

**Addendum to Stockton Borough's
Housing Element and Fair Share Plan
Adopted June 3, 2025**

**Supplemental Report
Supporting a Durational Adjustment
Based on Water Supply
& Fourth Round Unmet Need Mechanism
Feasibility**

November 2025

*Prepared by
Stockton Borough Land Use Board*

**in consultation with Banisch Associates, Inc.
111 Main Street, Flemington, NJ 08822**

**The original of this report was signed and sealed
in accordance with N.J.A.C. 13:41-1.3**

Introduction

This addendum is prepared for inclusion in Stockton Borough's Fourth Round Housing Element and Fair Share Plan (HEFSP), adopted on June 3, 2025. It documents the Borough's potable water supply constraints that preclude inclusionary development during the upcoming affordable housing Fourth Round (2025-2035), and it establishes the basis for a durational adjustment to the Borough's prospective affordable housing obligation. It further demonstrates why overlay zoning would not provide a realistic opportunity to address unmet need within the Fourth Round, given the Borough's existing system capacity deficit and the absence of viable undeveloped or redevelopment sites at an inclusionary scale.

Applicable Regulations

The Substantive Rules (N.J.A.C. 5:93-4.2 Municipal Adjustments) recognize a durational adjustment where adequate water and/or sewer capacity is lacking. Specifically, N.J.A.C. 5:93-4.3(c) provides that the lack of adequate capacity shall constitute a durational adjustment of the municipal housing obligation, deferring the requirement to address the obligation until adequate capacity becomes available. Nevertheless, a municipality must agree at the time of its certification to reserve and set aside new water/sewer capacity when it becomes available, for low-and moderate-income housing, on a priority basis. The rules further indicate that if a site is unlikely to receive water or sewer service during the period of substantive certification, inclusionary zoning is not required for that site; the Program may instead require future-triggered measures such as overlay zoning and/or collection of development fees to be activated when capacity becomes available (N.J.A.C. 5:93-4.3(a)–(b)).

The New Jersey Fair Housing Act (N.J.S.A. 52:27D-301 et seq.), as amended, authorizes adjustments to a municipality's affordable housing obligation based on infrastructure considerations. Where adequate public facilities are not available or would be cost-prohibitive to provide, adjustments may be recognized. For municipalities with a Vacant Land Adjustment (VLA), the statute requires either zoning of parcels likely to redevelop to meet at least twenty-five percent (25%) of the adjusted prospective need or a demonstration of the municipality's inability to do so during the round period.

The Administrative Directive establishes filing and challenge timelines applicable to Stockton Borough's HEFSP submission, including the June 30, 2025 filing deadline and the corresponding challenge window. Stockton's June 3, 2025 Housing Element and Fair Share Plan was submitted on June 5, 2025, in compliance with those deadlines. This addendum supports the Borough's filing under the Program's timeline and procedures and does not negate or alter the original filing's compliance.

Relationship to the Adopted Housing Element and Fair Share Plan

Stockton's adopted Housing Element and Fair Share Plan documents a Vacant Land Analysis (VLA) resulting in a Realistic Development Potential (RDP) of zero. The plan

further concludes that there are no properties likely to develop or redevelop at a scale capable of producing inclusionary yields during the fourth round. Accordingly, the Borough's compliance relies on a mandatory set-aside ordinance to address unmet need to capture any emergent, approvable opportunities consistent with program guidance and the Uniform Housing Affordability Controls (UHAC). The Borough's request for a durational adjustment based on documented water-supply deficiencies complements, rather than alters, the adopted Housing Element and Fair Share Plan. It reinforces the Plan's findings of limited development opportunities and provides a lawful mechanism, under N.J.A.C. 5:93-4.3(c), to defer additional site-based mechanisms until adequate capacity becomes available.

Stockton Water Supply Constraint and Basis for a Durational Adjustment

The New Jersey Department of Environmental Protection (NJDEP), Division of Water Supply and Geoscience, identifies the Stockton Water Department (Public Water System ID 1023001) with a firm capacity of 0.086 million gallons per day (MGD) and a recorded peak daily demand of 0.093 MGD as of March 2019 (Exhibit A). The system therefore exhibits a firm-capacity deficit of approximately 0.007 MGD. Under NJDEP definitions, firm capacity represents the ability to meet peak daily demand with the largest unit out of service; a negative balance indicates an operational shortfall. Accordingly, the Borough lacks surplus potable-water capacity to support new inclusionary development connections at this time. Based on this demonstrated firm-capacity deficit (−0.007 MGD), NJDEP issued a moratorium on all new water connections in the Borough until the deficiency is corrected (Exhibit B).

