

TOWNSHIP OF NORTH BRUNSWICK

JUNE 6, 2016 HOUSING ELEMENT/FAIR SHARE PLAN

Introduction and Status of Previous Third Round COAH Submissions

The North Brunswick Planning Board adopted a comprehensive new Master Plan on May 16, 2006. Even though the Council on Affordable Housing (COAH) had adopted new Third Round affordable housing regulations on December 20, 2004, the Housing Element that was incorporated into the 2006 Master Plan specifically did not project or address the Township's obligation for affordable housing units. The decision not to include a new Fair Share Plan in the Master Plan was based upon the fact that the Township's Second Round Substantive Certification did not expire until October 1, 2009. As such, the Township was not required to file a Fair Share Plan by the December 31, 2005 deadline.

However, The Housing Element incorporated in the 2006 Master Plan did meet the requirements of a Housing Element in the Municipal Land Use Law by providing a detailed analysis of population and housing statistics in the Township, as well as standards and proposals for construction of various types of housing within the Township.

Subsequent to the promulgation of revised COAH regulations, amended through October 20, 2008, the Planning Board prepared a Housing Element Amendment/Fair Share Plan (FSP) specifically designed to address the Township's Third Round affordable housing obligation. This FSP was adopted by the Planning Board on December 29, 2008 and was then referred to the Township Council. The Township Council passed a resolution petitioning COAH for Substantive Certification on December 30, 2008. However, due to legal challenges to COAH's Third Round regulations, COAH never processed the FSP through the review process necessary to achieve Substantive Certification.

However, even though COAH staff stopped processing FSPs for Substantive Certification, COAH did allow municipalities to advance affordable housing projects forward by reviewing and approving Spending Plans that complied with the regulations.

The Township of North Brunswick submitted a Spending Plan as part of its Third Round Petition for Substantive Certification. The Township subsequently amended its Spending Plan in accordance with COAH requests on June 18, 2010. On June 24, 2010, COAH passed a resolution approving the Township's June 18, 2010 Spending Plan.

Subsequent to the approval of this Spending Plan, the Township became aware of two emergent opportunities for affordable housing. These two projects included the proposed acquisition and renovation of a 184 unit garden apartment complex known as Oakleaf Village by Community Investment Strategies, Inc. (CIS), and the Special Needs Housing Partnership Program sponsored by the Department of Community Affairs (DCA). Pursuant to regulations, the Township passed a resolution on December 19, 2011 seeking approval of a Spending Plan Amendment dated December 19, 2011. In accordance with Governor Christie's Reorganization Plan 001-2011, the review of this request was no longer conducted by COAH, but rather by DCA. On January 11, 2012, DCA granted approval of the December 19, 2011 Spending Plan. This amended Spending Plan approval (Appendix C) allowed for the Township to move forward with the two projects mentioned above, both of which are incorporated herein as part of the Township's June 6, 2016 Housing Element/Fair Share Plan (FSP). The Township intends to utilize any surplus funds generated through collection of nonresidential development fees to supplement any of the specific projects approved by DCA in the January 11, 2012 approval.

Transfer to Court Jurisdiction

On March 10, 2015, the New Jersey Supreme Court issued an order that required municipalities to seek judicial review to determine compliance with their Mt. Laurel obligations. This order effectively eliminated the administrative process overseen by COAH through which municipalities could be deemed compliant with their Mt. Laurel obligations. The effect of this order was to make the Superior Courts the forum to determine municipal compliance. The Supreme Court's action effectively provided a 120 day window for municipalities to file a Declaratory Judgment action in Superior Court in order to obtain judicial approval of their efforts and plans to provide for their fair share of the regions affordable housing need. The Order provided that municipalities that file a Declaratory Judgment will have a five month window to develop their compliance plans. Superior Court judges were given the power to grant

immunity to municipalities while they take steps to enact a valid affordable housing plan.

While the Supreme Court ruling necessitated the Township adopting a Housing Element/Fair Share Plan to address its affordable housing obligation, the Township Planning Board was already in the midst of a Master Plan Reexamination study in accordance with the 10 year time frame provided by the Municipal Land Use Law.

Therefore, the purpose of this Housing Element/Fair Share Plan (FSP) is twofold;

---to provide a reexamination of the Housing Element adopted in May of 2006, with appropriate modifications dictated by changing demographics and land use trends; and

---to provide a projection of the Township's Third Round affordable housing obligation and a comprehensive implementation plan that provides a realistic opportunity to realize its Third Round obligation over the next ten years.

The Township of North Brunswick filed for Declaratory Judgment on June 19, 2015. Subsequent to this filing, the Township prepared and submitted a document entitled Summary of Plan for Total Fair Share Obligation in accordance with standards developed by the Special Master responsible for Middlesex County municipalities.

A series of settlement meetings were attended with the designated judge in Superior Court over the course of several months. These meetings included the Judge, the court-appointed Special Master, representatives of the Township of North Brunswick, and attorneys for the Fair Share Housing Center and three interested developers who own property in the Township.

After numerous meetings and negotiations, the Township has prepared a Third Round FSP that addresses the Township's fair share of the regions affordable housing need for the time period 1999-2025. This 26 year time period incorporates a 16 year Gap Period and a 10 year future prospective need.

All parties to the negotiations are in agreement that the projects incorporated in the plan can move forward expeditiously and result in a realistic opportunity for the Township to satisfy its affordable housing obligation over the next ten years.

The remainder of this FSP provides the following:

---a brief description of demographic information related to the Township's population and housing stock;

---a description of relevant studies and projections of affordable housing need;

---an explanation of the reasoning behind the determination of the Township's Third Round affordable housing obligation established herein;

---an outline of each of the projects proposed by the Township to address its Third Round affordable housing obligation for the 26 year period spanning 1999 through 2025; and

---two spreadsheets detailing how the Township's Third Round affordable housing obligation is addressed through a combination of new construction of both family and age-restricted units, substantial rehabilitation, alternative housing for the developmentally disabled, housing for the homeless, application of surplus new construction units from the Township's Second Round Substantive Certification, and rental bonuses.

Statutory Requirements for Components of Municipal Housing Elements

The New Jersey Fair Housing Act (N.J.S.A. 52:27D-310) delineates the mandatory requirements for a Housing Plan element in a municipal Master Plan. The essential components are as follows:

a---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;

b---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 of lands;

c---An analysis of the municipality's demographic characteristics, including but not necessarily limited to, household size, income level and age;

d---An analysis of the existing and probable future employment characteristics of the municipality;

e---A determination of the municipality's present and prospective fair share for low and moderate income housing and its capacity to accommodate its present and prospective housing needs, including its fair share for low and moderate income housing; and

f---A consideration of the lands that are most appropriate for construction of low and moderate income housing and of the existing structures most appropriate for conversion to, or rehabilitation for, low and moderate income housing, including a consideration of lands of developers who have expressed a commitment to provide low and moderate income housing.

Description and Analysis of Demographic Characteristics, Housing Stock and Future Employment

The US Census Bureau did not use a long form for the 2010 Census. In several previous censuses, one in six households received this long form, which asked for detailed social and economic information. The 2010 Census used only a short form asking 10 basic questions.

The short form basically only provided information on how many people were living in the unit, the type of unit, whether the unit had a mortgage, whether the unit was owner-occupied or rented, the sex, age and race of occupants, and whether the person was of Hispanic or Latino origin.

The population of the Township of North Brunswick was 36,287 in 2000. This represented a 5,000 person increase, or 16%, between 1990 and 2000. According to the 2010 US Census, the Township's population was 41,153. This represents a 4,866 person increase, amounting to 12.3%, between 2000 and 2010.

Table 1 provides a breakdown of the Township's 2010 population by sex and age. As this table reveals, the percentage of females (50.6%) is only slightly higher than the percentage of males (49.4%).

76.5% of the population was 18 years and older. Of the 9,654 persons who were younger than 18 years of age, 2,979 (7.2% of the Township's population) were under five years of age, resulting in 6,675 school-aged children (16.2% of the Township's population).

This table also reveals that the percentage of the population that was 62 years and older was 12.2% (5,017 persons).

Between 2000 and 2010 there was very little change to the age profile in the Township, as the median age (35.5), the percentage of residents under 18 years of age (23.5%) and percentage of residents 62 years and over (12.2%) stayed virtually the same.

Table 1						
Population by Sex and Age						
2010 US Census						
	Total	% of	Male	% of	Female	% of
	Population	Population	Population	Population	Population	Population
Total Population	41,153	4940.0%	20,337	49.4%	20,816	50.6%
Pre-School Age						
Under 5 Years	2,979	7.2%	1,456	3.5%	1,523	3.7%
School Age						
5 to 9 Years	2,638	6.4%	1,403	3.4%	1,235	3.0%
10 to 14 Years	2,441	5.9%	1,255	3.0%	1,186	2.9%
15 to 19 Years	2,501	6.1%	1,345	3.3%	1,156	2.8%
20 to 24 Years	2,531	6.2%	1,341	3.3%	1,190	2.9%
25 to 29 Years	3,319	8.1%	1,609	3.9%	1,710	4.2%
30 to 34 Years	3,769	9.2%	1,839	4.5%	1,930	4.7%
35 to 39 Years	3,533	8.6%	1,851	4.5%	1,682	4.1%
40 to 44 Years	3,009	7.3%	1,537	3.7%	1,472	3.6%
45 to 49 Years	3,055	7.4%	1,476	3.6%	1,579	3.8%
50 to 54 Years	2,991	7.3%	1,448	3.5%	1,543	3.7%
55 to 59 Years	2,531	6.2%	1,171	2.8%	1,360	3.3%
60 to 64 Years	2,034	4.9%	937	2.3%	1,097	2.7%
Seniors						
65 to 69 Years	1,294	3.1%	607	1.5%	687	1.7%
70 to 74 Years	913	2.2%	412	1.0%	501	1.2%
75 to 79 Years	702	1.7%	311	.8%	391	1.0%
80 to 84 Years	478	1.2%	193	.5%	285	.7%
85 Years and Older	435	1.1%	146	.4%	289	.7%
18 Years and Older	31,499	76.5%	15,374	37.4%	16,125	39.2%
62 Years and Older	5,017	12.2%	2,237	5.4%	2,780	6.8%

Table 2 provides a breakdown of the Township's 2010 population by race and Hispanic or Latino origin. As this table shows, 46.9% of the Township's population was white, with 17.3% black and 24.2% Asian. 17.6% of the Township's population was of Hispanic or Latino origin.

