

**City of Sea Isle
Cape May County**

**Housing Element of the Master Plan
Fair Share Plan**

Adopted by the Planning Board on ----- by Resolution -----
Endorsed by the Governing Body on ----- by Resolution -----

DRAFT – MAY 28, 2025

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Cape May County**

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APPENDIX C – Draft Ordinance Amendments

EXECUTIVE SUMMARY

The City of Sea Isle has prepared this plan in response to the enactment of Assembly Bill 4 signed by the Governor in 2024. This legislation abolished the Council on Affordable Housing (COAH), the State agency responsible for administering and overseeing affordable housing plans. The legislation also amended affordable housing regulations as provided for in the Fair Housing Act (FHA) and set deadlines for municipalities for reporting and filing a Fourth-Round Housing Element and Fair Share Plan.

In accordance with the amendments to the FHA, the City accepted the Department of Community Affairs' (DCA) calculations of the City's Present Need and Prospective Need in a binding resolution 013-2025 on January 28, 2025 and filed the resolution with the Affordable Housing Dispute Resolution Program ("the Program") through a Complaint for Declaratory Relief in accordance with the Administrative Office of the Courts' Directive #14-24 ("AOC Directive #14-24). On March 27, 2025, the Court issued an Order fixing Municipal Obligations for Present Need and Prospective Need for the Fourth Round Housing Cycle for the City consistent with the DCA calculations: Present Need of 0 and Prospective Need as 25.

This plan provides for the City's Fourth-Round affordable housing obligation as calculated by the DCA and fixed by the Courts. The City has updated its approved Vacant Land Adjustment (VLA) from its Third-Round Plan to identify any new or underutilized properties that may add to the City's Realistic Development Potential (RDP). The City's VLA from the Court-approved Third-Round Fair Share Plan included a combined Prior Round and Third-Round RDP of 4 and an Unmet Need of 366. The updated VLA for the Fourth-Round identified two properties which would yield an additional RDP. In the Fourth-Round the City identifies an RDP of 7 and an Unmet Need of 18.

The City has adopted three separate ordinances to address their affordable housing obligations, none of which have yielded any new units. These ordinances include an age-restricted inclusionary zone for properties in the City which would provide for both inclusionary or 100% age-restricted affordable housing units. Another ordinance created an Inclusionary Development Overlay zone in the marina area to provide incentives for any redeveloped property to increase density and provide for affordable housing units. Lastly, the City adopted a mandatory set-aside ordinance for any development which includes five or more multi-family units, this ordinance applies in all districts and is intended to capture any development that would reasonably provide an affordable housing opportunity.

As part of the City's Fourth-Round plan, the city proposes a new market to affordable program which will serve to meet a portion of the Fourth-Round RDP. This program will create an opportunity for at least five units and would utilize the City's Affordable Housing Trust Fund to offset the development costs.

Over the years the regulations pertaining to each Round of Affordable Housing obligations have changed. In preparing the Fourth-Round components of the Fair Share Plan, the FHA as amended (N.J.S.A. 52:27D-310, et seq.), was followed. This Plan also follows the requirements of N.J.A.C. 5:93. where appropriate, as called for by the recent FHA amendments.

INTRODUCTION

The City of Sea Isle is located in Cape May County, consisting of an estimated 1,400 acres of land and water. The City is a barrier island community, established in 1882. The City includes a large part of Ludlum Island, stretching five miles north to south. It is bounded on the east by the Atlantic Ocean and on the west by the Intercoastal waterways. Access to the City from the mainland is along the John F. Kenedy Bridge and Sea Isle Boulevard. The only other access is from Ocean Drive which connects Sea Isle City to other coastal communities.

The City is a seasonal community with population increases in the summer which is more than 25 times the year-round population. The predominate land use in the City is residential with a mix single-family detached, attached, duplex and quads. Commercial areas with mixed use are generally located along Landis Avenue and JFK Boulevard.

In December of 2008 the City of Sea Isle adopted a Third Round Housing Element and Fair Share Plan. The plan was subsequently revised in accordance with the following events. On July 7, 2015 the City of Sea Isle filed an Application for Declaratory Judgment seeking Temporary Immunity from Mount Laurel Lawsuits. The Superior Court of New Jersey Law Division Cape May County (Docket No. CPM-L-304-15) granted the City Temporary Immunity provided the City file a Housing Element and Fair Share Plan addressing their future affordable housing obligation. The City entered into a settlement agreement with FSHC on November 14, 2017 which provided for the City's Third Round Prospective Need running from 1999 through 2025 as 370 units. The settlement agreement provided for a Realistic Development Potential (RDP) of 4, based on the available vacant parcels in the City and included mechanisms to meet the City's Unmet Need affordable housing

obligations. That settlement agreement was approved by the Court at a duly-noticed Fairness Hearing on December 1, 2017.

Consistent with the settlement agreement, the City amended their 2008 Plan in 2018 by adding the Mount Laurel compliance techniques through which the City would satisfy its Third-Round obligation. The 2018 Plan included a number of ancillary documents, including a Spending Plan that (1) accounts for the funds to be deposited through 2025, into the City's Mount Laurel Trust Fund; and (2) demonstrates the manner in which the City intends to expend the funds to advance the interests of the region's low- and moderate-income households. The Court approved the City's Third Round HEFSP after a duly-noticed Compliance Hearing held on August 28, 2018. The Court entered a Final Order of Fairness, Compliance and Repose for the City on August 28, 2018.

In accordance with the amendments to the FHA, the City accepted the Department of Community Affairs' (DCA) calculations of the City's Present Need and Prospective Need in a binding resolution 013-2025 on January 28, 2025 and filed the resolution with the Affordable Housing Dispute Resolution Program ("the Program") through a Complaint for Declaratory Relief in accordance with the Administrative Office of the Courts' Directive #14-24 ("AOC Directive #14-24). On March 27, 2025, the Court issued an Order fixing Municipal Obligations for Present Need and Prospective Need for the Fourth Round Housing Cycle for the City consistent with the DCA calculations: Present Need of 0 and Prospective Need as 25.

This Plan maintains the components in the Court-approved Third-Round Plan, with no changes. This plan also provides for the City's Fourth-Round affordable housing obligation and updates the City's Vacant Land Adjustment.

AFFORDABLE HOUSING HISTORY IN NEW JERSEY

Affordable Housing has been embedded in New Jersey land use regulations and policy since the 1975 New Jersey Supreme Court decision, Southern Burlington County NAACP v. Mount Laurel Township, known as “Mount Laurel I.” Following a challenge to Mount Laurel’s zoning the New Jersey Supreme Court ruled that developing municipalities have a constitutional obligation to provide a variety and choice of housing types affordable to low and moderate income households. This decision formed the foundation of affordable housing planning and regulations in the State.

In 1983 New Jersey Supreme Court in Southern Burlington County NAACP v. Mount Laurel Township, 92 N.J. 158 (1983) or “Mount Laurel II” extended the constitutional obligation to all municipalities within a “growth area” as designated in the State Development Guide Plan. This decision also created an opportunity for builders to challenge municipal ordinances, in certain circumstances, for the right to build affordable housing on land that was not zoned to permit the use or density. This is what was termed a “Builder’s Remedy” for municipalities that did not provide for their constitutional obligation of affordable housing.

In response to Mount Laurel II, the State adopted the New Jersey Fair Housing Act in 1985 which created the Council on Affordable Housing (“COAH”) as an administrative alternative to litigation. COAH was charged with promulgating regulations to establish housing regions, estimate the state’s low- and moderate-income needs, and set criteria for municipal compliance through adopted housing elements and fair share plans.

