

A photograph showing a close-up of two people's hands working on a table. One hand is pointing to a specific area on a set of architectural blueprints. The other hand is holding a black pen, ready to write or mark the plans. In the background, a laptop is open, and the scene is lit with warm, golden light, suggesting an indoor office or meeting environment.

# Chatham Township: Report # 2 to the Residents

Implementation of the Court  
Approved Affordable  
Housing Agreement

November 26, 2019

## What is Affordable Housing?

## What is Mount Laurel?

## What is COAH?

- 1971 - Southern Burlington County NAACP litigation against Township of Mount Laurel for exclusionary zoning.
- 1975 – Mount Laurel I – the first landmark decision on affordable housing.
- 1983 - NJ Supreme Court unanimously reaffirms Mount Laurel doctrine.
- 1985 - NJ Legislature adopts the Fair Housing Act (FHA), establishing the Council on Affordable Housing (COAH).
- 1986 – COAH adopts first-round rules and 1987-1993 fair share obligations.
- 1994 – COAH adopts second round rules and 1987-1999 fair share obligations.
- Between 1999-2014, COAH was unable to adopt legally sustainable 3<sup>rd</sup> Round Rules.
- In 2015, the New Jersey Supreme Court declared COAH dysfunctional and returned jurisdiction to the Court.

Past and Current  
Township Committee  
Members Who Have  
Debated the Pros &  
Cons of Affordable  
Housing

## Township Committee Members Who Have Deliberated This Issue

- Curt Ritter: 2015-Present.
- Karen Swartz: 2015-Present.
- Mike Kelly: 2015-Present.
- Tayfun Selen: September 12, 2017-Present.
- Tracy Ness 2019-Present.
- Kevin Sullivan: 2015-2018.
- Robert Gallop: 2015-2016.
- John Mauer: 2017- August 28, 2017 (resigned).

# Timeline

- December 13, 2018
  - The Township of Chatham agreed to settle a matter of litigation with the Fair Share Housing Center (FSHC).
- Based on the settlement, the Township's Realistic Development Potential of 200 units.
  - 24 Units at the Skate Board Park. **New Construction on existing Affordable Housing Site.**
  - 72 Units Chatham Glen (Vernon Grove). **Existing & Credits**
  - 4 Units Group Home. **Existing & Credits**
  - 8 Units Regional Contribution. **Credit**
  - 74 Units on municipally owned sites. **New Construction**
  - 18 Bonus Credits. **Credits**

Note: Refer to Section 7, Page 2 and 3 of the December 13, 2018 Agreement.

- The Township must identify a municipally owned site or sites, due July 2019, that will be used to construct 74 affordable housing units.

## Timeline (con't)

- The December 13, 2018 agreement protects the Township from Builder's Remedy lawsuits through July 2025.
- In 2016, 2017, & 2018, the Township evaluated:
  - 100% affordable housing that is municipally supported on municipal land.
  - Market rate inclusionary projects with 20% set aside.
  - Garden Apartment rentals with 15% set aside.
  - Ignore the state mandate.
- 100% Affordable Housing retains zoning control, minimizes development, but will cost money and land.
- Ignoring the mandate-lose zoning control, susceptible to builder's remedy.
  - The builder's remedy would add a mix of approximately 500 new homes (market rate & affordable).

***Using a 100% affordable solution means no additional development is required.***

## 2-3 Year Time Frame for Construction

- Construction of Dixiedale & Arbor Green: 24 months.
- Construction of affordable housing at Municipal site: 24-36 months.

# Heart & Soul of the December 13, 2018 Agreement

#### ***4. Affordable family rental units through the development of a 100% affordable development on a site to be identified and provided by the municipality.***

74

The Township agrees to provide a memorandum of understanding between the Township and a developer for this 100% affordable development and to otherwise provide information necessary to demonstrate a realistic opportunity prior to the hearing at which the fairness of this compliance mechanism is evaluated. At least 30 days prior to the hearing at which the fairness of this compliance mechanism is evaluated, the municipality will identify an appropriate site or sites for 74 affordable family rental units and submit the site or sites for review by the Special Master and FSHC. Prior to the hearing at which the fairness of this compliance mechanism is evaluated, the municipality will acquire or otherwise obtain, including through a tax foreclosure, if necessary, an appropriate site for the 74 affordable family rental units. The parties agree that the municipality may not receive a final judgment in this matter without the identification and provision of an appropriate site for the 74 affordable family rental units and without providing a developer's agreement for the development. The parties further agree that the developer's agreement may be provided after the compliance hearing and shall be provided before the entry of final judgment.