Table 2			
Population by Race and Hispanic or Latino Origin			
2010 US Census			
	Total	% of	
	Population	Population	
Total Population	41,153	100.0%	
Race			
White	19,318	46.9%	
Black	7,129	17.3%	
American Indian and Alaska Native	167	0.4%	
Asian	9,941	24.2%	
Native Hawaiian & Other Pacific Islander	14	0.0%	
Some Other Race	3,338	8.1%	
Two or More Races	1,246	3.0%	
Hispanic or Latino			
Hispanic or Latino	7,230	17.6%	
Mexican	1,498	3.6%	
Puerto Rican	1,817	4.4%	
Cuban	203	0.5%	
Other Hispanic or Latino	3,712	9.0%	
Not Hispanic or Latino	33,923	82.4%	

While there was very little change to the Township's age profile, there was a substantial change relative to race and persons of Hispanic or Latino origin. The percentage of the population that is white dropped from 63.1% in 2000 to 46.9% in 2010. At the same time, the black population increased from 15.1% to 17.3%, while the Asian population

increased from 14% to 24 %. The Hispanic or Latino population increased from 10.3% to 17.6%.

Table 3 provides a breakdown of the population by relationship. This table reveals that of the 40,074 persons who resided in a household in 2010, there were 14,726 heads of household and 7,869 spouses (53.4% of households had a spouse living in the unit). There were 3,000 other relatives residing in these households, along with 1,952 nonrelatives.

Table 3		
Population by Relationship		
	Total	% of
	Population	Population
Total Population	41,153	100.0%
In Households	40,074	97.4%
Householder	14,726	35.8%
Spouse	7,869	19.1%
Child	12,527	30.4%
Other Relatives	3,000	7.3%
Nonrelatives	1,952	4.7%

Table 4 provides a breakdown of households by household composition. This table reveals that 71.4% of the households were family households and 28.6% nonfamily households. 35.7% of the total households were a husband-wife family with their own children under 18 years of age. There were 669 male households with no wife present, 242 of which had children under the age of 18. However, the number of female householders with no husband present was almost three times as many (1,982 households). The number of female households with their own children present (974) represents 6.6% of the total number of households in the Township.

Table 4		
Households by Household Composition		
2010 US Census		
	Total	% of
	Households	Households
Total Households	14,726	100.0%
Family Households	10,520	71.4%
Nonfamily Households	4,206	28.6%
Family Households	10,520	71.4%
Husband -Wife Family	7,869	53.4%
With Own Children Under 18 Years	5,253	35.7%
Male Householder; No Wife Present	669	4.5%
With Own Children Under 18 years	242	1.6%
Female Householder; No Husband Present	1,982	13.5%
With Own Children Under 18 Years	974	6.6%
Nonfamily Households	4,206	100.0%
Householder Living Alone	3,291	22.3%
Male	1,389	9.4%
65 Years and Over	281	1.9%
Female	1,902	12.9%
65 Years and Over	651	4.4%

The Township's housing stock increased at a lesser rate (9.5%) than the population (12.3%) from 2000 to 2010, increasing from 13,932 housing units to 15,250 housing units.

Table 5 provides information on the housing stock of the Township, including information on owner-occupied and renter-occupied units, as well as average household size. This table reveals that 96.6% of the Township's housing stock was occupied as of April 2010. There were 15,250 housing units comprising the Township's housing stock in 2010, including 8,979 owner-occupied units (61% of occupied units) and 5,747 renter-

occupied housing units (39% of occupied units). Between 2000 and 2010, the percentage of owner-occupied housing units declined slightly from 62.9% to 61%.

The average person per owner-occupied unit was 2.85, as compared to an average of 2.52 for renter-occupied units.

Table 5		
Housing Occupancy and Tenure		
2010 US Census		
	Total	% of Households
Total Housing Units	15,250	100.0%
Occupied Housing Units	14,726	96.6%
Vacant Housing Units	524	3.4%
Occupied Housing Units	14,726	96.6%
Owner-Occupied Housing Units	8,979	61.0%
Population in Owner-Occupied Housing Units	25,616	
Average Persons Per Owner-Occupied Unit	2.85	
Renter-Occupied Units	5,747	39.0%
Population in Renter-Occupied Housing Units	14,458	
Average Persons Per Renter-Occupied Unit	2.52	

The final table (**Table 6**) provides information on the Township's households by household size. This table reveals that 22.3% of the total households were 1-person households, 29.6% two-person households, and 20% three-person households. Only 28.1% of the Township's total households were comprised of four or more persons in 2010.

Table 6		
Households by Size		
2010 US Census		
	Total	% of
		Households
Total Households	14,726	96.6%
1-Person Household	3,291	22.3%
2-Person Household	4,358	29.6%
3-Person Household	2,948	20.0%
4-Person Household	2,544	17.3%
5-Person Household	927	6.3%
6-Person Household	423	2.9%
7 or More Person Household	235	1.6%
Average Household Size	3	

Projection of Housing Stock and Employment

The Office of the Tax Assessor has assessed 124 new residential properties since April of 2010 (the date of the 2010 US Census). 108 of these new units are three bedroom townhouses built by a major developer. The remaining 16 units represent infill single family housing. The addition of these units would bring the Township's current housing stock to 15,374 dwelling units as of June of 2016.

158 three bedroom townhouses have received final site plan approval in the transit village. It is anticipated that these units will be built over three years. Construction began in May of this year. In total, 1875 housing units will be built in this development, although only 400 of these can be built prior to commencement of construction on a platform for a train station.

This Housing Element/Fair Share Plan also includes as many as 270 age-restricted rental units to be built in an inclusionary development. Along with 39 rental units for seniors to result from conversion of an underutilized shopping center, the Township's housing stock inclusive of these proposed units would be 17,558 dwelling units.

In terms of future employment growth, the Township has granted preliminary approval in the transit village for 995,000 square feet of nonresidential development. Recent revisions to the preliminary plans have reduced the square footage to 720,000 square feet. This includes 195,000 square feet of office space. The remainder of the nonresidential uses would be commercial in nature. In addition, the Planning Board has granted final approval for a 124 room hotel that occupies approximately 108,000 square feet, while another hotel has also received preliminary approval.

In addition to nonresidential development on the transit village site, the Township anticipates approving approximately 600,000 square feet of warehousing space over the next five to ten years on a warehousing site that was razed after a major fire last year. The Planning and Zoning Boards have approved over the past year three gas stations, 15,000 square feet of flex space, and 24,200 square feet of retail space. There are currently two applications for office space pending before the boards. These two applications total approximately 36,000 square feet.

Utilizing ITE (Institute of Transportation Engineers) estimates of the square feet of space per employee, the warehouse and flex space (781 square feet/employee) could yield approximately 790 employees, the office space (304 square feet/employee) could yield as many as 760 employees, and the retail space (654 and 549 square feet/employee respectively for discount and specialty retail) could yield as many as 900 employees.

However, these figures are very optimistic, as North Brunswick has not demonstrated over the past twenty years the ability to absorb a large scale office development or a large scale warehouse complex similar to the projects being discussed. In addition, the ability of the transit village to produce the amount of retail space proposed is dependent upon the construction of a train station by NJ Transit. Even if the train station is constructed as anticipated, the ability of the site to support the remaining retail proposed on the plans is still uncertain at this time.

Available Studies Projecting Affordable Housing Obligations Statewide

In order to develop a Third Round affordable housing obligation, it was first necessary to review and critique the studies and projections prepared by acknowledged experts in the affordable housing arena. During the years of litigation involving COAH's proposed Third Round rules, a number of different projections have been advanced relative to the

number of affordable housing units required to be developed in the State, regionally and in individual municipalities.

Burchell Study

The first study to be discussed happens to be the last official projections prepared for COAH as part of COAH's proposed Third Round Substantive Rules in 2014. This study and projections were prepared by the Rutgers University Center for Urban Policy research under the primary direction of Robert Burchell (Burchell Study). This study, dated April 27, 2014, was entitled Municipal Determination of Rehabilitation Share, Fair Share, and Unanswered Prior Obligation: Overview. This study was included as a series of Technical Appendices to the proposed Third Round Substantive Rules of COAH. These Third Round rules and projections were published in the NJ Register on June 2, 2014. The Burchell Study projected the total statewide prospective need for affordable housing to be 52,191 units.

The Burchell Study purportedly addressed the Supreme Court's concerns with earlier COAH regulations. This study projected the Township's affordable housing need to be 199 units of Rehabilitation Share housing that demonstrates a need for rehabilitation work, 343 units to address a 15 year GAP period from 2000-2014, and 256 units of prospective housing need for the ten year period from 2015-2024.

The GAP period in the Burchell Study encompasses a 15 year GAP period. In order to reflect a 16 year GAP period, the 343 unit projection in the proposed Third Round projections would need to be multiplied by 1.066. When this is done, the Township's GAP period need would increase from 343 units to 366 units.

If we add the Township's GAP period number of 366 units to the 256 units of prospective need, this results in a total obligation of 622 affordable housing units.

While the 10 year prospective figure was for the period from 2015-2024, as opposed to 2016-2025, the projection reflects the required 10 year time frame, and as such, does not require any adjustment.

However, COAH failed to adopt these regulations and affordable housing projections, and as such, these numbers have no official standing. However, these projections are a beginning point for purposes of discussion.

Kinsey Study

The second study projecting the State, regional and municipal affordable housing obligations was prepared by David Kinsey under the sponsorship of the Fair Share Housing Center (FSHC). This study, entitled New Jersey Low and Moderate Income Housing Obligations for 1999-2025 Calculated Using the NJ COAH Prior Rond (1987-1999) Methodology, herein referred to as the Kinsey Study, was dated April 16, 2015, and was subsequently updated on July 17, 2015. The Kinsey Study projected the total prospective statewide affordable housing need over the period 2000-2025 to be 201,382 units.