COAH established a municipality’s first round affordable housing obligation for a period of six-years, from 1987 to 1993. The rules established by COAH created both a rehabilitation (present need) obligation and a new construction (prospective

need) obligation. In 1994, COAH adopted new regulations to address the second round obligation for the period 1993 to 1999. These regulations also recalculated a portion of the municipal's first round obligation, creating a cumulative obligation from 1987 to 1999, and what is now called the "Prior Round" Obligation.

In 2004 COAH adopted rules and regulations for the Third Round, which defined the round from 1999 to 2014. These regulations changed the way in which COAH calculated a municipality's affordable housing obligation, moving from an absolute number based on available data to what the new regulations termed a "growth share" approach that linked affordable housing obligations to the construction of both residential and non-residential development in the municipality over the third round time period. This was short lived as the New Jersey Appellate Division invalidated key elements of these rules, including the growth share approach to calculating affordable housing obligations, In re Adoption of N.J.A.C. 5:94 and 5:95, 390 N.J. Super 1 (App. Div. 2007). The Court ordered COAH to adopt new rules, which was completed in 2008. The new regulations maintained in large part the growth share approach and extended the third round from 2014 to 2018.

The 2008 regulations were challenged and in 2010 the Appellate Division, In re Adoption of N.J.A.C. 5:96 and 5:97, 416 N.J. Super. 462 (App. Div. 2010), upheld the COAH Prior Round regulations which assigned rehabilitation obligations. However, the Appellate Division invalidated the regulations pertaining to growth share and directed COAH to use similar methods that were set in the First and Second rounds. This decision was reviewed and upheld by the New Jersey Supreme Court in September of 2013 and ordered that COAH adopt new regulations on or before October 22, 2014. COAH failed to adopt the new regulations, and Fair Share Housing Center (FSHC) filed a motion in aid of litigant's rights with the New Jersey Supreme Court. The New Jersey Supreme Court issued a ruling on March 10, 2015, known as

“Mount Laurel IV,” which set the framework for the Third-Round affordable housing plans.

Mount Laurel IV transferred the responsibility to review and approve housing elements and fair share plans from COAH to designated Mount Laurel trial judges. This meant that municipalities would need to apply to the Courts if they wish to be protected from exclusionary zoning lawsuits. A shortfall in this decision remained as to how a municipal’s affordable obligation would be calculated and left that to the trial courts, with the direction that the obligations be determined in a methodology which was similar to those used in the First and Second Round rules. The decision also directed municipalities to rely on COAH’s Second Round rules at N.J.A.C. 5:93 as well as the Fair Housing Act (N.J.S.A. 52:27D-301 et seq) in preparing Third Round Housing Elements and Fair Share Plans.

FSHC was permitted to serve as an interested party in every municipal Declaratory Judgement Action. In determining an affordable housing obligation, FSHC calculated municipal affordable housing obligations, as did an expert for municipalities, and offered to settle with municipalities. Many municipalities entered into Court approved Settlements with FSHC, those that did not challenged the methodology used by FSHC to determine municipal obligations.

The Third Round, which began with COAH’s 2004 rules identified the time period of 1999 to 2014. However, with COAH’s stalemate in adopting regulations and the associated court challenges all cumulating past the initial third round period into the 2015 “Mount Laurel IV” decision, the third round was now identified as the period 2015 to 2025. This left a “Gap Period” of 1999 to 2015. In 2017 the New Jersey Supreme Court, In Re Declaratory Judgment Actions Filed By Various Municipalities, 227 N.J. 508 (2017), found that the “gap period,” defined as 1999-2015, generates an affordable housing obligation. This obligation expanded the definition of the

municipal Present Need obligation to include low- and moderate- income households formed during the gap period as a component of the new-construction obligation rather than the rehabilitation obligation.

In 2018 an unpublished decision of the NJ Superior Court, Law Division, Mercer County was rendered In re Application of Municipality of Princeton, also known as the “Jacobson Decision” which established a methodology for calculating municipal obligations in the Third Round under the Mount Laurel Doctrine. Although this decision is specific to Mercer County, Mount Laurel judges throughout the State have relied upon the Court’s decision in calculating Third Round affordable housing obligations¹. The decision came after many municipalities had entered into settlement agreements with FSHC which established a municipality’s affordable housing obligation.

While the Courts were addressing affordable housing policy and regulations, the State of New Jersey adopted two important pieces of legislation which shaped affordable housing policy. In 2008, Governor Corzine signed P.L. 2008. C.46 (referred to as “A500”, or the “Roberts Bill”) which amended the FHA. Key components of this bill include:

- Eliminating Regional Contribution Agreements (“RCA”) which allowed a municipality to transfer a portion of their affordable housing obligation to an identified receiving municipality.
- Establishing a statewide 2.5% nonresidential development fee instead of requiring nonresidential developers to provide affordable housing
- Created a very low-income affordable housing category and required at least 13% of all affordable housing units be restricted as very low-income housing units

¹ The Jacobson decision is also referred to in the 2024 FHA amendments providing that the decision “shall be referenced as to datasets and methodologies that are not explicitly addressed” in N.J.S.A. 52:27D-304.3 of the FHA.

- Required municipalities to commit to spend all collected development fees for affordable housing within four years of the date of collection.

The second piece of legislation was adopted in 2024. Governor Murphy signed P.L. 2024, c.2 (referred to as “A4”) which further amended the FHA and abolished COAH. The legislation replaced COAH with “the Program” which is an Affordable Housing Dispute Resolution Program. Additional key components of the Act include:

- Giving responsibility to the DCA to provide calculations of municipal present and prospective need using the standards as provided for in the legislation
- Establishing monitoring deadlines for all affordable units and trust funds
- Establishing mechanisms and bonuses for a municipality to meet its affordable housing obligation
- Establishing the Fourth Round of affordable housing obligations from 2025 through 2035
- Establishing a deadline of June 30, 2025 for a municipality to file a Housing Element and Fair Share Plan in compliance with the new regulations to remain protected from an exclusionary zoning lawsuit.

This document has been completed to effectuate the requirements of the 2024 FHA amendments utilizing the affordable housing calculations as published by the DCA in October of 2024.

HOUSING ELEMENT

The 2024 amendments to the Fair Housing Act included changes to what a Housing Element is required to address. The following is required to be part of any newly adopted Housing Element pursuant to N.J.S.A. 52:27D-310-10:

- 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;
- 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;

- An analysis of the extent to which municipal ordinances and other local factors advance or detract from the goal of preserving multigenerational family continuity as expressed in the recommendations of the Multigenerational Family Housing Continuity Commission;
- An analysis of consistency with the State Development and Redevelopment Plan, including water, wastewater, stormwater, and multi-modal transportation based on guidance and technical assistance from the State Planning Commission.

The following sections of this report addresses each of the above referenced requirements.

A Note on the Data: The following statistics and demographic data are derived from one of the following sources.

2023 American Community Survey 5-year Estimates: The most up to date information is the American Community Survey (ACS) estimates, which are generated between the decennial censuses. ACS figures are based on data collected over a 5-year period.

2020, 2010, 2000 and 1990 Census: The 2020 Census is the most recent decennial census. This information is used when ACS information is unavailable, and sometimes for comparison.

NJ Building Permit Data: NJ reports building permits and certificates of occupancy issued for each municipality on a monthly basis.

