	48,438	78,750	39,121	1.7
Dennis Township	65,545	75,909	28,201	10.6
Diamond Beach, CDP	-	-	46,994	0.0
Erma, CDP	75,515	87,897	34,176	2.3
Lower Township	56,241	68,432	29,170	6.0
Middle Township	60,829	75,126	32,618	8.7
N. Cape May, CDP	54,728	83,697	29,216	2.7
North Wildwood City	43,516	63,205	29,833	7.6
Ocean City	63,108	78,935	31,903	7.5
Rio Grande, CDP	51,045	63,229	29,460	19.9
Sea Isle City	70,333	121,036	51,660	4.0
Stone Harbor Borough	95,250	101,597	71,178	4.5
Strathmere CDP	212,188	215,972	70,662	0.0
Upper Township	79,672	92,171	37,057	2.7
Villas CDP	45,361	54,617	26,106	10.7
West Cape May Borough	58,438	77,083	36,246	10.6
West Wildwood Borough	47,411	56,875	29,336	5.3
Whitesboro, CDP	41,713	50,655	19,174	8.0
Wildwood City	28,271	28,894	27,274	26.3
Wildwood Crest Borough	58,897	66,758	35,966	2.8
Woodbine	38,092	52,750	17,907	22.3

Source: US Census Bureau, 2012-2016 American Community Survey 5 Year Estimates

Units Affordable to Low and Moderate Income Households

Cape May City is in COAH's Region 6, which encompasses Atlantic, Cape May, Cumberland and Salem counties. The median household income in Cape May City in 2016 was \$54,907.

Table XXIV
Council on Affordable Housing
2017 Regional Income Limits

	1 Person	1.5 Person	2 Person	3 Person	4 Person	4.5 Person	5 Person	6 Person	7 Person	8 Person
Median	\$51,085	\$54,734	\$58,383	\$65,681	\$72,979	\$75,898	\$78,817	\$84,655	\$90,494	\$96,332
Moderate	\$40,868	\$43,787	\$46,706	\$52,545	\$58,383	\$60,718	\$63,054	\$67,724	\$72,395	\$77,066
Low	\$25,543	\$27,367	\$29,192	\$32,840	\$36,489	\$37,949	\$39,409	\$42,328	\$45,247	\$48,166
Very Low	\$15,326	\$16,420	\$17,515	\$19,704	\$21,894	\$22,769	\$23,645	\$25,397	\$27,148	\$28,900

Source: Council on Affordable Housing

Based on the qualifying formula in N.J.A.C. 5:80-26, the monthly cost of shelter which includes mortgage (principal and interest), taxes, insurance and homeowners or condominium association fees, may not exceed twenty-eight percent (28%) of gross monthly household income based on a five percent (5%) down payment. In addition, moderate-income sales units must be available for at least three different prices and low-income sales units available for at least two different prices. The maximum sales prices must now be affordable to households earning no more than seventy-percent (70%) of median income. The sales prices must average fifty-five percent (55%) of median income.

Under UHAC regulations, rents including utilities may not exceed thirty-percent (30%) of gross monthly income. The average rent must now be affordable to households earning fifty-two percent (52%) of median income. The maximum rents must be affordable to households earning no more than sixty-percent (60%) of median income. In averaging fifty-two percent (52%), one rent may be established for a low-income unit and one rent for a moderate-income unit for each bedroom distribution. The utility allowance must be consistent with the utility allowance approved by HUD and utilized in New Jersey. In addition thirteen percent (13%) of all restricted rental units must be affordable to households earning no more than thirty-percent (30%) of median income.

Based upon the average household size of 1.95 in Cape May City in 2016 and the regional limits, the median income in Region 6 for Cape May City in 2017 is \$58,383. At a minimum, 93 owner occupied units and 339 renter occupied units could be considered affordable to two person very low, low and moderate income households as indicated in Table XXV. Of the 93 owner occupied units, 30 units could be considered affordable to two person low income and some moderate income and 63 units could be considered affordable to a two person moderate income. Of the 339 renter occupied units, 33 units could be considered affordable to two person very low income and low income, 286 units could be considered affordable to a two person low income and moderate income and 20 units could be considered affordable to a two person moderate income. Based upon these numbers approximately 10.14% of the 4,259 units in the City in 2016 are potentially affordable. Of these, approximately 33 units representing approximately 0.77% could be affordable to very low and low income households with the remaining 399 units representing approximately 9.37% could be affordable to low income and moderate income households. Although these figures are estimates and assumptions regarding household size have been made, it appears that the City has significant numbers of affordable units, some of which are naturally affordable, and some of which can be counted as affordable housing credits.