A brief comparison of the statewide numbers shows that the projected affordable housing need in the Kinsey Study is more than three times the need projected in the Burchell Study. The Kinsey Study projected North Brunswick's need to be 1161 units.

As municipalities began to file for Declaratory Judgments, the two Special Masters assigned to the Middlesex County municipalities determined, after consultation with the judge, to hold a meeting of professional planners involved in the provision of affordable housing in order to identify and discuss issues and concerns related to the methodology utilized in the Kinsey Study. More than 20 professional planners met over the course of two days to review the methodology utilized in the Kinsey Study in detail, and a number of questions and concerns were voiced about the assumptions and methodology employed in the Kinsey Study.

Based upon the many concerns discussed at these meetings, the Township's professionals believe that there is substantial overstatement of the statewide affordable housing need in the Kinsey Study, as well as inconsistencies with how the regional need is allocated to the individual municipalities. The Township believes that the need could be overstated by as much as 40 % or more.

Burchell II Study

In response to the projections generated in the Kinsey Study, a consortium of 200 plus municipalities then hired the Rutgers University Center for Urban Policy Research to prepare affordable housing need calculations for the State, the six COAH regions and each municipality. The report was prepared under Dr. Robert Burchell's supervision. Burchell had been responsible for preparing several earlier rounds of COAH projections,

and he is widely acknowledged to be one of the foremost experts on affordable housing need in New Jersey.

Dr. Burchell prepared a draft report dated August 15, 2015. This report is entitled New Jersey Third Round Low and Moderate Income Housing Obligations for 2015 (Rehabilitation Share) 2015-2025 (Fair Share) and 1987 to 2015 (Prior Obligation) Using Procedures Similar to and Based-on COAH Rounds One and Two. This report will be referred to as the Burchell II Study. The Burchell II Study projected the Township's affordable housing obligation to be 187 units of Rehabilitation Share, which equates to the former COAH Present Need category, 447 units for the 15 year GAP period from 2000-2014, and 362 units of prospective need for the ten year period from 2016-2025.

However, while the draft report was under review, Dr. Burchell suffered health problems that would not allow him to complete the report and testify in court. As a result, the Burchell II Study also has no official standing.

Econsult Study

As a result of Dr. Burchell's inability to finalize the study, the municipal consortium retained the services of Econsult Solutions, Inc. to provide projections of State, regional and municipal affordable housing need (Econsult Study). The Econsult Study, entitled New Jersey Affordable Housing Need and Obligations, calculated regional affordable housing need and affordable housing obligations for each municipality in accordance with relevant Court decisions and the First Round and Second Round methodologies as specified by the New Jersey Supreme Court in its March decision. However, this report, dated December 22, 2015, assigned no affordable housing obligation for the 16 year GAP period, stating "... no legal affordable housing obligation or identifiable additive affordable housing need emerges from the "gap" period." The methodology incorporated into the Econsult Study resulted in projections of affordable housing need for the State, regions and municipalities that were significantly lower than the projections of the Kinsey Study, the Burchell Study and the Burchell II Study.

Under the Econsult Study, the Township's present need was projected to be 197 housing units. The Econsult Study methodology resulted in a prospective need for the Township of zero new affordable housing units.

Given the Econsult Study's findings that there exists zero affordable housing need for the 16 year GAP period, the Township of North Brunswick has rejected the Econsult Study.

Studies Commissioned by the League of Municipalities

In addition to Burchell's two sets of projections, the Kinsey report, and the Econsult report, the League of Municipalities commissioned two consulting firms to provide an analysis of the State's affordable housing policies and needs, as well as the methodology utilized in the Kinsey Study.

The first these two reports, authored by Nassau Capital Advisors, LLC, is entitled Demographic and Economic Constraints on the Inclusionary Zoning Strategy Utilized for the Production of Low and Moderate Income Housing in New Jersey (NCA Study). This report, dated September 22, 2015, came to the conclusion that the State economy is "...likely to continue to struggle over the next ten years to achieve a level of growth needed to fuel a robust housing market."

The NCA Study also concluded that, "The inclusionary zoning strategy faces a significant obstacle in its ability to produce affordable housing ... as a result of the recent shift in the locational preferences of the housing market away from suburban and rural communities, and now noticeably towards the state's urban areas. New Jersey's "urban aid" municipalities are likely to attract a growing share of the state's new housing production in the coming decade. Because these municipalities are exempt from the "set aside" rules of the inclusionary zoning strategy, this trend will significantly diminish the effectiveness of the inclusionary zoning strategy in meeting affordable housing goals."

This shift in population growth toward the state's urban areas is a significant finding, as much of the new housing to be constructed in the State over the next ten years appears to be located in the urban municipalities that are specifically excluded from having to provide affordable housing in the Kinsey study. The exclusion of these Urban Aid municipalities in the Kinsey study was the subject of much discussion at the two meetings of professional planners moderated by the two Middlesex County Special Masters.

The NCA Study authors also, "...find no credible evidence to support the conclusion that New Jersey's economy will be able to increase its historic level of housing production to

a level that will allow the inclusionary zoning strategy to come close to achieving the aspirational goals of affordable housing advocates.” This finding relative to the inability of the economy to support excessive housing growth is also very significant, because inclusionary zoning developments require anywhere from four to nine units of market priced housing for each unit of affordable housing provided. The sheer number of total housing units required to provide for the affordable housing needs projected in the Kinsey study through inclusionary zoning appear to be very unrealistic. In addition, projects that provide 100% affordable units are extremely limited by the 18 million dollar annual limitation on Low Income Housing Tax Credits (LIHTC) in the State.

Finally, the NCA Study states, “...we project the production of all new housing units in New Jersey ... over the next decade of between 180,000 to 250,000 new housing units.” The report further concludes, “... we estimate that the inclusionary zoning strategy is capable of delivering a total of between 17,000 to 24,000 new units of low and moderate income housing during the next ten years.” These last two findings are also very significant, as the Kinsey Study projects the statewide need for affordable housing to be in excess of 200,000 units. The Kinsey projection for the number of affordable housing units needed is eight to ten times higher than the number of affordable units that the NCA Study concludes can be provided through inclusionary zoning techniques. The required number of affordable units in the Kinsey Study is equivalent to the total number of all housing units, including both market and affordable, that the NCA Study concludes could reasonably be anticipated to be built over this ten year time frame.

The second report was prepared by Econsult Solutions, Inc. prior to Econsult being retained by the consortium of municipalities to project statewide affordable housing needs. This report (Econsult II Study), dated September 24, 2015, is entitled Review and Analysis of Report Prepared by David N. Kinsey, PhD Entitled: “New Jersey Low and Moderate Income Housing Obligations for 1999-2025”. The purpose of the Econsult II Study was to analyze the procedures and calculations in the Kinsey Study of statewide affordable housing obligations. The Econsult II Study concludes, “The report prepared by Dr. Kinsey appears to contain a series of such decisions that result in a systematic increase in the final calculation of affordable housing obligations ...” This Econsult II Study also states that problems with the Kinsey report, “...upwardly bias the final calculation.”

Determination of the Township of North Brunswick's Prospective Affordable Housing Obligation for the Period from 1999-2025

After considering and analyzing the various methodologies utilized by the consulting firms that produced the studies sighted in the previous section, as well as the issues and concerns voiced during the professional planners meetings, and the conclusions and concerns voiced in the two studies prepared for the League of Municipalities, the Township of North Brunswick professionals believe that the proper number of affordable housing units to be provided in the Township over the next ten years to meet its 1999-2025 affordable housing obligation is 700 units.

This FSP includes two spreadsheets detailing the methods utilized to comply with this 700 unit number, as well as the breakdown of affordable units by project according to income group.

Appendix A, entitled North Brunswick 1999-2025 Third Round Affordable Housing Obligation, prepared by Tom Vigna on March 17, 2016, provides a listing of assumptions utilized and a breakdown of how units are applied to satisfy both the family and age-restricted obligations.

Appendix B, entitled Very Low/Low/Moderate Income Split for North Brunswick Third Round Affordable Housing Obligation, prepared by Tom Vigna on March 17, 2016, provides a breakdown of income distribution by project.

In addition to the prospective need for 1999-2025, the Township must also demonstrate that it has met its Prior Round obligation for the 12 year time period from 1987-1999, as well as how it intends to address its Rehabilitation Share. The Rehabilitation Share is comprised of units in need of renovation that are presently located in the Township and occupied by lower income households.

Rehabilitation Share

The Burchell Study and the Burchell II Study projected the Township's Rehabilitation Share, or present need, to be 199 and 187 units respectively. The Econsult Study projected the Township's present need to be 197 units. The Kinsey Study provided the same 197 unit estimate. The Township accepts the present need figure of 199 units in accordance with the Burchell Study prepared for COAH's Third Round Rules and Projections.

Compliance with Rehabilitation Share

Since April of 2010, the Township of North Brunswick has accomplished the rehabilitation of 46 units occupied by lower income households. The 46 units accomplished to date are a result of two distinct housing rehabilitation programs described below.

The Township of North Brunswick administers a program funded by an allocation of Community Development Block Grant funds from Middlesex County each year. The money allocated to the North Brunswick Neighborhood Preservation Program has resulted in the rehabilitation of 33 single-family homes since April of 2010.

In addition, the Township of North Brunswick contracted with the North Brunswick Housing Corporation (NBHC) to administer a township wide housing rehabilitation program with funds from the Township's Affordable Housing Trust Fund. \$1,075,000 has been allocated for this program in the Township's Spending Plan approved by COAH on January 11, 2012. Since inception of the North Brunswick Housing Rehabilitation Program, the NBHC has completed rehabilitation work on 13 homes at a cost in excess of \$300,000.

It is projected that the North Brunswick Neighborhood Preservation Program will renovate an additional 10 homes in 2016, and an additional 63 homes over the nine years from 2017 to 2025.

It is projected that the North Brunswick Housing Rehabilitation Program administered by NBHC will rehabilitate an additional 75 homes over the next five years (2016-2020) before funding from the Affordable Housing Trust Fund is exhausted.