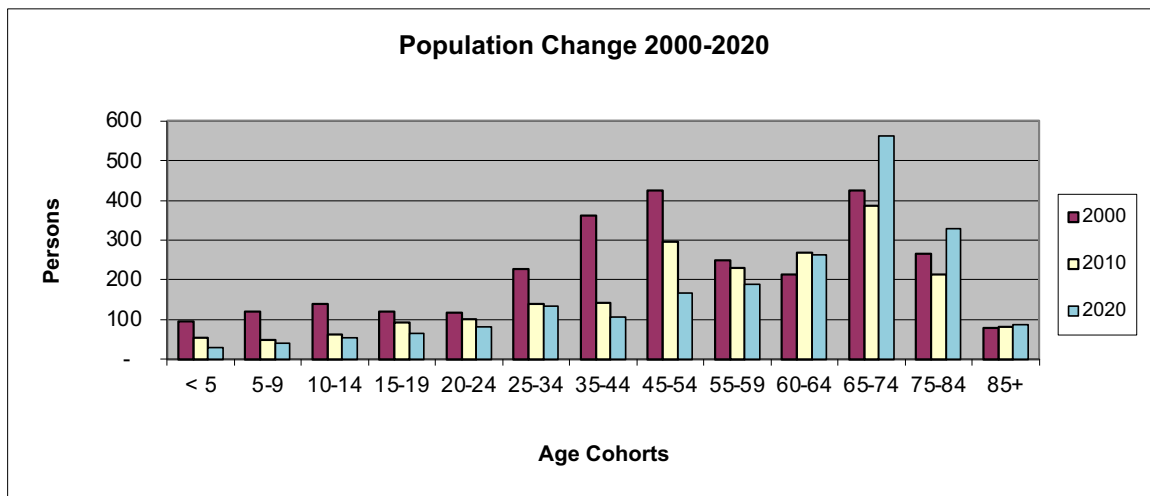
Demographic Analysis

The City of Sea Isle has seen a population decline over the past thirty years, with an 21.8% decrease in total population. This primarily stems from the ten-year period from 2000 to 2010 where the population fell by 721 persons. Since 2000 the population has continued to decline but at a very slow rate, this is carried through to the ACS 5-year estimate population of 2,079 persons. The population for the City is substantially higher when accounting for the seasonal fluctuations. The 21% thirty-year decline is attributable to the rising seasonal population and vacation homes along the Shore.

Population Trends			
	City of Sea Isle	Cape May County	New Jersey
1990	2,692	95,089	7,730,188
2000	2,835	102,326	8,414,350
2010	2,114	97,265	8,791,894
2020	2,104	95,263	9,288,994
1990 to 2000	5.3%	7.6%	8.9%
2000 to 2010	-25.4%	-4.9%	4.5%
2010 to 2020	-0.5%	-2.1%	5.7%
1990 to 2020	-21.8%	0.2%	20.2%

Source: US Census Data

To further understand how the population has declined it is necessary to look at the changes over time to the different age-cohorts. There has been an overall aging of the population with the 65-74 age-cohort seeing the highest increase. The decline in population occurred in 25-54 population cohorts, partially accounting for the aging of the population. This may also be an indication of the rise of vacation homes in the community. The City's median age has also increased from 51.3 years in 2000 to 63.7 years in 2020, an increase of twelve years in age.



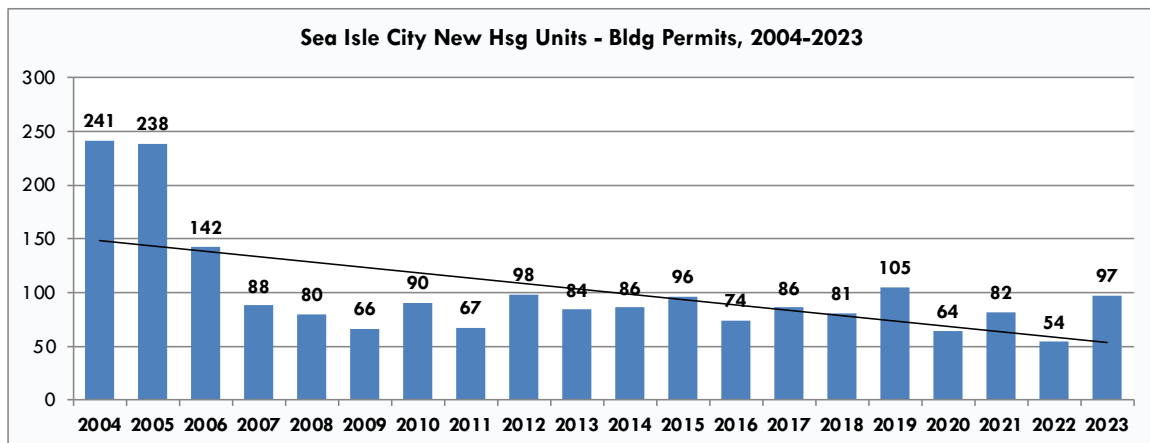
2000 - 2020 Population Profiles or Cohorts - City of Sea Isle						
Age	Population					
	Year			Population Change		
	2000	2010	2020	2000 to 2010	2010 to 2020	2000 to 2020
< 5	94	53	28	-43.6%	-47.2%	-70.2%
5-9	120	49	40	-59.2%	-18.4%	-66.7%
10-14	139	63	53	-54.7%	-15.9%	-61.9%
15-19	119	92	66	-22.7%	-28.3%	-44.5%
20-24	117	100	82	-14.5%	-18.0%	-29.9%
25-34	227	138	133	-39.2%	-3.6%	-41.4%
35-44	362	141	105	-61.0%	-25.5%	-71.0%
45-54	425	297	166	-30.1%	-44.1%	-60.9%
55-59	250	230	188	-8.0%	-18.3%	-24.8%
60-64	214	268	263	25.2%	-1.9%	22.9%
65-74	424	388	562	-8.5%	44.8%	32.5%
75-84	266	213	330	-19.9%	54.9%	24.1%
85+	78	82	88	5.1%	7.3%	12.8%
18+	2,391	1,887	1,946	-21.1%	3.1%	-18.6%
62+	908	860	1,136	-5.3%	32.1%	25.1%
65+	768	683	980	-11.1%	43.5%	27.6%
Median Age	51.3	58.1	63.7	13.3%	9.6%	13.3%
Source: US Census Data						

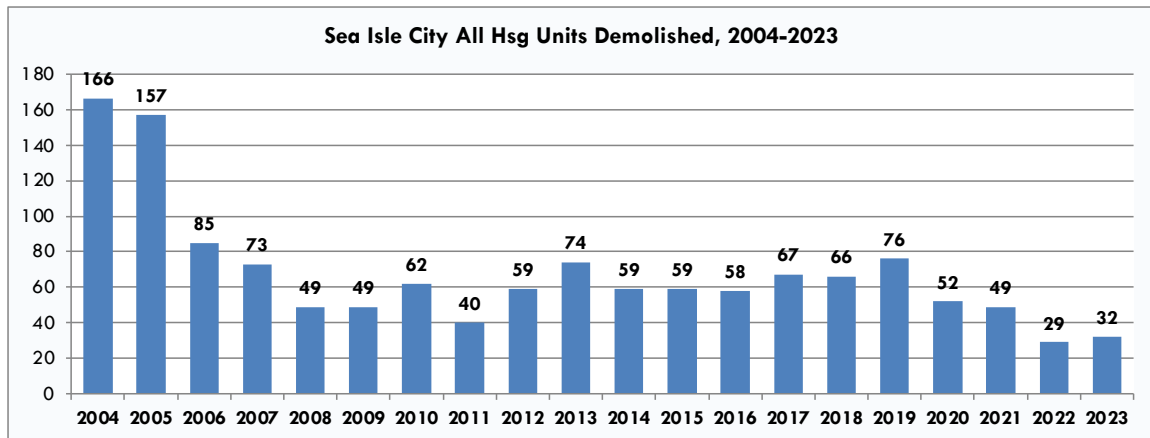
While there was a decline in population, the total housing units grew by 16.7% over the same thirty-year time period. This further substantiates the change to the seasonal population, such that the housing units did not decline but grew in number. The housing growth has stabilized with limited increases from 2010 through 2020.