# Affordable Housing Recap

- The Township must identify a site or sites for an additional 74 units to satisfy its Round 3 obligation.
- The Township must decide (between December 2018 and now) where to place those 74 units.

# Who Lives in Affordable Housing in 2019?

## Regional Income Limits for Region 2

- **Moderate** = Households with incomes between 50% and 80% of regional median. In Region 2 for 2019, this would be \$80,614 or less for a family of four.
- **Low** = Households with incomes below 50% of the regional median. In Region 2, this would be below \$50,384 for a family of four.
- **Very Low** = Households with incomes below 30% of the regional median. In Region 2, this would be \$30,230 or less for a family of four.

# 2019 Income Limits By Household Size

Prepared by Affordable Housing Professionals of New Jersey (AHPNJ) - May 2019

## 2019 AFFORDABLE HOUSING REGIONAL INCOME LIMITS BY HOUSEHOLD SIZE

Income limits not officially adopted by the State of New Jersey. Contact your municipality to see if applicable in your jurisdiction. Additional information about AHPNJ income limits is posted on AHPNJ.org

		1 Person	*1.5 Person	2 Person	*3 Person	4 Person	*4.5 Person	5 Person	6 Person	7 Person	8+ Person	Max Increase		Regional Asset Limit****
												Rents**	Sales***	
Region 2 Essex, Morris, Union and Warren	Median	\$70,537	\$75,576	\$80,614	\$90,691	\$100,767	\$104,798	\$108,829	\$116,890	\$124,952	\$133,013	2.6%	5.67%	\$193,321
	Moderate	\$56,430	\$60,460	\$64,491	\$72,553	\$80,614	\$83,838	\$87,063	\$93,512	\$99,961	\$106,410			
	Low	\$35,269	\$37,788	\$40,307	\$45,345	\$50,384	\$52,399	\$54,414	\$58,445	\$62,476	\$66,506			
	Very Low	\$21,161	\$22,673	\$24,184	\$27,207	\$30,230	\$31,439	\$32,649	\$35,067	\$37,485	\$39,904			

Moderate income is between 80 and 50 percent of the median income. Low income is 50 percent or less of median income. Very low income is 30 percent or less of median income.

\* These columns are for calculating the pricing for one, two and three bedroom sale and rental units as per N.J.A.C. 5:80-26.4(a).

\*\*This column is used for calculating the pricing for rent increases for units (as previously calculated under N.J.A.C. 5:97-9.3). The increase for 2015 was 2.3%, the increase for 2016 was 1.1%, the increase for 2017 was 1.7%, and the increase for 2018 was 2.2%. The increase for 2019 is 2.6% (Consumer price Index for All Urban Consumers (CPI-U): Regions by expenditure category and commodity and service group). Landlords who did not increase rents in 2015, 2016, 2017, or 2018 may increase rent by up to the applicable combined percentage including 2019 or 9.0% whichever is less in accordance with N.J.A.C. 5:97-9.3(c). In no case can rent for any particular apartment be increased more than one time per year.

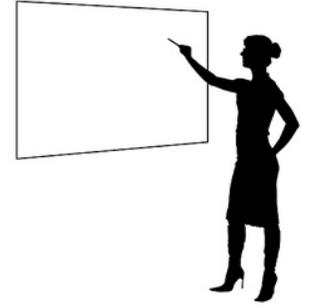
\*\*\* This column is used for calculating the pricing for resale increases for units (as previously calculated under N.J.A.C. 5:97-9.3). The price of owner-occupied low and moderate income units may increase annually based on the percentage increase in the regional median income limit for each housing region. In no event shall the maximum resale price established by the administrative agent be lower than the last recorded purchase price.

Low income tax credit developments may increase based on the low income tax credit regulations.

\*\*\*\* The Regional Asset Limit is used in determining an applicant's eligibility for affordable housing pursuant to N.J.A.C. 5:80-26.16(b)3.