1987-1999 Prior Round Obligation

COAH determined that the Township of North Brunswick's 1987-1999 new construction obligation was 395 units. This number is documented on the COAH Summary Fact Sheet 1987-1999 which is part of the Township's Second Round Substantive Certification.**Compliance with Prior Round Obligation**

Prior Cycle Credits (4/1/80-12/31/86)

On September 10, 1984, the Township of North Brunswick executed a Consent Order that settled litigation with the Urban League of Greater New Brunswick. The litigation

alleged that Middlesex County municipalities were guilty of exclusionary zoning practices. This Consent Order and a subsequent Judgment of Compliance issued on March 24, 1986 resulted in North Brunswick addressing its “Mt. Laurel” obligation prior to the creation of the Council on Affordable Housing (COAH) and the promulgation of COAH’s First Round housing obligation numbers.

The Consent Order established the Township’s obligation at 1250 housing units. It awarded the Township credit for 264 units to be applied against this number, leaving a remaining balance of 986 units of lower income housing to be constructed. The agreement also established a 12 year build-out for these 986 units. As a result of this Consent Order, the Township did not have to file a First Round Plan with COAH.

On June 10, 1999, the Township adopted a FSP designed to address its Second Round housing obligation for the 12 year period from 1987-1999. The 1987-1999 new construction obligation was 395 units. The 395 units were substantially less than the lower income obligation resulting from the 1984 Consent Order.

COAH granted Substantive Certification to the Township’s Second Round FSP on October 1, 2003. This approval provided the Township with protection against “builder’s remedy” lawsuits for a six year period that did not expire until October 1, 2009.

In the Township’s Second Round Substantive Certification, COAH granted the Township credit for 219 Prior Cycle Credits.

1000 Unit Inclusionary Zoning Development by K. Hovnanian Companies

The Township’s Second Round Substantive Certification reflected 200 units of lower income housing built by K. Hovnanian Companies on the 100 acre Hamelsky Tract. This inclusionary development is comprised of 1000 housing units with a 20% set aside of lower income units.

The Township’s 1984 Consent Order established that 67 of these units would be restricted for low income households and 133 of the units for moderate income households. These units received Certificates of Occupancy between 1988 and 2000.

The deed restrictions on these units will begin to expire in 2018. Given the date that these units received Certificates of Occupancy, the Township does not have the right to extend the period of control for these 200 affordable units.

150 Unit Age-Restricted Building Constructed by North Brunswick Housing Corporation (NBHC)

The Second Round Substantive Certification acknowledged that the Township fostered the creation of a non-profit housing corporation to develop a 150 unit building for lower income senior citizens. The North Brunswick Housing Corporation (NBHC) is the developer of the project.

The project is a Low Income Housing Tax Credit project (LIHTC), and as such, no resident is permitted to move into the building unless their income is 60% or less than the median income for the appropriate household size.

While the project is a 150 unit building, COAH only allowed the Township to utilize 100 of the units toward its Second Round obligation due to restrictions on the number of age-restricted units permitted. However, in the Township's Second Round Substantive Certification, COAH stated on page 7, "North Brunswick may request credit for the remaining 50, uncredited, age-restricted units when addressing its Third Round affordable housing obligation."

While the income of residents in this building is capped at 60 % of the median income, the Township conducted a survey of household size and incomes for the 150 units in this building in order to get information on whether the building was actually serving the very low and low income population. The survey revealed that the building is occupied primarily by very low and low income households, as 39.2% of the residents are classified as very low income, 50.7% as low income and only 10.1% as moderate income.

Alternative Living Arrangements/Supportive & Special Needs

The Township's Second Round Substantive Certification acknowledged that the Township had eight additional units of Special Needs housing, including three bedrooms at a SERV operated property located at 989 Cranbury Crossroad (block 129, lot 46), and five bedrooms at a facility operated by Concerned Citizens for Chronic Psychiatric Adults located at 2 Parkside Drive (block 4.15, lot 2). All eight of these units are assumed to be very low income households.

Regional Contribution Agreements with New Brunswick and Carteret

On March 18, 2002 the Township of North Brunswick approved resolutions authorizing the execution of Regional Contribution Agreements with the City of New Brunswick and the Borough of Carteret. On July 22, 2002, the Township of North Brunswick executed an Affordable Housing Contribution Agreement with Brunswick Manor Associates to provide funding for future RCA agreements.

The first phase of the contribution included payment of \$2,700,000 to fund 135 RCA units at a cost of \$20,000 per unit. With this funding, the Township entered into an agreement with New Brunswick for 90 lower income units and with Carteret for 45 lower income units. The Township's Second Round Substantive Certification approves these 135 RCA units. COAH approved the Regional Contribution Agreements with both municipalities, and funds for these projects were transferred to the respective towns over the next four years.

Rental Bonuses

The Township's Second Round Substantive Certification also granted the Township 15 rental bonuses as spelled out in the Second Round Substantive Certification.

Surplus New Construction Units

The above described units resulted in a Surplus Credit of 282 new construction lower income units. However, the COAH Second Round Substantive Certification also acknowledged that, "North Brunswick may request credit for the remaining 50, uncredited, age-restricted units when addressing its third round affordable housing obligation." This statement resulted from the fact that the Township could not take credit for the entire 150 units built by the NBHC due to the limitation on the number of age-restricted units in any round. As a result, the Township effectively has 282 surplus new construction units to be carried forward from its Second Round Plan and 50 age-restricted unit credits to be carried forward from its Second Round Plan.

Compliance with Third Round 700 Unit Prospective Need Obligation

Rules and Assumptions

The following assumptions and rules were utilized to address the Township's 700 unit Third Round obligation:

---a minimum of 75 % (525) of the 700 units must be family units, with a minimum of 25 % (175) rental units and a maximum of 25 % (175) age-restricted units;

---the maximum number of bonuses that can be awarded (92) is calculated to be equal to 25 % of the number which remains (368) after subtracting out surplus new construction units and credits from the Second Round Substantive Certification [$.25 \times (700 - 282 - 50)$]; and

---226 of the 282 surplus new construction units are attributable to family units from the Second Round, while 56 of the surplus new construction units are attributable to age-restricted units from the Second Round.

These assumptions and rules are applied in Appendix A to demonstrate compliance with the family and age-restricted prospective housing need.

Overview of Compliance with Family Obligation of 525 Units

After subtracting the number of family surplus new construction units carried forward from the Second Round Substantive Certification (226), the remaining 299 family unit obligation is met with a combination of bedrooms for alternative housing (18), affordable units from the 1875 unit Main Street development (51), nine bedrooms of housing for the homeless in the Community Investment Services (CIS) Crescent development, 129 of the 177 apartment units in the CIS development, and 92 bonuses derived from the above housing. Each of the units described above qualifies for a bonus, but the total number of bonuses was limited to 92 units.

Details on each of these specific projects are provided below after the following overview of compliance with the age-restricted obligation.

Overview of Compliance with Age-Restricted Obligation of 175 Units

After subtracting the number of age-restricted surplus new construction units (56) and the excess senior credits (50) from the Second Round Substantive Certification, the remaining 119 age-restricted unit obligation is met with a combination of affordable units resulting from the residential conversion of an underperforming shopping center by the Kaplan Organization (5), affordable housing units from the Kaplan Organization construction of a 270 unit inclusionary age-restricted development on Rt. 130 (27), and 37 of the remaining 48 CIS family units in the Crescent development.

Alternative Living Arrangement Bedrooms

Fourteen of the eighteen bedrooms of Special Needs housing are the result of four more community residences for the developmentally disabled that have located in the Township since submission of the Township's Second Round Plan. The 14 bedrooms reflected herein are located as follows:

---a 3 bedroom facility located at 1080 Ottawa (block 17, lot 115), operated by Alternatives, Inc. which was purchased on 11/12/2013;

---a 5 bedroom facility located at 1066 Antonia Drive (block 133, lot 48.02), operated by Dungarvin which was purchased on 8/9/2000;

---a 3 bedroom facility located at 426 Calvert Road (block 229, lot 15.01), operated by Enable NJ which was purchased on 3/20/2006; and

---a 3 bedroom facility located at 1209 Douglass Avenue (block 138, lot 12), operated by SERV which was purchased on 6/14/2000.

In Appendix B all 14 of these units are assumed to be very low income.

The remaining four bedrooms are located at 527 Taylor Drive. These four bedrooms were realized by the township's participation in the Special Needs Housing Partnership Program sponsored by the Department of Community Affairs (DCA). The Township executed an agreement with the New Jersey Housing and Mortgage Finance Agency and New Jersey Department of Human Services on 12/20/2011 and transferred \$250,000 to DCA from the Township's Affordable Housing Trust Fund within 30 days of execution.

1875 Unit Inclusionary Zoning Development by North Brunswick TOD Associates, LLC (NBTOD)

On May 17, 2010, the Township of North Brunswick amended the Zoning Ordinance to provide an overlay zone to allow construction of a mixed use inclusionary development on the former J&J facility on the northbound side of Rt. 1. The amendment required the developer to provide affordable housing on site as required to address the affordable housing obligation generated by the transit-oriented mixed use development in accordance with COAH phasing requirements. To resolve subsequent litigation, a Settlement Agreement was executed on February 3, 2014 between the Fair Share Housing Center (FSHC), the Township of North Brunswick Planning Board and NBTOD. The settlement agreement provided that 229 of the 1875 units in this development are required to be affordable to lower income households. This amounts to 12.2 % of the total units.

Preliminary site plan approval has been granted for the entire 1875 housing units to be accommodated on site. However, the Township Zoning Ordinance currently restricts the developer to building no more than 300 housing units prior to construction commencing on the anticipated train station at the site. 30 of these first 300 housing units are required to be affordable units according to the Settlement Agreement.