Housing Trends			
	Housing Units		
	City of Sea Isle	Cape May County	New Jersey
1990	5,991	85,537	3,075,310
2000	6,622	91,047	3,310,275
2010	6,900	98,309	3,553,562
2020	6,992	99,606	3,761,229
1990 to 2000	10.5%	6.4%	7.6%
2000 to 2010	4.2%	8.0%	7.3%
2010 to 2020	1.3%	1.3%	5.8%
1990 to 2020	16.7%	16.4%	22.3%

Source: US Census Data

The State of New Jersey compiles reports of building permits issued for residential purposes. The tables below are sourced from the DCA Residential Development Viewer and show the total building permits and demolition permits issued for housing units in the City from 2004 through 2023. When compared with the housing units reported in the Census, this demonstrates that the City continues to demolish and rebuild existing units without substantially changing the total number of housing structures. Many of the new housing units are in the form of conversion of single-family units unto duplex, triplex or quads.





2020 Population by Categories						
	City of Sea Isle		Cape May County		New Jersey	
	Persons	%	Persons	%	Persons	%
Total	2,104	100%	95,263	100%	9,288,994	100%
Sex						
F	1,095	52.0%	49,315	51.8%	4,770,289	51.4%
M	1,009	48.0%	45,948	48.2%	4,518,705	48.6%
Race						
White	2,007	95.4%	81,536	85.6%	5,112,280	55.0%
Black or African American	8	0.4%	3,567	3.7%	1,219,770	13.1%
Asian	11	0.5%	908	1.0%	950,090	10.2%
American Indian and Alaska Native	5	0.2%	253	0.3%	51,186	0.6%
Native Hawaiian and Other Pacific Islander	-	0.0%	28	0.0%	3,533	0.0%
Other	29	1.4%	3,296	3.5%	1,048,641	11.3%
Two or More Races	44	2.1%	5,675	6.0%	903,494	9.7%
Hispanic or Latino	57	2.7%	7,465	7.8%	2,002,575	21.6%
Age						
25-64	855	40.6%	46,110	48.4%	4,927,277	53.0%
65+	980	46.6%	26,622	27.9%	1,531,299	16.5%
Median Age	63.7	n/a	51.5	n/a	39.9	n/a

Housing Analysis

The most recent data available from the ACS reflects the total year-round housing units of 6,992, of which only 15.7% or 1,098 are occupied. Of the occupied housing units 85.5% are owner occupied and 14.5% are rental units. Over 49% of all households are married couples and 28% are single-female households. The median

housing value is \$1,019,500, substantially higher than Cape May County's median housing value. These figures further support the seasonal nature of the community.

City of Sea Isle Housing Units by Tenant and Occupancy Status, 2020						
Year Round Housing Units			Owner-occupied		Rental	
Occupied	Vacant	Total	No.	%	No.	%
1,098	5,894	6,992	939	85.5%	159	14.5%

Summary of Household Characteristics - City of Sea Isle 2020		
	No. of Persons	% of Total
Total Population	2,104	
In Households	2,099	99.76%
In Group Quarters	5	0.24%
Institutionalized	0	0.00%
Non-Institutionalized	5	0.24%
Total Households	1,098	
Married Couple	542	49.36%
Cohabiting Couple	45	4.10%
Single Male	206	18.76%
Single Female	305	27.78%

Selected Housing or Housing Related Characteristics (Occupied Units)					
	Median Value Housing (owner-occupied)	Median Gross Rent	Median Household Income	Value Income Ratio	Rental Vacancy Rate
City of Sea Isle	\$1,019,500	-	\$98,860	10.31	88.2%
Cape May County	\$395,000	\$1,345	\$88,046	4.49	29.3%
Source: ACS 2023 5-year estimates					

Only 14% of the City's housing stock is single-family detached units, the majority of all housing units are 1-unit attached at 58% of the total. The housing stock is newer with the majority of the units constructed between 1980-1989 and then again in 2000 through 2009. In general, the housing stock has a median room count of 6.7 per unit and over 66% have 4 or more bedrooms per unit.

Housing Units by Number of Units in Structure, City of Sea Isle		
Number of Units	Units	Percent of Total
1-unit, Detached	954	14.20%
1-unit, Attached	3,929	58.48%
2 units	800	11.91%
3 or 4 units	133	1.98%
5 to 9 units	321	4.78%
10 to 19 units	213	3.17%
20 or more units	369	5.49%
Mobile Home	-	0.00%
Other	-	0.00%
Total	6,719	
Source: ACS 2023 5-year estimates		

Sea Isle Housing Units by Age		
Year Built	Units	Percent of Total
2020 or later	49	0.73%
2010 to 2019	779	11.59%
2000 to 2009	1,801	26.80%
1990 to 1999	855	12.73%
1980 to 1989	1,705	25.38%
1970 to 1979	771	11.47%
1960 to 1969	264	3.93%
1950 to 1959	171	2.55%
1940 to 1949	100	1.49%
1939 or earlier	224	3.33%
Total	6,719	
Source: ACS 2023 5-year estimates		

Occupied Housing Units by Number of Rooms		
Rooms	Housing Units	Percent of Total Housing Units
1	118	1.8%
2	4	0.1%
3	143	2.1%
4	428	6.4%
5	1,180	17.6%
6	1,181	17.6%
7	1,652	24.6%
8	1,155	17.2%
9+	858	12.8%
Total	6,719	100.0%
Median Rooms	6.7	
Source: ACS 2023 5-year estimates		

Occupied Housing Units by Number of Bedrooms		
Bedrooms	Housing Units	Percent of Total Housing Units
No Bedrooms	118	1.8%
1-Bedroom	84	1.3%
2-Bedrooms	681	10.1%
3- Bedrooms	1,415	21.1%
4-Bedrooms	2,972	44.2%
5 + Bedrooms	1,449	21.6%
Total	6,719	100.0%
Source: ACS 2023 5-year estimates		

Estimated housing values show that the majority of all units are valued over \$500,000 with very few units valued below \$200,000. According to ACS 5 year estimates no units lack complete plumbing or kitchen facilities and 8 units have no heating source. No unit has more than 1.5 persons per unit.

Housing Value, Owner Occupied Units		
Value	Housing Units	Percent of Total Housing Units
Less than \$50,000	10	0.9%
\$50,000 to \$99,999	5	0.5%
\$100,000 to \$149,999	13	1.2%
\$150,000 to \$199,999	22	2.1%
\$200,000 to \$299,999	4	0.4%
\$300,000 to \$499,999	35	3.3%
\$500,000 to \$999,999	415	39.3%
\$1,000,000 or more	551	52.2%
Total	1,055	100.0%
Median Housing Value	\$1,019,500	
Source: ACS 2023 5-year estimates		

The City has limited vacant land to accommodate new development. However, the City has seen limited redevelopment, primarily stemming from rebuilds of existing housing units to comply with new flood regulations.

Employment Analysis

The median household income in the City is \$98,860, and the median family income is \$122,000. The poverty rate in the City is around 4.7% for all persons and 4% for families. These rates are applicable to the year-round population and do not account for the income levels of the seasonal population.

Income Levels			
	City of Sea Isle		
	Households	Families	Non-Family
Median Income	\$98,860	\$122,000	\$56,250
Mean Income	\$160,510	\$199,648	\$85,343
Source: ACS 2023 5-year estimates			

Percent Distribution Persons and Families below Poverty Level				
	Population Below Poverty Line			Families Below Poverty Line
	All Persons	% of All Persons 18+ Years of Age	% of All Persons 65+ Years of Age	
City of Sea Isle	4.7%	5.0%	7.4%	4.1%
Cape May County	8.7%	8.2%	4.8%	6.1%
New Jersey	9.8%	8.8%	9.5%	7.0%
Source: ACS 2023 5-year estimates				

Affordable housing units are required to be priced to be affordable to low- and moderate-income families within the specified housing region where the municipality is located. Sea Isle is located within Region 6 for the purposes of determining housing affordability. Income limits for households ranging from 1 person to 5 persons range from a household income of \$20,655, for a one-person, low-income family up to an income of \$84,983, for a 5-person, moderate income household. Household income reported in the City includes over 32% of households with incomes of year-round residents which would fall into the affordable housing income levels.

