

**TOWNSHIP OF SOUTH BRUNSWICK
DRAFT PRELIMINARY THIRD ROUND PLAN
(Amended February 11, 2016)**

Credits Addressing 842-Unit Prior Round Obligation

South Brunswick's Prior Round Compliance Mechanisms	Prior Round
<i>Prior Cycle Credits (4.1.80 – 12.15.86)</i>	
Deans Apartments	40
Charleston Place I	54
<i>Inclusionary Developments - completed</i>	
Regal Point - affordable family sales	5
Monmouth Walk - affordable family sales	43
Nassau Square – affordable family sales	49
Summerfield - affordable family sales	70
Deans Pond Crossing - affordable family sales	20
Southridge/Southridge Woods - affordable family rentals	124
Buckingham Place – assisted living - affordable senior units	23
<i>100% Affordable Developments - completed</i>	
Woodhaven – affordable family rentals	80
Charleston Place II – affordable senior rentals	30
Oak Woods - affordable senior rentals	73
<i>Alternative Living Arrangements - completed</i>	
Wheeler Rd. Group Home (Dev. Resources/Delta Comm.)	3
Major Rd. Group Home (Dev. Resources/Delta Comm.)	3
CIL Woods	16
CIL Wynwood	7
<i>Market-to-Affordable</i>	
REACH – affordable family sales (of 18 completed)	15
<i>Prior Round Rental Bonuses for completed units = 187</i>	
Southridge/S. Woods - family rentals (124 units x 1.0)	124
Woodhaven family rentals (63 units x 1.0), bonus cap	63
Total	842

Maximum Prior Round Seniors = 219 (per N.J.A.C. 5:93-5.14(a))

.25((842 + 117) – 94 prior cycle credits - 0 rehab credits) = 219.50, round down

Minimum Prior Round Rentals = 187; (per N.J.A.C. 5:93-5.15(a))

.25((842 + 130) – 94 prior cycle credits - 130 rehab component) = 187

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Credits Addressing the Third Round Prospective Need Obligation (2015-2025)

ALTERNATIVE #1

Assuming Use of the Econsult 12-30-15 Methodology/Obligation Calculated for South Brunswick*

South Brunswick's Third Round Compliance Mechanisms – Prospective Need (2015-2025) = 215 needed	Units	Bonuses	Total
<i>Alternative Living Arrangements (all completed)</i>			
Dungarvin group homes	12	12	24
Triple C group homes	6	6	12
Community Options group homes	14	14	28
ARC of Middlesex group homes	15	15	30
<i>Alternative Living Arrangements (executed agreement)</i>			
Dungarvin group homes	4	4	8
<i>Write-Down/Buy-Down (Market to Affordable)</i>			
REACH – inclusionary affordable family sales (3 completed)	32	0	32
REACH – inclusionary affordable family rentals, capped bonus	9	3	12
<i>Extensions of Controls</i>			
Woodhaven/Deans Apts – completed	40	0	40
Regal (5), Monmouth Walk (43), Nassau Square (49) – inclusionary sales	97	0	97
Wheeler Road Group Home	3	0	3
Major Road Group Home	3	0	3
Dungarvin (Cranston Road) Group Home	4	0	4
Charleston Place I & II – completed 84, senior cap of 53	53	0	53
<i>Built, Proposed, Approved Units</i>			
Sassman – inclusionary affordable family sale completed	1	0	1
Menowitz (Cambridge Cross.) – court app'd, inclusionary family sale	8	0	8
Wilson Farm – 207 afford. senior/special needs rentals, caps	-15	-	-15
NRDF refund credits (see description attached)	9	0	9
TOTAL 2015-2025	325	54	379

Maximum Third Round Seniors = $.25(215) = 53.75$, round down to 53

Minimum Third Round Rentals = $.25(215) = 53.75$, round up to 54

* In the event the Township's actual obligation is more or less than what is reflected in the Econsult 12-30-15 calculations, the Township reserves the right to add or eliminate sites from the above so that it satisfies the actual obligation established for South Brunswick.

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If the court rejects the Econsult methodology/calculations, the Township proposes an alternative plan, set forth as Alternative #2 below, which is contingent upon a final determination of the actual obligation for South Brunswick as determined by the court.