In order to address the concerns of FSHC to achieve a more desirable income split for the 276 new affordable housing units incorporated in this FSP, the Township is proposing to amend the Zoning Ordinance and development approvals to allow the developer to move forward with 400 total units prior to commencement of construction on the train station. In return for an additional 100 housing units being permitted prior to the commencement of the train station, NBTOD has agreed that they will construct 51 affordable units with an income breakdown of 5 very low income units, 29 low income units and 17 moderate income units. The total number of very low, low and moderate income units to be provided in the entire development shall not be modified and shall remain 23 very low, 92 low and 114 moderate.

All 51 affordable units shall be among the first 242 rental units to be built as part of the initial 400 units, and even if construction begins on the train station before completion of these first 300 housing units, 51 of these first 242 rental units shall be affordable units in accordance with the income breakdown provided herein. This requirement shall be incorporated into the Settlement Agreement.

While this project will include 229 lower income units, the Township does not need to utilize all of these units to meet its Third Round Obligation when other projects, bonuses and credits are taken into consideration. Appendices A & B indicate that 178 of the 229 affordable housing units to be built in the NBTOD Main Street development will still remain to be carried forward toward a future Fourth Round obligation beginning in 2026.

The Planning Board resolution of approval for preliminary site plan requires NBTOD to function as Administrative Agent for the affordable units. NBTOD shall provide regular updates to the Township of North Brunswick Municipal Housing Liaison.

Community Investment Services (CIS) 100 % Affordable Crescent Development

On January 11, 2012, COAH approved an amended Spending Plan that permitted \$5,250,000 to be provided to CIS to purchase and renovate a 184 unit apartment complex that had fallen into a serious state of disrepair. The property had gone into receivership and CIS had been selected as the purchaser of the property by the receivership judge. The Township executed an Affordable Housing Agreement with CIS on March 27, 2012.

The Township determined to provide a contribution of \$5,000,000 toward the purchase and renovation of the apartment complex in return for the property being deed restricted for a period of 30 years. During the negotiations, the subject of housing for the homeless was discussed. The Township is familiar with the plight of the homeless in the county based upon prior meetings and discussions with Coming Home of Middlesex County, Inc. As a result of these discussions, the Township agreed to an additional contribution of \$250,000 in return for several concessions, including CIS restricting no less than six of the units for housing for the homeless.

One apartment unit has been converted into a Superintendent's apartment. Of the remaining 183 units, six units shall be converted into housing for the homeless (three two bedroom units and three one bedroom units) resulting in nine bedrooms to house the homeless. The remaining 177 units are to be renovated and rented to lower income households. During the negotiations leading up to the agreement, the Township reviewed pro formas from CIS in order to determine the appropriate financial structure for the agreement. The acquisition price of almost 12.5 million dollars and the approximately 12.5 million dollars in projected renovation work required to bring the

project up to Township standards required an allocation of Low Income Housing Tax Credits (LIHTC) to make the project feasible. LIHTCs have always been a major part of the permanent financing of this project. While the project has received a commitment of LIHTCs, permanent financing to cover the costs of much of the renovation work required has not yet been secured due to changing regulations caused by Hurricane Sandy.

In order to secure LIHTCs, CIS committed to limit the income of all tenants to no more than 60% of the median income for the appropriate household size. The Affordable Housing Agreement with the Township did not require CIS to stratify incomes in accordance with COAH's Third Round requirement for 10 % very low, 40 % low and 50 % moderate income because COAH regulations in both the Second and Third Rounds state that projects funded by LIHTCs are exempt from the stratification requirements spelled out in the Uniform Housing Affordability Controls (UHAC). Correspondence from two COAH Executive Directors provided by CIS to Township officials clarified that housing units financed in whole or in part with LIHTCs are neutral and do not affect the required split of low and moderate income units. These letters state that LIHTC affordable housing units are exempt from the low/moderate income split requirement, and the exempted low income units do not have to be made up for elsewhere in a municipality's Fair Share Plan. 50 % of the remaining obligation after subtracting any creditworthy LIHTC units from a municipality's overall affordable housing obligation would be required to be affordable to low income households.

However, the proposed distribution of units by income category was a paramount concern of FSHC during negotiations toward a settlement of the litigation. The fact that 100% of the units in the Crescent development were classified as moderate income had a severe negative effect upon the Township's overall distribution of lower income units.

In an attempt to satisfy FSHC's concern, the Township reviewed information provided by CIS to determine the actual incomes of the first 118 units rented. This information revealed that 50% of the households qualify as very low income, 48.3% as low income and 1.7% as moderate income. This income reveals that even though the incomes are limited to no more than 60 % of the median income, most of the residents have annual incomes that qualify them as very low or low income. It was also revealed that a substantial number of tenants have secured Section 8 Rent Certificates or Vouchers which subsidize their monthly rent payments.

However, it became clear after several months of negotiation that the only feasible way to satisfy FSHC's concerns was for the Township and CIS to meet and amend the Affordable Housing Agreement to require a significant number of low income units. The Township has been successful in renegotiating its agreement with CIS to require that 60 of the 177 rental units shall be restricted to residents who qualify as low income. This renegotiation, in concert with modifications to the NBTOD lower income unit distribution, will allow the Township to address FSHC's concern.

166 of the 177 rental units in the Crescent development will be utilized to meet the Township's Third Round need. 60 of these units will be low income and 106 units will be moderate income. The 11 remaining CIS moderate income units will carry forward to a future Fourth Round obligation in 2026.

The Affordable Housing Agreement with CIS requires CIS to function as Administrative Agent for the affordable units, complying with UHAC requirements where applicable, and filing all necessary forms and reports as required by DCA. CIS will provide regular updates to the Township of North Brunswick Municipal Housing Liaison.

Rental Bonuses

While all of the units provided for in the Township's Third Round FSP qualify for a bonus, the number of bonuses is limited to 92 units. This represents 25 % of the remaining affordable housing obligation after subtracting surplus new construction units and credits carried over from the Township's Second Round Substantive Certification. Applying these 92 bonuses to the remaining family obligation, as shown in Appendix A, reduces the remaining family obligation to zero.

Conversion of Hidden Lake Towne Center to Senior Housing by the Kaplan Organization

After subtracting 56 surplus new construction units attributable to age-restricted housing and 50 credits for age-restricted housing from the Second Round Substantive Certification, the Township was left with a remaining senior obligation of 69 units. Five affordable units will be provided from the Planning Board approval for the Kaplan Organization to convert an underutilized retail center into 39 units of senior housing. The Planning Board approval required that five of the converted units must be restricted to lower income units. In accordance with UHAC requirements, three of these units will be low income units and two will be moderate income units.

Inclusionary Age-Restricted Development by the Kaplan Organization on the Southbound Side of Rt. 130

During early Planning Board workshop discussions in 2016 relative to potential land use changes to be considered in the Master Plan reexamination process, it became clear that finding a site for an age-restricted development was a top priority of the Planning Board. The two current age-restricted developments in the Township, known as Martin Gerber Apartments and North Brunswick Senior Housing, are both 100 % affordable projects. There is no age-restricted housing in the Township that does not impose maximum income limitations on the income of applicants.

For more than a dozen years the Planning Board has been championing the development of an age-restricted housing development. On April 13, 2004, after months of study, the Planning Board amended the Master Plan to designate 70 acres for age-restricted housing. A 325 unit age-restricted development consisting of small lot single family homes, townhouses and condominium flats was approved by the Planning Board on this site. The 2006 Master Plan revision added one additional site for age-restricted housing.

However, due to the State statute that allowed age-restricted developments to be converted to family housing, as well as potential environmental constraints associated with the second site, neither site designated in the 2004 or 2006 Master Plan revisions was developed for age-restricted housing.

On November 12, 2009 the Planning Board adopted an amendment to the Master Plan entitled Continued Need for Market Priced Age-Restricted Housing. In this amendment, it states, "the Planning Board encourages the Council to take whatever steps it can to facilitate the construction of this much needed age-restricted housing.

Today, there is still no land developed for age-restricted housing in the Township other than the two 100 % affordable projects mentioned earlier. As a result, the Township is providing as part of its Third Round FSP to modify the zoning of the PUD II Zone to allow for the construction of up to 270 age-restricted housing units on approximately 18 acres of land owned by the Kaplan Organization on southbound Rt. 130. This property is known as block 148.11, lot 1. The maximum gross density shall not exceed 18 units per acre.

This project is to be an inclusionary development with 10 % of the total number of units being affordable. In order to further the Township's efforts to satisfy the FSHC's concerns about the lower income mix, the Kaplan Organization will be required to provide 60 % low income units and 40 % moderate income units. If the entire 270 units are developed, this will result in 27 additional lower income units. In order to meet FSHC's requirement that 13% of the Township's total lower income units must be classified as very low, three of these units shall be very low income, 13 units low income, and 11 units can be moderate income. This income breakdown is necessary to satisfy the required income split.

The Planning Board resolution of approval for the preliminary site plan approval of this site shall require the Kaplan Organization to function as Administrative Agent for the affordable units. The Kaplan Organization will provide regular updates to the Township of North Brunswick Municipal Housing Liaison.

Given the high priority that the Planning Board places on bringing to fruition the development of age-restricted housing, as well as the importance of this inclusionary development in the Township's Third Round FSP, it is proposed that the Township has the right to remove the zoning provision allowing for an inclusionary age-restricted development from this property and to place a similar provision on another property in the Township if the Kaplan Organization has not submitted plans to the Planning Board within four years of the execution of the Settlement Agreement.

Summary of Units Addressing Third Round Affordable Housing Obligation

The 368 total units remaining to be addressed in the Township's Third Round FSP, after applying 282 surplus new construction units and 50 age-restricted credits from the Township's Second Round Substantive Certification, are provided by the following projects and bonuses:

---14 bedrooms of very low income alternative housing provided in four group homes that have located in the Township since the Township received Substantive Certification of its Second Round Plan;

---four bedrooms of very low income alternative housing resulting from the Township transferring \$250,000 to DCA to convert 527 Taylor Drive to a community residence for the developmentally disabled;

--51 affordable rental units comprised of five very low income, 29 low income and 17 moderate income units to be built by NBTOD Associates;

--nine bedrooms of very low income housing for the homeless to be developed by CIS in six housing units in accordance with their Affordable Housing Agreement with the Township;

---166 affordable rental units to be comprised of 60 low income and 106 moderate income units to be provided by CIS in the Crescent development project;

---five affordable age-restricted rental units comprised of 3 low income and 2 moderate income units to be constructed by the Kaplan Organization as part of the conversion of an underperforming retail building;

---27 affordable age-restricted rental units comprised of three very low income, 13 low income and 11 moderate income units to be constructed by the Kaplan Organization in an inclusionary age-restricted development on Rt. 130; and

---92 bonuses earned based upon the 276 new units described above.