Under N.J.A.C. 5:93-4.3(c), the lack of adequate water capacity triggers a durational adjustment and defers the requirement to provide a realistic opportunity until sufficient capacity becomes available. N.J.A.C. 5:93-4.3(a)–(b) further recognizes that where sites are not expected to receive water or sewer service during the certification period, inclusionary zoning is not required; the Council may instead look to contingent mechanisms that activate if and when capacity materializes. Finally, the Fair Housing Act permits adjustments based on infrastructure constraints where adequate public facilities are unavailable or cost-prohibitive (N.J.S.A. 52:27D-301 et seq.). Therefore, the Borough is eligible for a durational adjustment and is not required to provide additional zoning or sites to address its affordable-housing obligation until water capacity becomes available.

Stockton Borough meets the criteria for a durational adjustment to its fourth-round prospective obligation with deferral of the requirement to provide a realistic opportunity until adequate potable water capacity becomes available, consistent with N.J.A.C. 5:93-4.3(c). During the adjustment period, the Borough will (i) reserve future capacity for affordable housing on a priority basis when new capacity is obtained, as required by N.J.A.C. 5:93-4.3(c)1; (ii) maintain and enforce its mandatory set-aside and development fee ordinances to capture any emergent opportunities consistent with UHAC; and (iii) periodically reassess infrastructure conditions and, if capacity becomes available within a certification period, advance appropriate zoning or overlay measures aligned with actual service availability.

Demonstration of Stockton's Inability to Provide Overlay Zoning or Zoning Opportunities to Address Unmet Need During the Fourth Round

Overlay zoning, as contemplated by N.J.A.C. 5:93-4.3(b), is a contingent tool intended to activate upon the arrival of adequate utility capacity. Without potable water, an overlay does not convert to approvals or certificates of occupancy. Moreover, Stockton's HEFSP identifies no parcels likely to redevelop at inclusionary scale within the round period and sets RDP at zero. In the context of a Vacant Land Adjustment, the FHA requires zoning of likely-to-redevelop parcels to achieve at least twenty-five percent of the adjusted prospective need or a demonstration of the municipality's inability to do so. However, this standard does not apply to a durational adjustment. The Borough's demonstrated water deficit for a durational adjustment, built-out conditions, environmental and topographic constraints, and fractured ownership patterns together show that overlay zoning would not provide a realistic opportunity for the creation of affordable housing during the Fourth Round. Presumptive densities and mandatory set-asides presuppose approvable, developable, and suitable sites, which necessarily include availability of infrastructure. Those criteria are not satisfied for any candidate overlay area under the Borough's present capacity constraints.

Demonstration of Stockton's Inability to Provide Other Mechanisms to Address Unmet Need During the Fourth Round

As demonstrated in the Housing Element of the June 3, 2025 Plan, Stockton Borough has a built-out housing inventory, dominated by older, modest single-family homes on small lots and a limited supply of multifamily units. Mechanisms that rely on the existing stock (e.g., accessory apartments or supportive/special-needs group homes) have not proven feasible and are unlikely to yield units in the next Round. Accessory apartments depend entirely on voluntary homeowner participation and, despite outreach during the Third Round, the Borough received no sustained landowner interest, and the same barriers remain including limited space to meet building/lot coverage, parking, and accessibility and modern upgrades result in a high per-unit rehab costs in older structures and the need for ongoing affordability controls and compliance that most individual owners are unwilling to assume. Financially, these scattered, small-scale conversions typically require subsidies to meet UHAC affordability targets, but Stockton has no affordable housing trust fund balance and has not secured any development-fee revenue, while external sources (e.g., HOME, CDBG, or philanthropic grants) are competitive, episodic, and not sized for piecemeal, one-off units.

For supportive and special-needs housing, provider location criteria also work against Stockton. The Borough lacks the typical criteria that providers prioritize, such as reliable fixed-route transit and paratransit frequency, proximity to 24/7 healthcare and behavioral health services, walkable access to employment and daily living services, and a concentration of eligible clients that supports staffing and service delivery logistics. The existing building stock often presents accessibility retrofits and fire-code separation

challenges, and the acquisition/rehab cost per bed is high relative to available operating subsidies.

