

*Township Committee Meeting - February 8, 2010*

Presentation by Mark Berkowsky, President, Cranbury Housing Associates, Inc.



Thank you for this time to allow us to explain the services that we provide to the Township of Cranbury.



Cranbury Housing Associates – or CHA as we are commonly called - was founded in 1963 and re-organized in 1965. We are a volunteer – not-for-profit corporation. None of our members are paid for any work or services that we provide. Our work provides a benefit to all Cranbury residents and especially those with low and moderate incomes. For the past 25 years, we have worked in partnership with the Township helping to meet our original and continuing affordable housing obligations. At the end of my presentation - our property manager – Frank Piazza of Piazza & Associates -will be able to answer any questions regarding the day to day activities of our properties.

Round 1



After the “Mount Laurel II” court decisions in 1984, the NJ State legislature enacted The Fair Housing Act of 1985, creating C.O.A.H. - the Council on Affordable Housing. Cranbury requested the jurisdiction of the court mandated affordable housing requirements be changed from the court to COAH. CHA was asked by concerned citizens to help the township in meeting its Mt. Laurel obligations and avoid a Builder’s Remedy, which at that time was almost 1,000 new housing units in Cranbury – more than double the number of houses existing at the time. Cranbury Housing Associates agreed to become the project’s developer. With CHA’s past history of 25

years in developing affordable housing, our credentials convinced COAH that Cranbury could develop their own housing without the need for the “builder’s remedy”. CHA signed a Memo of Understanding or MOU with the Township to develop 60 units of housing for the Round One COAH requirements. The format of the MOU has been repeated for Rounds 2 and 3.

### **Developing Affordable Housing in Cranbury- Concepts**

- **Develop the housing ourselves using CHA**
- **Scatter the sites throughout the town**
- **Select sites in residential neighborhoods**
- **Select sites walkable to the Village**
- **Design buildings to be compatible in scale with adjacent neighbors**

- Develop the housing ourselves
- Scatter the sites throughout the town
- Select sites in residential neighborhoods
- Select sites walkable to the Village
- And design buildings compatible to their neighbors

There were major concepts that were used by CHA and approved by the Township Committee in developing our affordable housing. These concepts have been re-adopted by subsequent Township Committees and remain the tenets we utilize today.



The first site to be developed was an approximate 2 acre parcel, partially owned by the Township and partially by the School Board. The project was developed for senior citizens and is now known as Village Senior Housing on Park Place West, behind Main Street and adjacent the tennis courts at the Cranbury School.



In order to satisfy the needs, the School Site as it was known was designed for 20 senior rental units and was funded in part by a grant from the Department of Community Affairs for \$220,000.

In addition, we have a fifty-year 1% mortgage from the Farmers Home Administration.



The eight efficiency and 12 one bedroom units have been rented since June of 1990 and continue to provide for quality and inexpensive housing for many of our senior residents.

In addition to the senior project, as part of our Round 1 obligations, CHA assisted in the rehabilitation of 9 housing units in town. This work consisted of upgrading substandard housing to meet current codes for safety and health requirements. CHA also renovated the “Pin Oaks” property on Old Cranbury Road and added one unit, creating a total of seven units.



The third part of the Round One obligation was the development of 40 units of family housing on what was known as the Morris site.

This site is now the Cranbury Green development on South Main Street and Old Trenton Road.

While the School site was planned and approved with relative ease with members of the community, the development of the Morris site was more difficult.