In addition to the units applied herein to satisfy the Township's Third Round FSP, the parties to the litigation agree that the Township shall be able to carry forward a total of 189 affordable housing units toward a future Fourth Round obligation comprised of the following:

---178 rental units to be comprised of 18 very low, 63 low and 97 moderate income units to be constructed by NBTOD; and

---11 remaining moderate income rental units from the CIS Crescent development.

APPENDIX A

NORTH BRUNSWICK 1999-2025 THIRD ROUND AFFORDABLE HOUSING OBLIGATION

prepared by Tom Vigna on 3/17/2016

Rules and Assumptions

- 700 Housing Obligation
- 282 New Construction Surplus Credits from 2nd Round
- 226 # of the 282 New Construction Surplus Credits Attributable to Family Units from 2nd Round
- 56 # of the 282 New Construction Surplus Credits Attributable to Age-Restricted Units from 2nd Round
- 50 Excess Senior Units from NB Senior Housing that COAH Said the Township May Carry Over to a Subsequent Round
- 368 Minimum # of New Units to Be Part of Plan (700 minus 282 Surplus Credits and 50 Excess Senior Units)
- 175 Maximum # of Age Restricted (25% of 700 Unit Obligation)
- 525 Minimum # of Family Units (75% of 700 Unit Obligation)
- 175 Minimum # of Rental Units (25% of 700 Unit Obligation)
- 92 Maximum # of Bonuses (25% of the 368 New Units Remaining after Subtracting Out 282 Credits & 50 Excess Senior Units)

Compliance with Family Obligation

- 525 Minimum # of Family Units (75% of 700 Units)
- 226 # of New Construction Surplus Credits Attributable to Family Units from 2nd Round Substantive Certification
- 299 Remaining Family Obligation
- 14 Alternative Housing Bedrooms from 4 Group Homes since 2nd Round Certification (14 very low)
- 285 Remaining Family Obligation
- 4 Alternative Housing Bedrooms from 250K Given to DCA (4 very low)
- 281 Remaining Family Obligation
- 51 NBTOD Affordable Units (5 very low/29 low/17 moderate) (178 units still remain to be carried to a 4th Round)
- 230 Remaining Family Obligation
- 9 Bedrooms of Housing for the Homeless from CIS Project (9 very low)
- 221 Remaining Family Obligation
- 129 129 of the 177 CIS Rental Units (60 low/69 mod) (48 moderate units still remain)
- 92 Remaining Family Obligation
- 92 Bonuses from Alternative Housing & Homeless Bedrooms and NBTOD & CIS Projects (capped at 92 units)
- 0 Remaining Family Obligation**

Compliance with Age-Restricted Obligation

- 175 Maximum # of Age Restricted (25% of 700 Unit Obligation)
- 56 # of New Construction Surplus Credits Attributable to Age-Restricted Units from 2nd Round Substantive Certification
- 119 Remaining Senior Obligation
- 50 Excess Senior Units from NB Senior Housing that COAH Said the Township May Carry Over to a Subsequent Round
- 69 Remaining Senior Obligation
- 5 Affordable Units in Kaplan Conversion of Towne Center to 39 Units of Age-Restricted Housing (3 low/2 mod)
- 64 Remaining Senior Obligation
- 27 27 Affordable Units from Kaplan 10% Setaside on 18 acres at 15 units/acre (3 very low/13 low/11 mod)
- 37 Remaining Age-Restricted Obligation
- 37 37 of the Remaining 48 CIS Family Units Will Be Applied (48 mod) (11 units still remain to be carried to a 4th Round)
- 0 Remaining Age-Restricted Obligation**

Appendix B									
VERY LOW/LOW/MODERATE INCOME SPLIT FOR NORTH BRUNSWICK THIRD ROUND AFFORDABLE HOUSING OBLIGATION									
prepared by Tom Vigna on 3/17/2016									
368 New Units to Be Part of the Plan after Application of All New Construction Surplus Credits and Excess Senior Units from 2nd Round									
Description of Units	1999-2025 Units				Units Remaining for 4th Round				
	Very Low Income	Low Income	Moderate Income	Total Units	Very Low Income	Low Income	Moderate Income	Total Units	
Family Units									
Alternative Housing Bedrooms from 4 Group Homes	14			14					
Alternative Housing Bedrooms from DCA Payment	4			4					
Affordable Units from NBTOD Main Street	5	29	17	51	18	63	97	178	
Bedrooms for the Homeless from CIS	9			9					
Rental Apartments in CIS Project		60	106	166			11	11	
Total New Family Units	32	89	123	244	18	63	108	189	
Bonuses (25% of 368)				92					
New Family Units Plus Bonuses				336					
Age-Restricted Units									
Kaplan Conversion of Towne Center			3	2	5				
Kaplan Age-Restricted on 18 Acres on Rt. 130	3	13	11	27					
Total New Age-Restricted Units	3	16	13	32					
Total New Units	35	105	136	276					
% of the 276 New Units	13%	38%	49%	100%					

APPENDIX C

**JANUARY 11, 2012 DEPARTMENT OF COMMUNITY AFFAIRS APPROVAL
OF THE TOWNSHIP OF NORTH BRUNSWICK'S DECEMBER 19, 2011
AFFORDABLE HOUSING TRUST FUND SPENDING PLAN AMENDMENT**



State of New Jersey
LOCAL PLANNING SERVICES

101 SOUTH BROAD STREET
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CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

RICHARD E CONSTABLE, III
Acting Commissioner

SEAN THOMPSON
Director

January 11, 2012

The Honorable Francis M. Womack, III
Mayor
Township of North Brunswick
710 Hermann Road
North Brunswick, NJ 08902

Dear Mayor Womack:

The Department of Community Affairs (DCA), Local Planning Services, is in receipt of the Township Council resolution dated December 19, 2011, seeking approval of a spending plan amendment submitted by the Township of North Brunswick ("North Brunswick" or "the Township"), Middlesex County. Please accept this letter as approval of the Township's amended spending plan, a copy of which is attached to this letter.

As you know, North Brunswick petitioned for third round substantive certification on December 31, 2008. In accordance with N.J.A.C. 5:97-8.1(d), the Township submitted a spending plan to DCA for review and approval as part of its December 31st petition. This spending plan was approved on June 24, 2010. As a result of Governor Christie's Reorganization Plan 001-2011, the review formerly to be conducted by COAH is now conducted by the Department of Community Affairs (DCA).

In the interim, the Township became aware of two emergent opportunities for affordable housing: a market to affordable rental development involving the proposed acquisition and renovation of a 184-unit garden apartment complex (Oakleaf Village) by Community Investment Strategies, Inc. (CIS), and the Special Needs Housing Partnership Program sponsored by DCA. Pursuant to N.J.A.C. 5:97-8.11, North Brunswick requested authorization for expenditure of affordable housing trust funds on these two mechanisms in the form of a spending plan amendment dated December 19, 2011, which is the subject of this approval.

The spending plan submitted by North Brunswick includes the following, in accordance with N.J.A.C. 5:97-8.10:

1. **A projection of revenues:** As of December 31, 2010, the Township had collected \$9,033,873.90 and expended \$378,751.79, resulting in a balance of \$8,655,122.11. North



Brunswick projects additional revenues of \$446,808.00 (including \$12,558.00 in interest) through 2018, for a total projected revenue of \$9,101,930.11.

2. **A description of the administrative mechanism that the Township will use to collect and distribute the revenues:** Collection of development fee revenues shall be consistent with the Township's development fee ordinance for both residential and non-residential developments. Payments will be initiated by preparation of the requisition by the Township Planner. Payment requisitions are then forwarded to the Director of Community Development for approval. Purchasing will then prepare a Purchase Order for listing on a workshop agenda of the Township Council. After presentation of bills at the workshop meeting, they will be listed for approval at a regular meeting. After approval of the bill by the Township Council, the Chief Financial Officer will prepare the check.
3. **A description of the anticipated use of affordable housing trust funds:** As noted above, North Brunswick anticipates total revenue of \$9,101,930.11 prior to the expiration of the third round and intends to use those funds for a municipal rehabilitation program; a market to affordable program expanded to include the acquisition and renovation of a 184-unit rental development; participation in the Special Needs Partnership program sponsored by DCA; affordability assistance; and administrative expenses. Specifically, the Township proposes to expend \$1,075,000 for a municipal rehabilitation program; \$450,000 for its market to affordable program, plus an additional \$5,250,000 for a rental market to affordable project at Oakleaf Village; \$250,000 toward the DCA Special Needs Housing Program; \$1,507,799 in affordability assistance at 740 Hermann Road (including \$700,000 for capital reserves); and \$569,131 for administrative expenses.

A minimum of \$158,104 is anticipated for affordability assistance, including \$52,701 to render units more affordable to households earning 30 percent or less of the regional median income. (NOTE: Actual affordability assistance minimums are calculated on an ongoing basis, based on actual revenues.) North Brunswick will expend its affordability assistance funds for down payment assistance, rental assistance, and toward a capital reserve shortfall at 740 Hermann Road.

A maximum of \$1,882,420 is anticipated to be available for administrative purposes. The Township is proposing to spend \$569,131 on administration. The Township has not expended any funds on administrative activities. (NOTE: The Township's administrative expenses are limited to 20 percent of what is actually collected.)

4. **A schedule for the expenditure of all affordable housing trust funds:** North Brunswick has submitted an expenditure schedule in accordance with N.J.A.C. 5:97-8.10(a)5. Pursuant to N.J.S.A. 52:27D-329.2d, all trust funds collected within a calendar year must be committed for expenditure within four years from the date of collection, effective July 17, 2008. A municipality failing to do so will be required to transfer the remaining unspent (2008) balance at the end of the four-year period to the "New Jersey Affordable Housing Trust Fund."