Taken together, no demonstrated homeowner interest, the need for subsidies without a local funding source, and the absence of the transportation, service, and population conditions group-home operators seek, mechanisms that rely on the existing housing stock do not present a realistic or scalable opportunity for Stockton Borough to address unmet need in the upcoming Round.

Conclusion

The Borough's potable water system exhibits a current firm-capacity deficit, demonstrating the lack of available water for new inclusionary development. Under N.J.A.C. 5:93-4.3(c), this condition warrants a durational adjustment that defers the requirement to address the municipal obligation until adequate capacity is available. The adopted HEFSP's VLA finding of 0 RDP and the absence of likely developable or redevelopment parcels, combined with the capacity deficit, mean that overlay zoning would not provide a realistic opportunity to address unmet need during the Round. The Borough will implement a mandatory set-aside ordinance and collection of development fees to the maximum extent possible and prioritize any future capacity for affordable housing as opportunities arise in accordance with the substantive rules and the FHA.

Exhibit A

Public Water System Deficit/Surplus

STOCKTON WATER DEPARTMENT

PWSID: 1023001
County: Hunterdon

Last Updated: 03/01/2024

► [Glossary of Terms Listed Below](#)

Water Supply Firm Capacity: 0.086 MGD

Available Water Supply Limits

| | Allocation | Contract | Total |
|----------------------|-------------------|-----------------|--------------|
| Monthly Limit | 6.000 MGM | N/A MGM | 6.000 MGM |
| Yearly Limit | 60.000 MGY | N/A MGY | 60.000 MGY |

Water Demand

| | Current Peak | Date | Committed Peak | Total Peak |
|-----------------------|---------------------|-------------|-----------------------|-------------------|
| Daily Demand | 0.093 MGD | 03/2019 | 0.000 MGD | 0.093 MGD |
| Monthly Demand | 2.873 MGM | 03/2019 | 0.000 MGM | 2.873 MGM |
| Yearly Demand | 28.287 MGY | 2019 | 0.000 MGY | 28.287 MGY |

Water Supply Deficit or Surplus

| Firm Capacity | Water Allocation Permit |
|----------------------|--------------------------------|
| -0.007 MGD | 3.127 MGM |
| | 31.713 MGY |

Note: Negative values (a deficit) indicate a shortfall in firm capacity and/or diversion privileges or available supplies through bulk purchase agreements.

Bureau of Water System and Engineering Comments:

2022 and 2023 data were not submitted by the system at the time of evaluation.

Bureau of Water Allocation and Well Permitting Comments:

no comments provided

For more information concerning water supply deficit and surplus, please refer to:

- [Firm Capacity and Water Allocation Analysis](#) (Pdf Format)
- [Currently Effective Water Allocation Permits by County](#)
This report displays all effective water allocation permits issued by the department.
- [Pending Water Allocation and Dewatering Applications](#)
All pending water allocation permits.
- [Water Allocation Permits Made Effective within a Selected Timeframe](#)
This report displays water allocation permits based on a specified date range.

Questions regarding demands and firm capacity please contact the Bureau of Water System and Engineering at 609-292-2957 or for questions concerning water allocation and status please contact the Bureau of Water Allocation and Well Permitting at 609-984-6831.

Questions may also be sent to the [Division of Water Supply and Geoscience](#)

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Glossary of Terms

Allocation Limit: The maximum allowed by a valid Water Allocation Permit or Water Use Registration issued by the Bureau of Water Allocation and Well Permitting. This may be surface or ground water, and may be expressed in MGD, MGM, MGY or some combination thereof. Withdrawals may also be limited by other factors and have seasonal or other restrictions such as passing flow requirements.

Committed Peak Demand: The demand associated with projects that have been approved for ultimate connection to the system, but are not yet constructed as indicated through the submission of construction certifications or certificates

of occupancy. This is calculated by totaling the demand as included in Water Main Extension (WME) permits and the demand associated with projects not requiring a WME permit. This field may also include bulk sale contractual obligations. For various review purposes this quantity may be represented as MGD, MGM and/or MGY.

Contract Limit: Purchased water, where regulated by an approved service contract, will be included in the overall allocation quantity where appropriate. Contracts may exist with minimum, maximum, seasonal or other restrictions. In some instances, the value is an estimate, not an exact limit.