Table XXV
Cape May City
Estimate of 2016 Housing Units Affordable to Low & Moderate Income Households
Information for Median Income, Mortgage and Rental Information

Income Level	Annual Income	
Median Household Income	\$54,907	
Moderate Income	\$29,192 - \$46,706	
Low Income	\$17,515 - \$29,192	
Very Low Income	<\$17,515	
Income Level	Affordable Monthly Rent	Affordable Monthly Mortgage
Moderate Income	\$729.80 - \$1,167.65	\$681.15 - \$1,089.81
Low Income	\$437.88 - \$729.80	\$408.68 - \$681.15
Very Low Income	<\$437.88	<\$408.68
Mortgage Status and Selected Owner Costs	Number of Units	Affordability
Owner Occupied Units with a Mortgage		
Less than \$500.00	0	
\$500.00-\$999.00	30	Some Low Income & Some Moderate Income
\$1,000.00-\$1,499.00	63	Some Moderate Income
\$1,500.00-\$1,999.00	118	Not Affordable
\$2,000.00-\$2,499.00	74	Not Affordable
\$2,500.00-\$2,999.00	47	Not Affordable
\$3,000.00 or more	113	Not Affordable
Not Mortgaged	522	
Renter Occupied Housing Units		Affordability
Less than \$500.00	33	Some Low Income & Some Very Low Income
\$500.00-\$999.00	286	Some Low Income & Some Moderate Income
\$1,000.00-\$1,499.00	20	Some Moderate Income
\$1,500.00-\$1,999.00	8	Not Affordable
\$2,000.00-\$2,499.00	10	Not Affordable
\$2,500.00-\$2,999.00	0	Not Affordable
\$3,000.00 or more	0	Not Affordable
No Rent Paid	80	

Source: 2010 Census Data
2012-2016 American Community Survey 5-Year Estimates

III. Fair Share Plan

In 1975, in the case Southern Burlington County NAACP v. Township of Mt. Laurel (Hereinafter "Mt. Laurel I"), the New Jersey Supreme Court ruled that developing municipalities have a constitutional obligation to provide for the construction of low and moderate income housing. The court's 1983 Mt. Laurel II decision expanded the obligation in ruling that all municipalities share in this constitutional obligation to provide a realistic means for addressing a fair share of the regional present and prospective need for housing affordable to low and moderate income families provided that any portion of the municipality is located in a "growth area" as set forth in the SDGP.

Every municipality in New Jersey has a constitutional obligation to provide a “realistic opportunity” to create its “fair share” of affordable housing. This obligation was established as a result of the Mount Laurel decisions decided by the Supreme Court of New Jersey and the adoption of the Fair Housing Act of 1985. In accordance with the Municipal Land Use Law, a municipality may not adopt a zoning ordinance unless it has adopted a Housing Element. (N.J.S.A. 40:55D-1 et. seq.). A Fair Share Plan addressing how the municipality will provide for affordable housing is an essential component of the Housing Element.

As such, through a municipality's zoning and land use regulations, it is to be realistically possible, through provision of a variety of housing choices, for all categories of people within Housing Region 6 (including Salem, Cumberland, Cape May and Atlantic counties) to live if they so choose in the City of Cape May.

Consideration of Lands Appropriate for Affordable Housing

In general, sites that are most appropriate for affordable housing are those that have the necessary infrastructure and are not encumbered by environmental constraints.