Household Income	
	2020 Sea Isle Households
Less than \$10,000	1.9%
10,000 - 14,999	1.5%
15,000 - 24,999	3.2%
25,000 - 34,999	4.2%
35,000 - 49,999	10.9%
50,000 - 74,999	14.3%
75,000 - 99,999	15.4%
100,000 - 149,999	17.2%
150,000 - 199,999	8.2%
200,000 +	23.3%
Source: ACS 2023 5-year estimates	

2024 Affordable Housing Region 6 Income Limits					
	1 Person Household	2 Person Household	3 Person Household	4 Person Household	5 Person Household
Median Income	\$ 68,852	\$ 78,688	\$ 88,524	\$ 98,360	\$ 106,228
Moderate Income(80% of Median)	\$ 55,081	\$ 62,950	\$ 70,819	\$ 78,688	\$ 84,983
Low Income (50% of Median)	\$ 34,426	\$ 39,344	\$ 44,262	\$ 49,180	\$ 53,114
Very Low Income (30% of Median)	\$ 20,655	\$ 23,606	\$ 26,557	\$ 29,508	\$ 31,868
Source: Affordable Housing Professionals of NJ, April 12, 2024					

Of the population over the age of 16, only 39% is in the labor force of which 38% are employed. There is a high percentage, 60% of the population over 16, which are not employed. The fields of educational services, and health care/social assistance employs 25.8% of the population. Over 53% of the employed population work in management, business, science and arts.

SEA ISLE EMPLOYMENT STATUS		
	Total	Percent of Population 16 Years and Over
Population 16 years and Over	1,967	100%
In Labor Force	773	39.30%
Civilian Labor Force	773	39.30%
Employed	746	37.93%
Unemployed	27	1.37%
Armed Forces	0	0.00%
Not In Labor Force	1,194	60.70%
Source: ACS 2023 5-year estimates		

Employment by Industry, Civilian Employed population 16 years and over		
Occupation	No. Persons	% Sea Isle
Agriculture, Forestry, Fishing and Hunting, and Mining	0	0.00%
Construction	59	7.91%
Manufacturing	49	6.57%
Wholesale Trade	25	3.35%
Retail Trade	34	4.56%
Transportation and Warehousing, Utilities	42	5.63%
Information	29	3.89%
Finance and Insurance, and Real Estate and Rental and Leasing	101	13.54%
Professional, Scientific, and Management, and Administrative and Waste Management Services	99	13.27%
Educational Services, and Health Care and Social Assistance	193	25.87%
Arts, Entertainment, and Recreation, and Accommodation and Food Services	70	9.38%
Other Services, except Public Administration	33	4.42%
Public Administration	12	1.61%
Total	746	100%
Source: ACS 2023 5-year estimates		

Employment by Occupation Civilian Employed population 16 years and over		
Occupation	No. Persons	% Sea Isle
Management, Business, Science, and Arts	398	53.35%
Service	81	10.86%
Sales and Office	179	23.99%
Natural Resources, Construction and Maintenance	66	8.85%
Production, Transportation & Material Moving	22	2.95%
Total	746	100%
Source: ACS 2023 5-year estimates		

Affordable Housing Obligation

A municipality's affordable housing obligation is spread across different time periods. The most current obligation is related to the Fourth-Round. However, a municipality must also address any prior affordable housing obligations if they have not already been fully satisfied. The following reviews all components of Sea Isle City's affordable housing obligation beginning in 1987 and extending through 2035.

The following table identifies the Municipality's comprehensive affordable housing obligation:

Present Need/Rehab Obligation	0
Prior Round (1987-1999)	109
Round 3 Settlement (1999-2025)	261
Round 4 (DCA Calculations 2025-2035)	25
Total Obligation (New Units)	395

Present Need / Rehabilitation Component

The Present Need/Rehabilitation obligation is determined by estimating the existing deficient housing units currently occupied by low- and moderate-income households within the municipality, through the use of datasets made available through the federal decennial census and the American Community Survey, including the Comprehensive Housing Affordability Strategy dataset thereof. This figure was calculated by the Department of Community Affairs ("DCA") based upon its interpretation of the standards of the Amended FHA. The Municipality's rehabilitation obligation is **0**.

Prior Round Component

The Prior Round obligation is the Municipality's cumulative Round 1 and 2 affordable housing obligation for the years between 1987 and 1999. The City's Prior Round obligation is **109**.

Round Three Component

Pursuant to a settlement agreement dated November 14, 2017, by and between the City and Fair Share Housing Center, the City's Third Round affordable housing obligation is **261** (per the Kinsey Report², as adjusted by FSHC settlement agreement, including the "Gap Period" between 1999 and 2015). The Round 3 Prospective Need includes the so-called "Gap Period Present Need," which is a measure of households formed from 1999-2015 that need affordable housing, created by the Supreme Court in In re Declaratory Judgment Actions Filed By Various Municipalities, 227 N.J. 508 (2017).

Round Four Component

The Fourth-Round affordable housing obligation extends from 2025 through 2035. This is considered the current Prospective Need, which is a projection of housing needs based on development and growth which is reasonably likely to occur in a municipality. The Fourth Round prospective need was determined pursuant to methodology adopted by the state pursuant to the Fair Housing Act as amended in 2024.

² 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, May 2016.

On October 18, 2024, the Department of Community Affairs (“DCA”) issued a report estimating the Fourth-Round affordable housing obligations for all municipalities based upon its interpretation of the standards of the Amended FHA. The City of Sea Isle adopted a binding resolution #013-2025 on January 28, 2025, committing to the DCA Fourth Round Prospective Need (New Construction) Obligation of **25**.

Vacant Land Adjustment

The City’s Third Round Settlement Agreement included a Vacant Land Adjustment (“VLA”) due to the lack of sufficient vacant, suitable land to fully-satisfy its Prospective Need obligations. A VLA requires an inventory of vacant parcels. The municipality may exclude vacant contiguous parcels if they would accommodate less than five (5) dwelling units utilizing Court-approved presumptive density. Additionally, the municipality may eliminate sites that are environmentally sensitive (as defined under N.J.A.C. 5:93-4.2(e)2); active recreational lands; conservation, parklands and open space.

After accounting for exclusions, the available land area with a realistic development potential of five or more units was compiled to determine the City’s Realistic Development Potential (“RDP”.) The Court-approved Third-Round VLA used different densities depending upon the zoning district, ranging from 9 units per acre in the R1 zoning district, up to 34.8 units per acre in the commercial districts. By applying the different density depending on the zoning district, any parcel that could accommodate 5 or more units was used to determine the City’s RDP, resulting in 3 contributing parcels. Each of these parcels applied a 20% affordable housing set-aside to the estimated density to create a Realistic Development Potential (“RDP”) of 4 units. The City’s Vacant Land Analysis and resulting RDP calculation are set forth in the table below.

VACANT PARCELS (JUNE 24, 2025 VLA)								
Block	Lot	Location	Owner	Zone	Developable Acreage	Max Density	Total Units	RDP - 20% Set-Aside
38.07	9-10.01	3800 Sounds Avenue	Sound Investment III Partnership	C-3	0.14	34.8	5	1
87.02	1, 2.01, 2.02, 3.02, 3.02, 4, 5.01, 12.05, 13.06, 14.05, 50.01z	145 87th Street	Phillips, George	C-2	0.33	34.8	12	2
88.02	23-28.01	136-150 87th Street	Phillips, George	R-2	0.27	17	5	1
REALISTIC DEVELOPMENT POTENTIAL (RDP)								4.0

In accordance with the 2024 amendments to the FHA, the City has prepared an updated VLA which identifies any new vacant contiguous parcels of land in private ownership which are of a size that would be suitable to accommodate five or more housing units. Due to the Court's prior approval of the density in the City's Third Round Final Judgment of Fairness, Compliance and Repose, dated August 28, 2018, the analysis utilized the varied zoning density based on the zoning district to determine if the site was suitable for development and contributing to their RDP.³ No significant changes in density have occurred within the City since the Court's approval of the presumptive density. A review of all vacant parcels as of March 2025 were compiled and compared to those identified in the Court-approved VLA. The review identified eight (8) parcels, of which two (2) will contribute to create a Fourth-Round RDP of seven (7) units. The following table identifies all newly identified vacant properties.