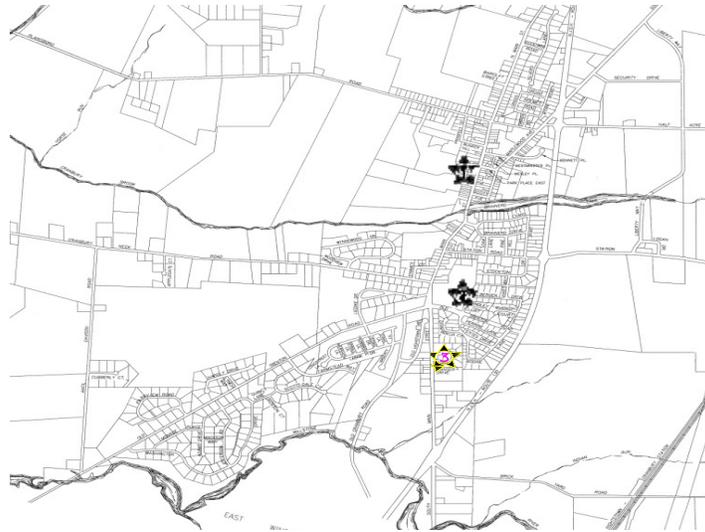
There were many opinions from residents in town and neighbors of the sites as to the location, density, and type of housing developed.

It was through good communications and much discussion that the sites were planned and approved, and have met and exceeded all expectations of those of us involved in the projects.



There are now 24 units on Bergen Drive located in 5 buildings.

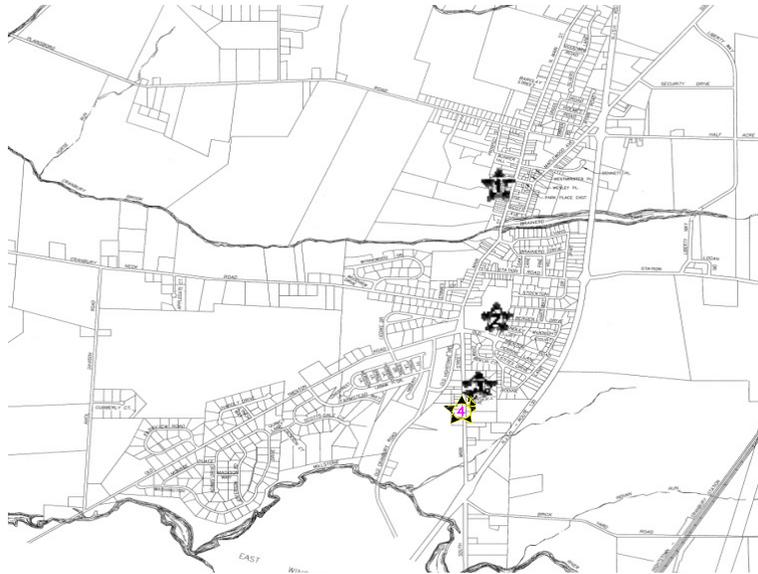
They are 1 and 2 bedroom units.



In order to disperse the location of affordable housing in Cranbury, the Township negotiated a settlement with a developer further south on South Main Street to provide CHA with a second site for the construction of a portion of the 40 units of housing. On Danser Drive, another site was developed.



There are 2 buildings consisting of 10 units. They are also 1 & 2 Bedroom Units



On South Main Street itself are 3 buildings consisting of six - 3 bedroom units.

Of the total of the 40 units, 10 have been retained by CHA and are part of our rental program.