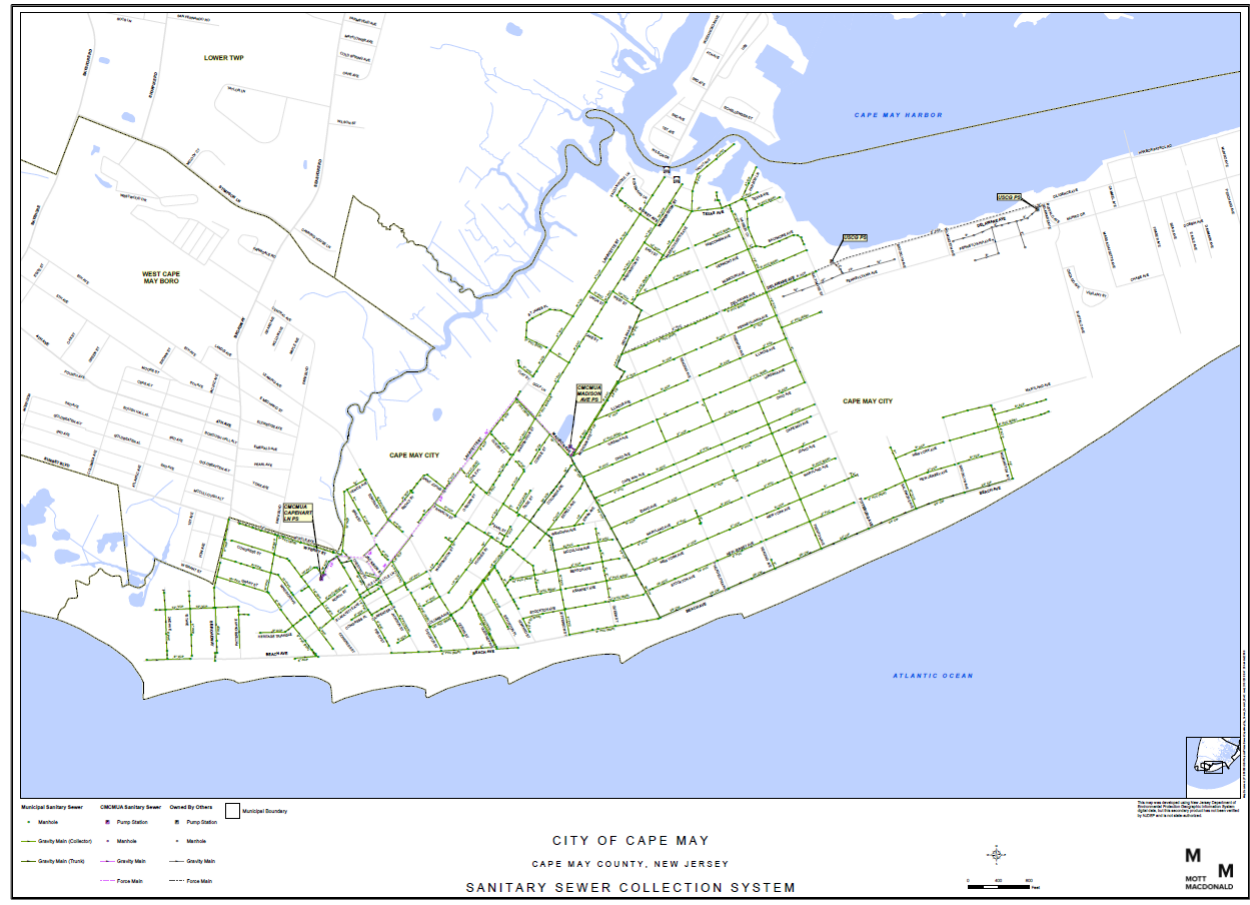
Consistent with smart growth principles, the City has chosen to intersperse affordable housing throughout existing residential neighborhoods and in proximity to transportation corridors and walkable and bikeable areas. These areas provide the greatest number of employment opportunities and community services.

The City has analyzed whether inclusionary zoning and the development of affordable housing sites would serve the municipality to address its fair share obligation. As discussed below, the City has determined that a combination of these types of developments would be appropriate to satisfy the City's fair share obligation.