ALTERNATIVE #2

Assuming Use of the Kinsey Methodology/Obligation Calculated for South Brunswick*

South Brunswick's Third Round Compliance Mechanisms – Prospective Need (2015-2025) = 1,000 units	Units	Bonuses	Total
<i>Alternative Living Arrangements (all completed)</i>			
Dungarvin group homes	12	12	24
Triple C group homes	6	6	12
Community Options group homes	14	14	28
ARC of Middlesex group homes	15	15	30
<i>Alternative Living Arrangements (executed agreement)</i>			
Dungarvin group homes	4	4	8
<i>Write-Down/Buy-Down (Market to Affordable)</i>			
REACH – inclusionary affordable family sales (3 completed)	32	0	32
REACH – inclusionary affordable family rentals	9	9	18
<i>Extensions of Controls</i>			
Woodhaven/Deans Apts – completed	40	0	40
Regal (5), Mon. Walk (43), Nassau Square (49) – inclus. sales	97	0	97
Wheeler Road Group Home	3	0	3
Major Road Group Home	3	0	3
Dungarvin (Cranston Road) Group Home	4	0	4
Charleston Place I & II - completed	84	0	84
<i>Built, Proposed , Approved Units</i>			
Sassman – inclusionary affordable family sale completed (5)	1	0	1
Menowitz (Cambridge Cross.) – court app'd, inclusionary family sale (85)	8	0	8
Wilson Farm – 207 afford. senior/special needs rentals, capped	166/15	15	196
Windsor Associates – inclusionary family rentals (72)	11	11	22
SB Center –100 inclusionary age restricted sales (300), capped	-	0	-
Carlyle Group – inclusionary family rentals (79)	10	10	20
Stanton Girard – family rentals (see revised proposal attached)	120	120	240
East Meadow Estates – inclusionary family sales (55)	6	0	6

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(see description attached)			
Hovnanian/Ingerman – inclusionary family sales/rentals (231)	81	34	115
NRDF refund credits (see description attached)	9	0	9
TOTAL 2015-2025	750	250	1,000
“Back Up” Project			
RPM – family rentals/special needs rentals	124/10	-	134

Maximum Third Round Seniors = $.25(1,000) = 250$

Minimum Third Round Rentals = $.25(1,000) = 250$

* In the event the Township’s actual obligation is more or less than what is reflected above, the Township reserves the right to add or eliminate sites from the above so that it satisfies the actual obligation finally determined for South Brunswick.

Stanton Girard:

Revised Proposal 1-26-2016

Objector/Intervenor Stanton Girard, LLC (“SG”) owns 12.09 acres in the R-1 zone. The property is located on New Road across from Woodlot Park and adjacent to Kendall Woods (Block 96, Lots 29.01 & 29.02). SG and its partner, Pennrose Properties, LLC (“Pennrose”) (together “the Partners”) initially proposed to build 100 affordable rental units on the site. This revised proposal provides:

1. Number of affordable units is increased from 100 to 120.
2. Single stage funding.
3. Anticipation that the project’s application will score a perfect 100 out of 100 in the competitive point categories for the 9% Tax Credit Family Cycle competition.
4. A back-up plan. In the unlikely event that aggressive, good faith funding efforts fail, the number of affordable units decreases to 50 and the remaining 70 units become market rate.
5. The resulting 41.7% affordable set-aside of the back-up plan is more than double the affordable set-aside provided under Mt. Laurel.
6. Additionally, the market-rate units of the back-up plan would be convertible into affordable units by the owner or at the direction of the municipality, as funds become available.

It is intended that all 120 units would be affordable and would be financed in a single stage by 9% Low-Income Housing Tax Credits and the other funding sources described below. The project anticipates receiving a perfect score in the Family Cycle in NJHMFAs upcoming 2016 9% funding round. Pennrose has an impressive record of obtaining such funding. However, in the unlikely event funding is not obtained, the development would have only 50 affordable units. Funding for those 50 affordable units would come from the remaining 70 market rate units. This 41.7% affordable housing set-aside is more than double the 20% affordable housing set-aside provided by the Mt. Laurel builder’s remedy.

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Further, the Partners would not give up on their goal of a 100% affordable project. Accordingly, throughout the development and construction process, the Partners would continue to seek the funding needed to build 120 affordable units. Additionally, over time, as funds become available, completed market rate rental units could be converted by the municipality to affordable rental units one or more at a time.

Pennrose is a leading, award-winning, developer of affordable housing with a national reputation for excellence. Pennrose is well known in Middlesex County where it has already completed a dozen projects, providing more than 1,000 units. More are in progress, including Middlesex County's marquee project, Roosevelt Hospital. In 2015 this project was awarded 9% Low-Income Housing Tax Credits. Pennrose's renovation will produce 85 affordable housing units while preserving the historic character of the hospital.