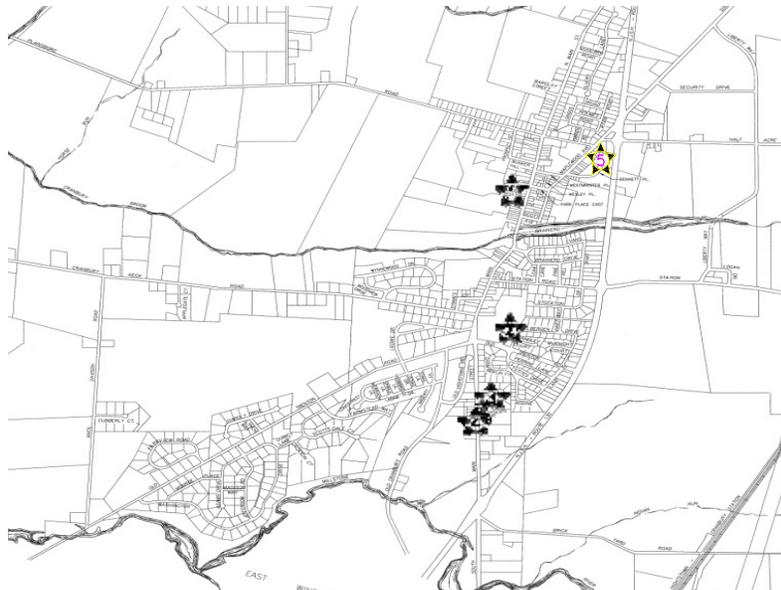


The additional 30 units have been sold to residents and re-sales are monitored and administered by CHA's Property Manager, Frank Piazza.

## Round 2



The COAH housing requirements for Round 2, were developed in 1996 and with a much lower number of housing units required. CHA again accepted the challenge to develop this housing and signed a Memo of Understanding with the Township, describing our respective roles in the project development and management.



This project on Bennett Place adjacent to the Village Park, consists of 16 units of housing, all rented. It provided 9 units of new housing stock and 7 units to replace the old Pin Oak project. We were given full credit for all 16 units, since the Pin Oaks rehabilitation project time restriction had elapsed.



For this site, we utilized similar building designs to the houses that were developed on the Bergen, Danser and South Main Street sites. This project consists of 2 buildings of 1 and 2 bedroom units and 3 buildings of 3 bedroom units.

The compatible design of two- one and two bedroom- five unit buildings and three duplex buildings were repeated. All of these are rented to qualified low and moderate income individuals and families.



During the planning and development of this site, there was concern by residents and neighbors of the site which is on Maplewood Avenue, directly adjacent or north of Cranbury Village Park. Working with the neighbors and the various Boards and Committees, we designed and built a plan that meets the needs of the new residents as well as our existing neighbors.

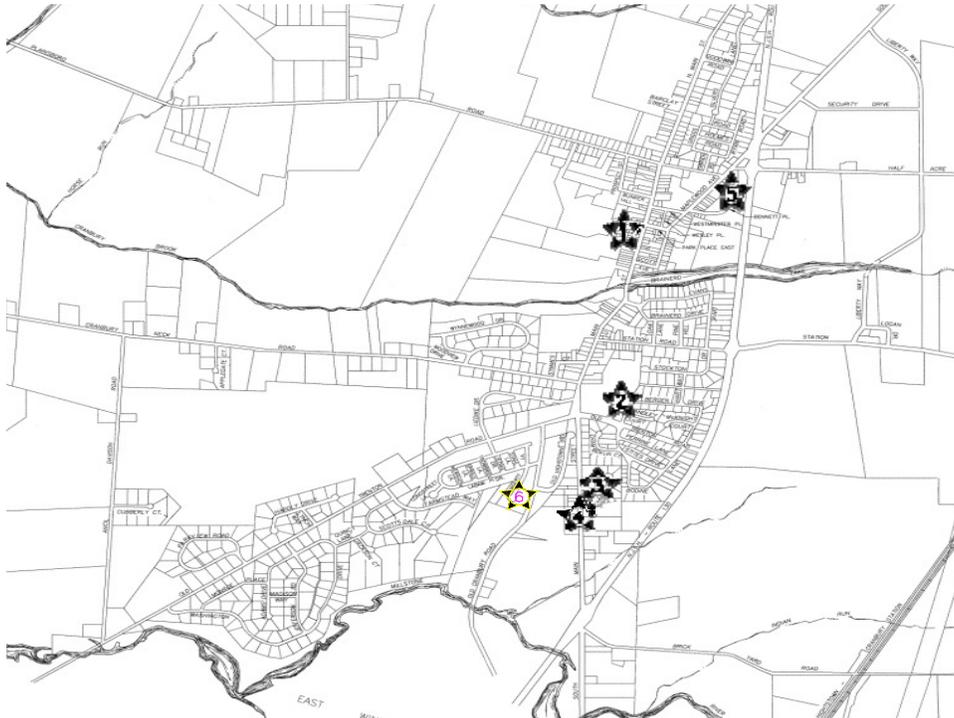
The “Pin Oak” project, one of the original affordable housing projects undertaken by CHA in the 1960’s and renovated twice since, was demolished and the residents moved to the “Parkside” project. The original migrant farm workers camp had finally outlived its use as a viable site for housing.

