

Amended Third Round Housing Element And Fair Share Plan

Cranbury Township, Middlesex County, New Jersey

Adopted December 11, 2008



Clarke Caton Hintz

Amended Third Round Housing Element and Fair Share Plan
Cranbury Township

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Township of Cranbury, Middlesex County, New Jersey

December 11, 2008

Prepared for the Township of Cranbury by:

Mary Beth Lonergan, PP, AICP

Clarke Caton Hintz

PP License # 4288

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*CRANBURY TOWNSHIP PLANNING BOARD RESOLUTION TO APPROVE THE
"AMENDED THIRD ROUND HOUSING ELEMENT AND FAIR SHARE PLAN"*

WHEREAS, the Planning Board of the Township of Cranbury, in the County of Middlesex, State of New Jersey, adopted its current Housing Element and Fair Share Plan pursuant to N.J.S.A. 40:55D-28 in November of 2005; and

WHEREAS, the Governing Body endorsed the Housing Element and Fair Share Plan; and petitioned the Council on Affordable Housing for substantive certification on December 7 of 2005; and

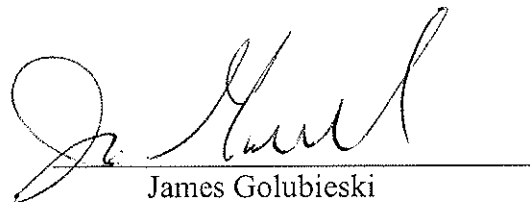
WHEREAS, The Township of Cranbury has not yet received third round substantive certification from the Council on Affordable Housing; and

WHEREAS, the Planning Board has determined to amend the Housing Element and Fair Share Plan; and

WHEREAS, upon notice duly provided pursuant to N.J.S.A. 40:55D-13, the Planning Board held public hearings on the amended Third Round Housing Element and Fair Share Plan on November 20, 2008 and on December 11, 2008; and

WHEREAS, the Planning Board has determined that the amendment to the Housing Element and Fair Share Plan, which is entitled "Amended Third Round Housing Element and Fair Share Plan, Township of Cranbury, Middlesex County New Jersey" December 2008, and prepared by Mary Beth Lonergan PP, AICP and Kathleen Grady, PP, AICP, LEED, AP, both of Clarke, Caton and Hintz is consistent with the goals and objective of the Township of Cranbury's Master Plan adopted in 1993, and amended several times, and that adoption and implementation of the amendment to the Housing Element and Fair Share Plan are in the public interest and protect public health and safety and promote the general welfare.

NOW THEREFORE BE IT RESOLVED by the Planning Board of the Township of Cranbury in the County of Middlesex, State of New Jersey, on this 11 th day of December 2008, that the Planning Board hereby adopts the amended Housing Element and Fair Share Plan entitled "Amended Third Round Housing Element and Fair Share Plan, Township of Cranbury, Middlesex County New Jersey" and dates same December 11, 2008.

A handwritten signature in dark ink, appearing to read "J. Golubieski", is written over a horizontal line.

James Golubieski
Chairman of the Planning Board

Cranbury Township Resolution # R 12-08-216

TOWNSHIP OF CRANBURY
COUNTY OF MIDDLESEX, STATE OF NEW JERSEY

**A RESOLUTION RE-PETITIONING THE COUNCIL ON AFFORDABLE HOUSING WITH
AN AMENDED HOUSING ELEMENT AND FAIR SHARE PLAN**

WHEREAS, the Planning Board of the Cranbury Township, County of Middlesex, State of New Jersey, adopted an amended Housing Element and Fair Share Plan on December 11, 2008; and

WHEREAS, a true copy of the resolution of the Planning Board adopting the amended Housing Element and Fair Share Plan is attached pursuant to N.J.A.C. 5:96-2.2(a)2.

NOW THEREFORE BE IT RESOLVED that the Township Committee of the Township of Cranbury, County of Middlesex, State of New Jersey, hereby endorses the amended Housing Element and Fair Share Plan as adopted by the Cranbury Township Planning Board (including the spending plan set forth therein); and

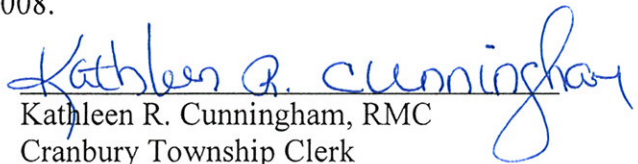
BE IT FURTHER RESOLVED that the Township Committee of the Township of Cranbury, pursuant to the provisions of N.J.S.A. 52:27D-301 et seq. and N.J.A.C. 5:96-3.4, submits this re-petition for substantive certification of the amended Housing Element and Fair Share Plan (including the spending plan set forth therein) to the Council on Affordable Housing for review and certification; and

BE IT FURTHER RESOLVED that a list of names and addresses for all owners of sites in the Housing Element and Fair Share Plan, including the names and addresses of any objectors to the Township's prior plan, shall be included with the re-petition; and

BE IT FURTHER RESOLVED that notice of this re-petition for substantive certification shall be published in a newspaper of countywide circulation pursuant to N.J.A.C. 5:96-3.5 within seven days of issuance of the notification letter from the Executive Director of the Council on Affordable Housing indicating that the submission is complete and that a copy of this resolution, the adopted amended Housing Element and Fair Share Plan and all supporting documentation shall be made available for public inspection at the Cranbury Township municipal clerk's office located at 23A North Main Street, Cranbury, NJ 08512 during the hours of 8:00 a.m. to 4:00 p.m. on Monday through Friday for a period of 45 days following the date of publication of the legal notice pursuant to N.J.A.C. 5:96-3.5.

CERTIFICATION

I, Kathleen R. Cunningham, Clerk of the Township of Cranbury, do hereby certify that the foregoing is a true and correct copy of a Resolution passed by the Township Committee of the Township of Cranbury at its meeting held on December 22, 2008.


Kathleen R. Cunningham, RMC
Cranbury Township Clerk

RESOLUTION # 12-08-217

TOWNSHIP OF CRANBURY
COUNTY OF MIDDLESEX, STATE OF NEW JERSEY

**A RESOLUTION CONCERNING THE TOWNSHIP OF CRANBURY'S
COMMITMENT TO FUND ITS AFFORDABLE HOUSING PROGRAM**

WHEREAS, pursuant to N.J.A.C. 5:96-2.1, the Township Committee of the Township of Cranbury in Middlesex County, New Jersey, has endorsed an amended Housing Element and Fair Share Plan setting forth the Township's commitment to meeting its affordable housing obligation through 2018; and

WHEREAS, pursuant to N.J.A.C. 5:96-3.1, the Township Committee is re-petitioning the New Jersey Council on Affordable Housing ("COAH") for substantive certification of its amended Housing Element and Fair Share Plan; and

WHEREAS, this Housing Element and Fair Share Plan contains one or more municipally-sponsored affordable housing developments pursuant to N.J.A.C. 5:97-6.7 and other compliance techniques, include rehabilitation, for which the Township must demonstrate an adequate and stable funding source; and

WHEREAS, the Township Committee is confident that adequate and stable funding will be available from monies collected in the Township's affordable housing trust fund, from federal, State or County funding sources, and/or from the funding sources set forth in "A Guide to Affordable Housing Funding Sources," dated October 2008, posted by the Council on Affordable Housing on its website to assist municipalities; and

WHEREAS, the provisions of the New Jersey Fair Housing Act of 1985, N.J.S.A. 52:27D-311(d), state that nothing in said Act shall require a municipality to raise or expend municipal revenues in order to provide low and moderate income housing; and

WHEREAS, COAH nonetheless requires documentation to be submitted with its Fair Share Plan to indicate the availability of funding for its affordable housing compliance mechanisms;

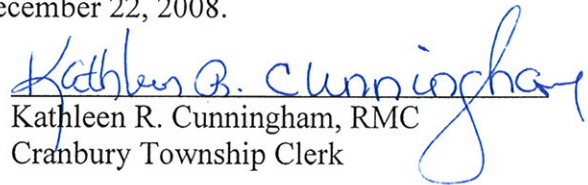
NOW, THEREFORE, BE IT RESOLVED, by the Township Committee of the Township of Cranbury, in the County of Middlesex, State of New Jersey, as follows:

1. The Township Committee determines that there is adequate and stable funding for all of the affordable housing compliance mechanisms set forth in its endorsed Housing Element and Fair Share Plan, consisting of funding in the Township's affordable housing trust fund and funding from governmental grants and/or other outside sources as set forth in the publication entitled "A Guide to Affordable Housing Funding Sources," dated October 28, 2008 and posted by the Council on Affordable Housing on the Council's web site as a resource for municipalities.

2. In the event that the above-referenced funding sources are not sufficient to implement the entirety of the Township's Housing Element and Fair Share Plan through 2018, the Township of Cranbury, in the discretion of the governing body then representing the Township, may determine to provide for an alternate source of affordable housing funding such as, but not limited to, municipal bonding, or elect to modify and change said Housing Element and Fair Share Plan to address its remaining affordable housing obligation in lieu of municipal bonding.

CERTIFICATION

I, Kathleen R. Cunningham, Clerk of the Township of Cranbury, do hereby certify that the foregoing is a true and correct copy of a Resolution passed by the Township Committee of the Township of Cranbury at its meeting held on December 22, 2008.


Kathleen R. Cunningham, RMC
Cranbury Township Clerk



Cranbury Township Committee

Hon. David J. Stout, Mayor

Richard H. Stannard

Pari Stave

Thomas F. Panconi, Jr.

Wayne K. Wittman

Christine Smeltzer, Township Administrator

Trishka Waterbury, Esq., Mason, Griffin & Pierson, Township Attorney

Cathleen F. Marcelli, PE, CME, Hatch Mott MacDonald, Township Engineer

Richard F. Preiss, PP, AICP, Phillips Preiss Shapiro, Township Planner



Cranbury Township Planning Board

James Golubieski, Chair

Allan Kehrt, Vice Chair

Michael Dulin

Thomas B. Harvey

Eugene Speer

Richard H. Stannard

Pari Stave

Dietrich Wahlers

Joan Weidner

Josette C. Kratz, Land Use Administrator/ Planning Board Secretary

Valerie J. Kimson, Esq – Planning Board Attorney

**Cathleen F. Marcelli, PE, CME, Hatch Mott MacDonald, Planning Board
Engineer**

Richard F. Preiss, PP, AICP, Phillips Preiss Shapiro, Planning Board Planner



EXECUTIVE SUMMARY

This amended third round housing element and fair share plan has been prepared for Cranbury Township, Middlesex County in accordance with the revised rules of the New Jersey Council on Affordable Housing (hereinafter “COAH”) at *NJAC* 5:96 et seq. and *NJAC* 5:97 et seq. This plan is an amendment to the prior third round plan adopted by the Planning Board and endorsed by the Township Committee in November 2005. This Plan will serve as the foundation for the Township’s re-petition to COAH for substantive certification pursuant to *NJAC* 5:96 et seq. by December 31, 2008.

There are three components to a municipality’s affordable housing obligation: the rehabilitation share, the prior round obligation and the third round obligation.

As assigned by COAH, the Township’s affordable housing obligations are as follows:

- Rehabilitation Share: 6 units
- Prior Round Obligation: 217 units
- Third Round Obligation: 269 units

The Township fully satisfied the prior round obligation through COAH-approved and Township-funded regional contribution agreements with the City of Perth Amboy and the Borough of Carteret, a mix of sale and rental units at the 100% affordable housing developments on Bergen Drive and Danser Drive, affordable senior rental units at Park Place West, affordable family rentals at Parkside at Bennett Place (a 100% affordable development), and substantial compliance bonuses. In addition, an existing group home (1997) will be added to the Township’s prior round affordable housing compliance methods.

The third round obligation will be satisfied with affordable housing units from family rentals at the Old Cranbury Road site, the Route 130 D site, an existing group home, future new 100% affordable family rental site(s) and future new 100% affordable senior rental site(s).



AFFORDABLE HOUSING IN NEW JERSEY

Introduction to COAH

In its landmark 1975 decision referred to now as “*Mount Laurel I*”, the New Jersey Supreme Court ruled that developing municipalities have a constitutional obligation to provide a realistic opportunity for the construction of low and moderate income housing.¹ In its 1983 “*Mount Laurel II*” decision, the Supreme Court extended the obligation to all municipalities, designated the State Development Guide Plan or any successor State Plan as a critical touchstone to guide the implementation of this obligation and created an incentive for private developers to enforce the “*Mount Laurel* doctrine” by suing municipalities which are not in compliance.²

In 1985, the Fair Housing Act (hereinafter “FHA”) (N.J.S.A. 52:27D-310) was adopted as the legislative response to the *Mt. Laurel* court decisions. The FHA created the Council on Affordable Housing as the administrative alternative to the Courts. COAH is responsible for establishing housing regions, estimating low and moderate income housing needs, setting criteria and guidelines for municipalities to determine and address their fair share numbers, and reviewing and approving housing elements and fair share plans.

Municipalities have the option of filing their adopted and endorsed housing elements and fair share plans with COAH and petitioning for COAH’s approval, known as “substantive certification”. Municipalities that opt to participate in the COAH certification process are granted a measure of legal protection against exclusionary zoning litigation. By petitioning, COAH allows a municipality to maximize control of its planning and zoning options in addressing its affordable housing obligation. Similarly, under the FHA, a municipality can apply to the Superior Court for a Final Judgment of Compliance and Repose, which is the judicial equivalent of COAH’s grant of substantive certification.

Under the Municipal Land Use Law (hereinafter “MLUL”), a municipal Planning Board must adopt the housing element as part of the Master Plan. COAH’s process also requires the governing body to endorse the housing element by resolution. In addition, the governing body’s resolution requests that COAH review the housing element and fair share plan along with supporting documents for substantive certification action.

¹ Southern Burlington NAACP v. Township of Mt. Laurel, 67 NJ 151 (1975)

² Southern Burlington NAACP v. Township of Mt. Laurel, 92 NJ 158 (1983)



Once the municipality's housing element and fair share plan have been granted substantive certification by COAH, the municipality's zoning ordinance enjoys a presumption of validity against any lawsuits challenging it. Cranbury Township is currently under COAH's jurisdiction and must petition with its amended third round plan by December 31, 2008 to remain so.

First and Second Round Methodology

The FHA empowered COAH to create criteria and guidelines for municipalities to determine and address their respective fair share numbers. In response, COAH established a formula for determining municipal affordable housing obligations for the six-year period between 1987 and 1993 (*NJAC 5:92-1 et seq.*), which became known as the "first round." That formula was superseded by the 1994 COAH regulations (*NJAC 5:93-1.1 et seq.*) which recalculated a portion of the 1987-1993 affordable housing obligation for each municipality and computed the additional municipal affordable housing need from 1993 to 1999; this 12 year cumulative period from 1987 through 1999 is known as the "second round."

Third Round Methodology

On December 20, 2004, COAH's first version of the third round rules became effective. At that time the third round was defined as the time period from 1999 to 2014 condensed into an affordable housing delivery period from January 1, 2004 through January 1, 2014. The third round rules marked a significant departure from the methodology utilized in COAH's two prior rounds. Previously, COAH assigned an affordable housing obligation as an absolute number to each municipality. These third round rules implemented a "growth share" approach that linked the production of affordable housing with future residential and non-residential development within a municipality. Each municipality was required to project the amount of residential and nonresidential growth that would occur during the period 2004 through 2014. Then municipalities were required to provide one affordable unit for every 8 market rate housing units developed and one affordable unit for every 25 jobs created (expressed as non-residential building square footage).

However, in a unanimous decision in January 2007, the New Jersey Appellate Court invalidated key aspects of COAH's third round rules. The Court ordered COAH to propose and adopt amendments to its rules to address the deficiencies identified by the



Court. COAH's revised rules, effective on June 2, 2008 as well as a further rule revision, adopted September 22, 2008 and effective on October 20, 2008, provide residential development and job projections for the third round (which was expanded to encompass the years 2004 through 2018). Additionally, COAH revised its ratios to require one affordable housing unit for every four market rate housing units developed and one affordable housing unit for every 16 jobs created, still expressed as non-residential building square footage. Municipalities must set forth in the Housing Element and Fair Share Plan how they intend to accommodate the affordable housing obligation generated by COAH's revised third round growth projections. However, COAH's substantive rules also require that a municipality provide a realistic opportunity for affordable housing in proportion to its actual growth during the third round as expressed in permanent certificates of occupancy issued for residential and nonresidential development.

In addition, on July 17, 2008 Governor Corzine signed P.L.2008, c.46 (also known as the "Roberts Bill" after NJ Assembly Speaker Joseph Roberts), which amended the Fair Housing Act in a number of ways. Key provisions of the bill include the following:

- Establishing a statewide 2.5% nonresidential development fee instead of a nonresidential growth share delivery for affordable housing;
- Elimination of regional contribution agreements; and
- Requirement for 13% of affordable housing units and 13% of all units funded by the Balanced Housing Program and the Statewide Affordable Housing Trust Fund to be restricted to very low income households (30% or less of median income).

COAH has not yet promulgated rules to effectuate the "Roberts Bill". It is anticipated that COAH will propose revised regulations, consistent with P.L. 2008, c.46, in early 2009.

A municipality's third round fair share plan must address (1) its rehabilitation share, (2) the prior round obligation and (3) COAH-projected third round obligation. The rehabilitation share is the estimated number of existing substandard housing units in a municipality that are occupied by low or moderate income households, as determined by COAH (Appendix B. to NJAC 5:97). The prior round obligation is a municipality's adjusted second round new construction component brought forward to the third round (Appendix C. to NJAC 5:97). Third round housing plans must document how existing or proposed affordable housing units satisfy this prior round obligation.



As stated above, the third round obligation is based on household and job projections developed by COAH (Appendix F. to *N.J.A.C. 5:97*). To determine the third round obligation, the following ratios must be applied to the projections:

- For residential development, the affordable housing ratio is 1 affordable unit for every 4 market rate residential units. Thus COAH initially requires a municipality to divide its total housing projection by 5;
- For non-residential development, the affordable housing ratio is 1 affordable unit for every 16 new jobs created as expressed in new square footage of non-residential space for which a permanent certificate of occupancy is issued from January 1, 2004 through December 31, 2018. See Table 1, Non-residential Growth Share Calculation, for additional detail.

Table 1. Non-residential Growth Share Calculation

Use Group	Description	Square Feet Generating One Affordable Unit	Jobs Per 1,000 Square Feet
B	Office buildings	5,714	2.8
M	Mercantile uses	9,412	1.7
F	Factories where people make, process, or assemble products	13,333	1.2
S	Storage uses, excluding parking garages	16,000	1.0
H	High hazard manufacturing, processing, generation and storage uses	10,000	1.6
A ₁	Assembly uses, including concert halls and TV studios	10,000	1.6
A ₂	Assembly uses, including casinos, night clubs, restaurants and taverns	5,000	3.2
A ₃	Assembly uses, including libraries, lecture halls, arcades, galleries, bowling alleys, funeral parlors, gymnasiums and museums but excluding houses of worship	10,000	1.6



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Use Group	Description	Square Feet Generating One Affordable Unit	Jobs Per 1,000 Square Feet
A4	Assembly uses, including arenas, skating rinks and pools	4,706	3.4
A5	Assembly uses, including bleachers, grandstands, amusement park structures and stadiums	6,154	2.6
E	Schools K – 12	Exclude	Exclude
I	Institutional uses such as hospitals, nursing homes, assisted living facilities and jails. I group includes I1, I2, I3 and I4.	6,154	2.6
R1	Hotels and motels; continuing care facilities classified as R2	9,412	1.7
U	Miscellaneous uses, including fences tanks, barns, agricultural buildings, sheds, greenhouses, etc.	Exclude	Exclude

Pursuant to *N.J.A.C. 5:96-10*, the actual growth of housing units and jobs (measured by the issuance of residential and nonresidential permanent certificates of occupancy) will be monitored every two years and will be compared to the actual provision of affordable housing. If upon any biennial review the difference between the number of affordable units constructed or provided in a municipality and the number of units required pursuant to *N.J.A.C. 5:97-2.4* results in a pro-rated production shortage of 10 percent or greater, COAH may require the municipality to amend its plan to address the higher affordable housing obligation. For this reason, it is important that the Township track the growth that occurs between January 1, 2004 and December 31, 2018.

In its Comment and Response document published as part of the October 20, 2008 COAH rule adoption, COAH states that it will allow municipalities to present actual job count information for non-residential use groups if there is at least a 10% difference between actual jobs and the number of jobs determined through Appendix D of *NJAC 5:97*. COAH will be providing guidance on this concept prior to the Township's first required plan evaluation whereby actual job growth is tallied and compared to actual affordable housing production.



Affordability Requirements

Affordable housing is defined under New Jersey's Fair Housing Act as a dwelling, either for sale or rent that is within the financial means of households of low or moderate income as income is measured within each housing region. Cranbury Township is in COAH's Region 3, which includes Hunterdon, Somerset and Middlesex counties. Moderate-income households are those earning between 50% and 80% of the regional median income. Low-income households are those with annual incomes that are between 30% and 50% of the regional median income. As required by the amended FHA (Roberts Bill), COAH has also included a very low-income category, which is defined as households earning 30% or less of the regional median income.

Through the Uniform Housing Affordability Controls at *N.J.A.C. 5:80-26.3(d)* and *(e)*, COAH requires that the maximum rent for a qualified unit be affordable to households that earn no more than 60% of the median income for the region. The average rent must be affordable to households earning no more than 52% of the median income. The maximum sale prices for affordable units must be affordable to households that earn no more than 70% of the median income. The average sale price must be affordable to a household that earns no more than 55% of the median income.