# Examples of Jobs That Qualify for Affordable Housing

- DPW Staff Member
- Administrative Staff in Local Government
- Teachers
- Teacher's Aides
- Police Officers with less than 3 years of experience (if single)
- Nurses
- Nurse's Aides
- New College Graduates
- Single Parent with children
- Seniors
- Member of the military

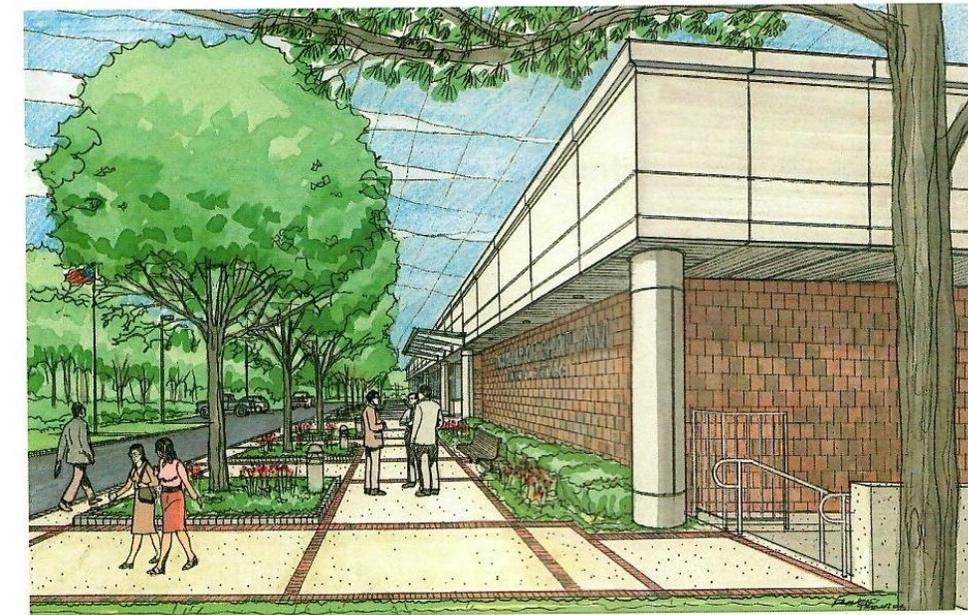


# What sites have we identified ?

- **Municipally owned parcels and easements were reviewed.**
- ***Why choose the Municipal Building site?***
- **58 Meyersville Road-Municipal Building**
  - Can be repurposed for the development of 65 Affordable Housing Units -3 stories.
  - The Senior Center will be able to return to renovated space.
  - The gym will be retained for Township usage.
  - The ballfield and playground will remain.
  - The parking lot nearest the gym will remain for municipal purposes.
- **The Municipal Offices will have to move to a new location.**
- **9 units will be built at another location or locations, yet to be determined.**

# FACILITY UPGRADE SURVEY/ASSESSMENT

Township of Chatham, NJ  
Municipal Offices Complex  
58 Meyersville Road  
Chatham, NJ 07928



- Exterior and interior upgrades are **NECESSARY** to maintaining safety and structural integrity.
  - Cost of \$3,807,216.

<b>TOTAL</b>	<b>\$3,807,216</b>	
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Note: Today's estimated cost would be \$4,588,493.35 (Based on an inflation rate for the period from 2008-2019 according to the Bureau of Labor Statistics).

## FINAL REPORT

March 24, 2008

# Why 58 Meyersville Road?

- The building was originally built and occupied in 1970.
  - After Mountainview Elementary was closed, the building stood vacant for several years.
  - 1987: Township moved its Administrative Offices to this reconfigured former school building.
- In 2009 the Board of Education moved in and shared space.
- In January of 2019, the Board of Education moved out, after sharing the space for 10 years.

# Why 58 Meyersville Road? (cont'd)

- The Township and Senior Center with 15 full time and part-time permanent employees now occupy over 40,000 square feet of space.
  - Is this efficient and cost effective?
    - Roof top air conditioning units (1986) reaching end of useful life.
    - 33 year old roof with 6 active leaks is at the end of its useful life.
    - 6 boilers need replacing.
    - 2018 cost for gas/electric/water exceeded \$120,000.
      - That's \$10,909.09 per Township employee/per year.
      - The building is unoccupied for 2,688 hours per year. It costs \$36,798.72 to heat the building when unoccupied.
    - 704 linear feet of 7 foot tall double pane windows & framing require replacement.
      - The estimated replacement cost for energy efficient windows is \$200,000.
    - Not lack of maintenance - Building Systems are reaching the end of their useful life.

# Police Department

## Additions and Improvements

- Construct a Sally Port.
- Remove the 2 current holding cells, which are too small, and replace with 6 holding cells that meet the Department of Corrections Minimum Standards for New Jersey Municipal Detention Facilities (N.J.A.C. 10A:34).
- Male and female holding cells must be located in separate areas.
- Roof requires replacement.
- HVAC system requires replacement.
- Electrical system requires an upgrade.
- Estimated Cost-\$5,000,000.
  