³ In accordance with the 2024 FHA amendments, N.J.S.A. 52:27D-310.1.1.c – vacant contiguous parcels of land in private ownership of a size which would accommodate fewer than five dwelling units based on appropriate standards pertaining to housing density. The City utilized a density based on the zoning district where the property was located, as was utilized in their Round-Three VLA.

VACANT PARCELS AS OF MARCH 2025*									
Block	Lot	Location	Owner	Zone	Developable Acreage	Max Density	Total Units	RDP - 20% Set-Aside	Notes
15.03	12 & 17	1208 LANDIS AVE	KECHEMECHES LLC	R2	0.172	17	2.9		Rear of Site is Environmentally Sensitive Site Yields Less than 5 units
15.03	11 & 18	Landis	KENS SHORE THINGS LLC	R2	0.202	17	3.4		Rear of Site is Environmentally Sensitive Site Yields Less than 5 units
29.02	1.01	29 30TH STREET	KULP, JOSEPH A & MAUREEN P	R2	0.0682	17	1.2		Site Yields Less than 5 units
39.05	19	307 40TH ST	MURPHY, JOHN F	R2	0.1148	17	2.0		Site Yields Less than 5 units
40.03	1.04, 4, 12, 20, 21, 22, 23, 24	118 40TH ST	42ND PLACE LLC	C5	1.136	Per Approved Site Plan	20.0	4.0	Site has a Valid Site Plan approval to create a mixed use hotel and 20 condominiums with an affordable obligation of 4 units
41.05	4, 5, 6.01, 7, 8, 9, 10, 11	4210 PARK RD	AKGG LLC	C3	0.4821	34.8	16.8	3.4	Full Site Demo includes adj lots
56.03	1456	5605 CENTRAL AVE	PANTANO, JANICE M	R2	0.1263	17	2.1		Site Yields Less than 5 units
88.03	17.01	210 87TH ST duplex	210 87TH STREET LLC	R2	0.101	17	1.7		Site Yields Less than 5 units
REALISTIC DEVELOPMENT POTENTIAL (RDP)								7.4	
*The above list includes those vacant parcels that were not vacant and not listed in the Court-approved Third Round Plan									

Land Use Analysis

The City has conducted an exhaustive review of all available vacant and underutilized parcels through their approved Vacant Land Adjustment. The City has given consideration to those sites which would be suitable for affordable housing purposes. With limited vacant land available, the only opportunities arise from the reuse or redevelopment of existing parcels. Recognizing this, the City has adopted ordinances which would provide for affordable housing units on sites which redevelop in designated areas or which provide for five or more new multi-family housing units.

Multigenerational Family Housing Analysis

In 2021 the FHA was amended to require an analysis of the extent to which municipal ordinances and other local factors advance or detract from the goal of preserving multigenerational family continuity as expressed in the recommendations of the Multigenerational Family Housing Continuity Commission. Currently, there are no recommendations published from the Commission. The duties of the commission are:

“To prepare and adopt recommendations on how State government, local government, community organizations, private entities, and community members may most effectively advance the goal of enabling senior citizens to reside at the homes of their extended families, thereby preserving and enhancing multigenerational family continuity, through the modification of State and local laws and policies in the areas of housing, land use planning, parking and streetscape planning, and other relevant areas.”

A review of 2020 Census data shows that less than 1% of the occupied housing units in the City contain three plus generations of families. The City of Sea Isle recognizes the needs of older residents who want to age in place or continue to live independently in the City. The City has created an overlay zone for new age-restricted apartment housing with affordable housing units. The City ordinances do not prohibit the creation of extra living space for family members, provided they are part of the same housekeeping unit.

Regional Planning Analysis

The Office of Planning Advocacy and the State Planning Commission are currently in the process of Cross Acceptance to adopt the 2024 State Development and Redevelopment Plan (SDRP). This is the first update to the 2001 SDRP. In both the 2001 and 2024 SDRP the City of Sea Isle is completely within an Environmentally Sensitive Barrier Island Planning Area (PA5B). Portions of the City are within a Sewer Service Area. The City has historically been developed with residential and commercial land uses at the same general intensity that exists today.

In the 2024 Draft SDRP the PA5B Planning Area is intended to

- protect and enhance, to the extent possible and feasible, the existing character of barrier island communities;
- protect and enhance barrier island ecosystems and restore damaged ones;
- minimize the risks to life and property from natural hazards;

- carefully evaluate those conditions under which retreat of human habitation from barrier island locations, with subsequent de-urbanization, would be prudent and advised;
- provide access to coastal resources, under safe conditions, for public use and enjoyment; and
- maintain and improve coastal resource quality.

These intentions have been embodied in the City's planning efforts, specifically through their affordable housing efforts as provided for in this Plan. The City does not have vacant land that can be developed, all development is rooted in the reuse and redevelopment of previously utilized properties. The City has created opportunities on the redevelopment of existing properties that are located in core areas of existing development. The City does not propose any development for affordable housing outside of the existing developed areas as recommended in the new State Plan.

FAIR SHARE PLAN

A Fair Share Plan (FSP) is prepared to address how a municipality intends to meet their constitutional affordable housing obligations. The FSP identifies the affordable housing obligations, projects that have been completed, proposed mechanisms to meet the affordable housing obligations, and addresses the requirements of the FHA and affordable housing regulations applicable to each set of obligations, including N.J.A.C. 5:93 and N.J.A.C. 5:80 where applicable.

Affordability Requirements

Affordable housing is defined under New Jersey'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 Sea Isle is in 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), there is 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), which were amended by "emergency" in December 2024, 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 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. It is from these income limits that the rents and sale prices for affordable units are derived. These figures are updated annually.

Affordable Housing Plan

The following reviews the components of the City’s Court-approved Third-Round Plan and incorporates provisions to address the City’s new Fourth-Round obligations.

Rehabilitation Obligation/Present Need:

The City’s does not have a Fourth-Round present need obligation. As part of the Court-approved Third-Round Plan, the City adopted Resolution 210 (2018) adopting an affordable housing rehabilitation program to renovate deficient housing units that are occupied by low-and -moderate income households. The program was be based upon COAH regulations and will be designed to address the City’s rehabilitation share of two (2) housing units.

This program provides municipal rehabilitation investment for hard costs averaging at least \$10,000 per unit and will include the rehabilitation of a major system. The program is funded through the City’s Affordable Housing Trust Fund. The program will provide funding for owner-occupied and rental units, with 10-year affordability controls established on the units. This program remains in place.

The City’s Fourth-Round rehabilitation obligation is **0**.

Prior Round and Third-Round:

As set forth above, the City's combined Prior Round (1987-1999) obligation and Third-Round obligation is **370**. The Third Round Prospective Need includes the so-called "Gap Period Present Need," which is a measure of households formed from 1999-2015 that need affordable housing, created by the Supreme Court in In re Declaratory Judgment Actions Filed By Various Municipalities, 227 N.J. 508 (2017). The City adopted a 2018 Housing Element and Fair Share Plan in accordance with their Third-Round Court-approved settlement agreement with FSHC, which resulted in a Final JOR dated August 28, 2018. The City completed a VLA for their combined Prior Round and Third-Round obligation, resulting in a combined RDP of 4, leaving an Unmet Need of 366.