The regional median income is defined by COAH using the federal Department of Housing and Urban Development (hereinafter "HUD") income limits on an annual basis. In the spring of each year HUD releases updated regional income limits which COAH reallocates to its regions. It is from these income limits that the rents and sale prices for affordable units are derived. See Tables 2 through 4 for additional information. These figures are updated annually and are available from COAH. The sample rents and sale prices are gross figures and do not account for the specified utility allowance.

Table 2. 2008 Income Limits for Region 3

Household Income Levels	1 Person Household	2 Person Household	3 Person Household	4 Person household	5 Person Household
Moderate Income	\$54,152	\$61,888	\$69,624	\$77,360	\$83,549
Low Income	\$33,845	\$38,680	\$43,515	\$48,350	\$52,218
Very Low Income	\$20,307	\$23,208	\$26,109	\$29,010	\$31,331

Source: COAH 2008 Regional Income Limits



Table 3. Sample 2008 Affordable Rents for Region 3

Household Income Levels	1 Bedroom Unit Rent	2 Bedroom Unit Rent	3 Bedroom Unit Rent
Moderate Income at 60%	\$1,088	\$1,305	\$1,509
Low Income at 46%	\$834	\$1,001	\$1,157
Very Low Income at 30%	\$544	\$653	\$754

Source: COAH Illustrative 2008 Low and Moderate Income Rents for New Construction and/or Reconstruction

Table 4. Sample 2008 Affordable Sale Prices for Region 3

Household Income Levels	1 Bedroom Unit Price	2 Bedroom Unit Price	3 Bedroom Unit Price
Moderate Income at 70%	\$114,227	\$137,072	\$158,395
Low Income at 40%	\$65,273	\$78,327	\$90,511
Very Low Income at 30%	\$48,954	\$58,745	\$67,833

Source: COAH Illustrative 2008 Low & Moderate Income Sales Prices for New Construction

Housing Element/Fair Share Plan Requirements

In accordance with the Municipal Land Use Law (*N.J.S.A. 40:55D-1, et seq.*), a municipal Master Plan must include a housing element as the foundation for the municipal zoning ordinance. Pursuant to the FHA, a municipality's housing element must be designed to provide access to affordable housing to meet present and prospective housing needs, with particular attention to low and moderate income housing. The housing element must contain at least the following, as per the FHA at *N.J.S.A. 52:27D-310*:

- 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;



- 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 trends;
- An analysis of the municipality's demographic characteristics, including, but not necessarily limited to, household size, income level, and age;
- An analysis of the existing and probable future employment characteristics of the municipality;
- A determination of the municipality's present and prospective fair share of low and moderate income housing and its capacity to accommodate its present and prospective housing needs, including its fair share of low and moderate income housing; and
- A consideration of the lands 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.

In addition, pursuant to COAH regulations (*NJAC 5:97-2.3*), the housing element and fair share plan must address the entire third round cumulative (1987-2018) affordable housing obligation consisting of the rehabilitation share, any remaining balance of the prior round obligation and the COAH-projected third round obligation. COAH's regulations require the following documentation to be submitted with the housing element and fair share plan:

- The minimum requirements of the Fair Housing Act, *NJSA 52:27D-310* (listed above);
- Household and employment projections created by COAH;
- Municipal rehabilitation, prior round and third round obligation;
- Descriptions of any credits intended to address any portion of the fair share obligation, including all information required by *NJAC 5:97-4*;
- Descriptions of any adjustments to any portion of the fair share obligation, including all information required by *NJAC 5:97-5*;
- Descriptions of any mechanisms intended to address the prior round obligation, the rehabilitation share and the third round obligation;



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- An implementation schedule with a detailed timetable that demonstrates a “realistic opportunity” for the construction of affordable housing, as defined by *NJAC 5:97-1.4*.
- Draft and/or adopted ordinances necessary for the implementation of the mechanisms designed to satisfy the fair share obligation;
- A demonstration that existing zoning or planned changes in zoning provide adequate capacity to accommodate any proposed inclusionary developments, pursuant to *NJAC 5:97-6.4*;
- A demonstration of existing or planned water and sewer capacity sufficient to accommodate all proposed mechanisms;
- A spending plan, pursuant to *NJAC 5:97-8.10*;
- A map of all sites designated by the municipality for the production of low and moderate income housing;
- A copy of the most recently adopted Master Plan and, where required, the immediately preceding adopted Master Plan;
- A copy of the most recently adopted zoning ordinance;
- A copy of the most up-to-date tax maps; and
- Any other information required by *NJAC 5:97* or requested by COAH.



TOWNSHIP OF CRANBURY AFFORDABLE HOUSING HISTORY

As background, Cranbury Township prepared a first round (1987-1993) housing element and fair share plan addressing a 153-unit affordable housing obligation (143 new construction/ 10 rehabilitation) and received first round substantive certification from COAH on April 24, 1989. Subsequently, the Township prepared a second round plan to address its cumulative (1987-1999) affordable housing obligation of 230 units (217 new construction/ 13 rehabilitation) and received certification from COAH on December 4, 1996. As the Township's second round certification was valid for six years and COAH had yet to adopt its third round (1987-2014) regulations, the Township received an extension of its second round substantive certification on February 9, 2005 (initially approved by COAH on November 6, 2002). The Township also petitioned for third round substantive certification on December 7, 2005 under COAH's original third round rules at *NJAC* 5:94 et seq.; however, the application had not been certified by COAH prior to the issuance of the Appellate Division's January 25, 2007 decision overturning portions of COAH's regulations.



HOUSING STOCK AND DEMOGRAPHIC ANALYSIS

Housing Stock Inventory

In 2000, there were 1,121 housing units in Cranbury Township, of which 30 or 2.68% were vacant. Of the 1,091 occupied units, 85.88% were owner occupied and 14.12% were rented. Table 5, Housing Units by Occupancy Status, illustrates this occupancy status in 2000.

Table 5. Housing Units by Occupancy Status, 2000.

	Housing Units	Owner Occupied	Renter Occupied
Occupied	1,091	937	154
Vacant	30		
Total	1,121		

Source: 2000 US Census

About 84% of the total housing stock consists of single-family detached units. Structures with 3 or more units make up 7.5% of the total housing stock. Of the owner occupied units, 96% were single-family detached units and 2.7% were single-family attached or two family units. See Table 6, Housing Units by Number of Units in Structure for a detailed explanation of the housing units in 2000.



Table 6. Housing Units by Number of Units in Structure, 2000.

Number of Units	Owner Occupied	Rental	Vacant	Total
1, Detached	900	40	2	942
1, Attached	12	24	25	61
2	14	16	3	33
3 or 4	3	44	0	47
5 to 9	8	25	0	33
10 to 19	0	0	0	0
20 +	0	5	0	5
Mobile Home	0	0	0	0
Other	0	0	0	0
Total	937	154	30	1,121

Source: 2000 US Census

Table 7, Housing Units by Age, illustrates the age of the Township's housing stock. As one would expect with a Village and farmsteads of historical significance, 25.7% of the Township's housing stock was constructed prior to 1940. However, the time periods from 1980 through 1989 with 23.8% of the housing stock constructed and from 1990 through March 2000 with 23.5% of the housing stock constructed incorporates almost half of the Township's residences.



Table 7. Housing Units by Age, 2000.

Year Built	Total Units	Percent	Owner Occupied	Renter Occupied	Vacant
1990 - 2000	264	23.5%	210	29	25
1980 - 1989	267	23.8%	241	24	2
1970 - 1979	56	5.0%	56	0	0
1960 - 1969	111	9.9%	93	18	0
1950 - 1959	92	8.2%	92	0	0
1940-1949	43	3.8%	36	4	3
Before 1940	288	25.7%	209	79	0
Total	1,121	100%	937	154	30
Median Year	1975				

Source: 2000 US Census

Table 8, Housing Units by Number of Rooms, shows 6.1% have between one (1) and three (3) rooms; 23.5% of the housing stock has between four (4) and six (6) rooms; and 70.4% has seven (7) or more rooms. The data from this and other tables indicate that the housing stock in Cranbury is, on average, large in size.



Table 8. Housing Units by Number of Rooms, 2000.

Rooms	Number of Units	Percent
1	5	0.5%
2	19	1.7%
3	44	3.9%
4	72	6.4%
5	75	6.7%
6	117	10.4%
7	148	13.2%
8	238	21.2%
9+	403	36.0%
Total	1,121	100%
Mean Rooms per Unit	7.8	

Source: 2000 US Census

Tables 9 and 10, Housing Values, show that the median housing values of owner-occupied housing in Cranbury increased 26.51% between 1990 and 2000. During this time, the median value in Middlesex County decreased by 0.18%. In 1990, Cranbury's median value of \$278,400 was 69.03% higher than Middlesex County's median value of \$164,700 and in 2000, Cranbury's median housing value of \$352,200 was 114.23% greater than the median value of \$164,400 for Middlesex County.



Table 9. Housing Values, Owner Occupied, 1990.

Housing Value	Number	Percent
Less than \$50,000	2	0.30%
\$50,000 to \$59,999	0	0.00%
\$60,000 to \$74,999	4	0.60%
\$75,000-\$99,999	10	1.50%
\$100,000-\$124,999	19	2.85%
\$125,000-\$149,999	28	4.20%
\$150,000-\$174,999	24	3.60%
\$175,000-\$199,999	73	10.96%
\$200,000-\$249,999	110	16.52%
\$250,000-\$299,999	111	16.67%
\$300,000 or more	285	42.79%
Total	666	100.0%
1990 Median Value	\$278,400	

Source: 1990 US Census



Table 10. Housing Values, Owner Occupied, 2000.

Housing Units	Number	Percent
Less than \$50,000	6	0.6%
\$50,000-\$99,999	17	1.8%
\$100,000-\$149,999	32	3.4%
\$150,000-\$199,999	38	4.1%
\$200,000-\$249,999	177	18.9%
\$250,000-\$299,999	115	12.3%
\$300,000-\$399,999	160	17.1%
\$400,000-\$499,999	262	28.0%
\$500,000-\$749,999	113	12.1%
\$750,000-\$999,999	14	1.5%
\$1,000,000 or more	3	0.3%
Total	937	100.0%
2000 Median Value	\$352,200	

Source: 2000 US Census

In 2000, Cranbury's median gross rental cost was lower than that of the County (\$756 v. \$845). This may be partly the result of the proportion of restricted low and moderate income rentals produced in the Township. See Table 11, Comparison of Cranbury and Middlesex County, Monthly Rental Costs.



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Table 11. Comparison of Cranbury and Middlesex Co., Monthly Rental Cost*, 2000

Monthly Rent	Number in Cranbury	Percent in Cranbury	Number in Middlesex Co.	Percent in Middlesex Co.
\$0-\$99	0	0.0%	435	0.5%
\$100-\$149	4	2.9%	823	1.0%
\$150-\$199	10	7.1%	1,407	1.6%
\$200-\$249	0	0.0%	1,040	1.2%
\$250-\$299	4	2.9%	939	1.1%
\$300-\$349	5	3.6%	771	0.9%
\$350-\$399	0	0.0%	734	0.9%
\$400-\$449	4	2.9%	1,074	1.2%
\$450-\$499	0	0.0%	897	1.0%
\$500-\$549	10	7.1%	1,647	1.9%
\$550-\$599	0	0.0%	1,947	2.3%
\$600-\$649	14	10.0%	3,721	4.3%
\$650-\$699	0	0.0%	5,421	6.3%
\$700-\$749	17	12.1%	6,955	8.1%
\$750-\$799	16	11.4%	8,450	9.8%
\$800-\$899	27	19.3%	15,198	17.6%
\$900-\$999	13	9.3%	11,085	12.8%
\$1,000-\$1,249	3	2.1%	15,034	17.4%
\$1,250-\$1,499	10	7.1%	5,429	6.3%
\$1,500-\$1,999	3	2.1%	2,739	3.2%
\$2,000 +	0	0.0%	599	0.7%
Total	140	100%	6,262	100.0%
Median Rent	\$756		\$845	

Source: 2000 US Census10

Cranbury Township has nine (9) housing units that lack complete plumbing facilities and eight (8) units that are overcrowded (defined as having 1.01 or more persons per



room); however, none of these units exhibit both characteristics. See Table 12, Selected Quality Indicators.

Table 12. Selected Quality Indicators, Occupied Housing Stock, 2000.

	Overcrowded	Lacking Complete Plumbing	Combined Overcrowded and Lacking Complete Plumbing
No. Units	8	9	0

Source: 2000 US Census

General Population Characteristics

The population of Cranbury Township has been increasing since 1980 with a population increase of 29.74% from 1980 to 1990 and an increase of 29.08% from 1990 through 2000. During this time the County increased at only 12.74% and 11.67%, respectively. This population increase is a change from the period 1970 through 1980, when the Township lost 14.5% of its population and the County grew only 2.1%. (Table 13, Population Growth).

Table 13. Population Growth.

	1970	1980	Percent Change (1970-1980)	1990	Percent Change (1980-1990)	2000	Percent Change (1990-2000)
Cranbury	2,206	1,927	-14.5%	2,500	29.74%	3,227	29.08%
Middlesex County	492,474	595,893	2.1%	671,780	12.74%	750,162	11.67%

Source: 1970, 1980, 1990 and 2000 US Census

From 1990 through 2000, there were shifts in the age distribution. The age group five through fourteen increased from 359 persons to 631 persons; the age group forty-five through fifty-four increased from 357 to 589; the age group fifty-five through sixty-four increased from 226 persons through 300 persons; and the age group seventy-five years and older increased from 140 persons to 190 persons. See Table 14, Age Distribution, for additional detail.



Table 14. Age Distribution, 1990 – 2000.

Age Group	1990	Percent	2000	Percent	Percent Change
Under 5	187	7.5%	197	6.1%	5.08%
5-14	359	14.4%	631	19.6%	43.11%
15-24	256	10.2%	257	8.0%	0.39%
25-34	278	11.1%	267	8.3%	-4.12%
35-44	530	21.2%	620	19.2%	14.52%
45-54	357	14.3%	589	18.3%	39.39%
55-64	226	9.0%	300	9.3%	24.67%
65-74	167	6.7%	176	5.5%	5.11%
75+	140	5.6%	190	5.9%	26.32%
Totals:	2,500	100%	3,227	100%	

Source: 1990 and 2000 US Census

Household Characteristics

A household is defined by the U.S. Census Bureau as those persons who occupy a single room or group of rooms constituting a housing unit; however, these persons may or may not be related. As a subset of households, a family is identified as a group of persons including a householder and one or more persons related by blood, marriage or adoption, all living in the same household. In 2000 there were 1,094 households in the Township, with an average of 2.92 persons per household and an average of 3.31 persons per family. Approximately 75% of the households are comprised of married couples with or without children. Almost 20% of the Township's households are non-family households which include individuals.

Income Characteristics

Persons residing in Cranbury Township have on average higher incomes than in Middlesex County as a whole. Median income in 2000 in Cranbury was \$111,680 for households and \$128,410 for families. Comparable figures for the County were \$61,446



for households and \$70,749 for families. Table 15, Household and Family Income by Income Brackets, further illustrates these findings by noting the number of households in each of the income categories.

Table 15. Household and Family Income by Income Brackets, 2000.

	Households	Percent
Less than \$10,000	23	2.1%
\$10,000-\$14,999	17	1.6%
\$15,000-\$24,999	58	5.3%
\$25,000-\$34,999	47	4.3%
\$35,000-\$49,000	82	7.5%
\$50,000-\$74,999	124	11.3%
\$75,000-\$99,999	130	11.9%
\$100,000-\$149,999	264	24.1%
\$150,000-\$199,999	116	10.6%
\$200,000 +	233	21.3%
Total:	1,094	100%
Median Income:	\$111,680	

Source: 2000 US Census

Within the Township, 67.9% of households have incomes of \$75,000 or more. Although the Census data does not provide a breakdown of household income by household size, based on COAH's Year 2000 median household income for the Hunterdon/Middlesex/Somerset County region of \$56,560 for the smallest-sized household of one person, the moderate-income threshold for this household size was \$45,248 (80% of \$56,560). In attempting to approximate the number of low and moderate income households in the Township, using the household size of one person is a conservative approach that represents just a minimum threshold. Table 15, Household and Family Income by Income Brackets, 2000, shows that the percentage of households in the Township for which income was below this minimum threshold was between 13 and 20 percent. If there was a true correlation between household size and household income figures, it appears that the percentage of low and moderate income households in the Township may be close to 20%. Keep in mind, however, that in the



third round, COAH would exclude low and moderate income households that owned a primary residence with no mortgage that was valued at or above COAH's annual regional asset limit.³ In 2005, the regional asset limit was \$165,600 for Cranbury's region.

The percentage of persons and households below the poverty level, as defined by the 2000 U.S. Census, equates to 1.61% of all Cranbury Township residents and 1.29% of persons in families. This is lower than the County as a whole, which had 6.59% of County residents living below the poverty level in 2000.

EMPLOYMENT CHARACTERISTICS

Table 16, Distribution of Employment by Industry, shows the distribution of employment by industry for employed Cranbury Township residents. The four industries to capture the largest segments of the population were the professional, scientific, management, administrative and waste management service industry at 20.7%; the finance, insurance, real estate, and renting and leasing industry at 16.1%, education, health and social services industry at 15.5%; and the manufacturing industry at 10.2%.

³ The exception to this exclusion is if the household's existing monthly housing costs exceed 38 percent of the household's eligible monthly income.



Table 16. Distribution of Employment by Industry, Township Residents, 2000.

Sector Jobs	Number	Percent
Agriculture, Forestry, Fishing and Hunting, and Mining	8	0.5%
Construction	53	3.5%
Manufacturing	155	10.2%
Wholesale Trade	67	4.4%
Retail Trade	124	8.1%
Transportation and Warehousing, and Utilities	65	4.3%
Information	73	4.8%
Financing, Insurance, Real Estate, Renting, and Leasing	245	16.1%
Professional, Scientific, Management, Administrative, and Waste Management Services	315	20.7%
Educational, Health and Social Services	236	15.5%
Arts, Entertainment, Recreation, Accommodation and Food Services	66	4.3%
Public Administration	89	5.8%
Other	27	1.8%
Total:	1,523	100%

Source: 2000 US Census

Table 17, Employment by Occupation, identifies the occupations of employed persons. While Cranbury Township residents work in a variety of industries, 60.4% of employed residents work in management, professional and related occupations and 23.6% are employed in sales and office occupations and a small number 2.1% work in construction, extraction and maintenance occupations.



Table 17. Employment by Occupation, Cranbury Township, 2000.

Sector Jobs	Number	Percent
Management, Professional, and Related	920	60.4%
Service	122	8.0%
Sales and Office	360	23.6%
Farming, Fishing, and Forestry	0	0.0%
Construction, Extraction, and Maintenance	32	2.1%
Production, Transportation, and Moving	89	5.8%
Total	1,523	100%

Source: 2000 US Census

The number of jobs in Cranbury exceeds the number of people residing in the Township. The New Jersey Department of Labor tracks covered employment throughout the state. Covered employment data includes only those jobs for which unemployment compensation is paid. By definition it does not cover public employees (federal, state, county and municipal), nor the self-employed, unpaid family workers, most part-time or temporary employees, and certain agricultural and in-home domestic workers. See Table 18, Covered Employment Estimates, for additional detail.

Table 18. Covered Employment Estimates, December 2006

Year	Cranbury	Middlesex
2006	12,693	405,694

Source: New Jersey Department of Labor, Division of Planning and Research, Office of Demographic and Economic Analysis, NJ Covered Employment Trends. Data is as of December 2006, which is the most current data available at the municipal level.

Finance and Insurance and Wholesale Trade were the largest sectors of in-town employment, with 1,581 and 1,524 jobs respectively. Cranbury also hosts a sizable manufacturing industry. Table 19, Covered Employment by Sector, provides information additional detail.



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Table 19. Covered Employment by Sector, 2003

	Employment					Wages	
	March	June	Sept.	Dec.	Average	Weekly	Annual
Private Sector Municipality Total	13,333	13,441	13,547	13,502	13,421		
Agriculture, forestry, fishing and hunting	17	15	11	14	14	\$351	\$18,267
Utilities	.	.	.	.	.	.	.
Construction	308	321	323	332	320	\$1,138	\$59,200
Manufacturing	1,288	1,286	1,262	1,218	1,278	\$1,255	\$65,242
Wholesale trade	1,493	1,502	1,568	1,545	1,529	\$1,186	\$61,653
Retail trade	963	895	983	1,012	941	\$550	\$28,594
Transportation and warehousing	759	719	694	676	707	\$673	\$34,985
Information	273	289	285	280	282	\$1,314	\$68,326
Finance and insurance	1,653	1,596	1,514	1,499	1,581	\$1,172	\$60,955
Real estate and rental and leasing	243	248	245	238	245	\$1,014	\$52,713
Professional and technical services	1,070	1,141	1,181	1,235	1,152	\$1,465	\$76,161
Management of companies and enterprises	.	.	.	.	.	.	.
Administrative and waste services	428	476	479	462	456	\$731	\$37,992
Educational services	87	82	85	90	84	\$1,176	\$61,144
Health care and social assistance	115	112	116	126	118	\$616	\$32,011
Arts, entertainment, and recreation	34	39	68	63	49	\$919	\$47,769
Accommodation and food services	297	355	348	342	331	\$385	\$20,042
Other services, except public admin.	235	246	230	242	237	\$684	\$35,549
Unclassified entities	40	40	43	62	44	\$1,094	\$56,881
Government Municipality Total	332	324	322	322			
Federal Government Municipality Total	33	31	29	27	31	\$776	\$40,350
Local Government Municipality Total	299	293	293	295	284	\$839	\$43,643
Total Covered Employment	13,665	13,765	13,869	13,824			



GROWTH TRENDS AND PROJECTIONS

The Township will meet COAH's projections for household and job growth during the third round (2004 through 2018).