## Round 3



In 2004, COAH revised its rules for providing affordable housing. Under that “Growth Share” concept, the Township submitted its Third Round Plan, in November of 2005, which outlined an anticipated 160 unit requirement. Of that total, 80 were planned to be transferred to Perth Amboy at a cost of \$35,000 per unit under an RCA or Regional Contribution Agreement.

Credits of 20 for providing rental units and very low income units were also anticipated.



CHA’s latest completed project is located on Old Cranbury Road.

This site was given to the Township as part of the settlement of a zoning dispute.



The ultimate developer of the adjacent property was K. Hovnanian which built the Four Seasons project and gave the property to the Town, and in turn, CHA.

This consists of a total of 20 units – 4 one bedroom, 12 two bedroom and 4 three bedroom buildings.



This project also utilized – for the last time- the design concepts from Rounds 1 & 2.

We also applied for and received a \$300,000 grant from the County which allowed us to reduce the project's cost.



The other specific site identified to meet Cranbury's Third Round number is a four acre site located on Route 130, which the Township purchased and now owns.



This site came with a building located on it, and is currently being demolished and the site restored. Funding for this work came from the County.



The decision on the number of units to be built on this site rests with you – the Township Committee - and will need to be decided by mid-March of this year to meet the requirements of our Conditional Substantive Certification.



These are some design concepts of the buildings.



The process of developing affordable housing is a difficult one because everyone is concerned for their own property values and the impact on their neighborhood.

We feel we have communicated well with our neighbors for each project that we have developed. We have modified our designs to respect and address our neighbors' concerns, but yet satisfy the projects' requirements, in a fiscally responsible manner. It is hard to please everyone!

### **Cranbury Housing Associates as Cranbury Township Developer**

- **Develop and maintain affordable housing**
- **Reduce costs by utilizing private, not-for-profit CHA**
- **Better control by utilizing community based CHA**

The reason CHA took on the not-so-easy task of developing these housing projects was three fold:

- To provide the affordable housing to meet the State mandate, be it from the courts or COAH
- To take it out of government control and the politics that surround it and the added costs that a government project generates,
- And to take it away from private developers, so that we could develop and maintain it to meet the true needs and interests of the residents of Cranbury.

**CHA Affordable Housing  
Principles for development**

- Integrate affordable housing
- Compatible with the neighborhood
- Maintain high quality over time

The guiding principles that CHA have used in project development have remained the same:

- Integrate affordable housing throughout the community
- Design and construct quality buildings to be compatible with their neighbors
- Provide a high level of maintenance to maintain the quality of the developments

<b>Summary of Cranbury’s Affordable Housing Obligations &amp; Compliance Round One &amp; Round Two Compliance</b>	
<b>RCA’s – Perth Amboy &amp; Carteret</b>	<b>110</b>
<b>Family Rentals – CHA at Bergen Dr., Danser Dr. &amp; Bennett Place</b>	<b>26</b>
<b>Rental Bonuses</b>	<b>26</b>
<b>Senior Rentals – CHA at Park Place West</b>	<b>20</b>
<b>Rental Bonuses</b>	<b>7</b>
<b>Family Sales – CHA at Bergen Dr., Danser Dr. &amp; So. Main St.</b>	<b>30</b>
<b>Substantial Compliance Bonus</b>	<b><u>13</u></b>
<i>Total Provided</i>	<b>232</b>
<i>Total Required</i>	<b><u>223</u></b>
<b>Surplus Carried to Round Three</b>	<b>9</b>

This is a summary of the projects constructed and credits received at the end of Rounds 1 and 2.