The following Table summarizes the City's RDP Obligation Components as approved in the City's 2018 Final JOR:

Sea Isle City Combined Prior Round & Third-Round Plan RDP – 4 Unmet Need - 366	Rental	Senior	Family	Units	Bonus Credits	Total Credits
<i>Inclusionary Zoning</i>						
Overlay Inclusionary Zone			x			
Age-Restricted Zone		x				
Mandatory Set-Aside Ordinance	x		x			

The City will continue to address their Unmet Need with an existing mandatory set-aside ordinance requiring any development of five or more multi-family units to provide an affordable housing set-aside of 15% for rental or 20% for sale units. The City will also keep in place the current inclusionary zoning as provided for in the Court-approved Third-Round plan.

Fourth Round Prospective Need:

The Department of Community Affairs (DCA) for the State of New Jersey has calculated proposed new affordable housing obligations for each municipality for Round 4 (2025 through 2035). The City's Fourth Round affordable housing obligation is **25**.

The City has an approved Vacant Land Adjustment in their Court approved Third-Round plan which created an RDP of 4. A review of the 2025 tax records identified several new vacant parcels, two of which contribute to the City's Fourth-Round. As such, the City's Fourth-Round **RDP is 7 with an Unmet Need of 18**.

When a Fourth-Round plan includes a VLA, the components of the Fair Share Plan are required to include an identification of parcels which are likely to redevelop over the next ten years which would provide for up to 25% of the City's Fourth-Round RDP (N.J.S.A. 52:27D-310.1). This would require a total of **2 credits** as the City's Fourth-Round RDP is seven (7). The City will utilize a market to affordable program for at least five (5) units to meet a portion of their Fourth-Round RDP. The City has also maintained their mandatory set-aside ordinance in the event of new development opportunities. These programs will provide for the satisfaction of this provision of the amended FHA.

The amendments to the FHA for a Fourth-Round plan require a municipality provide 50% of actual affordable units, exclusive of any bonus credits, available to families with children. Additionally, at least 25% of actual units, exclusive of bonuses, are required to be rental units, of which of which 50% of the rental units are to be available to families with children. (N.J.S.A. 52:27D-311.1) If units are developed

through the mandatory set-aside or overlay zoning ordinances the City will ensure that they include family units, and where appropriate, rental units.

The following table addresses the components of the City's Fourth-Round Plan:

Sea Isle City Fourth Round Prospective Need Plan RDP –7 Unmet Need - 18	Rental	Senior	Family	Units	Bonus Credits	Total Credits
<i>Inclusionary Zoning</i>						
Overlay Inclusionary Zone			x			
Age-Restricted Zone		x				
Mandatory Set-Aside Ordinance	x		x			
<i>Market to Affordable Program</i>						
Various Locations			x	5		5

Bonus credits are permitted for units in the Fourth Round in accordance with the amended FHA under N.J.S.A. 52:27D-311.k. for up to 25% of the total Fourth-Round prospective need, allowing for six (6) bonus credits. The City reserves the right to apply additional bonus credits in the future if they become available.

The City will maintain the mandatory set-aside ordinance as provided for in the Third-Round to address the remaining Unmet Need obligation of 18 as well as any excess number of units created from the existing inclusionary zoning districts that are not applied toward the City's Prior Round or Third-Round obligations.

Unfulfilled Prior Round (1987 through 2025)

The mechanisms identified in the City's Court approved Third-Round plan included an age-restricted affordable housing zone, an overlay inclusionary zone, and

a City-wide mandatory set-aside ordinance for any multi-family development with 5 or more units. No affordable units have been created through these three mechanisms. A review of the local land use approvals shows no applications were presented which would be subject to the age-restricted affordable housing zone or with the overlay inclusionary zone. There has been one development which was approved to create up to 20 multi-family units from which a Payment-in-lieu was authorized for the affordable housing set-aside of 4-units. Each mechanism is discussed below.

Age-restricted Zone

The City created a new age-restricted zone as included in the Court-approved Third-Round Plan. The ordinance was adopted on November 27, 2018 by Ordinance #1627 and is included in Section 26-48.1 of the development regulations. The zone applies to specific parcels and provides for age-restricted housing at a density of four (4) units per 5,000 square feet, which may be developed either as 100% affordable age-restricted housing, or as mixed-income age-restricted housing with a 20% affordable housing set-aside.

A review of the parcels included in the zone and development approvals since 2018 shows that the City did not receive any application for development that would be subject to the new zoning district. The ordinance remains viable and appropriate.

Inclusionary Overlay Zone

On November 27, 2018 by Ordinance #1627, the City adopted an overlay inclusionary zone affecting portions of C3 – Marine Commercial/Industrial District and a portion of the C-2 – Neighborhood Business district. The ordinance is within Section 26-43.3 in the development regulations. The City was required to incorporate

the proposed new C3A into the overlay zone if any of the lots in the inclusionary zone as identified in the court-approved Fair Share Plan were placed in the new C3A zoning district. The City has not created this zone as of 2025.

The inclusionary zone allows for increased density for residential development and tax incentives, while requiring the provision of at least 16.6% affordable units (one affordable unit for every five (5) market-rate units by the developer). The inclusionary zone includes the following as provided for in the court-approved Third-Round Plan:

- For all mixed use/residential development, any developer seeking five (5) units or more shall set aside 16.6% of the units for development as affordable housing units. The developer will be permitted an increase in density from the current allocation of four (4) upper story residential units per each 5,000 square foot lot to six (6) upper story residential units per each 5,000 square foot lot.
- Developers providing affordable units will receive tax relief in the form of a lower equalized assessed valuation (EAV) of the affordable units in accordance with the market valuation of the affordable units.
- Developers unable to provide 16.6% affordable housing units on-site will have the option of providing the units as family affordable housing units elsewhere in the municipality. In a case when fractional units would be required, a payment-in-lieu of providing the fractional affordable units will be permitted.
- The payment-in-lieu amount shall be as recommended by the Council on Affordable Housing formulas, which in the past has resulted in an amount of \$182,859 per unit. This would require any developer who chooses not to, or is not able to provide all or part of the required affordable units on-site to make a payment to the City in the amount of \$182,859 per unit, to be deposited into

the City's Affordable Housing Trust Fund. The affordable housing requirement shall not be rounded.

- All fees collected pursuant to the inclusionary zoning herein contemplated shall be part of the City's Affordable Housing Trust Fund, and will be available for assistance with affordable housing programs, in accordance with the Spending Plan.
- The City shall make zoning bulk requirements changes to accommodate the additional units as deemed necessary by the City in conjunction with advice from the City Planning Board and the City Planner.
- All affordable units shall meet or shall be improved to meet UCC requirements and shall be certified to be in standard condition prior to their conveyance or occupancy.
- There shall be certain exemptions and exceptions to the above inclusionary zoning requirements as noted herein.
 - Developments that have received preliminary or final site plan approval prior to the adoption of the City's Inclusionary Zoning Ordinance shall be exempt from the requirement, unless the developer seeks a substantial change in the approval. Where a site plan approval does not apply, a zoning and/or building permit shall be synonymous with preliminary or final site plan approval for this purpose.
 - Residential development in the inclusionary zoning district on individual or combined lots smaller than 5,000 square feet in size will be exempt from the affordable unit requirements or payment-in-lieu requirement, but shall be required to pay an affordable housing development fee pursuant to the City's Development Fee Ordinance. Language shall be included in the ordinance to explicitly preclude developers, for example, from subdividing a property resulting in lot sizes just below the minimum requirement.

- Single-family detached and side-by-side condominium (2 units) developments shall be exempt from the affordable unit requirement and payment-in-lieu requirement and shall be exempt from payment of development fees pursuant to the City's Development Fee Ordinance. Language shall be included in the ordinance to explicitly address that developers cannot, for example, subdivide a project into multiple lots and then make each of them a separate development of single family or side-by-side condominiums.