Residential Trends and Projections

Over the last 12 years, Cranbury Township issued 34 new residential certificates of occupancy per year. This number is deceptively high as a few medium-scale (100+/- units) residential developments came online during this period and 56 affordable units from three affordable housing sites were built. The Township anticipates a drop off in residential construction throughout Cranbury during COAH's third round period. This is due to a host of factors, including the weak housing market, preserved farmland and open space to the west and south of Cranbury (reflected by a PA 4 designation on the Policy Map of the State and Development and Redevelopment Plan), the environmental constraints on the remaining undeveloped tracts zoned for residential use, limited developability of tracts outside of the Township's sewer service area and water service area, and generally few small vacant parcels within Cranbury Township.

COAH has projected (Appendix F. to NJAC 5:97) that 224 units will be created in the Township between 2004 and 2018. Cranbury finds COAH's residential projections to be consistent with the Township's projections, which were based on certificates of occupancy issued, units under construction and projects that are approved, pending or anticipated before the planning board.

Nonresidential Trends and Projections

Cranbury Township has experienced nonresidential growth in the last decade, with warehousing dominating the nonresidential construction and office space coming in at a distant second. The Township also added two hotels during the period. Given the weak office market and the slowing economy, Cranbury expects a decline in the amount of non-residential development anticipated to be constructed during COAH's third round period.

COAH has projected (Appendix F. to NJAC 5:97) that 3,581 jobs will be created in the Township between 2004 and 2018. Cranbury has the capacity to meet this projection during the third round.



Capacity for Growth

To assess if Cranbury Township has the capacity to meet COAH's residential and non-residential projections between 2004 and December 31, 2018, the Township analyzed projected residential and non-residential growth through assessing development under construction, approved development, and pending applications. The Township also looked at potential future development based on the existing capacity of the zoning, historic development trends, and whether the development would be consistent with sound planning principles.

The analysis confirmed that Cranbury has the capacity to meet COAH's projection of 224 households and 3,581 jobs and thus to address COAH's total projected affordable housing obligation. The Township's zoning will support COAH's projected housing units through infill development and small developments (1 to 5 units) and small scale affordable housing developments. Additionally, the commercial zoning of the Township to the east of Route 130 is adequate to accommodate COAH's projected job growth and resulting affordable housing obligation.

Availability of Existing and Planned Infrastructure

While the Township has the capacity to meet COAH's projections, additional development beyond COAH's projections is limited by Cranbury's existing and approved sewer and water infrastructure.

Cranbury Township has a sewer agreement with South Brunswick Township to handle the sewer flows from the sewer service area (both residential and non-residential uses) in Cranbury. The sewage flows are ultimately treated at the Middlesex County Utility Authority ("MCUA") treatment facility in Sayreville. The balance of the Township, including the vast majority of the Township west of the developed Village relies on individual septic systems and wells.⁴

Cranbury's public water service is also limited, and serves the same area depicted by the 2008 Plan sewer service area. Public water is provided by the Elizabethtown Water Company (recently purchased by the New Jersey American Water Company). Sufficient water capacity exists for the Township's water franchise area

⁴ Only one residential development (The Woods at Cranbury – 30 units) is outside of the 2008 Sewer Service area and tied into the public water system.



Existing public infrastructure will serve the bulk of the residential units projected in the third round. The balance of the residential projection will be served via on-site individual septic fields. Non-residential growth projections will be accommodated through the existing sewer service area.

Anticipated Land Use Patterns

Anticipated land use patterns range from multi-family affordable residential development on some of the few remaining vacant parcels in the sewer service area and low-density residential development within the environs to the west of Cranbury Village to commercial land uses to the east of Route 130 that support large office and warehouse buildings. The Township's planned land use pattern will support COAH's projected growth and resulting affordable housing obligation.

Township Economic Development Policies

Cranbury Township's economic development policies encourage business retention and redevelopment along the small commercial main street within the Village of Cranbury, as well as the continued commercial development of the warehouse/office center in the Township just to the south of a major interchange of the NJ Turnpike. The Township has encouraged economic development which comports with sound planning principles by providing zoning districts that permit a variety of non-residential uses including village commercial uses, as well as other business uses, research office and light industrial uses.

Constraints on Development

The Township is not located within the jurisdiction of the Meadowlands, Highlands, Pinelands or CAFRA. There are no known federal regulations that would hinder the development projected as part of the Township's adopted third round housing element and fair share plan. However, there are limited development opportunities in Cranbury Village, which is listed as a State and National Historic District.

According to the Township's Master Plan, there do not appear to be any constraints on development related to land ownership issues, i.e., the necessity to consolidate lots, small lot sizes or isolated lot development. Thus, existing land ownership patterns in the Township have been taken into account in the anticipated growth as detailed in the Township's plan.



A primary goal of the Township's Master Plan "is to provide for the preservation and conservation of the Township's natural resources, including woodland areas, wetlands, flood plains, scenic vistas, farmland and water resources." Wetland areas follow a number of stream corridors through the Township, as depicted on the attached August 2006 Current Land Use Map. By overlaying NJDEP-mapped wetlands, zoning districts and the sewer service area on the existing land use plan of the Township, the limited amount of developable land (not constrained by wetlands) in the sewer service area as well as outside of the sewer service area becomes clear.

The Township took environmental constraints into account in analyzing COAH's projected residential and non-residential growth through the third round. To ensure that development does not adversely impact environmentally sensitive features, the Township will rely on local, county and state review of applications for development. Furthermore, the Township's Master Plan, Land Use Ordinances and existing land review procedures provide the measures to address the development constraints noted above, as set forth at *NJAC 5:97-3.13(b)*, and others as further land use regulations evolve.

CONSIDERATION OF LANDS APPROPRIATE FOR AFFORDABLE HOUSING

Cranbury Township has limited developable land that is appropriate for inclusionary housing or a 100% affordable housing project. Large tracts of land in the west and south of Cranbury are preserved farmland or open space. There are environmental constraints on the remaining tracts zoned residential, and there is limited developability on parcels that are outside the sewer service area.

As part of this housing element, the Township has considered land within the Village (infill sites) and to the east of Route 130 for inclusion in the plan that is appropriate for the construction of low and moderate income housing, including properties with existing structures that could be converted or rehabilitated for use as affordable housing.

Additional analyses will take place in the future as affordable housing is triggered by future growth. As discussed later on, the Township will consider properties in the future for 100% affordable housing development.



CRANBURY'S AFFORDABLE HOUSING OBLIGATION

COAH's third round methodology includes the rehabilitation obligation, the prior round obligation and the third round obligation. The Appendices to COAH's substantive rules, *NJAC 5:97 et seq.*, provide each municipality's affordable housing obligation. Cranbury's third round obligation can be summarized as follows:

Rehabilitation Obligation:	6 (Appendix B.)
Prior Round Obligation:	217 (Appendix C.)
Third Round Obligation:	269 (Appendix F.)

Rehabilitation Obligation

The rehabilitation obligation is defined as the number of deficient housing units occupied by low and moderate income households within a municipality (*NJAC 5:97-1.4*). COAH calculates this figure using indices such as overcrowding of units constructed prior to 1950, incomplete kitchen facilities, incomplete plumbing facilities and the estimated number of low and moderate income households in the municipality. COAH has calculated Cranbury's rehabilitation obligation to be 6 units. Please see Table 20, Calculation of the Rehabilitation Obligation, for additional information.

Table 20. Calculation of the Rehabilitation Obligation

Overcrowding of units constructed prior to 1950	0
Incomplete plumbing facilities	+ 9
Incomplete kitchen facilities	+ 0
Low and moderate income share	*0.691
Rehabilitation share credit	- 0
<i>Rehabilitation Obligation</i>	<i>6 units</i>

Source: Appendix B to *NJAC 5:97*



Prior Round Obligation

The prior round obligation can be defined as the cumulative 1987 through 1999 affordable housing obligation (*NJAC 5:97-1.4*). This time period corresponds to the first and second rounds of affordable housing. COAH has calculated Cranbury's prior round obligation to be 217 units (Appendix C. to *NJAC 5:97*).

Third Round Obligation

COAH has taken a very different approach to calculating third round affordable housing obligations. The obligation is initially based solely on COAH's household and job projections for each municipality during the third round. For every five households, or units, projected during the third round, one affordable housing unit must be provided. For every 16 jobs projected, the Township must provide one affordable housing unit. COAH's substantive rules require that a municipality plan for the affordable housing obligation generated by the projections; however, a municipality must provide affordable housing in proportion to its actual growth (*NJAC 5:97-2.2(e)*). COAH has projected the creation of 224 households and 3,581 jobs in Cranbury during the third round (*NJAC 5:97 Appendix F, Allocating Growth to Municipalities*).

COAH's substantive rules at *NJAC 5:97-2.4* permit municipalities to exclude certain market and affordable units from the third round household projections. Specifically, municipalities may exclude the following:

- Affordable units which received credit in a first or second round plan and have been or will be constructed during the third round.
- Market rate units in an inclusionary development which 1) received credit in a first or second round plan or are eligible for credit in the prior round and 2) have been or will be constructed during the third round.

The Township does not have unbuilt prior round affordable housing units that are eligible for exclusion.



Accordingly, the Township's 269-unit third round obligation is calculated in Table 2I, Calculation of the Third Round Obligation.

Table 2I. Calculation of Third Round Obligation

Residential	
Projected Units	224
Exclusions	
None	0
Units Creating Growth Share	224
<i>Residential Growth Share</i> ($\div 5$)	44.8
Nonresidential	
Projected Jobs	3,581
Exclusions	
None	0
<i>Total</i>	0
Jobs Creating Growth Share	3,581
<i>Nonresidential Growth Share</i> ($\div 16$)	223.8
Total Third Round Obligation	269

CRANBURY'S AFFORDABLE HOUSING PLAN

Satisfaction of the Rehabilitation Obligation

Cranbury will utilize Middlesex County's housing rehabilitation program to satisfy its six unit rehabilitation obligation. The Middlesex County Department of Housing and Community Development is currently running the Housing Preservation Program, a rehabilitation program, using federal Community Development Block Grant (hereinafter "CDBG") funds. The Township will fully participate in this program and will utilize the County as the administrative agent of the program. Additionally, the Township will contract with either the County or a private consultant to offer a rental rehabilitation program.

Cranbury's rehabilitation program will adhere to the regulations in *NJAC 5:97-6.2*. Specifically, all rehabilitated units will comply with the definition of a deficient unit in



NJAC 5:97-1.4, which states, “a housing unit with health and safety code violations that require the repair or replacement of a major system”. Major systems include weatherization, roofing, plumbing, heating, electricity, sanitary plumbing, lead paint abatement and/or load bearing structural systems. All rehabilitated units shall meet the applicable construction code. Additionally, all rehabilitated units shall be occupied by low or moderate income households and upon completion of the rehabilitation, ten (10) year affordability controls shall be placed on the property in the form of a lien or deed restriction.

Rehabilitations shall have an average hard cost of \$10,000. While the County will utilize CDBG funds, Cranbury Township will provide any funding from the affordable housing trust fund necessary to supplement the cost to satisfy the rehabilitation obligation. Furthermore, Cranbury will see that funding for a minimum of three rehabilitations (at least half of the obligation) is available by 2014 - the midpoint of the compliance period.

Satisfaction of the Prior Round Obligation

Cranbury’s prior round obligation (1987-1999) is 217 units (Appendix C. to NJAC 5:97). COAH permits new construction credits and bonuses addressing a first or second round affordable housing obligation to be used to address the prior round obligation.

COAH requires that the Township establish the maximum number of age-restricted affordable units, the minimum number of affordable rental units and the maximum number of RCA units using the formulas below.

- Minimum Rental Obligation = 55 units
 $.25 \text{ (Prior Round Obligation)} = .25 (217) = 55, \text{ rounded up}$
 - A rental unit available to the general public receives one rental bonus;
 - An age-restricted unit receives a 0.33 rental bonus, but no more than 50 percent of the rental obligation shall receive a bonus for age-restricted units; and
 - No rental bonus is granted in excess of the prior round rental obligation
- Maximum Number of Age Restricted units = 28 units
 $.25 \text{ (Prior Round Obligation + Rehabilitation Share – Transferred RCAs)}$
 $= .25 (217 + 6 - 110) = 28, \text{ rounded down}$



- Maximum Number of Regional Contribution Agreement = 111 units
.25 (Prior Round Obligation + Rehabilitation Share)
 $= .25 (217 + 6) = 111$, rounded down

As summarized in Table 22, Existing Credits/Bonuses Addressing Prior Round Obligation, the Township has addressed its 217-unit prior round obligation with transferred RCAs, existing family affordable rental and sale units, existing affordable age-restricted rental units, and previously granted second round rental bonuses and substantial compliance bonuses that continue to be eligible for credit against the prior round. In addition, the Township will address the prior round obligation with an existing group home that had been established in 1997.

Table 22. Existing Credits/Bonuses Addressing Prior Round Obligation

Cranbury's Prior Round Compliance Mechanisms	2008 Proposed Plan (prior round = 217)
RCAs (Perth Amboy, Carteret*)	110
Family affordable rentals	26
Rental Bonuses ($26 \times 1.0 = 26$)	26
Senior affordable rentals	20
Rental Bonuses ($20 \times 0.33 = 7$)	7
Family affordable sales	30
Existing group home (bedrooms) <i>New</i>	6
Rental Bonuses ($6 \times 1.0 = 6$)	6
Substantial compliance bonuses (prior round)	13
Total	244
Surplus	27

*Second Round RCA with Carteret included 15 rentals

Regional Contribution Agreements

Cranbury Township previously transferred funds for a total of 110 RCA units, including a first round RCA to the City of Perth Amboy for 76 units and a second round RCA for 34 units with the Borough of Carteret. Of the units transferred to Carteret, 15 units were rental RCAs. All funds for the 110 total RCAs have been transferred.



Family Affordable Rentals

Cranbury Housing Associates, Inc. (CHA), a private, nonprofit corporation, has been providing affordable housing in Cranbury since 1963. CHA developed 5 family rentals on Bergen Drive and 5 family rentals on Danser Drive. In 2001, CHA developed 16 family rentals at Parkside on Bennett Place. All 26 units are fully occupied. Pursuant to *NJAC 5:97-3.5(a)*, all 26 family rentals are eligible for full rental bonuses.

Family Affordable Sale units

CHA developed 19 family affordable sale units on Bergen Drive and 11 family affordable sale units on Danser Drive and South Main Street. All units are completed and have the appropriate affordability controls through deed restrictions.

Senior Affordable Rentals

CHA constructed 20 affordable rental units restricted to seniors on land formerly owned by the Township and Cranbury Township School Board on Park Place West. Pursuant to *NJAC 5:97-3.5(b)*, all 20 senior rentals are eligible for 1/3 rental bonuses. In addition, the 20 senior units are within the prior round senior cap of 28 units.

Supportive and Special Needs Housing

Cranbury Township is eligible for six credits for a licensed group home facility that is operated by SERV. This special needs facility is a six bedroom licensed group home that is operated by SERV Foundation, a nonprofit organization that specializes in treatment for individuals living with serious mental illnesses or developmental disabilities. The group home is located on Dey Road (Block 25, Lot 5.01). Residents of the group home are referred to SERV through the Division of Mental Health waiting list. SERV, a nonprofit organization, received capital funding from the Division of Mental Health Services to create the group home on Dey Road and continues to receive operational funding. Pursuant to *NJAC 5:97-3.5(a)*, all 6 bedrooms are eligible for full rental bonuses. Additional crediting information is included in Appendix A.



Substantial Compliance Bonus

COAH's grant of second round substantive certification to Cranbury included a 13-unit substantial compliance bonus for having completed over 90% of its first round certified plan. The substantial compliance bonus resulted in a 13-unit credit towards the Township's second round new construction component. In its October 20, 2008 Comment and Response document, COAH upheld the use of the substantial compliance bonus, stating, "The Council will honor substantial compliance bonuses that were previously granted as part of a municipality's substantive certification." As Cranbury's substantial compliance bonus was included in its second round substantive certification, the Township is eligible for the 13-unit bonus.

Prior Round Rental Component

As noted above, Cranbury Township addressed the 55-unit prior round rental component through 26 affordable family rentals, 6 group home bedrooms, 20 affordable senior rentals, and 15 rentals transferred via the second round RCA with Carteret.

Satisfaction of the Third Round Obligation

Cranbury's third round obligation, pursuant to COAH's household and job projections, is 269 units (Appendix F. to NJAC 5:97). In accordance with NJAC 5:97-2.2(e), the provision of affordable housing shall be based on the issuance of permanent certificates of occupancy for new residential units and new nonresidential floor area.

In addition to satisfying the 269 unit third round obligation, the Township must also adhere to a minimum number of total family units, minimum rental obligation, minimum number of family rental units, maximum number of age-restricted units, maximum number of bonuses and minimum number of very low income units. Due to the recent amendments to the Fair Housing Act, P.L. 2008, c.46, the Township is no longer eligible to enter into a regional contribution agreement it had completed with Perth Amboy for the third round obligation.

- Minimum Family Obligation = 101 units
 $.50(\text{third round obligation} - \text{proposed bonuses}) = .50(269-67) = 101$



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- Minimum Rental Obligation = 68 units
 $.25 \text{ (third round obligation)} = .25 (269) = 68$, rounded up
- Minimum Family Rental Obligation = 34 units
 $.50 \text{ (third round minimum rental obligation)} = .5(68) = 34$
- Maximum Age-restricted Units = 67 units
 $.25 \text{ (third round obligation)} = .25 (269) = 67$, rounded down
- Maximum Bonuses = 67 bonuses
 $.25 \text{ (third round obligation)} = .25 (269) = 67$, rounded down
- Minimum Very Low Income Units = 23 units
 $0.13 \text{ (third round obligation - proposed bonuses - prior round surplus (built affordable units))} = .13(269 - 67 - 27) = 23$, rounded up
*P.L.2008, c.46 amended the Fair Housing Act to require 13% of all third round units to be reserved for very low income households.

As summarized in Table 23, Proposed Third Round Compliance Mechanisms, the Township proposes to address its 269-unit third round growth share obligation with the prior round surplus, 100% affordable family rental sites, 100% affordable senior rental sites, existing supportive shared living housing, and eligible bonuses. It is important to note that Cranbury Township anticipates developing 83 affordable units between the Route 130 D site and the future 100% affordable family rental site.



Table 23. Proposed Third Round Compliance Mechanisms

Cranbury's Third Round Compliance Mechanisms	2008 Proposed Plan (growth share = 269)
Prior Round Surplus	27
Family affordable rentals	
Old Cranbury Road (existing)	20
Route 130 D	29-48
Future site(s) to be determined	35-54
Senior affordable rentals (future site(s) to be determined)	67
Supportive Shared Living Housing (existing)	5
Third Round Bonuses	
Old Cranbury Road Compliance Bonus (1.0 each)	20
Route 130 D + Future Site(s) Rental Bonuses (1.0 for portion)	47
Total	269

Prior Round Surplus

Cranbury addressed its 217-unit prior round obligation with 244 COAH eligible RCAs, new construction credits and bonuses. Thus, the Township has a 27-unit surplus to apply to its 269-unit third round obligation.

Supportive and Special Needs Housing

Cranbury Township is eligible for five credits for a five bedroom supportive shared living housing located on Half Acre Road (Block 5, Lot 26). Established in 2006, this residence is operated by SERV Foundation system. SERV administers the facility, and fills vacancies using the Division of Mental Health Services (DMHS) waiting list.

The housing unit was donated to SERV Foundation by the previous owners on August 30, 2004, and the SERV Foundation upgraded the unit to meet the NJ building code. SERV is a contractor to the DMHS and receives DMHS operational funding. Additional crediting information is available in Appendix B.



Affordable Housing Sites

Cranbury Township, Middlesex County, NJ December 2008



100% Affordable Housing Projects

Cranbury Township will address the 237-unit balance of its third round growth share through Municipally Sponsored Construction of a minimum of 103 affordable family rental units on three sites and a minimum of 67 units of age restricted affordable housing.

The Township proposes to continue its past practices of developing high quality affordable housing. Cranbury Township has excelled with the planning and development of 100% affordable housing projects in the first, second and even third round. Cranbury is committed to continuing to work with experienced and capable affordable housing developers to produce the necessary 100% affordable housing that is needed in the future.

To be fiscally prudent, the Township will maximize rental bonuses by developing family affordable rental units. COAH's third round rules do not permit bonuses on either family affordable sale units or any type of age-restricted (or senior) unit. Thus, by proposing a minimum of 103 family affordable rentals, Cranbury will be eligible for 47 rental bonuses that significantly help to address the 269 unit third round growth share.

Old Cranbury Road

CHA constructed a 20-unit family rental development on a 2.67-acre site on Old Cranbury Road (Block 20, Lot 10.01). The units are in six townhouse style structures and are surrounded by single-family age-restricted residences to the west and to the north, single-family residences also to the north and to the east, across Old Cranbury Road, and to the south. The construction applications were submitted in advance of October 1, 2006, and are not subject to accessibility and adaptability requirements in the barrier free subcode. See map of the CHA Four Seasons Site. Additionally, the project received planning board approval on July 20, 2006, and as such is eligible for third round compliance bonuses in accordance with *NJAC 5:97-3.17*. (See Appendix C for a copy of the Planning Board Resolution PB No. 118-06).

COAH's Third Round rules at *NJAC 5:97-6.7* "Municipally Sponsored and 100 Percent Affordable Developments" are addressed as follows:

- ✓ Site Control – The Township transferred title of the property to CHA on July 9, 2007.