The Partner's vision for the project calls for flats on the ground floor with a two level townhouse over each flat. Each flat and townhome would have a private, street level entrance. Limited to three stories, this low-rise design approach is far superior to the mid-rise, higher density housing preferred by other developers. The buildings would not exceed three stories and would house a mix of two and three bedroom units ranging in size from 700 to 1,350 square feet. The units will not be age-restricted. The focus will be on renting to the local working families that often struggle to find affordable housing. As part of the project, the Partners would work with Onyx Renewable Partners, to develop a solar field on the former landfill on New Road that is adjacent to the SG property. Electricity generated by the solar field would be used to power the proposed 120 units.

Republic Services (owner of the former landfill) has been attempting to develop the property as a solar field, but has not had success because it did not have an adjacent user for the electricity. When a user buys power from an adjacent producer, the substantial delivery portion of the user's monthly bill is significantly reduced. This proposal provides the necessary adjacent user, resolving Republic's historical problem. Combining the project with reclamation of the landfill would significantly enhance the ability to obtain funding for the affordable units which could come from Low-Income Housing Tax Credits, the Economic Recovery Grant Program administered by the N.J. Economic Development Authority, HOME and CDBG funds, private debt, project-based vouchers, deferred developer's fees and third-party equity partners as well as a willingness of the property owner to defer a portion of the purchase price in the event of a shortfall in the amount of other funding.

The SG property is ideally suited for higher density. Land that might otherwise be required for on-site open space can be utilized for housing and parking. The property is literally surrounded by permanent active and passive open space: 153 + acres of Woodlot Park to the east, 100 + acres of Kendall Woods and College Park to the west, 60 acres of capped landfill to the south and to the north, the vacant, wooded acreage of the lots belonging to the Kendall Park Volunteer Fire Company and the Kendall Park

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First Aid and Rescue Squad.

East Meadow Estates:

Robert Gelbard/Brunswick Square at South Brunswick, LLC, (“Gelbard”), received Use Variance and Bulk Variance approval from the South Brunswick Zoning Board of Adjustment on November 20, 2014. The approval allows for the development of 55 non-age restricted single family detached homes on a 23± acre site in the ARRC and R-3 zones at 3240 Route 27 and 8-30 Beekman Road (Block 94.02, Lots 6.06 & 38. On December 7, 2015, Gelbard filed an application for Preliminary and Final Major Subdivision approval of East Meadow Estates, a 55 unit, non-age restricted residential development consisting of single-family detached homes. SB Code Sec. 62-2002 requires that any proposed residential development consisting of five or more lots or units shall set aside 12.5 percent of said units for affordable housing. Based upon a 55-unit development, the affordable housing obligation is 6.875 affordable units. Although the fractional share (0.875) can be satisfied with a payment in lieu of construction in the amount of \$109,375 (\$125,000 x 0.875), the six-unit obligation must be satisfied with the construction of actual units.

Non-Residential Development Fee (NRDF) refund credits:

Pursuant to the New Jersey Economic Stimulus Act of 2009 (“Act”), the collection of nonresidential development fees for affordable housing was suspended. N.J.S.A. 40:55D-8.6. According to the Act, developers that paid nonresidential development fees after July 17, 2008, were entitled to claim a refund of “the difference between the monies committed prior to July 17, 2008, and monies paid on or after that date.” N.J.S.A. 40:55D-8.8a. Upon receipt of a legitimate claim, a municipality was required to reimburse the developer out of the municipal affordable housing trust fund. N.J.S.A. 40:55D-8.8c. A municipality that returned all or any portion of nonresidential development fees in accordance with the Act “shall be reimbursed from the funds available through the appropriation made into the New Jersey Affordable Housing Trust Fund.....within 30 days of the municipality providing written notice to [COAH].” N.J.S.A. 40:55D-8.8e.

On March 23, 2010, the Township submitted a claim to COAH for reimbursement of funds it had refunded to nonresidential developers. Detailed information was provided to COAH, on the appropriate COAH forms, showing that the Township was entitled to a reimbursement of \$703,792.00. Although COAH acknowledged the validity of the Township’s claim for this amount, no reimbursement was ever received from COAH.

In the matter of In re Hopewell Township, Docket No. MER-L-563-15 (Superior Court, Law Division, unpublished opinion dated August 31, 2015), the court ruled that in such circumstances, since the State has indicated it has no funds with which to reimburse municipalities, the municipality is entitled to COAH credits in lieu of cash payments. The

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number of credits to be granted was not established by the court in its August 31 decision, but was to be determined at a later date.

Since the Township has a recognized claim for credit in the amount of \$703,792 of unreimbursed nonresidential development fees, it is entitled to credit toward its Third Round obligation. Given that the Township spends approximately \$75,000 net to create a REACH market-to-affordable unit, it is entitled to 9 credits toward its Third Round obligation ($\$703,792$ refunded to non-residential developers \div $\$75,000$ per unit = 9.38 units).