With a change in the Governor's office there will be changes to COAH – potentially its make-up, methodology, policies and even its very existence. I don't want to discuss COAH today, other than to say we don't know what will change, but we do know that change will occur.



What will not change, however, is the need for affordable housing in Cranbury.

What has occurred in the past, and should not change in the future, is that towns such as Cranbury that provide affordable housing in advance of the State mandate, will receive bonuses for their forward thinking.

Also what will not change is that the building of affordable housing now, will never be cheaper, either in hard construction costs or the cost of money.

It is with those issues in mind, that we urge you to allow us to move forward with the development of the route 130D site this year.

<b>New Affordable Housing Projects Developed by CHA</b>	
<b>Park Place West - <i>Senior Rental - 1990</i></b>	<b>20</b>
<b>Bergen Drive - <i>Family Rental - 1997</i></b>	<b>5</b>
<b>Bergen Drive - <i>Family Sales - 1997</i></b>	<b>19</b>
<b>Danser Drive - <i>Family Rental - 1998</i></b>	<b>5</b>
<b>Danser Drive - <i>Family Sales - 1998</i></b>	<b>5</b>
<b>So. Main Street - <i>Family Sales - 1998</i></b>	<b>6</b>
<b>Bennett Place - <i>Family Rental - 2002</i></b>	<b>16</b>
<b>Old Cranbury Road - <i>Family Rental - 2008</i></b>	<b>20</b>
<b>Proposed – 130D Site – <i>Family Rental - 2010</i></b>	<b>TBD</b>
<b>Total Built</b>	<b>96</b>

This is a summary of what CHA has accomplished in the last 20 years.

The first two rounds of the projects that CHA developed were without the use of local taxpayer funds. We have accomplished this by obtaining grants and mortgages from various state and federal agencies, and mortgages and loans from local banks. They are meeting their community development needs by providing mortgages to people of lower incomes.

Also the Township has created an Affordable Housing Trust Fund. This is a method where by Cranbury receives a contribution from developers as they construct residential and commercial buildings in Cranbury. The proceeds from this fund are then used to defray expenses for affordable housing

## **Partnership of Cranbury & CHA**

# **Memo Of Understanding**

- **The Township Committee establishes the project scope in its affordable housing plan**
- **The Township provides the land**
- **The Township assists with initial funding**
- **CHA designs and constructs the project**
- **CHA owns & manages the project without any additional Township support**

I wish to explain in detail how we work on projects – both initial development and on-going management. The procedures that we use are outlined in the Memo of Understanding between the Township and CHA. The site selection, density on the sites and project costs are approved by the Township Committee. Site Plan and Planning issues are approved by the Planning Board.

CHA acts as the project developer and manager. Upon the Town's selection of a site, we provide Feasibility studies establishing various scenarios for site design and site density, project costs and financing and project time schedule. After approval of the concepts established during the feasibility study phase we proceed to develop the site. We select the designers – the architect and civil engineer- and proceed with the approval process. We meet informally with the project site's neighbors to understand their concerns and try to minimize them. The concerns for all of the past projects that we developed and the current project remains the same:

- How will the project negatively impact me and my property values
- Reduce the overall density
- Increase the buffering & screening

We then proceed to secure Planning Board approval. We have construction documents prepared

and solicit competitive construction bids from a pre-approved list of contractors. We apply for various grants and other funding sources. We update the project budget and schedule and report back to Township Committee to continue with your approval. Prior to awarding the construction contract, the property is deeded from the Township to CHA and funds for a Township grant are approved.

**Village Senior Housing  
Preliminary Application**



**Cranbury Housing Associates  
216 Rockingham Row  
Princeton, NJ 08540**

**A. Head of Household Information**

1. Last Name: _____	1. Soc. Sec. No: ____-____-____
2. First Name: _____	2. Home Phone: ( ) ____-____
3. Home Address: _____	3. Work Phone: ( ) ____-____
4. P.O. Box or Apt. No.: _____	4. County: _____
5. City: _____	5. State: _____ ZIP: _____

**B. Household Composition and Annual Income** (List ALL sources of income, including, but not limited to Salary, Dividends, Social Security & Pensions. DO NOT include income from Assets listed in Section D.)