✓Site Suitability – The site plan received necessary planning board approvals and building permits. All 20 units received certificates of occupancy on July 24, 2008. Thus, the site meets COAH’s site suitability requirements at *NJAC 5:97-3.13* “Suitable Site”.

✓Administrative Entity - CHA is an experienced, private, non-profit corporation, owner and manager of affordable units throughout the Township since 1963. CHA currently administers all of Cranbury Township’s affordable units in accordance with COAH’s regulations. The units at Old Cranbury Road have 30-year affordability controls. Additionally, CHA commits to affirmatively marketing these units, income qualifying applicants, and providing long-term administration of the units in accordance with COAH’s rules at *NJAC 5:97 et seq.* and the Uniform Housing Affordability Controls (“UHAC”) per *NJAC 5:80-26*.

✓Low/Moderate Income Split – At least half of all the affordable units at Old Cranbury Road are affordable to low income households per *NJAC 5:97-3.3* and the UHAC at *NJAC 5:80-26*. Of the low income units, four units are affordable to very low income households.

✓Affirmative Marketing - CHA affirmatively marketed the units in accordance with COAH’s rules at *NJAC 5:97 et seq.* and the UHAC per *NJAC 5:80-26*.

✓Controls on Affordability – The units have 30-year affordability control deed restrictions in accordance with *NJAC 5:97 et seq.* and *NJAC 5:80-26*.

✓Bedroom Distribution – Old Cranbury Road meets the bedroom distribution requirement pursuant to UHAC requirements at *NJAC 5:80-26*.

✓Funding – Old Cranbury Road was funded through Township funds (including affordability assistance) and outside funding sources.

Route 130 D

This 4.0 acre site (Block 26, Lot 3) is located on State Highway Route 130 and is proposed to include between 29 and 48 affordable family rental units. Presently, the site is occupied by a dilapidated 2-story residence with a storefront and a portion at the rear of the site is a gravel parking lot and an overgrown field to the rear. The site is presently zoned Highway Commercial but is surrounded by single-family residential land uses to



the south along Ryan Road and to the west along Silvers Lane. A business use and residence are to the north and to the east, across Route 130 from the site are commercial structures including a hotel. See map of Route 130D Site. Although vehicular access will be restricted to Route 130 (except for emergency access to Ryan Road similar to that between Silvers Lane and Griggs Road), it is important to note that pedestrian access will be via Ryan Road to enable residents including school children to walk to school and Township parks and to access Cranbury Village through existing adjacent residential streets.

COAH's Third Round rules at *NJAC* 5:97-6.7 "Municipally Sponsored and 100 Percent Affordable Developments" are addressed as follows:

✓Site Control – The Township acquired the site from Ravi, LLC on June 7, 2007, and will transfer the title of the property to CHA.

✓Site Suitability – The site is suitable as defined in COAH's regulations at *NJAC* 5:97-3.13 "Suitable Site". There are no encumbrances which preclude the development of affordable housing on the property. The site is adjacent to residential land uses and other compatible land uses as noted above. The site has access to appropriate streets and appropriate pedestrian access throughout Cranbury. Water and sewer infrastructure are currently available at the site and there is sufficient water and sewer capacity in both the water system (New Jersey American Water Utility) and sewer system (Cranbury Township) according to the Township Engineer. The site can be developed consistent with the Residential Site Improvement Standards and other state regulations such as those of the Department of Environmental Protection ("DEP"). From a review of DEP's wetland mappings, there do not appear to be any wetlands on the property and the site is relatively flat. The site is located in Planning Area 2 ("PA2") of the adopted and proposed State Development and Redevelopment Plan Policy Map ("State Plan").

✓Request for Proposal – Cranbury Township entered into a Memorandum of Understanding with CHA on June 12, 2006, naming CHA as the developer of the Route 130 D site. See Appendix D for a copy of the signed Memorandum of Understanding.

Cranbury Affordable Housing Site - Route 130 D



Route 130 D: Block 26, Lot 3

Legend

 Wetlands	 Site	 Streams
 Lakes	 Municipal boundary	 Railroads

Source: New Jersey DEP, 2002 Orthophotography

Phillips Preiss Shapiro Associates, Inc.



✓Administrative Entity - CHA will administer and affirmatively market the units at the Route 130D site, income qualify applicants, place 30-year affordability controls on the units and provide long-term administration of the units in accordance with COAH's rules at *NJAC* 5:97 et seq. and the Uniform Housing Affordability Controls ("UHAC") per *NJAC* 5:80-26.

✓Low/Moderate Income Split – At least half of the affordable units developed by CHA will be affordable to low income households and an odd number of affordable units will always be split in favor of the low income unit per *NJAC* 5:97-3.3 and the UHAC at *NJAC* 5:80-26. Of the low income units at the Route 130 D site, at least four units will be affordable to very low income households.

✓Affirmative Marketing - CHA will affirmatively market the units in accordance with COAH's rules at *NJAC* 5:97 et seq. and the UHAC per *NJAC* 5:80-26.

✓Controls on Affordability – CHA will place 30-year affordability controls on the units in accordance with *NJAC* 5:97 et seq. and *NJAC* 5:80-26.

✓Bedroom Distribution – CHA will follow the UHAC requirements in developing the affordable units by providing no more than 20% one-bedroom units, a minimum of 20% three-bedroom units and the balance (at least 30%) two-bedroom units in accordance with *NJAC* 5:80-26.

✓Funding – CHA has developed pro forma statements for developing the minimum 29 affordable units (at least four of which will be available for households earning 30% or less of regional median income) and anticipates applying for various funding sources including but not limited to HMFA bond financing, Federal Low-income Housing Tax Credits, Balanced Housing funds, County HOME funds, Federal Home Loan Bank funds and conventional financing (see Appendix E, CHA Pro Forma Statements). Shortfall of funds will be addressed through the use of outside funding sources as set forth in "A Guide to Affordable Housing Funding Sources," dated October 2008, posted on COAH's website, or through bonding and/or appropriations as may be allowed by law.

✓Construction Schedule – CHA has proposed a construction schedule for the Route 130 D site that anticipates construction beginning in 2010. See Appendix F for the CHA Route 130 D Construction Schedules. The Construction Schedule notes each step in the development process, including preparation of a site plan, granting of municipal approvals, applications for State and Federal permits, and beginning



construction. CHA will be responsible for monitoring the construction and development activity.

Future 100% Affordable Family Rental Site(s)

The Township is also investigating infill sites in the Village and sites east of Route 130 for future site(s) for 100% affordable family rentals of 35 to 54 units.

The Township will submit the required documentation, including but not limited to documentation of site control, site suitability, a pro forma, and a construction schedule, for site(s) in accordance with its implementation schedule.

Future 100% Affordable Age Restricted Rental Site(s)

The Township is investigating infill sites in the Village and sites east of Route 130 for future site(s) for 100% affordable age restricted rentals of 67 units, at least 6 of which will be affordable to very low income seniors. The Township will submit the required documentation, including but not limited to documentation of site control, site suitability, a pro forma, and a construction schedule, for site(s) in accordance with its implementation schedule.

Very Low Income Units

Pursuant to the recent amendments to the Fair Housing Act, P.L.2008, c.46, municipalities must provide very low income units equal to 13% of the future units satisfying the third round obligation. Cranbury will satisfy its 23-unit very low income obligation with the 4 units at the Old Cranbury Road site, at least 4 units at the Route 130 D site, at least 4 units at the future family rental site, 5 units at the SERV supportive shared living housing and at least 6 units at the affordable senior rental site(s).

Affordable Units Meeting the Third Round Obligation

Cranbury has met its 269 unit third round obligation through a 27-unit prior round surplus, four 100% affordable housing developments and existing shared supportive living housing.



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- The 101 unit family obligation has been satisfied with 20 units at the Old Cranbury Road site, 29 to 48 units at the Route 130 D site and 35 to 54 units at future 100% affordable family rental site(s).
- The 68 unit rental obligation has been satisfied with 20 units at the Old Cranbury Road site, 5 units of shared supportive living housing (bedrooms), 29 to 48 units at the Route 130 D site, 35 to 54 units at future 100% affordable family rental site(s) and 67 units at future 100% affordable senior rental site(s).
- The 34 unit family rental obligation has been satisfied with the Old Cranbury Road site and the future Route 130 D site.
- The Township's plan includes 67 affordable age restricted units, which do not exceed the 67-unit senior cap.
- The Township has included 67 bonus credits (both compliance bonuses and rental bonuses).
- The Township has met the 23-unit very low income requirement with 5 units in the existing shared supportive living facility, 4 units at the Old Cranbury Road site, at least 4 units at the Route 130 D site, at least 4 units at future family rental site(s) and at least 6 units at 100% senior site(s).

Table 23. Affordable Units Meeting the Third Round Growth Share Obligation

Project	Family	Rental	Senior	Units	Bonus Credits	Total Credits
Prior Round Surplus						27
Special Needs						
SERV		x		5	0	5
100% Affordable Housing Projects						
Old Cranbury Road	x	x		20	20	40
Route 130 D Site	x	x		29-48	15-34	44-82
100% Family Affordable	x	x		35-54	13-32	48-86
100% Senior Affordable		x	x	67	0	67
Total				202	67	269



SUMMARY AND IMPLEMENTATION SCHEDULE

The rehabilitation program, to be administered by Middlesex County, will satisfy the Township's 6 unit rehabilitation obligation. The Township addressed its 217-unit prior round obligation with transferred RCAs in Rounds 1 and 2, existing family affordable rental and sale units, existing affordable age-restricted rental units, and previously granted second round rental bonuses and substantial compliance bonuses that continue to be eligible for credit against the prior round. In addition, an existing group home (1997) has been added to the Township's prior round compliance efforts. Cranbury will meet its 269-unit third round growth share obligation with the prior round surplus, three 100% affordable family rental sites, a 100% affordable senior rental project, existing supportive shared living housing, and eligible bonuses.

The Township will participate in Middlesex County's rehabilitation program, beginning in the year which COAH grants substantive certification to the Township (at the earliest in 2009) to satisfy the 6 unit rehabilitation obligation. As discussed, and pursuant to *NJAC 5:97-6.2(b)3.*, Cranbury Township will provide sufficient dollars to fund no less than half (3) of the municipal rehabilitation component by the middle of the substantive certification period, 2014.

All of the affordable units satisfying the prior round have been built and the funds for both RCAs in Rounds 1 and 2 have been transferred. Cranbury Township has also made substantial progress on constructing affordable units to meet its third round obligation. The supportive shared living housing and the Old Cranbury Road 100% affordable family rentals are completed. Additionally, the Township has acquired the Route 130 D site, and in accordance with the implementation schedule, construction should begin in 2010. The Township will work to identify additional sites for the 100% affordable family rental development(s) and 100% affordable senior rental project(s). The Township will implement the future municipally sponsored construction sites based on actual growth in the Township. Cranbury Township anticipates, based on actual and projected growth, that approximately 100 affordable units/bonuses will be needed at the time of the first plan evaluation, pursuant to *NJAC 5:96-10.1*. Table 24, Implementation Schedule, outlines the Township's timeline for meeting its third round fair share obligation. As shown on Table 24, the Township anticipates that it will provide approximately 100 affordable units/compliance bonuses by 2011 (earliest initial growth share evaluation) through the prior round surplus, existing supportive shared living arrangement, Old Cranbury Road credits and compliance bonuses and the Route 130D family rental site.



Table 24. Implementation Schedule

Program	Existing Units/ Bonuses	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total Units
Prior Round Surplus	27	0	0	0	0	0	0	0	0	0	0	27
SERV Supportive Shared Living	5	0	0	0	0	0	0	0	0	0	0	5
Old Cranbury Road Site	20	0	0	0	0	0	0	0	0	0	0	20
Old Cranbury Rd Compliance Bonus	20	0	0	0	0	0	0	0	0	0	0	20
Route 130 D Site	0	0	0	29-48	0	0	0	0	0	0	0	29-48
Future 100% Senior Rentals	0	0	0	0	0	0	67	0	0	0	0	67
Route 130D Rental Bonuses	0	0	0	0	0	0	15-34	0	0	0	0	15-34
Future 100% Family Rentals	0	0	0	0	0	0	0	0	0	35-54	0	35-54
Future 100% Rental Bonuses	0	0	0	0	0	0	0	0	0	13-32	0	13-32
Total Units/Bonuses	72	0	0	29-48	0	0	82-101	0	0	48-86	0	269



COST GENERATION

Cranbury Township's Land Development Ordinance has been reviewed to eliminate unnecessary cost generating standards; it provides for expediting the review of development applications containing affordable housing. Such expedition may consist of, but is not limited to, scheduling of pre-application conferences and special monthly public hearings. Furthermore, development applications containing affordable housing shall be reviewed for consistency with the Land Development Ordinance, Residential Site Improvement Standards (*NJAC 5:21-1 et seq*) and the mandate of the Fair Housing Act regarding unnecessary cost generating features. Cranbury Township shall comply with COAH's requirements for unnecessary cost generating requirements, *NJAC 5:97-10.2*, procedures for development applications containing affordable housing, *NJAC 5:97-10.3*, and requirements for special studies and escrow accounts where an application contains affordable housing, *NJAC 5:97-10.4*.



MONITORING

In accordance with *NJAC 5:96-11*, Cranbury Township shall complete the annual monitoring reports of the Affordable Housing Trust Fund and of the affordable housing units and programs. Furthermore, the Township will assist COAH with the biennial plan evaluation, pursuant to *NJAC 5:96-10*, where the actual growth of housing units and jobs is compared to the provision of affordable housing beginning two years from substantive certification. If upon biennial review, the difference between the number of affordable units constructed or provided in the Township and the number of units required pursuant to *NJAC 5:97-2.4* results in a pro-rated production shortage of 10 percent or greater, the Township is not adhering to its implementation schedule pursuant to *NJAC 5:97- 3.2(a)4*, or the mechanisms addressing the projected growth share obligation no longer present a realistic opportunity for the creation of affordable housing, the Township may be required by COAH to amend its plan in conformance with *NJAC 5:96-14* to address the affordable housing obligation set forth in *NJAC 5:97-2.5*.



FAIR SHARE ORDINANCES AND AFFIRMATIVE MARKETING

The Township of Cranbury has prepared an Affirmative Marketing and Fair Share Ordinance in accordance with COAH's substantive rules, *NJAC 5:97-9*, and the Uniform Housing Affordability Controls (hereinafter "UHAC") at *NJAC 5:80-26*. The Township's Fair Share Ordinance will govern the establishment of affordable units in the Township as well as regulating the occupancy of such units. The Fair Share Ordinance covers the phasing of affordable units, the low/moderate income split, bedroom distribution, occupancy standards, affordability controls, establishing rents and prices, affirmative marketing, income qualification, etc.

To conduct affirmative marketing and monitoring of affordable units, the Township currently contracts with Cranbury Housing Associates (CHA) for the administration of existing affordable units in the Township and the units at the Old Cranbury Road site and proposed units at the Route 130 D site, with the exception of the supportive and special needs housing units, which will be administered by SERV Foundation, Inc. The Township anticipates entering into a similar contract with an experienced housing provider and administrator for future affordable housing units.

The affirmative marketing plan is designed to attract buyers and/or renters of all majority and minority groups, regardless of race, creed, color, national origin, ancestry, marital or familial status, gender, affectional or sexual orientation, disability, age or number of children to the affordable units located in the Township. Additionally, the affirmative marketing plan is intended to target those potentially eligible persons who are least likely to apply for affordable units and who reside in Housing Region #3, consisting of Hunterdon, Middlesex and Somerset Counties.

The affirmative marketing plan includes regulations for qualification of income eligibility, price and rent restrictions, bedroom distribution, affordability control periods, and unit marketing in accordance to *NJAC 5:80-26*. All newly created affordable units will comply with the thirty-year affordability control required by UHAC, *NJAC 5:80-26-5* and *5:80-26-11*. This plan must be adhered to by all private, non-profit or municipal developers of affordable housing units and must cover the period of deed restriction or affordability controls on each affordable unit. The costs of implementing the affirmative marketing plan (i.e., the costs of advertising the affordable units, etc.) are the responsibilities of the developers of the affordable units. This requirement is included in the Township's fair share ordinance and shall be a condition of any municipal development approval.



AFFORDABLE HOUSING TRUST FUND

The Township has collected development fees since October 5, 1994, when COAH approved the Township's first development fee ordinance. The ordinance has been amended multiple times since then. Most recently, the Township revised its development fee ordinance pursuant to COAH's rules at *NJAC 5:94-6.14(c)* to increase the residential development fees equal to 1.0% of the equalized assessed value of new residential construction and nonresidential development fees equal to 2.0% of the equalized assessed value of new nonresidential construction. However, as of July 17, 2008, the passage of amendments to the Fair Housing Act (P.L.2008, c.46), the Township may only collect nonresidential development fees equal to 2.50% of the equalized assessed value of new nonresidential construction and in accordance with particular conditions and exemptions of the Act. In order to comply with these amendments to the Fair Housing Act, the Township is requesting approval of an amended development fee ordinance that will increase the nonresidential development fee to 2.5%. Additionally, the revised development fee ordinance will increase the residential development fee to 1.5% pursuant to *NJAC 5:97-8.3*. (See Appendix G for the Revised Development Fee Ordinance).

The Township's spending plan, which discusses anticipated revenues, collection of revenues, and the use of revenues, was prepared in accordance to *NJAC 5:97-8.10* (See Appendix H for the Spending Plan). Collected revenues will be placed in the Township's Affordable Housing Trust fund and will be dispensed for the use of affordable housing activities. Pursuant to the Township's plan, Cranbury Township may use the funds in the trust fund for the below listed items, pursuant to *NJAC 5:97-8.7(a)*:

- Rehabilitation program;
- New construction of affordable housing units and related development costs;
- Extensions or improvements of roads and infrastructure directly serving affordable housing development sites;
- Acquisition and/or improvement of land to be used for affordable housing;
- Purchase of existing market rate or affordable housing for the purpose of maintaining or implementing affordability controls, such as in the event of foreclosure;
- Green building strategies designed to be cost-saving for low- and moderate income households, either for new construction that is not funded by other sources, or as part of necessary maintenance or repair of existing units;



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- Maintenance and repair of affordable housing units;
- Repayment of municipal bonds issued to finance low- and moderate-income housing activity; and
- Any other activity as specified in the approved spending plan.
- Affordability assistance.

At least 30% of collected development fees, excluding expenditures made from the inception of the fund to June 2, 2008 on all new construction, previously funded RCAs and rehabilitation activities, may be used to provide affordability assistance to low- and moderate-income households in affordable units included in a municipal Fair Share Plan. Additionally, no more than 20% of the revenues collected from development fees each year, exclusive of the fees used to fund an RCA, shall be expended on administration, including, but not limited to, salaries and benefits for municipal employees or consultant fees necessary to develop or implement a rehabilitation program, a new construction program, a housing element and fair share plan, and/or an affirmative marketing program.

Cranbury Township intends to spend development fee revenues pursuant to *NJAC 5:97-8.7* and in conjunction with the housing programs outlined in this document. Cranbury Township currently has approximately \$230,000 in the housing trust fund and anticipates an additional \$6.024 million in revenues before the expiration of substantive certification, for a total of \$6.25 million. The municipality will dedicate the anticipated development fee revenues and will seek outside funding sources to cover the potential costs of its affordable housing programs [a maximum of \$19.7 million [(150 future third round units x \$116,666) + \$60,000 for the rehabilitation program + \$2 million for affordability assistance]. Shortfall of funds will be addressed through the use of outside funding sources as set forth in "A Guide to Affordable Housing Funding Sources," dated October 2008, posted on COAH's website, or through bonding and/or appropriations as may be allowed by law.

APPENDICES

Appendix A

Council on Affordable Housing (COAH)
Alternative Living Arrangement Survey

Municipality: Cranbury Township_____

County: Middlesex_____

Sponsor: SERV Centers of New Jersey, Inc. Developer: SERV Properties and Management, Inc.

Block: 25_____ Lot: 5.01_____ Street Address 210 Dey Road

Facility Name: SERV Group Home_____

Type of Facility:

- ☐ Group Home for developmentally disabled as licensed and/or regulated by the NJ Dept. of Human Services (Division of Developmental Disabilities (DDD))
- ☒ Group Home for mentally ill as licensed and/or regulated by the NJ Dept. of Human Services (Division of Mental Health Services) (DMHS))
- ☐ Transitional facility for the homeless
- ☐ Residential health care facility (licensed by NJ Dept. of Community Affairs or NJ Dept. of Human Services)
- ☐ Congregate living arrangement
- ☐ Other – Please Specify: _____

Sources of funding committed to the project (check all that apply):

- ☒ Capital funding from State – Amount \$ _____
- ☐ Balanced Housing – Amount \$ _____
- ☐ HUD – Amount \$ _____
- ☐ Federal Home Loan Bank – Amount \$ _____
- ☐ Farmers Home Administration – Amount \$ _____
- ☐ Development fees – Amount \$ _____
- ☐ Bank financing – Amount \$ _____
- ☐ Other – Please specify: _____

☐ Please provide a pro forma for proposed projects

of total bedrooms 6_____

of low-income residents 6_____

of moderate-income residents _____

of market residents _____

Residents qualify as low or moderate income?