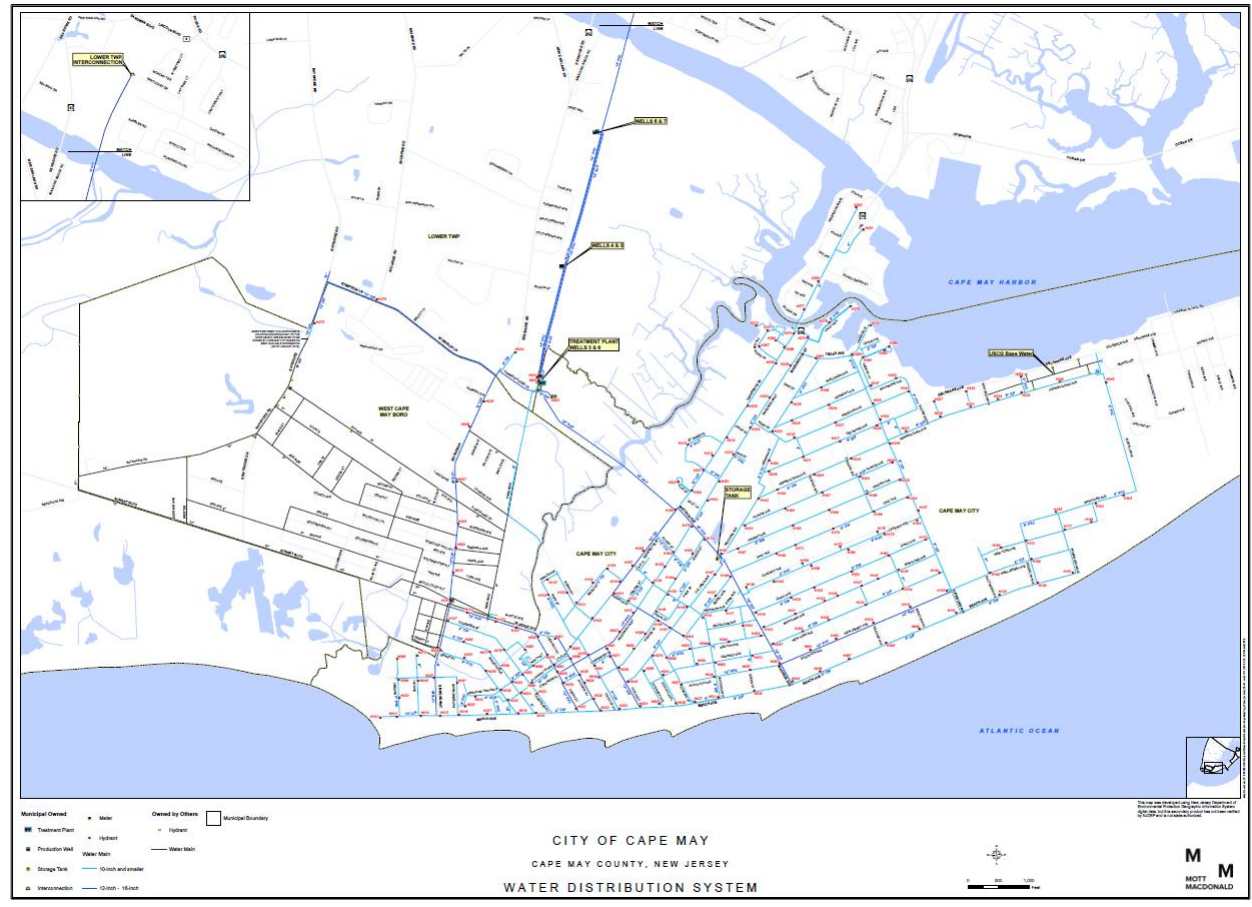
Availability of Existing and Proposed Infrastructure

The City has infrastructure capacity to address its fair share obligation. The majority of the developed portions of the City are served by public water and public sewer. Undeveloped areas are within close proximity to existing infrastructure and located within sewer service areas. Additional water and sewer capacities are available for any projected development. Existing infrastructure is depicted in the sewer and water maps indicated below:

Figure 1:
City of Cape May Sewer Collection System



**Figure 2:
City of Cape May Water Distribution System**



Affordable Housing Obligation

As per the terms of the FSHC Settlement Agreement, Cape May City and FSHC agree that Cape May's affordable housing obligations are as follows:

Rehabilitation Share (per Kinsey Report ¹)	4
Prior Round Obligation (pursuant to <u>N.J.A.C. 5:93</u>)	58
Third Round (1999-2025) Prospective Need (per Kinsey Report, as adjusted through this Agreement)	212

¹ David N. Kinsey, PhD, PP, FAICP, NEW JERSEY LOW AND MODERATE INCOME HOUSING OBLIGATIONS FOR 1999-2025 CALCULATED USING THE NJ COAH PRIOR ROUND (1987-1999) METHODOLOGY, July 2016 and April 2017.

A. Rehabilitation Share

Cape May City has a Rehabilitation Share of 4 units.

B. Prior Round Obligation (1987-1999)

Cape May City has a Prior Round Obligation of 58 units.

C. Third Round (1999-2025) Prospective Need Obligation

Cape May City has a Third Round (1999-2025) Prospective Need Obligation of 212 units.