Name (First and Last)	Relation To	Date of Birth	Sex	Annual Income
#1	Head of Household			\$
#2				\$

**C. Annual Medical Expenses** (List ALL annual medical expenses including the cost of your health care and health insurance premiums, including Medicare.)

Purpose of Annual Expense	Annual Cost	Purpose of Annual Expense	Annual Cost
#1	\$	#3	\$
#2	\$	#4	\$

**D. ASSETS** (Bank Accounts, Cert. of Deposit, Mutual Funds, Real Estate, Etc. If you own the home in which you live, clearly indicate BOTH the market value & equity in the home.)

Type of Asset	Current Market Value of Asset	Estimated Annual Income	Annual Interest
			%
			%
			%
			%

**E. Current Situation**

Do you currently:

Rent?

Own?

Other \_\_\_\_\_

Is it a:

Private Home?

Room(s)?

Apartment?

Condominium?

Other? \_\_\_\_\_

**F. Preferences**

Do you prefer:

Efficiency?

One Bedroom?

Whatever is Available

Do you prefer:

1st Floor?

2nd Floor?

I/We hereby authorize the Cranbury Housing Associates, Inc. and their agents to check for accuracy of any and all statements and representations made in this application. I/We certify that all information in this application is accurate, complete and true. I/We understand that if any statements made are willingly false, the application is null and void, and I/we may be subject to penalties imposed by law.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

 **Valid if not signed.**

We then have the project constructed and establish the rents in accordance with COAH guidelines. As the property Owner, we manage the project including the initial project rental-up and re-rentals. We pay our mortgage and all expenses, including the cost of our real estate broker and property manager, maintenance costs, insurance, and taxes. We pay a PILOT to the Township – a Payment In Lieu of Taxes in the amount of 3% of the gross property rents. We collect the rents and verify tenants’ financial qualifications to be tenants.

**Your Guide  
to an  
Affordable Home  
in  
Cranbury, NJ**



There is no ongoing cost or work by the Township for our rental properties. While our financial pro forma is based on our status of a not-for-profit corporation, it does allow us to have a reserve for property maintenance. This includes annual exterior maintenance – landscape and snow removal as well as long term maintenance of exterior elements such as roof replacements – which we are starting to see now as our properties age beyond 20 years. We also manage the annual reporting and income verification of tenants to satisfy COAH monitoring requirements.



We have applied for and received grants & low interest mortgages from the Federal, State and county governments in excess of \$2,000,000. We have saved the Township several million dollars in developers fees and profit that would be normally charged by builders other than a volunteer, not-for –profit corporation.

### **BOARD OF DIRECTORS – 2010**

#### **TERMS EXPIRING JANUARY 2011**

Kim Adams	8 Prospect Street
Mark Berkowsky	167 North Main Street
Elizabeth Silverman	144 North Main Street
Pam Simmons	103 Plainsboro Road

#### **TERMS EXPIRING JANUARY 2012**

Leslie May	43 South Main Street
Mary Ellen Larson	1 Holmes Drive
Peter Wise	49 South Main Street
Mel Lehr	1 Liedtke Drive

#### **TERMS EXPIRING JANUARY 2013**

Sheila Handel	4 Woodview Drive
Helene Hughes	16 Wynnewood Drive
Michael Kaiser	165 North Main Street
Fay Kobland	21 Hardley Drive

### ***OFFICERS***

President	Mark Berkowsky
Vice President	Elizabeth Silverman
Treasurer	Michael Kaiser
Secretary	Helene Hughes

I would like to remind everyone that CHA is a volunteer group – maybe not the same way we were when we were initially established doing hands-on construction – but we are still unpaid and volunteer our time. We have a 12 person Board of Directors that meets on a monthly that makes policy decisions in maintaining and developing our housing.