☒ Yes ☐ No

Length of Controls: 20 years 8 months

Effective Date of Controls: 4/20/97

Expiration Date of Controls: 12/31/2017

Average Length of Stay: _____ months (transitional facilities only)

☒ CO Date: 1997

Indicate licensing agency:

☐ DDD ☒ DMHS ☐ DHSS ☐ DCA

Initial License Date: 5/1/97

Current License Date: 5/17/08

The following verification is attached:

- ☐ Copy of deed restriction (30-year minimum, HUD, FHA, FHLB, BHP deed restriction, etc.)
- ☒ Copy of Capital Application Funding Unit (CAFU) Letter (20-year minimum, no deed restriction required)
- ☐ Award letter/financing commitment (proposed new construction projects only)

Residents 18 yrs or older? ☒ Yes ☐ No

Age-restricted? ☐ Yes ☒ No

Population Served (describe): Individuals Living with Mental Illnesses _____

Accessible (in accordance with NJ Barrier Free Subcode)? ☐ Yes ☒ No

Affirmative Marketing Strategy (check all that apply):

☒ DDD/DMHS/DHSS/DCA waiting list

☐ Other (please specify): _____

CERTIFICATIONS

I certify that the information provided is true and correct to the best of my knowledge and belief.

Certified by:

Levi V. Hamill
Project Administrator

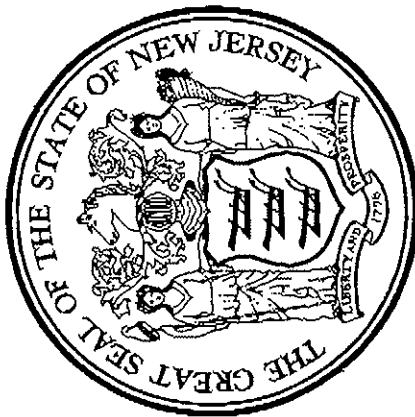
11/6/08
Date

Certified by:

Municipal Housing Liaison

Date

License Number: 50004-M40-10-40



*State of New Jersey
Department of Human Services*

License

*SERV Centers of New Jersey, Inc.
380 Scotch Road
West Trenton, NJ 08628*

*In accordance with Department of Human Services regulations N.J.A.C. 10:37 A,
is hereby licensed to operate*

*Adult Group Home
for 11 Residents
at
210 Dey Road
Cranbury, NJ 08512*

This license is effective from May 17, 2007 to May 16, 2008.


Jennifer Velez, Acting Commissioner

STATE OF NEW JERSEY - DEPARTMENT OF HUMAN SERVICES

STANDARD LANGUAGE

FUNDING AGREEMENT FOR CONSTRUCTION, PURCHASE, OR
PURCHASE AND RENOVATION OF COMMUNITY-BASED FACILITIES

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AGREEMENT effective as of the date recorded on the signature page between the New Jersey Department of Human Services (the "Department") and the signatory agency (the "Agency") identified on the signature page.

WHEREAS the New Jersey Legislature has from time to time authorized the Department to expend such funds as are appropriated for the construction, purchase, or purchase and renovation of Community-Based facilities for certain Department Clients; and

WHEREAS the Department has established a capital funding program to carry out such authorizations; and

WHEREAS the Agency, as a Community-Based private agency or a local government agency, is eligible and desires to utilize funding under the aforementioned appropriations;

THEREFORE the Department and the Agency agree as follows:

I. DEFINITIONS

For the purposes of this document, the following terms, when capitalized, shall have meanings as stated:

Agreement means this document, the Annex(es), all additional appendices and attachments (including the Mortgage and any approved assignments, subcontracts, amendments and modifications) and all supporting documents. The Agreement constitutes the entire agreement between the parties.

Agreement Ceiling means the amount so designated in the Annex(es) and reflects the total amount of funding committed by the Department under this Agreement.

Agreement Funds means funds committed by the Department to the Agency pursuant to this Agreement.

Annex(es) means the attachment(s) to this document containing at least the following information: a description of the Project; schedules for Project implementation and completion, Agency reporting of Project progress and Expenditures, and payment of Agreement Funds by the Department to the Agency; the commencement and expiration dates of the Agreement and the Project Period; the time period during which use of the Facility shall be restricted pursuant to the terms of Section 3.05 Facility Restrictions; the names of the Project director, the Agency officer authorized to sign this document and any other documents and papers under this Agreement, and the persons to whom Notices shall be directed; the title(s) of the Department officer(s) authorized to sign this document and any other documents and papers under this Agreement; the duties and responsibilities of the Project director; the Project budget, identifying both the Total Project Cost and the Agreement Ceiling; the sources and amounts of all funds supporting the Project; and a description of the services required to be provided in the Facility subsequent to its inspection and approval by the Department or the Division and subsequent to any required licensure. Copies of the forms of the mortgage and promissory note to be executed pursuant to Section 5.01 Mortgage Execution are appended to the Annex(es).

Community-Based means those service delivery programs or facilities which are not located on the grounds of or operated by a State institution.

Current Fair Market Value means the value of the Facility as determined by a reputable real estate appraiser approved by the Department. All appraisals must be independent of any influence either by the Agency or the Department. When used in connection with the satisfaction of the Mortgage, the Current Fair Market Value must be determined as close in time as possible to the date of such satisfaction.

Days means calendar days.

Department Clients means, as appropriate, clients of the Division of Youth and Family Services, the Division of Mental Retardation or the Division of Mental Health and Hospitals.

Division means, as appropriate, the Division of Youth and Family Services, the Division of Mental Retardation or the Division of Mental Health and Hospitals.

Facility means the building constructed, purchased, or purchased and renovated in whole or in part under this Agreement and includes the land on which such building is situated.

Mortgage means the mortgage or mortgages executed pursuant to Section 5.01 Mortgage Execution and also includes the promissory note(s) secured by such mortgage(s).

Notice means an official written communication between the Department or the Division and the Agency. All Notices shall be delivered in person or by certified mail, return receipt requested, and shall be directed to the persons at the addresses specified for such purpose in the Annex(es) or to such other persons as either party may designate in writing.

Project means the project described in the Annex(es) for construction, purchase, or purchase and renovation of a Community-Based facility for Department Clients and may include acquisition of land for such purpose. The Project may be wholly or partially financed with Agreement Funds.

Project Expenditures (also Expenditures) means expenditures made by the Agency in accordance with the Project budget contained in the Annex(es).

Project Period means the period, specified in the Annex(es), which spans the time from implementation to completion of the Project.

State means the State of New Jersey.

Total Project Cost means the amount so designated in the Annex(es) and reflects the total cost of the Project. If the Agency provides or obtains funding in addition to Agreement Funds to support the Project, the Total Project Cost will exceed the Agreement Ceiling by the amount of such additional funds.

II. BASIC OBLIGATIONS OF THE DEPARTMENT

Section 2.01 Payment. Payment of Agreement Funds to the Agency shall be in accordance with Article VI of this document.

Section 2.02 Inspection and Monitoring. The Department or its designee shall inspect the Project site and shall monitor Project activities for conformity with the terms of this Agreement, as well as with all other applicable Departmental specifications.

Section 2.03 Referenced Materials. Upon written request of the Agency, the Department or the Division shall make available to the Agency copies of federal and State regulations and other materials specifically referenced in this document.

III. BASIC OBLIGATIONS OF THE AGENCY

Section 3.01 Project Implementation and Completion. The Agency shall implement and complete the Project in accordance with the schedule outlined in the Annex(es).

Section 3.02 Expenditure of Agreement Funds. The Agency shall expend Agreement Funds for the Project in accordance with the budget contained in the Annex(es) and for no purpose other than as reflected therein. Salaries and travel expenses for Agency employees shall not be paid by Agreement Funds, except as may be specifically approved by the Department and budgeted in the Annex(es).

With exceptions only as expressly approved by the Department, the Agency may expend Agreement Funds only during the Project Period specified in the Annex(es). When circumstances force Agency expenditures for Project-related activities prior to the Project Period, such circumstances shall be documented by the Agency and forwarded in writing to the Department. At the discretion of the Department, part or all of such expenditures may be recoverable from Agreement Funds. The Department makes no assurance that it shall permit such recovery.

Section 3.03 Mortgage. The Agency shall execute and satisfy a Mortgage in accordance with Article V of this document.

Section 3.04 Matching Funds. The Department may require that the Agency provide or obtain matching funds for the Project. Any required Agency match shall be provided in accordance with Departmental specifications, and the source(s) and amount(s) of such match shall be recorded in the Annex(es).

Section 3.05 Facility Restrictions. The Agency shall maintain the Facility as an approved facility for Department Clients for a period of time stipulated by the Department in accordance with written Division policies. Such time period constitutes the Agreement term and is recorded in the Annex(es). Unless otherwise stipulated in the Annex(es), the Agency shall reserve 100 percent of the Facility's maximum client capacity for Division referrals, except during such times as the Division may determine that a lesser percent is adequate.

Section 3.06 Project Director. Under the direction of the Agency's governing body, the Project director named in the Annex(es) shall be responsible for all Project activities.

Section 3.07 Documents and Information. The Agency shall furnish the Department or the Division with all documents and information required by this Agreement, as well as with any additional material which may be considered necessary by the Department or the Division in support of the Agreement.

Section 3.08 Compliance with Laws. In fulfilling its commitment under this Agreement, the Agency shall comply with all applicable federal, State and local laws, rules and regulations (collectively, "laws"), including but not limited to the following: the federal Civil Rights Act of 1964, as amended; P.L. 1933, Chapter 277, of the State of New Jersey, as amended (N.J.S.A. 10:2-1 et seq.) and P.L. 1975, Chapter 127, of the State of New Jersey (N.J.S.A. 10:5-31 et seq.) pertaining to affirmative action and nondiscrimination in public contracts; the federal Equal Employment Opportunity Act; Section 504 of the federal Rehabilitation Act of 1973 pertaining to nondiscrimination on the basis of handicap; the federal Age Discrimination Act of 1975; and the New Jersey Conflicts of Interest Law (N.J.S.A. 52:13D-12 et seq.), including but not limited to those sections pertaining to contracting, solicitation and the provision of inducements to State legislators, officers or employees. In addition, the Agency shall comply with all applicable State and local laws relating to licensure, with standards specified by the Department as appropriate to the Facility, and with all applicable policies and procedures issued by the Department or the Division.

IV. SERVICE CONTRACT

The execution of this Agreement shall require execution of separate contract(s) or affiliation agreement(s) for the provision of services in the Facility. The parties to such service contract(s)

or agreement(s) shall be the Division and the Agency or, alternatively, the Division and another entity approved by the Division. The services to be provided in the Facility are described in the Annex(es).

This Article, in conjunction with Section 3.05 Facility Restrictions, binds the Agency to make the Facility available for the provision of Department-approved services for the entire term of the Agreement. This Article shall not be construed, however, to obligate the Division or the Department to continue to fund such services throughout the Agreement term. The Division may choose or may be forced to discontinue such funding; and such discontinuance may, at the option of the Department, result in termination of this Agreement. Should such termination occur, the Department may act in accordance with any appropriate option set forth in Section 5.02 Mortgage Satisfaction.

V. MORTGAGE

Section 5.01 Mortgage Execution. The Agency shall execute and deliver to the Department a promissory note and a mortgage against the Facility. Execution of such documents shall be authorized by a resolution of the Agency's governing body. The amounts of both the note and the Mortgage shall be equal to the Agreement Ceiling. At the conclusion of the Project Period, should the actual amount of Project Expenditures approved for payment by the Department differ from the Agreement Ceiling as budgeted in the Annex(es), an additional note and an additional mortgage shall be executed by the Agency in the amount actually paid or approved for payment in excess of the original Agreement Ceiling. The original Mortgage and any additional Mortgage shall be filed by the Agency for recording in the county in which the Facility is located, and proof of such filing shall be delivered to the Department within seven Days thereafter. The original Mortgage and any additional Mortgage shall continue in full force and

amount until or unless the Department acts in accordance with any of its options set forth in Section 5.02 Mortgage Satisfaction.

Section 5.02 Mortgage Satisfaction. The Department may, upon expiration or termination of the Agreement, exercise any of the following options:

- (a) If the Agreement Ceiling equals the Total Project Cost, the Department may require that the Agency transfer the Facility's title either to the Department or to an entity designated by the Department.
- (b) If the Agreement Ceiling is less than the Total Project Cost, the Department may pay the Agency for the Agency's interest in the Facility, and upon such payment the Agency shall transfer the Facility's title either to the Department or to an entity designated by the Department. In such case, the amount of the Department's payment to the Agency shall be calculated by multiplying the Current Fair Market Value of the Facility by the percentage of the original investment represented by Agency funds.
- (c) Regardless of the relationship of the Agreement Ceiling to the Total Project Cost, the Department may require payment by the Agency to satisfy the Mortgage. If the Agency must sell the Facility in order to satisfy the Mortgage, and if the proceeds of such sale are less than the amount of the Mortgage, the Department's fair share of such proceeds shall be deemed to satisfy the Agency's indebtedness under the Mortgage. The Department's fair share of the sale proceeds shall be the same percentage as the percentage of the original investment represented by Department funds. No amount less than the full amount of the Mortgage shall be deemed to satisfy the Agency's indebtedness to the

Department unless the Agency furnishes the Department with an appraisal indicating the Current Fair Market Value at the time of such sale and unless the Department is satisfied that the sale price was reasonable in light of such appraisal.

VI. PAYMENT

Section 6.01 General Payment Obligation. Except as otherwise limited or precluded in this Agreement, and contingent upon satisfactory fulfillment of the Agency's obligations as set forth in Section 3.01 Project Implementation and Completion, the Department shall pay the Agency the lesser of (a) the Agreement Ceiling or (b) an amount which bears the same percentage relationship to aggregate Project Expenditures as the Agreement Ceiling bears to the Total Project Cost.

Section 6.02 Method and Schedule of Payment. The Agency shall be paid under this Agreement in accordance with the method and schedule outlined in the Annex(es). Where applicable, the Department reserves the right to require written verification from the Project architect, contractor or other appropriate person, certifying the percentage of the Project completed to the date of Agency billing. In addition, the Department may require copies of statements from parties involved in Project activities.

Section 6.03 Payments Conditional. All payments by the Department under this Agreement shall be subject to revision on the basis of an audit conducted under Section 7.04 Audit.

VII. BOOKS AND RECORDS; REPORTING REQUIREMENTS; VISITATION AND INSPECTION; AUDIT

Section 7.01 Books and Records. The Agency shall maintain such books, records and accounts as are considered necessary by the

Department to ensure an accurate and adequate accounting of all receipts, expenditures and available funds, regardless of their source, relating to the Project. A separate bank account shall be established for Agreement Funds to ensure that they are identifiable for monitoring and auditing purposes and that co-mingling of Agreement Funds does not occur.

All books, records and documents of any kind pertaining to this Agreement shall be retained by the Agency for a minimum of four years after expiration or termination of the Agreement or ten years after completion of the Project, whichever is later. Such requirement can be waived only by written authorization of the Department.

Section 7.02 Reporting Requirements. The Agency shall report Project progress and Expenditures to the Department in accordance with the schedule and procedures established in the Annex(es).

Section 7.03 Visitation and Inspection. The Agency's books, records and facilities, as well as the Project site itself, shall be available for inspection by authorized representatives of the Department, the Division and any other appropriate unit, agency or agent of State or local government. At the discretion of the Department, visitations and inspections may be at any time and may be announced or unannounced. The Agency's obligation to make available its books and records for on-site inspection, however, shall be limited to regular business hours.

Section 7.04 Audit. At any time during the Agreement term, the Agency's overall operations, its compliance with specific Agreement provisions, and the operations of any assignees or subcontractors engaged by the Agency under Section 10.01 Assignment and Subcontracts may be subject to audit by the Department, by any other appropriate unit or agency of State government, or by a private firm retained or approved by the Department for such purpose.

Whether or not such audits are conducted during the Agreement term, a final financial and compliance audit of Project operations, including the relevant operations of any assignees or subcontractors, shall be conducted. Generally such audit shall be initiated within two years after expiration of the Project Period. Should extraordinary circumstances prevent this from occurring, the final audit shall commence as soon as feasible thereafter. The final audit shall be performed by a unit or agency of State government or by a private firm retained for such purpose by the Department or the Agency and shall follow guidelines issued by the Department. Final financial settlement of this Agreement shall be contingent upon the findings of the final audit.

All provisions of Section 7.03 Visitation and Inspection shall apply to the Agency and to any assignees or subcontractors in the case of any visitations or inspections made for the purpose of audit. The Department reserves the right to have access to all written material, including but not limited to work papers, generated in connection with any audit conducted. Should the Agency retain a private auditing firm, the Agency shall ensure that the instrument used to engage such firm contains express reference to the Department's right of access pursuant to this section.

VIII. AGREEMENT TERM; PROJECT PERIOD; AMENDMENTS AND MODIFICATIONS;
CLOSEOUT

Section 8.01 Agreement Term. This Agreement shall commence and expire on the dates specified in the Annex(es). The Agreement's expiration date shall coincide with the date on which the Agency shall have satisfied its obligation to the Department as established pursuant to the terms of Section 3.05 Facility Restrictions and recorded in the Annex(es).

Notwithstanding the foregoing, the Department and the Agency retain the right, during the Agreement term, to terminate this Agree-

ment upon six months' Notice to the other. Should such termination occur, the Department may act in accordance with any appropriate option set forth in Section 5.02 Mortgage Satisfaction.

Section 8.02 Project Period. The Project Period shall commence on the same date as the Agreement and shall expire on the date specified in the Annex(es). The Project Period may be extended only upon written authorization of the Department.

Section 8.03 Amendments and Modifications. Except as may otherwise be provided for in this document, all amendments and modifications to the terms of this Agreement shall be consistent with Department or Division policies and shall be accomplished by means of a written agreement signed by the parties' authorized agents identified in the Annex(es). All written amendments and modifications shall become part of this Agreement and shall be appended to this document.

Section 8.04 Closeout. All financial accounts under this Agreement, with the exception of the Mortgage, shall be settled as accurately as possible within 90 Days after expiration of the Project Period and shall be settled finally based upon the findings of the final audit conducted under Section 7.04 Audit. Any unexpended Agreement Funds in the possession of the Agency shall be returned to the Department within the 90-Day closeout period. The Mortgage shall be satisfied in accordance with Section 5.02 Mortgage Satisfaction.

Except as may otherwise be provided for in this document, all non-financial obligations of both parties shall continue after the Project Period and shall cease on the effective date of expiration or termination of the Agreement.

IX. DEFAULT

Section 9.01 Causes. The occurrence of any of the following shall be considered by the Department as Agency default of this Agreement:

- (a) Agency failure, judged to be substantial by the Department, to abide by Project specifications stipulated in the Annex(es);
- (b) Agency failure, judged to be substantial by the Department, to adhere to the schedule established in the Annex(es) for Project implementation and completion;
- (c) any Agency use of Agreement Funds for purposes other than as approved by the Department and specified in the Annex(es);
- (d) Agency submission to the Department or the Division of reports or other documents that are inaccurate or incomplete in any material respect;
- (e) Agency refusal or failure to permit the Department, the Division or a designee of the Department to inspect the Agency's facilities, including the Project site, or to review and monitor Agency administrative records and operational practices;
- (f) Agency allowance, in the absence of Departmental approval, of the placement of any lien, mortgage or other encumbrance on the Facility during the term of this Agreement, other than as provided for in Section 5.01 Mortgage Execution or identified in the Annex(es);
- (g) Agency use of Agreement Funds to employ or otherwise compensate directly or indirectly any employee of the Department;
- (h) Department discovery, in the absence of Agency disclosure, of any pecuniary or personal interest by the Agency, its

officers, trustees, directors or employees in any assignment or subcontract executed pursuant to Section 10.01 Assignment and Subcontracts;

- (i) conduct or acts, including but not limited to alleged or adjudged criminal activity, on the part of the Agency, its officers, trustees, directors or employees, which are detrimental to the reputation of the Agency or the Department;
- (j) any Agency failure, judged to be substantial by the Department, to comply with the terms and conditions of this Agreement, including any failure to maintain an approved use of the Facility pursuant to Section 3.05 Facility Restrictions.

Section 9.02 Procedures. Upon occurrence of any of the events enumerated in Section 9.01 Causes, the Department shall give Notice to the Agency that it is in default of this Agreement and shall elect either to terminate the Agreement on a date of the Department's choosing or to invoke the remedy provision set forth in Section 9.03 Remedy. Should the Agreement be terminated pursuant to this section, the Department shall act in accordance with any appropriate option set forth in Section 5.02 Mortgage Satisfaction.

Section 9.03 Remedy. In lieu of terminating this Agreement in the event of default, the Department may advise the Agency, in the Notice of default, of specific measures the Agency must undertake to remedy the default by a date of the Department's choosing. Such date shall be no more than six months from the date of the Notice of default and may be extended only at the discretion of the Department and upon Notice to the Agency. The Department's election of this provision shall in no way limit or preclude its right to terminate the Agreement upon Notice to the Agency, should the Agency fail to adhere to the remedy measures or the time schedule specified in the Notice of default.

X. MISCELLANEOUS

Section 10.01 Assignment and Subcontracts. No rights or obligations of the Agency under this Agreement may be assigned or subcontracted by the Agency, nor may the Agency sell or transfer title to the Facility, except as may be provided within the terms of this Agreement or with the prior written approval of the Department. All approved assignments and subcontracts shall become part of this Agreement and shall be subject to its terms. The Agency shall bear full responsibility, without recourse to the State or any of its subdivisions, for performance under any approved assignment or subcontract. The Agency shall forward copies of all assignment and subcontract documents to the Department and shall retain copies of them on file together with this document.

Section 10.02 Procurement. The Agency shall bear full responsibility, without recourse to the State or any of its subdivisions, for the settlement and satisfaction of any issues arising from any procurement arrangement entered into in support of this Agreement.