Current Peak Demand: This is the average day of the highest recorded demand month occurring within the last five (5) years. (For the purpose of this table, the calculation for current peak demand was based on 31 days. Systems will be reviewed on an individual basis.) This includes water from a system's own sources and all other sources of water (i.e. purchased water). This field may also include bulk sale contractual obligations.

Firm Capacity: Adequate pumping equipment and/or treatment capacity (excluding coagulation, flocculation and sedimentation) to meet peak daily demand, when the largest pumping unit or treatment unit is out of service. The value is represented in MGD.

Firm Capacity Deficit or Surplus = (Firm Capacity - Total Peak Daily Demand): The difference between the Firm Capacity and the sum of the peak daily demand and committed daily demand. This is a measure of the physical ability to provide treated water at adequate pressure when the largest pumping unit or treatment unit is out of service. Negative values indicate a shortfall in Firm Capacity.

Total Peak Water Demand: The sum of the public water system's current peak demand and committed peak demand. The value is represented in MGD, MGM, and MGY.

Total Available Water Supply: The sum of the Allocation Limit and Contract Limit. This value is represented in MGM and MGY.

Water Supply Deficit or Surplus = (Total Water Allocation Permit Limit- Total Peak Demand): The monthly and/or annual limitations of an Allocation Permit or Water Use Registration minus the sum of the monthly and/or annual demands recorded based on the water use records plus the monthly and/or annual demand projected for approved but not yet constructed projects. Negative values indicate a shortfall in diversion privileges or available supplies through bulk purchase agreements.

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State of New Jersey

Department of Environmental Protection

Mail Code 401-04Q

Division of Water Supply & Geoscience

Water System Operations Element

Bureau of Water System Engineering

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Trenton, New Jersey 08625-0420

Tel #: (609) 292-2957 - Fax #: (609) 633-1495

<http://www.nj.gov/dep/watersupply/>

CHRIS CHRISTIE

Governor

KIM GUADAGNO

Lt. Governor

BOB MARTIN

Commissioner

March 7, 2014

Greg Rackin
Stockton Water Department
P.O. Box M
Stockton, NJ 08559

**Re: Stockton Water Department, PWSID NO. NJ1023001
Inadequate Water Supply**

Dear Greg Rackin:

The Bureau of Water System Engineering (Bureau) has recently updated the Division of Water Supply and Geoscience's Public Water System Deficit/Surplus Table for your water system (available on the web at <http://www.nj.gov/dep/watersupply/pws.htm>). According to the Deficit/Surplus Table, the Stockton Water Department has a deficit in at least one of its daily, monthly, or yearly limits (see attached table) as defined at N.J.A.C. 7:10-11.5(e) et seq.

As a result of this determination, this Bureau will not accept any applications for Water Main Extension or connection permits to the existing system which have an associated water demand. In addition, pursuant to N.J.A.C. 7:10-11.10(b)4, any connections or extensions to the water system with a water demand which do not need a permit from this Bureau may not be undertaken. **Until the water system deficit is corrected, no new development projects with a water demand are allowed; only water main repairs and replacement may proceed.**

Please be advised that a purveyor with insufficient capacity who is not actively pursuing additional supplies may be determined by the Department under N.J.S.A. 58:1A-14 as being "inadequate to serve its users" and be subject to a Departmental Administrative Order to "develop or acquire additional water supplies sufficient to provide that service". Therefore, it is strongly recommended that you develop a plan and schedule to provide an adequate supply. Although under certain conditions the Department may agree to allow specific projects to be connected while a water system is implementing a program by which additional, guaranteed water will become available, the Department strongly recommends that water systems take proactive steps to acquire sufficient water supply to meet anticipated growth far in advance of a project's need for water supply.

Should you have any questions concerning this matter, please contact Manfred Amissah at (609) 292-2957 or by e-mail at manfred.amissah@dep.state.nj.us. When contacting the Department, please reference the PWSID No. NJ1023001 and Letter No. WCP140001.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Padney".

Section Chief, Engineering South Section
Bureau of Water System Engineering

Enclosure

cc: Northern Bureau of Water Compliance and Enforcement
Mayor and Council of Stockton Boro

NJEMS\sd_deficit_surplus_no_capacity 010914