5. **A schedule for the creation or rehabilitation of housing units:** North Brunswick will adhere to the rehabilitation schedule set forth in its Housing Element and Fair Share Plan. All units are expected to be rehabilitated during the third round certification period. .
6. **The manner in which the Township will address any expected or unexpected shortfall if the anticipated revenues are not sufficient to implement the plan:** North Brunswick has adopted a resolution agreeing to fund any shortfall of funds required for implementing the fair share plan. In the event that a shortfall of anticipated revenues occurs, North Brunswick intends to bond or appropriate monies from general revenue for any shortfall.
7. **A description of the anticipated use of excess affordable housing trust funds:** In the event of excess funds, any remaining funds above the amount necessary to satisfy the municipal affordable housing obligation will be used to provide additional affordable housing activities.

This approval of the spending plan amendment will enable the Township to begin expending affordable housing trust funds in accordance with the approved spending plan. It should be noted that, in accordance with N.J.A.C. 5:97-8.11(c), North Brunswick must revise its Fair Share Plan to include the new affordable housing mechanisms within two years of this approval.

It should also be noted that North Brunswick's spending plan may be impacted by legislation that extends a moratorium on the imposition of non-residential development fees through July 1, 2013, and further requires the repayment of any non-residential development fees collected since July of 2010.

We commend you for your efforts to create and rehabilitate affordable housing units and provide affordability assistance to low- and moderate-income households in North Brunswick. Please contact Pamela Weintraub at 609-633-2133 if you have any questions or if there is anything we can do to assist the Township with its affordable housing program.

Sincerely,



Sean Thompson
Director

Enc.

cc: Commissioner Richard Constable
Attached service list

TOWNSHIP OF NORTH BRUNSWICK AFFORDABLE HOUSING TRUST FUND SPENDING PLAN (AMENDED 12/19/2011)

INTRODUCTION

North Brunswick Township has prepared a Housing Element and Fair Share Plan in accordance with the Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.), the Fair Housing Act (N.J.S.A. 52:27D-301) and the affordable housing regulations of the New Jersey Department of Community Affairs (the Department) (N.J.A.C. 5:97-1 et seq. and N.J.A.C. 5:96-1 et seq.). A development fee ordinance creating a dedicated revenue source for affordable housing was submitted to the Department on December 31, 2008 and adopted by the municipality on December 1, 2008. The ordinance establishes the North Brunswick Township affordable housing trust fund for which this spending plan is prepared.

1. REVENUES FOR CERTIFICATION PERIOD

As of December 31, 2010, North Brunswick Township had collected \$9,033,873.90 and expended \$ 378,751.79, resulting in a balance of \$8,655,122.11. All development fees, payments in lieu of constructing affordable units on site, funds from the sale of units with extinguished controls, and interest generated by the fees are deposited in a separate interest-bearing affordable housing trust fund in Wells Fargo Bank for the purposes of affordable housing. These funds shall be spent in accordance with N.J.A.C. 5:97-8.7-8.9, as described in the sections that follow.

To calculate a projection of revenue anticipated during the period of third round substantive certification, North Brunswick Township considered the following:

(a) Development fees:

1. Residential and nonresidential projects which have had development fees imposed upon them at the time of preliminary or final development approvals;
2. All projects currently before the planning and zoning boards for development approvals that may apply for building permits and certificates of occupancy; and
3. Future development that is likely to occur based on historical rates of development.

(b) Payment in Lieu of Construction (PILOC):

No payments in lieu of construction are anticipated to be collected or assessed.

(c) Other funding sources:

No other funding sources are anticipated.

(d) Projected interest:

Interest was calculated based upon the projected revenue in the municipal affordable housing trust fund at the current average interest rate of .05 %.

SOURCE OF FUNDS	PROJECTED REVENUES – AFFORDABLE HOUSING TRUST FUND 2011 THROUGH 2018								
	2011	2012	2013	2014	2015	2016	2017	2018	Total
(a) Development fees:									
Approved Development	0	0	0	\$45,000	0	0	0	0	\$45,000
Development Pending Approval	0	0	0	0	0	0	0	0	
Projected Development	0	0	\$52,875	\$52,875	\$63,375	\$75,375	\$81,375	\$63,375	\$389,250
(b) Payments in Lieu of Construction	0	0	0	0	0	0	0	0	0
(c) Other Funds (Specify source(s))	0	0	0	0	0	0	0	0	0
(d) Interest	\$4,328	\$2,486	\$1,792	\$1,471	\$1,039	\$843	\$396	\$204	\$12,558
Total	\$4,328	\$2,486	\$5,4667	\$99,346	\$64,414	\$76,218	\$81,771	\$63,579	\$446,809

North Brunswick Township projects a total of \$446,808 in revenue to be collected between January 1, 2011 and December 31, 2018. This projected amount, when added to North Brunswick's trust fund balance as of December 31, 2010, results in anticipated total revenue of \$9,101,930.11 available to fund and administer its affordable housing plan. All interest earned on the account shall be used only for the purposes of affordable housing.

2. ADMINISTRATIVE MECHANISM TO COLLECT AND DISTRIBUTE FUNDS

The following procedural sequence for the collection and distribution of development fee revenues shall be followed by North Brunswick Township.

- (a) Collection of development fee revenues:

Collection of development fee revenues shall be consistent with North Brunswick Township's development fee ordinance for both residential and non-residential developments in accordance with COAH's rules and P.L.2008, c.46, sections 8 (C. 52:27D-329.2) and 32-38 (C. 40:55D-8.1 through 8.7).

(b) Distribution of development fee revenues:

Payments will be initiated by preparation of a requisition by the Township Planner. All payment requisitions will then be forwarded to the Director of Community Development for approval. Purchasing will then prepare a Purchase Order for listing on a workshop agenda of the Township Council. After presentation of bills at the workshop meeting, they will be listed for approval at a regular meeting. After approval of the bill list by the Township Council, the Chief Financial Officer will have a check cut.

3. DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS

- (a) **Rehabilitation program.** North Brunswick will dedicate \$1,075,000 to rehabilitate 70 dwelling units over the next seven years. The program is anticipated to launch in April of 2012. As such, \$85,000 is anticipated to be spent in 2012. Future years in the compliance period are projected to result in the rehabilitation of 11 units per year. At an average expenditure of \$15,000 per unit, the annual expenditure is projected to be \$165,000.
- (b) **Market to Affordable Program: Purchase and Renovation of Deteriorated 2-4 Family Units.** The Township of North Brunswick will purchase one or two properties identified as 2-4 family properties in the Township. These properties will be purchased, renovated, deed restricted and rented to lower income households. The Township's intention is to utilize the North Brunswick Housing Corporation to purchase, renovate and rent these properties. The cost to purchase is estimated at \$375,000. The cost to renovate is estimated at \$75,000. Over the course of the seven year compliance period, the Township projects that it will spend \$375,000 in acquisition and \$75,000 in renovation costs on this program.
- (c) **Affordability Assistance: North Brunswick Senior Housing (740 Hermann Road) Funding of Capital Reserve Shortfall.** The North Brunswick Housing Corporation is the managing partner of a 150 unit lower income housing project for seniors at 740 Hermann Road. 100% of the units are occupied by lower income households. This project was partially funded through the sale of Low Income Housing Tax Credits. The Housing Corporation recently completed a reserve study that found that the project's capital reserve is severely underfunded. This is the result of rapid price escalation in many of the materials and service costs associated with replacement of capital items. The study recommended that an additional \$652,373 was necessary to be allocated to the replacement of capital items.

This would result in an enormous increase in rents on an annual basis over the next ten years, forcing the Housing Corporation to pass on annual increases that cannot be

absorbed by the population of the building. The Planning Board is recommending providing \$700,000 to the Housing Corporation to eliminate the shortfall in capital reserve funding. This funding of the capital reserve shortfall is an affordability assistance program, because if this funding is not provided, the rents at 740 Hermann Road would have to increase significantly annually over the next ten years to provide the necessary funding for the necessary capital improvements.

Providing the \$700,000 to eliminate the capital shortfall will eliminate the need to increase the amount of money currently placed into a capital reserve annually, eliminating the need to increase rents to cover this cost. Allocating the \$700,000 will also allow the Housing Corporation to plan for a more consistent and logical replacement of capital items as the building ages over the next ten years. The first occupants moved into the building back in 1996.

A Summary of Replacement Reserve Needs was attached to the Spending Plan approved on June 24, 2010.

- (d) **Purchase Subsidy to Facilitate the Creation of Supportive and Special Needs Housing.** The Township has been in discussion with the Department of Community Affairs and reputable service providers of supportive and special needs housing. The Township is executing a Memorandum of Understanding with DCA whereby the Township will transfer \$250,000 to HMFA for the purpose of funding the purchase and renovation of existing ranch style homes and other one story residences within the Township for individuals with developmental disabilities. This \$250,000 will be matched with a \$250,000 contribution from the state, resulting in \$500,000 being available to fund such purchases in the Township.

The MOU provides that the Township must consent or accept proposed locations prior to purchase.

- (e) **Market to Affordable Program: Acquisition and Major Renovation of a 184 Unit Garden Apartment Complex.**

The Township has been approached by Community Investment Strategies, Inc (CIS) for assistance to purchase Oakleaf Village, a 184 unit garden apartment complex that has fallen into a serious state of disrepair. The property has gone into receivership, and CIS has been selected as the purchaser of the property by the receivership judge. CIS is one of the most prominent builders and managers of affordable housing in the state, and they have submitted a proforma to the Township that would provide for the conversion of the complex into 173 lower income rentals for families, and 10 units for special needs housing. The 184th unit would be reserved for the superintendent's apartment. 143 of the units are one bedroom units. 30 of the units have two bedrooms. All ten of the units for the developmentally disabled are proposed to be one bedroom units.

CIS is requesting \$5,250,000 from the Township's Affordable Housing Trust Fund. They will also be seeking allocation of Low Income Housing Tax Credits to facilitate the purchase and renovation of the complex.