Section 10.03 Insurance. The Agency and any assignees or subcontractors engaged in construction or renovation of the Facility shall obtain the following types of insurance in coverage amounts judged adequate by the Department and indicated in the Annex(es):

- (a) workers' compensation;
- (b) general liability, including completed operations, broad form property damage and broad form contractual coverage;
- (c) fire insurance with extended coverage, such coverage to be equal to the replacement value of the Facility without any co-insurance; and

(d) builder's risk, on an all-risk basis.

In addition, the Department may require the Agency and any assignees or subcontractors to obtain a completion bond and/or to maintain any other type of insurance coverage considered necessary by the Department. The State, which shall include the Department, shall be included as an additional named insured on any insurance policy applicable to the Project. The Department may require such proof of the required insurance and/or bond as it deems appropriate at any time during the Project Period.

Section 10.04 Indemnification. The Agency shall defend, indemnify and otherwise save harmless the State of New Jersey, its agencies, departments, bureaus, boards, officials and employees from any and all claims or actions at law, whether for personal injury, property damage or liabilities, including the costs of defense (a) which arise from acts or omissions, whether negligent or not, of the Agency or its agents, employees, servants, subcontractors, material suppliers or others working for the Agency, irrespective of whether such risks are within or beyond the control of the Agency, or (b) which arise from any failure to perform the Agency's obligations under this Agreement or any improper performance.

Notwithstanding the Agency's responsibilities outlined above in this section, the State reserves the right to provide its own attorney(s) to assist in the defense of any legal actions which may arise as a result of this Agreement.

Section 10.05 Insufficiency of Funds. The Agency and the Department recognize that this Agreement is dependent upon funding through State appropriations. The Department shall not be held responsible for any breach of this Agreement arising due to insufficiency of such appropriations.

Section 10.06 Exercise of Rights. A failure or a delay on the part of the Department or the Agency in exercising any right, power or privilege under this Agreement shall not waive that right, power or privilege. Moreover, a single or a partial exercise shall not prevent another or a further exercise of that or of any other right, power or privilege.

Section 10.07 Application of New Jersey Law. The parties to this Agreement hereby acknowledge that this Agreement is governed by New Jersey law, including the provisions of the New Jersey Contractual Liability Act (N.J.S.A. 59:13-1 et seq.) governing the Department's liability in any dispute that may arise under this Agreement.

Section 10.08 Title to Facility. The title to the Facility shall be and remain in the Agency until such time as the Agreement has expired or been terminated for any reason. At such time, the Department's choosing of certain options set forth in Section 5.02 Mortgage Satisfaction may result in transfer of the Facility's title either to the Department or to an entity designated by the Department.

Section 10.09 Renewability. Upon expiration of the Agreement term specified in the Annex(es), this Agreement may be renewed only on the condition that such renewal is desired and its terms are fully agreed upon by both the Department (or its successor) and the Agency in a renewal agreement. Nothing either explicit or implicit in this Agreement shall be construed as granting to the Agency an automatic right of renewal. The Department reserves the right, for any reason whatsoever, to refrain from renewing this Agreement.

Should the Agreement be renewed in accordance with the terms of this section, the Mortgage shall also be renewed; and the Agency's liability to satisfy the Mortgage shall continue under and be governed by the renewal agreement.

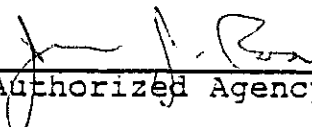
AGREEMENT SIGNATURES AND DATE

The terms of this Agreement have been read and understood by the persons whose signatures appear below. The parties agree to comply with the terms and conditions of the Agreement as set forth in Article I through Article X above.

BY:

Assistant Commissioner, New Jersey
Department of Human Services

BY:

 L.S.
Authorized Agency Representative

NAME: James Rose, CPA

TITLE: Chairperson, Board of Directors

AGENCY: SERV Centers of New Jersey

ADDRESS: 532 West State Street

Trenton, NJ 08618

AGREEMENT DATED:

COMMUNITY FACILITY GRANT AGREEMENT - ANNEX A
(Project Number M94-01-97)

ANNEX A is written in accordance with the definitions provided within Article I, DEFINITIONS, for the terms "Agreement" and "Annex(es)" as listed on Pages 1 and 2 of the DEPARTMENT OF HUMAN SERVICES' AGREEMENT document - FUNDING AGREEMENT FOR CONSTRUCTION, PURCHASE, OR PURCHASE AND RENOVATION OF COMMUNITY-BASED FACILITIES. ANNEX A is a part of that Agreement between the New Jersey Department of Human Services and SERV Centers of New Jersey, Inc., and is subject to its terms. As used within ANNEX A of this Agreement, the term "Division" means the Division of Mental Health Services within the Department of Human Services. The contents of ANNEX A are contained in Pages A1 through A10.

AGENCY:

SERV Centers of New Jersey, Inc.
532 West State Street
Trenton, NJ 08618

**AUTHORIZED AGENCY
REPRESENTATIVE:**

James Rose, CPA
Chairperson, Board of Directors

PROJECT DIRECTOR:

Douglas Halverson
Vice President
Adult Clinical Services

**AUTHORIZED DEPARTMENT
REPRESENTATIVE:**

The Assistant Commissioner
New Jersey Department of Human Services

NOTICES DIRECTED TO:

FOR THE AGENCY:

The Project Director (above)

FOR THE DEPARTMENT:

Frank C. DeVito
Capital Program Supervisor
Division of Mental Health Services
CN 727
Trenton, NJ 08625

PROJECT PERIOD:

Eight (8) months

AGREEMENT PERIOD:

20 years, 8 months

COMMENCING:

ENDING:

PROJECT SCOPE AND SERVICES TO BE PROVIDED

Under the terms of this Agreement, SERV Centers of New Jersey, Inc. (the Agency), is entitled to receive \$298,600 in Agreement Funds to be applied to the acquisition (purchase price - \$285,000, closing and related fees and expenses - \$4,600) and necessary architectural services (\$9,000) for the development of an adult community residence located at 210 Dey Road, Cranbury, New Jersey.

The aforementioned residence will house eight (8) adult clients, from Marlboro Psychiatric Hospital, who have been designated for community placement as part of the Division's Systems Redirection and Closure Project. The Agency will operate the home as a community residence for a period of 20 years, pursuant to the terms of this Agreement and N.J.S.A. 40:55D-66.1 et seq. Throughout the term of this Agreement, the Agency agrees to provide residential services in accordance with the Rules and Regulations Governing Community Mental Health Services and State Aid under the Community Mental Health Services Act (N.J.S.A. 30:9A et seq.), and in accordance with the Consolidated Funding Agreement issued by the New Jersey Division of Mental Health Services. The home will be operated in accordance with all applicable State and local requirements. Staff will be present and will provide supervision of the residence at all times when clients are at the site.

The Division will present the Project, at a later date, to the Department's Capital Facilities Approval Unit (CFAU) for Contract Approval regarding the necessary renovations. Subsequent renovation work will be based upon the preliminary renovation cost estimate agreed upon by the CFAU on April 9, 1997. The necessary Agreement Funds for renovation will be encumbered only after final plans, bid material, the proposed AIA construction contract, and the appropriate amendment to this Agreement are approved by the Department.

ANNEX A DOCUMENTS AND CORRESPONDENCE

The following is a list of documents and correspondence containing information and data which has contributed to the formulation of the Agreement. Other information, which may not be listed but is included within the project file, M94-01-97, has also been utilized in forming this Agreement. During the Agreement Period, as a condition for the fulfillment of its obligations under this Agreement, the Department reserves the right to request any additional information and documentation which may be related to the terms of this Agreement. These shall be received as support documents which pertain to the various components of this Annex and are therefore subject to the terms of this Agreement.

1. The Division's completed Community Capital Program Application and required supporting documents submitted by the Agency.
2. The Department of Human Services' Application to the Capital Facilities Approval Unit, Funds for Purchase, Renovation or Construction.
3. The Department's Office of Facilities Support Services Inspection Checklist.

4. Appraisal Report, dated July 29, 1996, for 210 Dey Road, Cranbury, NJ (appraised at \$300,000) from Martin Appraisal Associates, Inc.
5. Home Inspection Report by Ruha Engineers, dated July 10, 1996.
6. Termite Inspection Report performed by Williams Termite and Pest Control dated July 9, 1996.
7. Final sales agreement, dated November 23, 1996, for Block 25, Lot 5.01 (210 Dey Road, Cranbury, NJ).
8. Architectural services and renovations estimates by John Zvosec, dated February 12, 1997.
9. Project Summary, DMHS Community Capital Unit to All Members of the Department's Capital Facilities Approval Unit, presented and approved April 9, 1997.
10. Copies of all closing documents relating to the Agency's purchase of 210 Dey Road, Cranbury, N.J.
11. A copy of the Agency's insurance policy for the new facility, in accordance with Section 10.3 of this Agreement.
12. A copy of the executed AIA Document B141, Standard Form of Agreement Between Owner and Architect.
13. Preliminary and Final Architectural Plans and Specifications, Bid instructions and requirements, and all amendments and supplements thereto for the renovation of the new facility, submitted to the Department for review.
14. Copies of Bid Advertisements, all bid proposals and materials, and all bid information and results submitted to the Department for review.
15. Review of the Final Plans and Specifications by the local building official, with a copy of the building permit(s), issued by the Cranbury Township construction official, issued prior to the start of construction and the issuance of Agreement Funds for Renovation.
16. Copies of the proposed and finalized AIA Construction Contract between the Agency and the selected construction contractor; the labor, materials, and performance bonds; and contractor insurance documentation in accordance with Article X, Section 10.03 Insurance and Section 10.04 Indemnification of this Agreement.
17. A copy of the Certificate of Occupancy, following completion of renovation work, issued to the Agency by the Cranbury Township construction official.

18. Following the completion of renovation work, in accordance with Section 10.03 of this Agreement, the Agency will submit copies of the required fire and hazard insurance coverage for the replacement value of the facility.
19. All documents and correspondence which must be supplied, as available, by the Agency and any assignees, in accordance with the terms of this Agreement.

DUTIES AND RESPONSIBILITIES OF THE PROJECT DIRECTOR

With the execution of this Agreement, the Authorized Agency Representative agrees that the Project Director will perform all tasks required by the terms of this

Agreement, including the execution of all Agency responsibilities in accordance with Article III, Sections 3.06, 3.07 and 3.08; Article IV, Article IX, Section 9.01; and all other applicable Sections of this Agreement.

The Project Director will be responsible for:

1. Acting as the Agency's representative in ensuring the Agency's compliance with the terms of this Agreement, and the terms of any subsequent amendments to or modifications of this Agreement, during the Agreement Period;
2. Monitoring ongoing process of the construction/renovation work through the project architect and/or construction manager, and reporting such progress to the Department. The Project Director is responsible for ensuring that facility development occurs, and that contractual services are rendered, in full compliance with the terms contained in all contracts which the Agency has entered into for development of the Facility during the Project Period. It is his/her further responsibility to immediately inform the Department, in writing, concerning any deviation from or amendments to all such contracts and schedules for Project Development;
3. Notifying the Department concerning all proposed change orders and all additions, deletions, or other revisions which effect the Project;
4. Forwarding all instructions to the Contractor(s) through the Project Architect and/or construction manager;
5. Verifying to the Department, that the insurance/bonds required in accordance with Article X, Section 10.3 of the Agreement have been obtained, and supplying proof of such documents;
6. Submitting State Voucher (Invoice) Forms for payment;

7. Satisfactorily fulfilling all requirements listed in the Community Capital Improvement application and supplying all relevant documents for Division/Department review in accordance with the terms of this Agreement; and,
8. Performing other duties which effect the fulfillment of the terms of this Agreement and are mutually approved, in writing, by the Department and the Agency.

PROJECT PERIOD

The Project Period will commence on the date that this Agreement is signed by the Assistant Commissioner of the Department or his/her designee, and will terminate no later than eight (8) months from that date. Any alteration of the Project Period must be noted, in writing, by mutual agreement of the Department and the Agency.

PROJECT BUDGET

This Agreement provides for an Agreement Ceiling of \$298,600 to pay for the acquisition and architectural services costs. The allocation for purchase is \$285,000; the allocation for closing and related costs is \$4,600; and the allocation for architectural services (provided by Gvosec and Associates) is \$9,000. The Total Project Cost, including the cost of the acquisition, architectural services and renovation (projected to be \$88,700), has been established at a maximum of \$387,300.

The Agreement will be amended, at a later date, to increase the Agreement Ceiling by an amount not to exceed \$88,700 for required renovation costs.

AGREEMENT TERM, MORTGAGE, AND PROMISSORY NOTE

This Agreement will commence on the date that this Agreement is signed by the Assistant Commissioner of the Department or his/her designee, and will expire 20 years from the final date of the actual Project Period pursuant to Article III, Section 3.01 and 3.05; Article IV; Article V; and Article VIII, Sections 8.01 through 8.04. In accordance with Article V, Section 5.02 of this Agreement, the Agency will complete and execute a Purchase Money Mortgage for \$298,600 in Agreement Funds to be issued under this Agreement. The Purchase Money Mortgage shall be evidenced by a Promissory Note for the same amount (i.e. \$298,600) and these documents shall become part of this Agreement.

By terms of this Agreement, the Agency agrees to complete, execute, and register (within the County of Middlesex) the Purchase Money Mortgage. The Purchase Money Mortgage and accompanying Promissory Note shall continue in full force and amount until such a time as this Agreement is terminated as per Article V, Section 5.02 or renewed as per Article X, Section 10.09.

The execution and registering of the Purchase Money Mortgage, by the Agency, shall not occur until after this Agreement is amended to include the approved Agreement Funds amount for

renovation and until all Agreement Funds owed are issued to the Agency. Simultaneously, with any amendment of this Agreement which revises the Agreement Funds amount, a new Promissory Note will be executed and the prior Promissory Note will be canceled.

PAYMENT SCHEDULE AND PROCEDURES

Books and records are to be kept in accordance with Article VII, Section 7.01, and the Agency shall establish a separate, non-interest bearing bank account for these Agreement Funds, to ensure that they are identifiable for monitoring and auditing purposes and that co-mingling of Agreement Funds does not occur.

A payment of Agreement Funds for Acquisition will be issued in a lump sum prior to the closing of the site. The State Voucher Form must be completed and signed by the Authorized Agency Representative. This Form will be processed within the Department, and the necessary funds will be issued in time for closing on the property. Any Agreement Funds, which are advanced for acquisition but remain unexpended (due to uncertainty with respect to the final closing costs) following acquisition of the site, will be applied to the cost of Basic Architectural Services or refunded to the Department of Human Services.

Prior to acquisition, the Agency shall provide a copy of the insurance policy which insures the Agency against loss for the full replacement value of the facility, and includes the State (which includes the Department), as an additionally named insured, in accordance with Section 10.03 of this Agreement.

Agreement Funds for Basic Architectural Services will be issued to the Agency for reimbursement of the designated architectural firm. These funds will be disbursed after completion and Departmental approval of each of the five (5) Basic Services Phases defined in Section 11.2.2 of the AIA Document B141, Standard Form of Agreement Between Owner and Architect.

The release of Agreement Funds for facility renovation is subject to prior Departmental approval of all facility plans and specifications, bid documents, construction budgets, proposed and actual contracts for construction, and any materials which may be required by the Department in its efforts to assure timely and quality completion of facility renovations. Agreement Funds for renovation, to be issued (through the Agency) for the reimbursement of the construction contractor(s) during the renovation phase, will be issued on a reimbursement basis according to the percentage of construction work completed.

Under the terms of this Agreement, "reimbursement basis" means that Agreement Funds will be issued through the Agency and will immediately be utilized for payment of appropriate renovation expenditures owed to the construction contractor. In requesting such Agreement Funds for renovation, the Agency certifies that the contractor has satisfactorily completed the work in accordance with the terms of this Agreement and the construction contract documents and that the contractor is, therefore, entitled to be reimbursed for such work. The Agency understands that the Department will not be responsible for honoring any requests for Agreement Funds involving instances in which payments have been made directly to the contractor (by the Agency) in lieu of observance of the procedures stated herein.

The AIA Construction Contract, between the Agency and the selected construction contractor, must be approved by the Department prior to execution, and the terms of that contract must be consistent with the payments schedule as provided below. Before requesting any funds for renovation, the Agency must ensure that:

1. The contractor has provided acceptable Performance and Labor/Materials Bond coverage; and
2. A copy of the local building permit has been forwarded to the Department.

The properly completed State Voucher Form, signed by the Authorized Agency Representative, must accompany all Agency payment requests for payment during the renovation phase. All payment requests must be accompanied by the AIA form G702 Application and Certification for Payment. The applicable amount of retainage must be indicated within all G702 forms submitted by the contractor. The G702 form must be completed, notarized and forwarded to the project architect by the contractor. In turn, these will be reviewed for accuracy by the architect and submitted to the Agency for use in requesting issuance of Agreement Funds.

The Project Director will forward the State Voucher and G702 forms for processing within the Department. The Department will process the payment requests and Agreement Funds will be issued to the Agency within 15 working days following receipt within the Department.

Agreement Funds will be issued to the Agency (for reimbursement of the construction contractor) in accordance with the following schedule:

22.5% of the Agreement Ceiling for Renovation, following the completion of 25% of construction;

22.5% of the Agreement Ceiling for Renovation, following the completion of 50% of construction;

22.5% of the Agreement Ceiling for Renovation, following the completion of 75% of construction;

22.5% of the Agreement Ceiling for Renovation, following Substantial Completion (as "Substantial Completion" is defined within the AIA Construction Contract between the Agency and the construction contractor); and,

The remaining 10% of the Agreement Ceiling for Renovation will be issued following:

1. The approval of the Final Completion request (with all punch list items satisfactorily completed) by the project architect;
2. The final inspection by the Department and any other required inspections;
3. Acceptance of all work by the Agency; and

4. The Agency's receipt of the Certificate of Occupancy from the Cranbury Township construction official.

Any revision or alterations of this payment schedule must be mutually agreed to, in writing, by the Agency and the Department.

PURCHASE MONEY MORTGAGE

(M94-01-97)

MORTGAGE made this _____ day of _____, 19 __, between the Mortgagor, SERV Centers of New Jersey, Inc.

_____ and the Mortgagee, the State of New Jersey, Department of Human Services, CM 700,
Trenton, New Jersey. 08625.

WHEREAS the Mortgagor is indebted to the Mortgagee in the sum of Two Hundred Ninety-eight Thousand, Six Hundred & 00/100 dollars (\$ 298,600), which indebtedness is evidenced by a promissory note dated _____, 19 __, and by a certain agreement dated _____, 19 __;

THEREFORE to secure the indebtedness of \$ 298,600 lawful money of the United States, to be paid in accordance with the aforesaid agreement, the Mortgagor does hereby mortgage the following described property located in the Township of Cranbury, County of Middlesex, State of New Jersey, and more particularly described in Exhibit A annexed hereto and made a part hereof, the aforesaid property being designated as Block 25 (), Lot 5.01 (), on the tax map of said Cranbury Township, and having a street address of 210 Dey Road
Cranbury, New Jersey

Upon default by the Mortgagor in the performance of any term, provision or requirement of the aforesaid agreement of _____, 19 __, or upon no-fault termination of said agreement pursuant to Section 8.01 thereof, the entire amount of this mortgage shall, at the option of the Mortgagee, immediately become due and payable. Alternatively, upon Mortgagor default or upon no-fault termination of the agreement of _____, 19 __, the Mortgagee may exercise other options as set forth in Section 5.02 of said agreement.

The Mortgagor agrees that if default shall be made in any term, provision or requirement of the agreement of _____, 19 __, the Mortgagee shall have the right forthwith, after any such default, to enter upon and take possession of the said mortgaged premises and to operate same in accordance with the aforesaid agreement.

The Mortgagor shall keep the building or buildings and improvements now on said premises, or that may hereafter be erected thereon, in good and substantial repair, and, upon failure to do so, the whole indebtedness secured and represented by this mortgage and the note accompanying same shall, at the option of the Mortgagee, become immediately due and payable; and also the Mortgagee may enter upon the premises and repair and keep in repair the same, and the expense thereof shall be added to the sum secured hereby.

In the event that the aforesaid property is condemned, the proceeds of any award for damages, direct as well as consequential, or the proceeds of any conveyance in lieu of condemnation, are hereby assigned and shall be paid to the Mortgagee.

IN WITNESS HEREOF, the Mortgagor has hereto set its hand and seal the day and year first written above.

Agency Name (Mortgagor)

BY: _____ L.S.

ATTEST:

Secretary L.S.

State of New Jersey, County of _____ ss.: Be it Remembered,
that on _____ 19 _____, before me, the subscriber,

personally appeared

who, being by me duly sworn on h _____ oath, deposes and makes proof to
my satisfaction, that he is the Secretary of
_____, the agency named in the
within Instrument; that
is the chief executive officer of said agency; that the execution,
as well as the making of this Instrument, has been duly authorized by
a proper resolution of the governing body of the said agency; that
deponent well knows the seal of said agency; and that the seal affixed
to said Instrument is the proper seal and was thereto affixed and said
Instrument signed and delivered by said chief executive officer as and
for the voluntary act and deed of said agency, in the presence of de-
ponent, who thereupon subscribed h _____ name thereto as attesting wit-
ness.

Sworn to and subscribed before me,
the date aforesaid.

Prepared by:

A10-IV

METES AND BOUNDS

A-11

PROMISSORY NOTE

(M94-01-97)

\$ 298,600 _____, 19 ____

In accordance with the terms of a Funding Agreement for Construction,
Purchase, or Purchase and Renovation of Community-Based Facilities
dated _____, 1997, _____, SERV Centers of New Jersey, Inc.

promises to pay on demand to the order of the State of New Jersey,
Department of Human Services, _____ Two Hundred Ninety-Eight Thousand, Six Hundred
and 00/100.

dollars, payable at Capital Place One, 222 South Warren Street,
Trenton, New Jersey 08625.