Mandatory Set-aside for New Multi-Family Development

As an additional mechanism to address unmet need, the City adopted a mandatory set-aside ordinance under Section 26-43.2 of the development regulations on November 27, 2018 by Ordinance #1627. This ordinance established zoning standards that provide for an inclusionary zoning requirement on future multifamily development of five (5) or more units in the City. The ordinance applies to any development through planning board approval, zoning board approval, redevelopment or rehabilitation plan requiring an affordable housing set-aside of at least fifteen (15) percent of all units in rental developments, and twenty (20) percent of all units in for-sale, with at least fifty (50) percent of the units in each development being affordable to low-income households including thirteen (13) percent in rental developments affordable to very-low- income households.

The ordinance includes controls to explicitly preclude developers from subdividing a property resulting in lot sizes just below the minimum requirement. The ordinance does not give any developer the right to any such rezoning, variance or other relief, or establish any obligation on the part of the City to grant such rezoning, variance or other relief.

The City Planning Board has approved one application where this ordinance was applicable, for property located at Block 40.03, Lots 1.04, 4, 12, 20-24. This property was presented to the Board for variance approval to permit a new hotel and 20 residential condominiums. The Board granted the applicant the ability to provide a payment-in-lieu for the four (4) required affordable housing units. The improvements on this property were fully demolished in 2024. The City understands that the ordinance as approved by the Court in the Third-Round Plan did not permit a Payment-In-Lieu for whole units, only fractional units⁴. The City will seek to correct this with developer and provide additional language in the ordinance as provided for in the Appendix of this report.

Affordable Housing Ordinance Amendments

The ordinances adopted to implement the above programs would benefit from some amendments to further clarify the intent and applicability of requirements. It is recommended that in addition to the clarifying language for payment-in-lieu provisions as discussed above, that within each zoning district which permits multi-family units that there be a clear statement that any development of more than five (5) multi-family units is subject to the standards of the Mandatory Set-aside ordinance. These ordinance amendments are included in the Appendix of this report.

⁴ This is intent of the amending ordinance required by the Court's in 2020, correcting the language to state that a Payment-in-Lieu is only permitted for fractional units. The City is looking to amend the approval if possible to provide the units on-site. Alternatively, the funds received will be used to fund the market to affordable program.

Elements Satisfying Fourth-Round Obligation

Market to Affordable – 5 units

At such time that the AHTF balance reaches an amount suitable to fund a market to affordable unit, the City will enter into a contract with an experienced administrative agency to administer at least five (5) Market to Affordable family units. The funding for these units was to come from the affordable housing trust fund through Non-Residential Development Fees or Fractional Payment-in-Lieu deposits.

The units are proposed to be implemented over the 2026-2035 to allow for a unit to sell and replenish the AHTF. Since adoption of the City's Third-Round plan the total funds deposited into the AHTF are just over \$80,000. The City requires additional AHTF which are expected from pending development plans. The use of AHTF for the market to affordable program will be addressed in the Spending Plan.

Very Low-Income Units

Very Low-income housing is affordable to those households with a gross household income of 30% or less of the median gross household income in the region. In 2008 the FHA was amended to include a requirement that at least 13% of all affordable housing units be very low-income units⁵. The 2024 amendments to the FHA added a provision that at least half of the very low-income units be available to families with children. There have been no units created in the City as of 2025, however the City has adopted ordinances which require any new affordable housing

⁵ Assembly Bill A-500 adopted in 2008, also known as the Roberts Bill, created a new definition for very low-income units and a requirement that 13% of all affordable units be made available to very low-income households.

development to provide 13% of their total affordable housing units in their Third and Fourth-Round plans as very-low-income units.

Phasing Plan for Affordable Housing Units⁶

The City has unbuilt units satisfying their Third and Fourth-Round RDP. The development of these units are subject to market conditions and overlay zones which depend upon the underlying properties development plans. It is therefore impossible to project the phasing for these units. The City anticipates that the market to affordable housing units proposed in the Fourth-Round will be developed in accordance with the following schedule:

Program	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Market to Affordable		1		1		1		1		1
Total	34	2	2	9	9	0	0	0	0	0

Bonus Provisions

For the Prior Round and Third-Round plan, in accordance with N.J.A.C. 5:93-5.15, the City intends to take bonus credits for up to 25% any rental units. The maximum rental bonus would not account for more than 25% of the City's RDP.

Bonus credits are permitted for units in the Fourth Round in accordance with the amended FHA under N.J.S.A. 52:27D-311.k. for up to 25% of the total Fourth-Round prospective need, allowing for six (6) bonus credits. At present there are no projects which qualify for bonus credits, however the City reserves the right to apply bonus credits from units that become available and are eligible.

⁶ Phasing is estimated and may not reflect changes to market conditions which will impact the proposed developments.

Affordable Housing Trust Fund

The City adopted an affordable housing trust fund ordinance in accordance with affordable housing regulations for the purposes of funding affordable housing activities on November 27, 2018 under Ordinance #1628. As of May, 2024 the AHTF has a balance of \$83,579. A Spending Plan will be completed to provide for the expenditure of funds.

Cost Generation

The City of Sea Isle 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 all requirements for unnecessary cost generating requirements under N.J.A.C. 5:93-10.

Monitoring

The City of Sea Isle shall complete all required annual monitoring reports for the City's Affordable Housing Trust Fund and of the affordable housing units and programs in accordance with the FHA regulations and requirements. In fact, the City has complied with all current AHMS reporting deadlines to date, as set forth in the Amended FHA. The City Municipal Housing Liaison has access to the AHMS and has been regularly inputting the required monitoring data as it becomes available.

Fair Share Ordinance and Affirmative Marketing

The City of Sea Isle on November 27, 2018 by ordinance #1627 and in accordance with the City's Court approved Fair Share Plan, adopted an Affirmative Marketing and Fair Share Ordinance in accordance with N.J.A.C. 5:93 et seq., and UHAC at N.J.A.C. 5:80-26⁷. The City's Fair Share Ordinance will govern 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 sales prices, affirmative marketing, income qualification and the like. 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 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 affirmative marketing plan includes regulations for qualification of income eligibility, price and rent restrictions, bedroom distribution, affordability

⁷ At this time the State is in the process of amending the UHAC regulations and adopting new affordable housing regulations under proposed N.J.A.C. 5:99 which will potentially require amendments to the Municipal Housing Ordinances and Marketing Plan. At such time that these regulations become effective the ordinances will be amended as required by law.

control periods, and unit marketing in accordance with N.J.A.C. 5:80-26. All newly created affordable units will comply with the affordability controls required by the FHA and UHAC. 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. This requirement will be included in the City's fair share ordinances and shall be a condition of any municipal development approval.

Due to the HMFA's impending release of proposed amendments to UHAC in June or July 2025, the City's Affordable Housing Ordinance will be amended and filed with the Program for review and approval once those regulations are adopted. If any changes to the City's Court-approved Affirmative Marketing Plan, as amended to include new projects set forth in this FSP, are required, the City shall amend the affirmative marketing plan to include any changes, if any are required, once the new UHAC regulations are adopted.

Conclusion

There are limited remaining opportunities to create affordable housing in the City given the scarcity of vacant or underutilized parcels. Despite this, the City proposes to meet its affordable housing obligations through various mechanisms as demonstrated herein. The City also recognizes there is a need to provide future opportunities for affordable housing and therefore has revised portions of the existing zoning ordinance to ensure larger residential developments provide affordable housing.

APPENDIX A – Sea Isle City DJ Complaint

APPENDIX B - Order Fixing Municipal Obligation for “Present Need” and “Prospective Need” for the Fourth Round Housing Cycle

APPENDIX C – Draft Ordinance Amendments