**Piazza & Associates**  
Affordable Housing Services

216 Rockingham Row - Princeton Forrestal Village - Princeton, NJ 08540  
Phone: (609) 786-1100 - Fax: (609) 786-1105



We have a hired part-time property manager, Piazza & Associates, who manages affordable housing for us as well as for several other communities. Their role includes initial rent-up, maintaining the applicant lists, assisting in re-rentals, verification of incomes of tenants on an annual basis, collecting rents, and maintenance of the properties.



In summary,

- The Township provides the land, establishes the project scope and assists with initial funding.
- CHA then designs, builds and operates the completed project in accordance with Cranbury's Affordable Housing Plan without any additional Township funds being

expended. This partnership with the Township has worked well for the past 25 years, benefiting the residents and taxpayers of Cranbury. We hope that this successful relationship continues with your support.

<b>COAH 2009 Regional Income Limits Region 3 – Hunterdon, Middlesex, &amp; Somerset Counties</b>			
<b>Household Size</b>	<b>Very Low Income Maximum Gross Annual Income</b>	<b>Low Income Maximum Gross Annual Income</b>	<b>Moderate Income Maximum Gross Annual Income</b>
	<b>30% of Median</b>	<b>50% of Median</b>	<b>80% of Median</b>
<b>One</b>	\$21,021	\$35,035	\$56,056
<b>Two</b>	\$24,024	\$40,040	\$64,064
<b>Three</b>	\$27,027	\$45,045	\$72,072
<b>Four</b>	\$30,030	\$50,050	\$80,080
<b>Five</b>	\$32,432	\$54,054	\$86,486
<b>Six</b>	\$34,835	\$58,058	\$92,893

I want to give you some idea of the incomes and rents that are currently used to reflect what affordable means in Cranbury. The formula is established first by HUD, which has calculated the Median Income in each state and in each county. It is then adopted by the State and COAH. We are located in Middlesex County, part of Region 3, with the highest median income in New Jersey. Moderate income is defined as 80 per cent of the median, and low income is 50 per cent of the median. A new category was recently created called very low income defined as 30 per cent of the median.

So while people may think low income is at the poverty line, in Cranbury the income limits are substantial. As we have found out, the children of Cranbury residents, starting out on their own, qualify for our housing. Also, we find that we are meeting the needs of seniors, who are now on fixed incomes.

<b>Rental Rates</b>	
<b>Very Low</b>	
<b>1 Bedroom</b>	<b>\$395/month</b>
<b>2 Bedroom</b>	<b>\$469/month</b>
<b>3 Bedroom</b>	<b>\$535/month</b>
<b>Low</b>	
<b>1 Bedroom</b>	<b>\$714- \$742/month</b>
<b>2 Bedroom</b>	<b>\$856 - \$955/month</b>
<b>3 Bedroom</b>	<b>\$1018 - \$1066/month</b>
<b>Moderate</b>	
<b>1 Bedroom</b>	<b>\$845 - \$917/month</b>
<b>2 Bedroom</b>	<b>\$1,009 - \$1187/month</b>
<b>3 Bedroom</b>	<b>\$1259 - \$1423/month</b>

The rents for our projects vary by when they were constructed and what the income levels were at the time of initial occupancy. We are allowed an annual percentage increase based on the CPI as allowed by the State.

This slide shows our current rents. All of the rental projects that CHA has in Cranbury are currently occupied and there is a waiting list as well. We do have turnovers as is found in any residential community, but most of our tenants have remained stable over time. The sales units turn over also, but at a slower rate.

In closing, I wanted to share an excerpt from a letter we recently received from one of our tenants: “I must say how pleased I am to be a part of this wonderful community. This is the very best place to live and raise our son. I can only thank you for this opportunity. My family and I are so grateful for this home. Your maintenance crew is extremely professional and caring.... Again I must reiterate how your opening this door for us made the world of difference for us....”

Frank Piazza – as our property manger can provide some details in the day to day activities in managing our projects for us.

Any questions?