- (e) **Affordability Assistance: Rental Assistance Program.** 740 Hermann Road was constructed with the assistance of Low Income Housing Tax Credits. All 150 senior apartments are occupied by lower income households earning 60% or less of the median income. The rents in the building are several hundred dollars per month less than the rents permitted by NJ HMFA. However, because there are no rental subsidies associated with the building, all tenants must be able to pay their rents on a monthly basis. Based upon concerns that some of the residents are paying very high percentages of their income for monthly rent, the Planning Board undertook an analysis of rents and incomes to determine whether a large percentage of the population was paying in excess of 30% of their income for rent.

The study revealed that 86 of the 150 households (57.3%) were paying in excess of 30% of their incomes for rent. A calculation was done of the monthly cost to subsidize the rents of all households spending more than 30% of their income for rent. A Senior Housing Rent/Income Analysis was attached to the Spending Plan that was approved by COAH on June 24, 2010. This analysis showed that it would cost approximately \$17,533 per month to reduce everyone's payment to no more than 30%. That amounts to \$210,400 annually. The Planning Board suggested a reduction down to 35% of monthly income. As the report indicated, this would cost approximately \$11,165 per month based upon December 2008 rents. This amounts to approximately \$139,350 annually beginning in 2012.

The Fair Share Plan proposes to reduce rents of all households down to 35% of their monthly incomes. Assuming that there is no significant change in the income of residents, and assuming annual rent increases of only 2.5%, this affordability assistance program would cost approximately \$1,051,734 over the seven year compliance period.

AFFORDABILITY ASSISTANCE CALCULATION

Actual development fees through 12/31/2010		\$371,436.19
Actual interest earned through 12/31/2010	+	\$656,703.24
Development fees projected 2011-2018	+	\$434,250.00
Interest projected 2011-2018	+	\$12,558.00
Less housing activity expenditures through 6/2/2008	-	\$134,816.79
Total	=	1,340,130.64
Calculate 30 percent	x .30 =	\$402,039.19
Less Affordability assistance expenditures through 12/31/2010	-	\$243,935.00
PROJECTED MINIMUM Affordability Assistance Requirement 1/1/2011 through 12/31/2018	=	\$158,104.19
PROJECTED MINIMUM Very Low-Income Affordability Assistance Requirement 1/1/2011 through 12/31/2018	÷ 3 =	\$52,701.40

North Brunswick Township will dedicate a minimum of \$158,104.19 from the affordable housing trust fund to render units more affordable, including a minimum of \$52,701.40 to render units more affordable to households earning 30 percent or less of median income by region as follows:

North Brunswick Senior Housing: The Housing Element provided for \$700,000 to be allocated to the North Brunswick Senior Housing Building in order to keep rents down. Failure to provide this funding would have resulted in significant rent increases to fund required capital improvements. \$456,065 remains to be allocated in calendar years 2011 and 2012. The Housing Corporation recently updated its reserve study, and the results confirmed the need for this money to be allocated over the next two years. The incomes in the building are very low, and more than 1/3 of the tenants qualify as very low income. As such, in excess of 1/3 of the funding for these improvements benefit very low income residents.

Administrative Expenses (N.J.A.C. 5:97-8.9)

ADMINISTRATIVE EXPENSE CALCULATION

Actual dev fees and interest thru 12/31/2010		\$1,028,139.43
Projected dev fees and interest 2011 thru 2018	+	\$446,809
Payments-in-lieu of construction and other deposits thru 7/17/2008	+	\$7,937,154.47
Less RCA expenditures thru 12/31/2018	-	\$0
Total	=	\$9,412,101.90
Calculate 20 percent	x .20 =	\$1,882,420.38
Less admin expenditures thru 12/31/2010	-	\$0
PROJECTED MAXIMUM available for administrative expenses 1/1/2011 thru 12/31/2018	=	\$1,822,420.38

North Brunswick Township projects that a maximum of \$1,871,581 will be available from the affordable housing trust fund to be used for administrative purposes. However, projected administrative expenditures, subject to the 20 percent cap, are expected to be significantly less than the maximum amount permitted. Said expenses are outlined below as follows:

North Brunswick projects to spend \$9,101,930 over the eight year compliance period ending in December 2018. Administrative expenditures are projected to be approximately \$569,131. This amount is significantly below the maximum amount permitted. Projected administrative expenditures, subject to the 20 percent cap, are as follows:

- Services related to the administration of the Rehabilitation Program, including advertising, applicant meetings, income verification, conducting housing inspections and preparing work write-ups, soliciting contractors, monitoring construction work,

processing payment requests, and the recording of all necessary documents related to the participation in the program.

- Services related to the Township's Market to Affordable Program whereby the Township will purchase, renovate, deed restrict and rent 2-4 family structures over the ten year period. Services involved with this program include all services listed above for the Rehabilitation Program, with the addition of reviewing tax records and conducting neighborhood surveys in order to locate properties for acquisition, negotiation of sales prices, real estate closing costs, and costs of maintaining the properties once purchased and rented.
- Services related to the Affordability Assistance Program whereby the Township will subsidize the rents of lower income tenants at 740 Hermann Road include detailed income certifications annually in order to determine the amount of the Township subsidy on an annual basis.
- Services involved with screening of developers and properties for the developmentally disabled housing to be provided through the MOU with DCA, as well as the Daveco Senior Apartments and Assisted Living should be minimal, including approval of their on-site process for certifying income and keeping records.
- Services related to monitoring the renovation and conversion of the Oakleaf Apartment complex by CIS, Inc shall include approval of the process for marketing, screening and income-qualifying applicants, as well as reviewing and approving plans to relocate tenants, and inspections of the property during the renovation process.

4. EXPENDITURE SCHEDULE

North Brunswick Township intends to use affordable housing trust fund revenues for the creation and/or rehabilitation of housing units as follows:

EXPENDITURES SCHEDULE AS OF DECEMBER 19, 2011										
Program	Units	2011	2012	2013	2014	2015	2016	2017	2018	Total
Rehabilitation Program	70		85,000.00	165,000.00	165,000.00	165,000.00	165,000.00	165,000.00	165,000.00	1,075,000.00
Market to Affordable Acquisitions	4				375,000.00					375,000.00
Market to Affordable Renovations	4				75,000.00					75,000.00
Capital Reserve Shortfall at 740 Hermann Road	150	188,000.00	268,065.00							456,065.00
Rent Subsidy Program at 740 Hermann Road	90		139,350.00	142,833.75	146,404.59	150,064.71	153,816.33	157,661.73	161,602.89	1,051,734.00
Developmentally Disabled Housing	4		250,000.00							250,000.00
Community Investment Strategies	183		5,250,000.00							5,250,000.00
Program Administration			98,483.00	61,566.75	152,280.92	63,012.94	63,763.27	64,532.35	65,491.89	569,131.11
ANNUAL EXPENDITURES		188,000.00	6,090,898.00	369,400.50	913,685.51	378,077.65	382,579.59	387,194.08	392,094.78	9,101,930.11

5. EXCESS OR SHORTFALL OF FUNDS

The Township of North Brunswick has a balance of \$8,473,565.32 in the Affordable Housing Trust Fund at the present time. The Township has not adopted a resolution agreeing to fund any shortfall of funds required for implementing proposed programs due to the large amount of funding available. The Township also believes that the COAH target growth share number is larger than the Township's actual number that will be realized as a result of issuance of Certificates of Occupancy. As such, it appears that the Township will have an excess of funding for providing affordable housing activities and programs

In the event of excess funds, any remaining funds above the amount necessary to satisfy the municipal affordable housing obligation will be used to provide additional affordable housing activities.

6. BARRIER FREE ESCROW

Collection and distribution of barrier free funds shall be consistent with North Brunswick's Affordable Housing Ordinance in accordance with N.J.A.C. 5:97-8.5.

SUMMARY

The Township of North Brunswick intends to spend affordable housing trust fund revenues pursuant to N.J.A.C. 5:97-8.7 through 8.9.

The Township of North Brunswick had a balance of \$8,655,122.11 as of December 31, 2010 and anticipates an additional \$446,808 in revenues before the expiration of substantive certification for a total of \$9,101,930.11. The municipality will dedicate \$1,075,000 towards rehabilitation of existing homes, \$450,000 towards the Affordability Program whereby it purchases, renovates and rents existing homes, \$250,000 to subsidize the creation of supportive housing, \$5,250,000 towards costs of CIS Inc purchasing, renovating and deed-restricting 173 units of lower income housing and 10 bedrooms of supportive housing, and an additional \$1,051,734 to render units at 740 Hermann Road more affordable and \$456,065 toward the capital reserve shortfall. No more than 20% of total revenues (\$1,822,420) can be devoted to Administrative Costs. The Township projects expending approximately \$569,131 on said administrative costs over the compliance period. North Brunswick will dedicate any excess funds toward furthering the types of programs detailed in the Township's Fair Share Plan.

SPENDING PLAN SUMMARY

SPENDING PLAN SUMMARY	
Balance as of December 31, 2010	\$8,655,122.11
PROJECTED REVENUE 2011-2018	
Development fees	+ \$434,250
Payments in lieu of construction	+ \$
Other funds	+ \$
Interest	+ \$ 12,558
TOTAL REVENUE	= \$9,101,930.11
EXPENDITURES	
Funds used for Rehabilitation	- \$1,075,000
Funds used for Renovations	
1. 10 Bedrooms of Supportive Housing with HMFA Assistance	- \$ 250,000
2. 173 units and 10 supportive housing beds in the renovated Oakleaf Apartments projected being purchased by CIS Inc.	- \$5,250,000
3. 12 units in the Market to Affordable Program run by the Township whereby the Township purchases and renovates homes.	- \$450,000
Affordability Assistance at 740 Hermann Road	-
Rental Subsidy Program	- \$1,051,734
Capital Reserve Shortfall	- \$ 456,065
Administration	- \$569,131.11
1. <i>[list individual projects/programs]</i>	- \$
2.	- \$
TOTAL PROJECTED EXPENDITURES	= \$9,101,930.11
REMAINING BALANCE	= \$0

1215 - NORTH BRUNSWICK TWP - MIDDLESEX

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