BY: James J. Rose L.S.
Authorized Agency Representative

NAME: James Rose, CPA

TITLE: Chairperson, Board of Directors

AGENCY: SERV Centers of New Jersey, Inc.

ADDRESS: 532 West State Street

Trenton, New Jersey 08618

Appendix B

Council on Affordable Housing (COAH)
Alternative Living Arrangement Survey

Municipality: Cranbury Township_____

County: Middlesex_____

Sponsor: SERV Centers of New Jersey, Inc.

Developer: SERV Properties and Management, Inc.

Block: 5_____ Lot: 26_____

Street Address 365 Half Acre Road

Facility Name: SERV Shared Supportive Living Housing_____

Type of Facility:

- ☐ Group Home for developmentally disabled as licensed and/or regulated by the NJ Dept. of Human Services (Division of Developmental Disabilities (DDD))
- ☒ Group Home for mentally ill as licensed and/or regulated by the NJ Dept. of Human Services (Division of Mental Health Services) (DMHS))
- ☐ Transitional facility for the homeless
- ☐ Residential health care facility (licensed by NJ Dept. of Community Affairs or NJ Dept. of Human Services)
- ☐ Congregate living arrangement
- ☒ Other – Please Specify: Shared Supportive Living Arrangement_____

Sources of funding committed to the project (check all that apply):

- ☐ Capital funding from State – Amount \$_____
- ☐ Balanced Housing – Amount \$_____
- ☐ HUD – Amount \$_____
- ☐ Federal Home Loan Bank – Amount \$_____
- ☐ Farmers Home Administration – Amount \$_____
- ☐ Development fees – Amount \$_____
- ☐ Bank financing – Amount \$_____
- ☒ Other – Please specify: unit donated by previous owner and upgraded by Serv Foundation. Also receives State DMHS operational funding_____
- ☐ Please provide a pro forma for proposed projects

of total bedrooms 5_____

of low-income residents 5_____

of moderate-income residents _____

of market residents _____

Residents qualify as low or moderate income?

X_ Yes ___ No

~~Length of Controls: Indefinite years~~

~~Effective Date of Controls: 9/01/06~~

~~Expiration Date of Controls: 8/30/2036~~

Average Length of Stay: _____ months (transitional facilities only)

X CO Date: 2006

Indicate licensing agency:

☐ DDD ☒ DMHS ☐ DHSS ☐ DCA

Initial License Date: 9/01/06

Current License Date: 5/17/08

The following verification is attached:

- ☐ Copy of deed restriction (30-year minimum, HUD, FHA, FHLB, BHP deed restriction, etc.)
- ☐ Copy of Capital Application Funding Unit (CAFU) Letter (20-year minimum, no deed restriction required)
- ☐ Award letter/financing commitment (proposed new construction projects only)

Residents 18 yrs or older? X__Yes ___No

Age-restricted? ___Yes X__No

Population Served (describe): Individuals Living with Mental Illnesses _____

Accessible (in accordance with NJ Barrier Free Subcode)? ___Yes x__No

Affirmative Marketing Strategy (check all that apply):

DDD/DMHS/DHSS/DCA waiting list

X Other (please specify): Filled by individuals from Serv's continuum of care _____

CERTIFICATIONS

I certify that the information provided is true and correct to the best of my knowledge and belief.

Certified by:

Keith V. Hamilton
Project Administrator

11/6/08
Date

Certified by:

Municipal Housing Liaison

Date



*State of New Jersey
Department of Human Services*

License

*SERV Centers of New Jersey, Inc.
380 Scotch Road
West Trenton, NJ 08628*

*In accordance with Department of Human Services regulations N.J.A.C.
10:37 A, is hereby licensed to operate*

*Supportive Housing Residence
for 5 Residents*

at

*365 Half-Acre Road
Cranbury, NJ 08512*

This license is effective from May 17, 2007 to May 16, 2008.

Jennifer Vélez, Acting Commissioner

Appendix C

TOWNSHIP OF CRANBURY
COUNTY OF MIDDLESEX

RESOLUTION GRANTING AMENDED PRELIMINARY
AND FINAL MAJOR SITE PLAN AND DESIGN WAIVERS
APPROVAL FOR CRANBURY HOUSING ASSOCIATES, INC., LOT 10.01 IN BLOCK 20
ON THE CRANBURY TOWNSHIP TAX MAPS
APPLICATION NO. PB 118-06

WHEREAS, the applicant, Cranbury Housing Associates, Inc. ("Applicant"), has applied to the Planning Board of the Township of Cranbury ("Board") for Preliminary and Final Major Site Plan Approval for the construction of two (2) two-family and four (4) multi-family dwelling buildings for a total of twenty (20) low and moderated income housing units and related site improvements identified as Lot 10.01 in Block 20 on the Tax Maps of the Township of Cranbury ("Premises").

WHEREAS, the Applicant has also sought design waivers from the following sections of the Land Development Ordinance:

1. Section 150-35.A.(5).1 – Whereas, 100% solid fence are permitted up to 3 feet high within anywhere on property up to the property line and the applicant is requesting a proposed 4 feet high 100% solid fence to enhance screening from the adjoining Four Seasons Development.
2. Section 150-84.D.(1).a – Whereas, all Major Site Plan applications require submission of an Environmental Impact Statement. The applicant is requesting a waiver for said submission as the Environmental Impact Statement was approved for the constructed development adjacent to the property and this site was included in the study area.
3. Section 150-84.F.(1).a – Whereas, all Major Site Plan applications require submission of a Traffic Impact Statement. The applicant is requesting a waiver as minimal impacts to traffic are expected to result from this development.
4. Section 150-89.F(33) & G.(36) – Whereas, percolation Tests and Soil Logs in the area shall result in compliance with Individual sewage Disposal Code of New Jersey. The applicant is requesting a submission waiver for not providing any Percolation Tests and Soil Logs in the area and agrees to perform soil tests prior to construction.

WHEREAS, all jurisdiction requirements were met, including notice and publishing, and public hearings were held before the Cranbury Township Planning Board, pursuant to the Municipal Land Use Law and the Land Development Ordinance of the Township of Cranbury on July 6, 2006; and

WHEREAS, a list of Exhibits marked is annexed as Exhibit A; and

WHEREAS, the Applicant also submitted the following:

1. Architectural Elevations and Floor Plans, sheets 1-9 prepared by J. Stevens and associates, P.C. dated June 7, 2006.
2. Site Plans and Details Sheets 1-10 prepared by Maser Consulting P.S. dated June 8, 2006.
3. Storm Water Management Report prepared by Maser Consulting P.A. dated June 8, 2006.
4. Letter from Maser Consulting, P.A. to Mark Berkowsky dated June 19, 2006.

WHEREAS, at the hearing the Applicant was represented by Christopher S. Tarr, Esquire, who presented the sworn testimony of Mark Berkowsky, President of CHA, Nevile Walters, Property Maintenance Operator, and the following qualified experts retained by the Applicant; Mark J. Janiszewski, P.E., S. Maurice Rached, Traffic Engineer, and Joseph B. Stevens, Architect; and

WHEREAS, the Board also heard sworn testimony from its consultants and reviewed reports from Phillips Preiss Shapiro Associates, Inc., dated June 28, 2006, Hatch Mott MacDonald, dated July 5, 2006, Shopshire Associates, LLC, dated July 5, 2006, and Schott Alan Design, Dated June 28, 2006; and

WHEREAS, the Board has made the following findings and conclusions of fact:

1. The applicant is seeking Major Final Site Plan Approval for the construction of two (2) two-family and four (4) multi-family dwelling buildings for a total of twenty (20) low and moderate income housing units.
2. The proposed site improvements include Belgian block curbing and a paved area with a total of 46 parking spaces, two dumpster enclosures, one (1) two way driveway access

and a two way roadway with a cul-de-sac at the end.

3. The site is located in the R-MLII (Residential Mount Laurel II) Zone District and except for design standards meets all the requirements of the Land Development Ordinance.
4. The applicant is seeking the following design waivers:
 - a. Section 150-35.A.(5).1 – Whereas, 100% solid fence are permitted up to 3 feet high within anywhere on property up to the property line and the applicant is requesting a proposed 4 feet high 100% solid fence to enhance screening from the adjoining Four Seasons Development.
 - b. Section 150-84.D.(1).a – Whereas, all Major Site Plan applications require submission of an Environmental Impact Statement. The applicant is requesting a waiver for said submission as the Environmental Impact Statement was approved for the constructed development adjacent to the property and this site was included in the study area.
 - c. Section 150-84.F.(1).a – Whereas, all Major Site Plan applications require submission of a Traffic Impact Statement. The applicant is requesting a waiver as minimal impacts to traffic are expected to result from this development.
 - d. Section 150-89.F(33) & G.(36) – Whereas, percolation Tests and Soil Logs in the area shall result in compliance with Individual sewage Disposal Code of New Jersey. The applicant is requesting a submission waiver for not providing any Percolation Tests and Soil Logs in the area and agrees to perform soil tests prior to construction.

The design waivers are reasonable because traffic and environmental reports have been submitted and reviewed in connection with the Four Seasons site. The design waiver for the fence is reasonable because of the location of the proposed parking and driveway of the applicant's development and the Four Seasons development to the east. The solid fence of the proposed height will provide both a visual and noise barrier to the residents of the Four Seasons so they can enjoy their rear yard.

5. The applicant is seeking a waiver from the Residential Site Improvement Standards since the proposed cul-de-sac turnaround has a radius of 30 feet and 40 feet is required. This waiver again is reasonable, however, grass pavers may be added for emergency access if

required by the Fire Department.

6. The proposed site plan has been the subject of numerous meetings and review sessions, both by the Township Engineer and Traffic Consultant, and a subcommittee of the Planning Board, as well as the Planning Board itself, at two informal presentations, one of which was a joint meeting of the Planning Board and Township Committee. CHA has worked very diligently to incorporate changes to the plan suggested at the reviews, and in general the overall plan is excellent.

However, The Board considered 3 outstanding site plan issues remain: (1) the use of a cul-de-sac turnaround at the northern end instead of a right turn, one-way, in-only access driveway; (2) the walkways connecting the rear doorways from the rear parking lot; and (3) the size and design of front porches on each of the units.

The Board, after considering all the testimony determined that another entrance at the northern end was not required, the 30 foot radius cul-de-sac at the northern end of the road was acceptable and safe and efficient for this site.

The walkways connecting the parking lot were again determined to be safe and efficient for maintenance and use.

The applicant has agreed to work with the Township Planner in the design of the porches with particular emphasis on railings and flooring.

The Planning Board recommends to the Township Committee that no parking be permitted on Old Trenton Road.

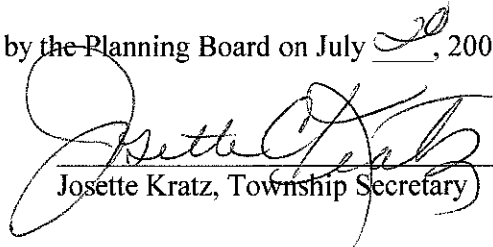
NOW, THEREFORE, BE IT RESOLVED by the Planning Board of the Township of Cranbury that Preliminary and Final Major Site Plan, Design Waivers and R.S.I.S. waiver Approval is hereby granted subject to the following conditions:

1. Applicant shall comply with the requirements of the report of the Township Engineer, Cathleen A. Marcelli, P.E. of Hatch Mott MacDonald, dated July 5, 2006.
2. Applicant shall comply with all requirements of Phillips Preiss Shapiro Associates, Inc., dated June 28, 2006, if any.
3. Applicant shall be required to post all required performance guarantees and escrows prior

to initiation of construction.

4. Parking in the shared parking lot shall not be assigned.
5. The Township Engineer shall approve the materials used for fencing. If fencing is vinyl, then it will not be white.
6. The Township Planner shall approve the porch railings and floor. The possible use of form liner and paint should be considered for the floor.
7. The Township Engineer and Landscape Architect should consult with the applicant and agree on the appropriate landscaping and berm in the rear of the site adjacent to the rear yards of the Four Seasons.
8. Applicant shall comply with the requirements of the report of Scott Alan Design dated June 28, 2006.
9. Approval of all regulatory agencies having jurisdiction.

This memorializes actions taken by the Planning Board on July 20, 2006.



Josette Kratz, Township Secretary

CRANBURY HOUSING ASSOCIATES, INC.

EXHIBIT A

- A-1 Landscape Plan
- A-2 Color elevations of units with streetscape to scale
- A-3 Photographs of Bennet Place housing units
- A-4 Photographs of South Main Street housing units
- PB-1 Concept plan showing alternate entrance plan
- PB-2 Photographs of porches

Appendix D

RESOLUTION # R-06-06-092

TOWNSHIP OF CRANBURY
COUNTY OF MIDDLESEX, STATE OF NEW JERSEY

**A RESOLUTION AUTHORIZING THE EXECUTION OF A MEMORANDUM OF
UNDERSTANDING WITH CRANBURY HOUSING ASSOCIATES, INC. IN
CONNECTION WITH CRANBURY TOWNSHIP'S THIRD ROUND AFFORDABLE
HOUSING PLAN**

WHEREAS, the Township of Cranbury has petitioned the New Jersey Council on Affordable Housing (COAH) for substantive certification of its adopted Housing Element and Fair Share Plan (third round plan); and

WHEREAS, as part of its third round plan, the Township intends to construct low and moderate income housing on one or more sites located in the Township; and

WHEREAS, during the first and second affordable housing rounds, the Township entered into a Memorandum of Understanding with Cranbury Housing Associates, Inc. (CHA), whereby CHA constructed and managed the Township's affordable housing units; and

WHEREAS, the Township wishes to enter into a Memorandum of Understanding with CHA for the third affordable housing round;

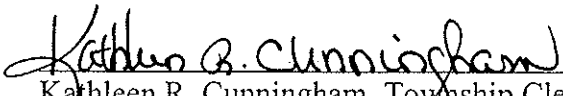
NOW THEREFORE, BE IT RESOLVED by the Township Committee of the Township of Cranbury, in Middlesex County, New Jersey, as follows:

1. The Mayor and Clerk are hereby authorized and directed to execute the Memorandum of Understanding with Cranbury Housing Associates, Inc. attached hereto, or such other substantially similar Memorandum of Understanding as has been approved by the Township Attorney in consultation with the Mayor and Township Administrator.

2. The Township through its appropriate staff and officials is hereby authorized and directed to undertake any and all other acts and execute any and all other documents as may be necessary to effectuate the terms hereof.

CERTIFICATION

I, Kathleen R. Cunningham, RMC, Clerk of the Township of Cranbury, do hereby certify that the foregoing resolution is a true copy of a Resolution passed by the Township of Cranbury at a meeting duly held on June 12, 2006.


Kathleen R. Cunningham, Township Clerk

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM, entered into on this 12th day of June, 2006, by and between the **TOWNSHIP OF CRANBURY**, a municipal corporation of the State of New Jersey, 23-A North Main Street, Cranbury, New Jersey 08512 (hereinafter referred to as "**TOWNSHIP**") and **CRANBURY HOUSING ASSOCIATES, INC.** a non-profit corporation of the State of New Jersey, P.O. Box 603, Cranbury, New Jersey 08512 (hereinafter referred to as "**CHA**").

WITNESSETH:

Whereas, N.J.S.A. 52:27D-325 permits municipalities to provide for the acquisition and construction of buildings, structures or other improvements necessary or useful for the provision of low and moderate income housing in any appropriate manner as may be necessary or useful for that purpose; and

WHEREAS, the TOWNSHIP has adopted an Affordable Housing Plan and a Housing Element to its Master Plan (hereafter "plan" or "third round plan"); and

WHEREAS, TOWNSHIP has petitioned the New Jersey Council on Affordable Housing for Substantive Certification of its third round plan; and

WHEREAS, a portion of said plan provides for the construction of certain housing by CHA; and

WHEREAS, CHA proposes to construct housing on the site or sites designated hereinbelow in accordance with the Cranbury Township Affordable Housing Program as set forth in the petition for Substantive Certification to the Council on Affordable Housing (hereinafter referred to as the "Project"); and

WHEREAS, the TOWNSHIP supports the construction of the Project; and

WHEREAS, the TOWNSHIP and CHA wish to set forth herein their mutual undertakings in order to ensure the success of the Project;

NOW, THEREFORE, in consideration of the mutual covenants and premises as set forth herein, **IT IS AGREED** between the TOWNSHIP and CHA as follows:

1. CHA agrees to construct affordable housing as set forth in more detail below on the site designated on the Cranbury Township Tax Map as Block 20, Lot 10.01, situated on Old Lane Road (the "CHA at Four Seasons" site) and the site designated on the Cranbury Township Tax Map as Block 26, Lot 3, situated on Route 130 South (the "Route 130D" site), said being either presently owned or to be acquired by the TOWNSHIP by mutual agreement between the TOWNSHIP and CHA so long as necessary modifications in this Agreement are made to deal equitably with those additions or modifications. Said site or sites are hereinafter sometimes referred to collectively as the "Properties".
WBS KRC KRC KAD
2. The TOWNSHIP agrees to make all reasonable efforts to transfer ownership of the Properties to CHA prior to the issuance of the first building permit.
3. CHA agrees to construct affordable housing on the Properties in accordance with the provisions set forth in the Township's third round affordable housing plan or such plan as receives substantive certification from the Council on Affordable Housing, including the number of units per site set forth in the plan, the income distribution requirements, and any other requirements or restrictions regarding the nature of the affordable housing units to be built.
4. CHA agrees that in its capacity as the developer of the Project, it will engage the services of experts, prepare and file all necessary land development applications, arrange for construction and permanent financing, and undertake any and all other acts as may be necessary to construct, market, rent and manage said dwelling units. CHA further agrees to administer the program in accordance with the terms and conditions of such third round affordable housing plan as receives substantive certification from the Council on Affordable Housing.

Appendix E



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OPERATING PRO-FORMA

November 30, 2008

SAMPLE

Example 3

SITE: 130 D Site 30 Units

AFFORDABLE HOUSING UNITS:

	Units	Very Low	Low	Moderate	Total
1 BR Units	3	1	1	1	3
2 BR Units	20	4	6	10	20
3 BR Units	7	2	2	3	7
Total Units	30	7	9	14	30

BUDGETED INCOME:

Annual Rental Income:

	Months	Monthly Rent	Yearly Rental
Very Low Income			
1 BR Units	1	12	395
2 BR Units	4	12	469
3 BR Units	2	12	535
Low Income			
1 BR Units	1	12	742
2 BR Units	6	12	886
3 BR Units	2	12	1018
Moderate Income			
1 BR Units	1	12	917
2 BR Units	10	12	1095
3 BR Units	3	12	1259

Total Rental Income: \$324,948

Less Vacancy 5.0% (\$16,247)

Net Rental Income \$308,701 \$308,701



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SITE: **130 D Site** **30 Units** **SAMPLE**
Example 3

Annual Expenses:

	Units/Amt	Rate/%		
CHA Management Fee	308,701	2%	\$6,174	
Water & Sewer, Electric & Trash	30	500	\$15,000	
Insurance			\$27,000	
Landscaping & Snow Removal			\$36,000	
Taxes	308,701	3%	\$9,261	
Management Fee	308,701	10%	\$30,870	
Repairs & Maintenance	30	800	\$24,000	
Reserve	30	500	\$15,000	
Loan Interest & Principal	11,575	12 months	\$138,905	
Management Expenses	30	300	\$9,000	
			\$311,210	\$311,210
Profit (Loss)				(\$2,510)

	<i>Principal</i>	<i>Interest</i>	<i>Int/month</i>	<i>Time/yr</i>	<i>Time/mos.</i>
* <i>Principal</i>	\$1,739,875	7.00%	0.58%	30	360



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DEVELOPMENT PRO-FORMA

November 30, 2008

SAMPLE

Example 3

SITE: 130 D Site 30 Units

AFFORDABLE HOUSING UNITS:

	Qty
1 BR Units	3
2 BR Units	20
3 BR Units	7
Total Units	30

BUDGETED DEVELOPMENT COSTS:

					Cost/unit	Qty	Total Cost
LAND ACQUISITION:							N/A
HARD COSTS:							
Site Development					\$900,000	1	\$900,000
Site Preparation and Infrastructure					\$10,000	30	\$300,000
Landscaping & Hookups					\$3,000	30	\$90,000
Construction							
		sq.ft./Unit	Total sq.ft.	Cost/sq.ft.			
1 BR Units	3	750	2250	100	\$225,000		
2 BR Units	20	950	19000	100	\$1,900,000		
3 BR Units	7	1,100	7700	100	\$770,000		
Subtotal Sq. Ft.			28950		\$2,895,000		
% Common Space				5.00%	\$144,750		
TOTAL CONSTRUCTION					\$3,039,750		\$3,039,750
SUBTOTAL							\$4,329,750
CONTINGENCY	10%						\$432,975
TOTAL "HARD" COSTS							\$4,762,725
SOFT COSTS:							
	Total Units	Cost/Unit	Months	Rate/Mo.			
Architectural	30	4,000			\$120,000		
Site Engineering					\$120,000		
Legal	30	1,000			\$30,000		
Testing & Inspections					\$10,000		
Construction Consultant					\$10,000		
Utility Charges					\$15,000		
Startup Expenses					\$27,000		
Misc. Fees					\$15,000		
SUBTOTAL					\$347,000		\$347,000
Construction Financing	5%	4,762,725			\$238,136		
Marketing & Sales - Fee	30	300			\$9,000		
Marketing & Sales - Expenses	30	200			\$6,000		
Real Estate Broker					\$18,000		
Insurance - Builders Risk	30	400			\$12,000		