Affordable Housing Caps & Requirements

As per the terms of the FSHC Settlement Agreement, Cape May City will address the following:

- A. This plan requires that 13% of all units referenced in this Agreement, excepting those units that were constructed or granted preliminary or final site plan approval prior to July 1, 2008, to be very low income units, with half of the very low income units being available to families.
- B. The City shall meet its Third Round Prospective Need in accordance with the following standards:
 - a. Third Round bonuses will be applied in accordance with N.J.A.C. 5:93-5.15(d).
 - b. This plan will ensure that at least fifty percent (50%) of the units addressing the City's Third Round Prospective Need will be affordable to a combination of very-low-income and low-income households, while the remaining affordable units will be affordable to moderate-income households.
 - c. This plan will ensure that a minimum of twenty-five percent of the City's Third Round Prospective Need will be met through rental units, including at least half in rental units available to families.
 - d. This plan will ensure that at least half of the units addressing the City's Third Round Prospective Need will be available to families.
 - e. This plan complies with COAH's Round 2 age-restricted cap of twenty-five percent (25%).

III. Affordable Housing Plan

Addressing the Rehabilitation Obligation:

The housing strategy outlined herein addresses the City's 4-unit Rehabilitation Share obligation, 53 Prior Round Obligation and 212 Third Round (1999-2025) Prospective Need obligation. Below are the mechanisms the City has put in place to address the affordable housing obligations.

The purpose of a rehabilitation program is to rehabilitate substandard housing units occupied by low and moderate income households. A substandard housing unit is defined as a unit with health and safety violations that require the repair or replacement of a major system. A major system includes a roof, plumbing, heat, electricity, sanitary plumbing and/or a load bearing structural system. Upon rehabilitation, housing deficiencies are corrected and the unit is brought up to New Jersey Uniform Construction Code standards.

Based on the Settlement Agreement between the City of Cape May and the Fair Share Housing Center, a rehabilitation component of four (4) units was agreed upon by both parties. The City plans to satisfy this obligation as follows:

- A. The City's efforts to meet its present need include the City's recent approval of rehabilitation of Victorian Towers, an existing age-restricted affordable housing complex. This is sufficient to satisfy the City's present need obligation of four (4) units. The City also further represents that it has supported the rehabilitation of the existing public housing in the City operated by the Cape May Housing Authority in accordance with the terms of its earlier Third Round substantive certification from COAH and will not take any municipal action during the term of this Agreement that would lead to the loss of existing public housing within the City.

Addressing the Prior Round Obligation:

The City has a Prior Round prospective need of fifty-eight (58) units. The Borough was granted a Prior Round judgment of compliance and repose which found that its RDP is 0. This leaves a remaining 58-unit unmet need.

Addressing the Third Round (1999-2025) Prospective Need Obligation

The City has a realistic development potential (RDP) of 12 units. The RDP is based on a vacant land analysis, which finds no parcels generating an RDP other than approved subdivisions on the Osprey Landing, Pella, and Somers tracts, which generate a combined 12 unit RDP. That RDP will be satisfied through its accessory apartment program codified at § 59-80 and § 59-81 of the City Code. A limit of 10 accessory apartments were permitted by the previous ordinance. The

City, by Ordinance #359-2018, amended the code to allow up to 12 accessory apartments and require that of the 12 there will be six low-income units of which two will be deed restricted for very low income households, with funding levels of \$20,000 for a moderate income unit, \$25,000 for a low income unit, and \$30,000 for a very low income unit, with those amounts subject to review at the midpoint review to evaluate whether these amounts have been sufficient to incentivize accessory apartments. The City shall provide information on adequate and stable funding pursuant to N.J.A.C. 5:93-5.5 for the accessory apartment program as part of its Housing Element and Fair Share Plan to be adopted in accordance with the Settlement Agreement. The City finalized the form of the updated Ordinance through collaboration with FSHC, the Special Master, and representatives of the City..

The RDP of 12, subtracted from the Third Round obligation of 212 units, in addition to the Prior Round unmet need of 58 units, results in an unmet need of 258 units, which shall be addressed through the following mechanisms:

- A. The City modified its existing inclusionary overlay zoning ordinance on six specified areas, as detailed in COAH's September 25, 2009 grant of substantive certification to the City and adopted in City Code § 59-43(e), by permitting the currently permitted density bonuses as stated in §59-43(e) with a 15 percent set-aside for rental housing and a 20 percent set-aside for for-sale housing and eliminating the payment-in-lieu option and replace it with a requirement for either on-site or off-site provision of the required units of affordable housing. The City finalized the form of the Ordinance amendments (Ordinance #359-2018) through collaboration with FSHC, the Special Master, and representatives of the City..
- B. The City recently approved, as part of the ordinances adopted in response to Cape May's previous substantive certification, a 13-unit development including 2 on-site affordable units (which may be provided off-site at the discretion of the City in accordance with City Code §59-43 and/or any modifications to such Code that may be applicable to this development) and a payment in lieu of construction for the fractional remaining requirement, at Block 1172, Lot 1.
- C. The Parties acknowledge the pendency of litigation regarding the Sewell Point Tract, which is comprised of numerous parcels in the City. This Tract was included as a portion of the City's 2009 substantive certification by COAH, but since then the settlement referenced in that certification has not resulted in development and further litigation has commenced. As an additional mechanism to meet unmet need, the City will require that 20 percent of any residential units developed on the Sewell Point Tract be affordable in compliance with the terms of this Agreement.
- D. The City updated its existing city-wide inclusionary zoning ordinance at § 59-43 of City Code requiring a mandatory affordable housing set aside for all new residential developments of five (5) units or more and providing a density bonus for such development, so as to remove references to growth share and maintain a requirement for either on-site or off-site provision of the required units of affordable housing with payment-in-lieu provisions only utilized to fulfill fractional unit obligations. The City