- 40,000 sq. ft. to 30,000 sq. ft.
- Energy efficient & properly sized for staff of 10-15 people.
- ADA compliant.
- Compliant with State Corrections Department.

# Proposed Municipal Building/Police Department Financing: 30 Year Time Horizon

Township of Chatham Morris County, New Jersey Proposed Municipal Building/Police Department Financing											
30-YEAR TIME HORIZON -- PRELIMINARY ANALYSIS <sup>1</sup>											
Year	OPTION 1: REPAIR EXISTING MUNICIPAL BLDG/ POLICE DEPT					OPTION 2: BUILD NEW MUNICIPAL BLDG/ POLICE DEPT					Cost <u>Difference</u> (Option 1 - Option 2)
	Current Utilities	\$5MM for capital repairs every 10yrs		Total Debt Service	Total Cost	Projected Utilities	\$10MM for new bldg. and \$2.5MM for capital repairs		Total Debt Service	Total Cost	
		Principal	Interest				Principal	Interest			
<b>Total:</b>	6,062,453	15,000,000	2,139,375	17,139,375	23,201,828	1,825,564	12,500,000	3,800,275	16,300,275	18,125,839	5,075,990

Let's look at  
the costs....

<sup>1</sup>All figures and projections are preliminary and subject to change. Based on market rates as of June 24, 2019.  
<sup>2</sup>Based on the 2018 combined utility bill for the existing municipal building and police department of \$149,439. Assumes annual escalation of 2%.  
<sup>3</sup>Assumes bonding of \$5 million at 2.50% every 10 years. This represents the high-end of the potential range of necessary capital improvements to the municipal building and police department in the near-term. Bonds are structured with approximately level debt service for 10 years.  
<sup>4</sup> Estimated per Township Administrator. Assumes annual escalation of 2%.  
<sup>5</sup>Assumes bonding of \$10 million at 3.00% for 20 years. Based on expected cost of new municipal building/police department. Includes \$2.5 million at 2.50% in year 20 for capital repairs. Bonds are structured with approximately level debt service.

**It will cost less to build a new, properly sized energy efficient combined Administrative and Police Department building than to upgrade and maintain two 1970's era buildings.**

Note: Financial analysis and projections completed with the assistance of the Township Financial Advisor.

# Next Steps?

1. Identify a developer to construct 74 Affordable Housing Units.
2. Continue discussions with the Senior Center and others to temporarily relocate programs.
3. Continue discussion with the Joint Recreation Committee of the Chathams to provide gym space for ongoing programs.
4. Hire an architect to design a new combined Administration and Police Department Municipal Building, including an updated parking plan. Present options and costs to the public.
5. Research temporary locations (if necessary) for the relocation of Municipal Staff.
6. This is a step on a continuing journey. It is not the beginning of the process and it is not the end. This journey will be continuing for several years to come.



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December 13, 2018

Albert E. Cruz, Esq.  
 DiFrancesco, Bateman, Kunzman, David, Lehrer, & Flaum, P.C.  
 15 Mountain Boulevard  
 Warren, New Jersey 07059

**Re: In the Matter of the Application of the Township of Chatham, County of Morris, Docket No. MRS-L-1659-15**

Dear Mr. Cruz:

This letter memorializes the terms of an agreement reached between the Township of Chatham ("Township" or "Chatham"), the declaratory judgment plaintiff, and Fair Share Housing Center, Inc. ("FSHC"), a Supreme Court-designated interested party in this matter in accordance with In re N.J.A.C. 5:96 and 5:97, 221 N.J. 1, 30 (2015)(Mount Laurel IV) and, through this settlement, a defendant in this proceeding.

**Background**

Chatham filed the above-captioned matter on July 7, 2015 seeking a declaration of its compliance with the Mount Laurel doctrine and Fair Housing Act of 1985, N.J.S.A. 52:27D-301 et seq. in accordance with In re N.J.A.C. 5:96 and 5:97, supra. Through the declaratory judgment process, the Township and FSHC agreed to settle the litigation and to present that settlement to the trial court with jurisdiction over this matter to review, recognizing that the settlement of Mount Laurel litigation is favored because it avoids delays and the expense of trial and results more quickly in the construction of homes for lower-income households.