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DEVELOPMENT PRO-FORMA

November 30, 2008

SAMPLE

Example 3

SITE: 130 D Site 30 Units

AFFORDABLE HOUSING UNITS:

	Qty
1 BR Units	3
2 BR Units	20
3 BR Units	7
Total Units	30

BUDGETED DEVELOPMENT COSTS:

				Cost/unit	Qty	Total Cost
Appraisal				\$5,000		
Title Insurance		30	400	\$12,000		
Financing Fees	1%		4,762,725	\$47,627		
SUBTOTAL				\$300,136		\$300,136
Contingency	10%					\$30,014
TOTAL SOFT COSTS:						\$677,150
			TOTAL HARD AND SOFT COSTS			\$5,439,875
			TOTAL SUBSIDY REQUIRED			(\$3,700,000)
			AMOUNT TO BE FINANCED			\$1,739,875
			(to be carried to Rental Pro-forma)			



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OPERATING PRO-FORMA

November 30, 2008

SAMPLE

Example 2

SITE: 130 D Site 36 Units

AFFORDABLE HOUSING UNITS:

	Units	Very Low	Low	Moderate	Total
1 BR Units	4	1	1	2	4
2 BR Units	24	5	7	12	24
3 BR Units	8	2	2	4	8
Total Units	36	8	10	18	36

BUDGETED INCOME:

Annual Rental Income:

	Months	Monthly Rent	Yearly Rental
Very Low Income			
1 BR Units	1	12	395
2 BR Units	5	12	469
3 BR Units	2	12	535
Low Income			
1 BR Units	1	12	742
2 BR Units	7	12	886
3 BR Units	2	12	1018
Moderate Income			
1 BR Units	2	12	917
2 BR Units	12	12	1095
3 BR Units	4	12	1259

Total Rental Income: \$393,600

Less Vacancy 5.0% (\$19,680)

Net Rental Income \$373,920 \$373,920



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SAMPLE

SITE: **130 D Site** **36 Units** Example 2

Annual Expenses:

	Units/Amt	Rate/%		
CHA Management Fee	373,920	2%	\$7,478	
Water & Sewer, Electric & Trash	36	500	\$18,000	
Insurance			\$30,000	
Landscaping & Snow Removal			\$40,000	
Taxes	373,920	3%	\$11,218	
Management Fee	373,920	10%	\$37,392	
Repairs & Maintenance	36	800	\$28,800	
Reserve	36	500	\$18,000	
Loan Interest & Principal *	14,495	12 months	\$173,939	
Management Expenses	36	300	\$10,800	
			\$375,627	\$375,627
Profit (Loss)				(\$1,707)

	Principal	Interest	Int/month	Time/yrs	Time/mos.
* Principal	\$2,178,691	7.00%	0.58%	30	360



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DEVELOPMENT PRO-FORMA

November 30, 2008

SAMPLE

Example 2

SITE: 130 D Site 36 Units

AFFORDABLE HOUSING UNITS:

	Qty
1 BR Units	4
2 BR Units	24
3 BR Units	8
Total Units	36

BUDGETED DEVELOPMENT COSTS:

					Cost/unit	Qty	Total Cost
LAND ACQUISITION:							N/A
HARD COSTS:							
Site Development					\$1,000,000	1	\$1,000,000
Site Preparation and Infrastructure					\$10,000	36	\$360,000
Landscaping & Hookups					\$3,000	36	\$108,000
Construction							
		sq.ft./Unit	Total sq.ft.	Cost/sq.ft.			
1 BR Units	4	750	3000	100	\$300,000		
2 BR Units	24	950	22800	100	\$2,280,000		
3 BR Units	8	1,100	8800	100	\$880,000		
Subtotal Sq. Ft.			34600		\$3,460,000		
% Common Space				5.00%	\$173,000		
TOTAL CONSTRUCTION					\$3,633,000		\$3,633,000
SUBTOTAL							\$5,101,000
CONTINGENCY	10%						\$510,100
TOTAL "HARD" COSTS							\$5,611,100
SOFT COSTS:							
	Total Units	Cost/Unit	Months	Rate/Mo.			
Architectural	36	4,000			\$144,000		
Site Engineering					\$120,000		
Legal	36	1,000			\$36,000		
Testing & Inspections					\$10,000		
Construction Consultant					\$10,000		
Utility Charges					\$15,000		
Startup Expenses					\$30,000		
Misc. Fees					\$15,000		
SUBTOTAL					\$380,000		\$380,000
Construction Financing	5%				\$280,555		
Marketing & Sales - Fee		36	300		\$10,800		



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DEVELOPMENT PRO-FORMA

November 30, 2008

SAMPLE

Example 2

SITE: 130 D Site 36 Units

AFFORDABLE HOUSING UNITS:

	Qty
1 BR Units	4
2 BR Units	24
3 BR Units	8
 Total Units	 36

BUDGETED DEVELOPMENT COSTS:

					Cost/unit	Qty	Total Cost
Marketing & Sales - Expenses	36	200			\$7,200		
Real Estate Broker					\$20,000		
Insurance - Builders Risk	36	400			\$14,400		
Appraisal					\$5,000		
Title Insurance	36	400			\$14,400		
Financing Fees 1%		5,611,100			\$56,111		
 SUBTOTAL					\$352,355		\$352,355
Contingency 10%							\$35,236
TOTAL SOFT COSTS:							\$767,591
				TOTAL HARD AND SOFT COSTS			\$6,378,691
				TOTAL SUBSIDY REQUIRED			(\$4,200,000)
				AMOUNT TO BE FINANCED			\$2,178,691
				(to be carried to Rental Pro-forma)			



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OPERATING PRO-FORMA

November 30, 2008

SAMPLE

Example 1

SITE: 130 D Site 48 Units

AFFORDABLE HOUSING UNITS:

	Units	Very Low	Low	Moderate	Total
1 BR Units	5	1	2	2	5
2 BR Units	33	7	10	16	33
3 BR Units	10	2	3	5	10
Total Units	48	10	15	23	48

BUDGETED INCOME:

Annual Rental Income:

	Months	Monthly Rent	Yearly Rental
Very Low Income			
1 BR Units	1	12	395
2 BR Units	7	12	469
3 BR Units	2	12	535
Low Income			
1 BR Units	2	12	742
2 BR Units	10	12	886
3 BR Units	3	12	1018
Moderate Income			
1 BR Units	2	12	917
2 BR Units	16	12	1095
3 BR Units	5	12	1259

Total Rental Income: \$525,540

Less Vacancy 5.0% (\$26,277)

Net Rental Income \$499,263 \$499,263



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SAMPLE

SITE: 130 D Site 48 Units Example 1

Annual Expenses:

	Units/Amt	Rate/%		
CHA Management Fee	499,263	2%	\$9,985	
Water & Sewer, Electric & Trash	48	500	\$24,000	
Insurance			\$33,000	
Landscaping & Snow Removal			\$44,000	
Taxes	499,263	3%	\$14,978	
Management Fee	499,263	10%	\$49,926	
Repairs & Maintenance	48	800	\$38,400	
Reserve	48	500	\$24,000	
Loan Interest & Principal *	21,020	12 months	\$252,238	
Management Expenses	48	300	\$14,400	
			\$504,928	\$504,928
Profit (Loss)				(\$5,665)

	Principal	Interest	Int/month	Time/yr	Time/mos.
* Principal	\$3,159,442	7.00%	0.58%	30	360



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DEVELOPMENT PRO-FORMA

November 30, 2008

SAMPLE

Example 1

SITE: 130 D Site 48 Units

AFFORDABLE HOUSING UNITS:

	Qty
1 BR Units	5
2 BR Units	33
3 BR Units	10
Total Units	48

BUDGETED DEVELOPMENT COSTS:

					Cost/unit	Qty	Total Cost
LAND ACQUISITION:							N/A
HARD COSTS:							
Site Development					\$1,100,000	1	\$1,100,000
Site Preparation and Infrastructure					\$10,000	48	\$480,000
Landscaping & Hookups					\$3,000	48	\$144,000
Construction							
		sq.ft./Unit	Total sq.ft.	Cost/sq.ft.			
1 BR Units	5	750	3750	100	\$375,000		
2 BR Units	33	950	31350	100	\$3,135,000		
3 BR Units	10	1,100	11000	100	\$1,100,000		
Subtotal Sq. Ft.			46100		\$4,610,000		
% Common Space				5.00%	\$230,500		
TOTAL CONSTRUCTION					\$4,840,500		\$4,840,500
SUBTOTAL							\$6,564,500
CONTINGENCY	10%						\$656,450
TOTAL "HARD" COSTS							\$7,220,950
SOFT COSTS:							
	Total Units	Cost/Unit	Months	Rate/Mo.			
Architectural	48	4,000			\$192,000		
Site Engineering					\$120,000		
Legal	48	1,000			\$48,000		
Testing & Inspections					\$10,000		
Construction Consultant					\$10,000		
Utility Charges					\$15,000		
Startup Expenses					\$33,000		
Misc. Fees					\$15,000		
SUBTOTAL					\$443,000		\$443,000
Construction Financing	5%	7,220,950			\$361,048		
Marketing & Sales - Fee	48	300			\$14,400		
Marketing & Sales - Expenses	48	200			\$9,600		
Real Estate Broker					\$22,000		
Insurance - Builders Risk	48	400			\$19,200		



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DEVELOPMENT PRO-FORMA

November 30, 2008

SAMPLE

Example 1

SITE: 130 D Site 48 Units

AFFORDABLE HOUSING UNITS:

	Qty
1 BR Units	5
2 BR Units	33
3 BR Units	10
Total Units	48

BUDGETED DEVELOPMENT COSTS:

				Cost/unit	Qty	Total Cost
Appraisal				\$5,000		
Title Insurance		48	400	\$19,200		
Financing Fees	1%		7,220,950	\$72,210		
SUBTOTAL				\$450,448		\$450,448
Contingency	10%					\$45,045
TOTAL SOFT COSTS:						\$938,492
			TOTAL HARD AND SOFT COSTS			\$8,159,442
			TOTAL SUBSIDY REQUIRED			(\$5,000,000)
			AMOUNT TO BE FINANCED			\$3,159,442
			(to be carried to Rental Pro-forma)			

Appendix F



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Project: CHA at Route 130 D Site

November 30, 2008

Anticipated Project Schedule

<i>Activity</i>	<i>Start Date</i>
Site Acquisition:	completed
Site Plan Preparation:	5 months from start of project to completion of site plan design
Site Plan Approvals:	4 months from completion of site plan preparation to receipt of approvals
Building Design:	3 months from start of project to 50% building design 5 months from 50% completion of site plan design to completion of building design
Contractor Selection & Contract Award:	2 months from completion of design documents to award of construction contract
Construction Permits:	3 months from selection of contractor to receipt of permit
Funding:	9 months required prior to constructor award
Construction:	17 months from construction start to occupancy
Occupancy:	29 months from start of project

Appendix G



Introduction

Cranbury Township has prepared an amended Housing Element and Fair Share plan that addresses its regional fair share of the affordable housing need 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 regulations of the Council on Affordable Housing (COAH) (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 approved by COAH May 6, 1992 and adopted by the municipality on October 26, 1992. The ordinance establishes Cranbury Township's affordable housing trust fund for which this spending plan is prepared.

As of July 17, 2008, Cranbury Township has collected \$3,417,468 expended \$3,197,784, resulting in a balance of \$219,684. 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 PNC 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.

Cranbury Township received first round substantive certification on April 24, 1989 and received prior approval to maintain an affordable housing trust fund on May 6, 1992. As of December 31, 2004, the prior round balance remaining in the affordable housing trust fund was \$479,245. From January 1, 2005 through July 17, 2008, Cranbury Township collected an additional \$820,659 in development fees, payments in lieu of construction, other funds, and/or interest. From January 1, 2005 through July 17, 2008, Cranbury Township expended funds on the affordable housing activities detailed in the expenditures chart on page 9 of this spending plan.

Revenues for Certification Period

To calculate a projection of revenue anticipated during the period of third round substantive certification, Cranbury 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 (PIL):
- Actual and committed payments in lieu (PIL) of construction from developers as follows:
- No payments-in-lieu have been collected or assessed.
- (c) Other funding sources: \$0
- Cranbury Township is not anticipating collecting money from other funding sources at this time. Funds from other sources, include, but are not limited to the sale of units with extinguished controls, repayment of affordable housing program loans, rental income, and proceeds from the sale of affordable units. All monies in the Affordable Housing Trust fund are anticipated to come from development fees, payments in lieu of construction and interest.
- (d) Projected interest:
- Based on the current average interest rate, Cranbury Township anticipated collecting \$24,000 in interest through 2018.



Clarke Caton Hintz

Source of Funds – Housing Trust Fund 2008 through 2018

Source of Funds	7/18/08 through 12/31/08	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
Development fees: Approved/ Pending/ Projected Development	\$30,000	\$613,500	\$613,500	\$613,500	\$613,500	\$613,500	\$613,500	\$613,500	\$613,500	\$613,500	\$613,500	\$6,165,000
Payments in Lieu of Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Funds (Specify source(s))	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest	\$1,000	\$2,300	\$2,300	\$2,300	\$2,300	\$2,300	\$2,300	\$2,300	\$2,300	\$2,300	\$2,300	\$24,000
Total	\$31,000	\$615,800	\$615,800	\$615,800	\$615,800	\$615,800	\$615,800	\$615,800	\$615,800	\$615,800	\$615,800	\$6,189,000



Cranbury Township projects a total of \$6,189,000 in revenue to be collected between July 18, 2008 and December 31, 2018. All interest earned on the account shall accrue to the account to be used only for the purposes of affordable housing.

Administrative Mechanism to Collect and Distribute Funds

The following procedural sequence for the collection and distribution of development fee revenues shall be followed by Cranbury Township:

(a) Collection of development fee revenues:

Collection of development fee revenues shall be consistent with Cranbury 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:

The Planning Board adopts and forwards a resolution to the governing body recommending the expenditure of development fee revenues as set forth in this spending plan. The governing body reviews the request for consistency with the spending plan and adopts the recommendation by resolution.

The release of funds requires the adoption of the governing body resolution in accordance with the COAH-approved spending plan. Once a request is approved by resolution, the Chief Financial Officer releases the requested revenue from the trust fund for the specific use approved in the governing body's resolution.

Description of Anticipated Use of Affordable Housing Funds

(a) Rehabilitation and new construction programs and projects (N.J.A.C. 5:97-8.7)

If there is a shortfall of outside funding sources, Cranbury Township will dedicate up to \$ 19,751,889 to rehabilitation and new construction programs (see detailed descriptions in Fair Share Plan) as follows:

Rehabilitation program: The Township will fund the program with an average hard cost of \$10,000 per unit, pursuant to N.J.A.C. 5:97-6.3(b)2. As such the total cost of the program may be \$60,000 (6 units x \$10,000).



Municipally-Sponsored New Construction (100% Affordable Housing Sites):

1. Route 130 D site (29 to 48 units) = \$3,383,314 to \$5,599,968
2. Future 100% Senior Rentals (67 units) = \$7,816,622
3. Future 100% Family Rentals (35 to 54 units) = \$4,083,310 to \$6,299,964

(b) Affordability Assistance (N.J.A.C. 5:97-8.8)

Cranbury Township is required to spend a minimum of 30 percent of development fee revenue to render existing affordable units more affordable and one-third of that amount must be dedicated to very low-income households (i.e. households earning less than 30 percent of the regional median income). The actual affordability assistance minimums are calculated on an ongoing basis in the CTM system based on actual revenues.

**Projected minimum affordability assistance requirement**

Actual development fees through 7/17/2008		\$3,417,568
Actual interest earned through 7/17/2008	+	\$98,788
Development fees projected* 2008-2018	+	\$6,165,000
Interest projected* 2008-2018	+	\$24,000
Less housing activity expenditures through 6/2/2008	-	\$2,931,126
<i>Total</i>	=	\$6,774,230
30 percent requirement	x 0.30 =	\$2,032,269
Less Affordability assistance expenditures through 12/31/2004	-	\$0**
<i>PROJECTED MINIMUM Affordability Assistance Requirement 1/1/2005 through 12/31/2018</i>	=	\$2,032,269
<i>PROJECTED MINIMUM Very Low-Income Affordability Assistance Requirement 1/1/2005 through 12/31/2018</i>	÷ 3 =	\$677,423

* Note: The 2008 portion of this projection reflects 2008 subsequent to July 17 as the remainder of 2008 is included in the actual figure reported above.

** The Township subsidized 20% of Old Cranbury Road as very low income units, as well as earlier prior round affordable units. This affordability assistance will be quantified in the future and will be added to this chart.

Cranbury Township will dedicate up to \$2,032,269 from the affordable housing trust fund to render units more affordable, including \$677,423 to render units more affordable to households earning 30 percent or less of median income by region, as follows:

- Down-payment assistance;
- Rental assistance;
- Security deposit assistance
- Low interest loans



- Assistance with homeowners association or condominium fees and special assessments; and/or
- Converting low-income units to very-low-income units, etc.

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

Cranbury Township may use affordable housing trust fund revenue for related administrative costs up to a 20 percent limitation pending funding availability after programmatic and affordability assistance expenditures. The actual administrative expense maximum is calculated on an ongoing basis in the CTM system based on actual revenues.

Projected Administrative Expenses

Actual development fees through 7/17/2008		\$3,417,568
Actual interest earned through 7/17/2008	+	\$98,788
Development fees projected* 2008-2018	+	\$6,165,000
Interest projected* 2008-2018	+	\$24,000
Less housing activity expenditures through 6/2/2008	-	\$2,931,126
Total	=	\$6,774,230
20 percent maximum permitted administrative expenses	x 0.20 =	\$1,354,846
Less administrative expenditures through 12/31/2004	-	\$125,040
Projected allowed administrative expenditures	=	\$1,229,806

* - Note: The 2008 portion of this projection reflects 2008 after July 17 as the first portion of 2008 is included in the actual figure reported above.

Cranbury Township projects that \$1,229,806 will be available from the affordable housing trust fund to be used for administrative purposes. Projected administrative expenditures, subject to the 20 percent cap, are as follows:

- Township Attorney, Engineer, and Planner fees related to obtaining substantive certification;
- Rehabilitation administration fees



- Administration fees related to the Municipally-Sponsored New Construction Programs

Expenditure Schedule

Cranbury Township intends to use affordable housing trust fund revenues for the creation and/or rehabilitation of housing units. Where applicable, the creation/rehabilitation funding schedule below parallels the implementation schedule set forth in the Housing Element and Fair Share Plan and is summarized as follows.



Projected Expenditure Schedule 2009 Through 2018

Program	Number of Units Projected	Funds Expended and/or Dedicated												
		2005 through 7/18/08	7/18/08 through 12/31/08	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
Rehabilitation Program	6	\$0	\$0	\$0	\$0	\$0	\$30,000	\$0	\$0	\$30,000	\$0	\$0	\$0	\$60,000
New Construction	150	\$920,500	\$0	\$0	\$0	\$3,383,314 - \$5,599,968	\$0	\$0	\$7,816,622	\$0	\$0	\$4,083,310 - \$6,299,964	\$0	\$17,499,900
Total Programs		\$0	\$0	\$0	\$0	\$3,383,314 - \$5,599,968	\$30,000	\$0	\$7,816,622	\$30,000	\$0	\$4,083,310 - \$6,299,964	\$0	\$17,559,900
Affordability Assistance		\$0	\$0											\$2,032,269
Administration		\$159,720	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$159,720
Total	156	1,080,220	\$0	\$0	\$0	\$3,383,314 - \$5,599,968	\$30,000	\$0	\$7,816,622	\$30,000	\$0	\$4,083,310 - \$6,299,964	\$0	\$19,751,889



Excess or Shortfall of Funds

The Township does not anticipate any shortfall of funds to implement its affordable housing plan. Any difference between the cost of implementation and the amount collected by the Township will be addressed through the use of outside funding sources as set forth in "A Guide to Affordable Housing Funding Sources," dated October 2008, posted on COAH's website, or through bonding and/or appropriations as may be allowed by law.

Barrier Free Escrow

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

Summary

Cranbury Township intends to spend affordable housing trust fund revenues pursuant to N.J.A.C. 5:97-8.7 through 8.9 and consistent with the housing programs outlined in the housing element and fair share plan dated November 2008.

Cranbury Township has a balance of \$219,684 as of July 17, 2008 and anticipates an additional \$6,189,000 in revenues before the expiration of substantive certification for a total of \$6,408,684. The municipality will dedicate all available funds towards rehabilitation and new construction. Any shortfall of funds will be addressed through the use of outside funding sources as set forth in "A Guide to Affordable Housing Funding Sources," dated October 2008, posted on COAH's website, or through bonding and/or appropriations as may be allowed by law.



Spending Plan Summary

Revenues	
Balance as of July 17, 2008	\$219,684
Projected Revenue from July 18, 2008 through 2018	
1. Development fees	+ \$6,165,000
2. Payments in lieu of construction	+ \$0
3. Other funds	+ \$0
Interest	+ \$24,000
<i>Total Projected Revenue</i>	= \$6,408,684
Expenditures	
Funds used for Rehabilitation	- \$60,000
Funds used for New Construction	- \$17,499,900
Affordability Assistance	- \$2,032,269
Administration	- \$159,720
Excess Funds for Additional Housing Activity	= \$0
<i>Total Projected Expenditures</i>	= \$19,751,889
<i>REMAINING BALANCE*</i>	= -\$13,343,205

* Remaining Balance will be addressed through the use of outside funding sources as set forth in "A Guide to Affordable Housing Funding Sources," dated October 2008, posted on COAH's website, or through bonding and/or appropriations as may be allowed by law.