finalized the form of the Ordinance amendments (Ordinance #359-2018) through collaboration with FSHC, the Special Master, and representatives of the City.

Very Low Income Requirement

The City amended its affordable housing ordinance to require 13% of all restricted rental units, excepting those units that were constructed or granted preliminary or final site plan approval prior to July 1, 2008, to be very-low-income units, with half of the very-low-income units being available to families. The City will comply with those requirements by providing two very-low-income accessory apartment as specified herein and by requiring that very-low-income units constitute 13 percent of affordable units developed on any site in the City via inclusionary zoning and/or overlay zoning requirements.

Affordable Housing Trust Fund

The City of Cape May has adopted an affordable housing trust fund ordinance in accordance with COAH rules for the purposes of funding affordable housing activities. At the present time the fund is anticipated to assist with the municipally sponsored projects. The City has adopted a Spending Plan which is being updated.

Cost Generation

The City of Cape May will provide for expediting the review of development applications containing affordable housing. Such expedition may consist of, but is not limited to, scheduling of pre-application conferences and special monthly public hearings for projects involving affordable housing. Furthermore, development applications containing affordable housing shall be reviewed for consistency with the Land Development Ordinance and Residential Site Improvement Standards (N.J.A.C. 5:21-1 et seq.) The City shall comply with COAH's requirements for unnecessary cost generating requirements under N.J.A.C. 5:93-10.

Monitoring

The City of Cape May shall complete COAH's annual monitoring reports for the City's Affordable Housing Trust Fund and of the affordable housing units and programs.

Fair Share Ordinance and Affirmative Marketing

The City of Cape May has prepared and adopted an Affirmative Marketing and Fair Share Ordinance in accordance with COAH's substantive rules, N.J.A.C. 5:93-9, and the UHAC at N.J.A.C. 5:80-26. The City's Fair Share Ordinance governs the administration of affordable units in the City as well as regulating the occupancy of such units. The Fair Share Ordinance

covers the phasing of affordable units, the low / moderate income split, bedroom distribution, occupancy standards, affordability controls, establishing rents and sale prices, affirmative marketing, income qualification and the like. The Fair Share Ordinance will be updated to provide that at least 50% of the units in new developments are affordable to very-low income and low-income households with the remainder of the units affordable to moderate-income households.

The affirmative marketing plan is designed to attract buyers and/or renters of all majority and minority groups, regardless of race, creed, color, national origin, ancestry, marital or familial status, gender, affectional or sexual orientation, disability, age or number of children to the affordable units located in the City. Additionally, the affirmative marketing plan is intended to target those potentially eligible persons who are least likely to apply for affordable units and who reside in Housing Region #6, consisting of Atlantic, Cape May, Cumberland and Salem counties. The costs of advertising and affirmative marketing of the affordable units (including the contract with the Administrative Agent) shall be the responsibility of the developer, sponsor or owner, unless otherwise determined or agreed to by the City.

The affirmative marketing plan includes regulations for qualification of income eligibility, prove and rent restrictions, bedroom distribution, affordability control periods, and unit marketing in accordance with N.J.A.C. 5:80-26. All newly created affordable units will comply with the thirty-year affordability control required by the UHAC, N.J.A.C. 5:80-26-5 and 5:80-26-11. This plan must be adhered to by all private, non-profit 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 availability of affordable units, contract with the Administrative Agent, etc.) are the responsibilities of the developers of the affordable units.

Conclusion

The City will be able to satisfy its Rehabilitation, Prior Round and Third Round Prospective Need affordable housing obligations with the various methods that have been proposed by 2025 providing for a realistic opportunity for the production of very low, low and moderate income units within the City.