**Settlement terms**

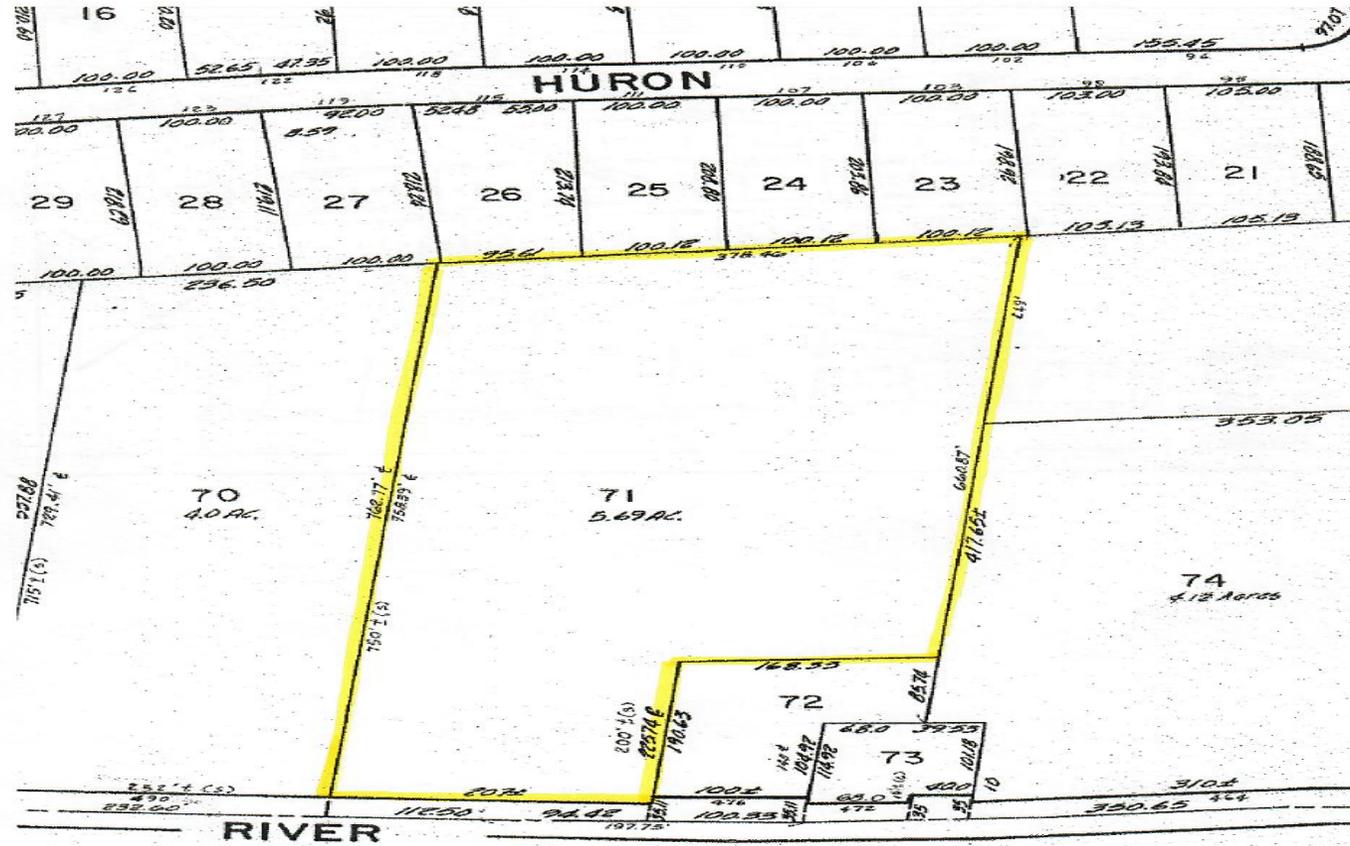
The Township and FSHC hereby agree to the following terms:

1. FSHC agrees that the Township, through the adoption of a Housing Element and Fair Share Plan conforming with the terms of this Agreement ("Plan" or "HEFSP") and through the implementation of the Plan and this Agreement, satisfies its obligations under the Mount Laurel doctrine and Fair Housing Act of 1985, N.J.S.A. 52:27D-301 et seq., for the Prior Round (1987-1999) and Third Round (1999-2025).
2. At this time and at this particular point in the process resulting from the Supreme Court's Mount Laurel IV decision, when Third Round fair share obligations have yet to be definitively determined, it is appropriate for the parties to arrive at a settlement regarding a municipality's Third Round present and prospective need instead of doing so through plenary adjudication of the present and prospective need.
3. FSHC and Chatham hereby agree that Chatham's affordable housing obligations are as follows:

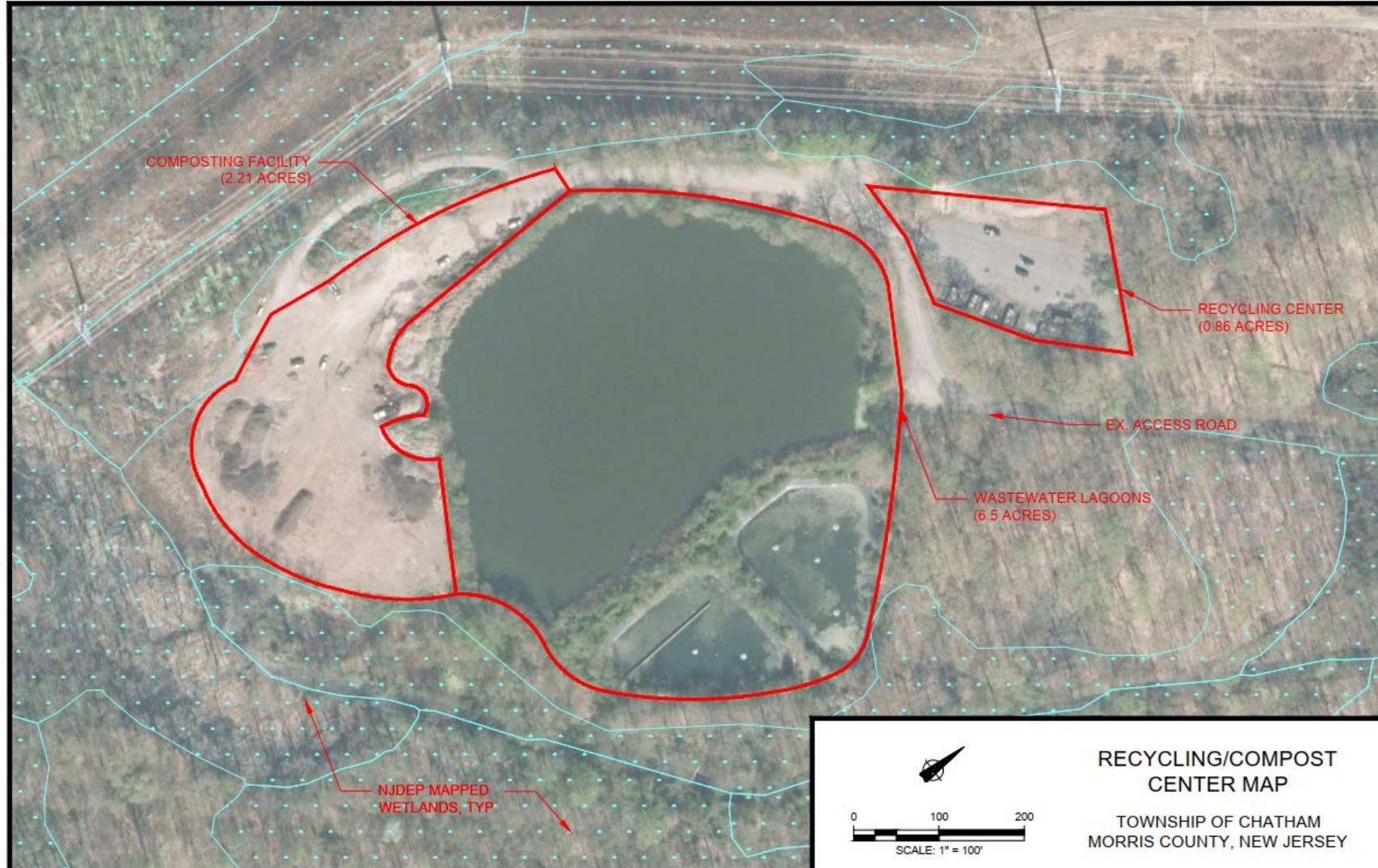
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- For the full, 40 page, version of the Executed Settlement Agreement please visit our Township's website at [www.chathamtownship-nj.gov/government/affordable-housing](http://www.chathamtownship-nj.gov/government/affordable-housing).

# Other Final Site Options



# Other Final Site Options



# Final Site Option

