

**AFFORDABLE HOUSING
THIRD ROUND MIDPOINT REVIEW
TOWNSHIP OF CRANBURY
MIDDLESEX COUNTY, NEW JERSEY**

July 1, 2021

Prepared by:



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1.0 PURPOSE

The requirement for a midpoint realistic opportunity review derives from the Fair Housing Act (“FHA”) at N.J.S.A. 52:27D-313, which provides: “[t]he Council (Council on Affordable Housing or COAH) shall establish procedures for a realistic opportunity review at the midpoint of the certification period and shall provide for notice to the public.” Although COAH failed to adopt regulations or procedures for a midpoint realistic opportunity review, the purpose and process is set forth in Cranbury Township’s Court-approved Settlement Agreement with Fair Share Housing Center (“FSHC”).

The purpose of the midpoint realistic opportunity review is for Cranbury Township to provide a status report as to the Township’s implementation of its Court-approved Housing Element and Fair Share Plan (“Plan”) and an analysis of whether any unbuilt sites or unfulfilled mechanisms continue to present a realistic opportunity. Pursuant to the Cranbury Township/FSHC Agreement, there’s a requirement for the Township to post this report on its municipal website and to submit a copy of this report to FSHC. In addition, the Agreement requires that “such posting shall invite any interested party to submit comments to the Township and FSHC on the issues of whether any unbuilt inclusionary zoning sites or other affordable housing mechanism no longer present a realistic opportunity for affordable housing and should be replaced.” In the event the Court determines that a previously approved site or mechanism no longer presents a realistic opportunity and should be replaced, then Cranbury Township shall have the opportunity to supplement or revise its plan to correct any deficiency.

To facilitate the review process, in addition to posting this Midpoint Review Report on the Township website and submitting a copy to FSHC, Cranbury Township will place on file a copy of this report for public inspection at the office of the Township Clerk or, if the municipal building is closed due to the pandemic, interested parties may request a copy be mailed. Lastly, the Township will provide notice of the availability of this Mid-Point Review Report which will include a 30-day deadline for any interested party comments to be submitted.

2.0 BACKGROUND

The Township of Cranbury filed its Declaratory Judgment action on July 8, 2015. Pursuant to a Plan Summary submitted to the Court November 9, 2016, and to a subsequent case management conference, it was determined that the Township should file with the Court by April 16, 2016, an adopted Third Round Housing Element and Fair Share Plan. On April 12, 2016, the Township filed its adopted plan, stipulating to the affordable housing obligations calculated by Fair Share Housing Center (FSHC). A Fairness Report from Special Court Master Elizabeth McKenzie, PP AICP, dated April 17, 2016, found the preliminary settlement terms with FSHC and Protinick, an intervenor in the Township's Declaratory Judgment action, as well as the Housing Element and Fair Share Plan, served the interests of low- and moderate-income households, and a Master's Compliance Report dated August 19, 2016 recommended that, pending execution of a final settlement agreement with FSHC, the Township be granted a final Judgment of Repose until the end of the Third Round in 2025. The Township and FSHC executed a final Settlement Agreement on August 19, 2016. The Court conducted a joint Fairness-Compliance hearing on August, 22, 2016, and issued a final Judgment of Repose on September 26, 2016. This report has been prepared to comply with the terms of the executed Settlement Agreement between the Township and FSHC, which requires a review at the midpoint of the Third Round – in this case, July 1, 2021 – of whether the unbuilt compliance mechanism included in the Settlement Agreement and the Housing Element and Fair Share Plan continue to present a realistic opportunity for the development of affordable housing.

The Settlement Agreement established the Township's Third Round Fair Share obligation as follows:

- Rehabilitation share: 10 units
- Prior Round 1987 – 1999 obligation: 217 units
- Third Round 1999 – 2025 Gap and Prospective obligation (after 20% cap): 260 units

3.0 REHABILITATION PROGRAM UPDATE

To satisfy its 10-unit Rehabilitation obligation, the Township is participating in the Middlesex County Home Improvement Loan Program. Correspondence from the County indicates there have been no rehabilitations in the Township since 2010. The Township's 2016 Housing Element and Fair Share Plan indicated the Township would establish a municipally administered rental rehabilitation program if necessary, and the Special Master required that the Township implement a rental rehabilitation program. Cranbury Housing Associates ("CHA") uses county Community Development Block Grant ("CDBG") funds to rehabilitate older First and Second Round affordable rental units it owns and administers. The CHA rental rehabilitation work has taken place over the Third Round with at least \$100,000 in County CDBG funds expended since 2010. CHA is planning to continue its rehabilitation efforts through the remainder of the Third Round.

4.0 REALISTIC OPPORTUNITY REVIEW

The Fair Housing Act at N.J.S.A. 52:27D-313b. requires a realistic opportunity review at the midpoint of the round. The Township's Settlement Agreement with FSHC specifies that this review must be done by July 1, 2021.

The Township has satisfied its entire 217-unit Prior Round obligation with the following compliance mechanisms:

Cranbury's 217- Unit Prior Round Compliance Mechanisms	Credits	Bonus	Total
<i>Regional Contribution Agreements – funds transferred</i>	110	-	110
<i>Completed Affordable Units – Cranbury Housing Associates</i>			
Family aff. rentals - Bergen, Danser, Parkside/Bennett	26	26	52
Family aff. sale units - Bergen, Danser, S. Main	30	-	30
Senior aff. rentals - Park Place West	20	-	20
Family aff. rentals - Old Cranbury Rd (18 of 20)	18	18	36
<i>Completed Alternative Living Arrangements</i>			
SERV Group Home - Dey Road - 6 bedrooms	6	6	12
SERV Shared Supportive Living - 5 bedrooms	5	5	10
<i>Prior Round Substantial Compliance Reduction</i>	13	-	13
Total	228	55	283
Surplus	-	-	66

The Township has satisfied, or intends to satisfy, its entire 260-unit Third Round obligation with the following compliance mechanisms:

Cranbury's 260-unit Third Round - Compliance Mechanisms	Credits	Bonuses	Total
<i>Prior Round Surplus</i>	66	-	66
<i>100% Affordable - Completed</i>			
CHA family rentals - Old Cranbury Rd (2 of 20)	2	2	4
CHA family rental - Gristmiller	1	1	2
CHA family rentals – Applewood Court/Route 130D	32	32	64
Willows at Cranbury (Ingerman) family rentals	24	24	48
Birchwood at Cranbury (Ingerman) senior(61)/special needs(5) rentals	66	-	66
<i>Inclusionary Dev/Redev– Constructed, Approved</i>			
Family affordable rentals - High Point/ Cheney/ Kushner/ Hagerty redev.- constructed; bonus cap	7	6	13
Toll Brothers/Proteinick - Payment in lieu - approved	-	-	-
Total	198	65	263
Surplus Toward Fourth Round			3
Eden Autism Group Home – constructed; surplus toward Fourth Round	3		3
Total Surplus Toward Fourth Round			6

Cranbury Housing Associates: Applewood Court

CHA received final site plan approval in September of 2015 for this 100% affordable 32-unit family rental project, on a 3.81-acre site (Block 26, Lot 3) located on State Highway Route 130. The project is now completed and occupied. It received its last certificate of occupancy in early 2018, has affordability controls on all units of at least 30 years, and is administered by CHA. The 32 affordable family rental units have the following income/bedroom breakdown:

	1 BR	2 BR	3 BR	Total
Very low-income	1	2	1	4
Low-income	1	8	3	12
Moderate-income	2	10	4	16
Total	4	20	8	32

Willows at Cranbury/Birchwood at Cranbury (formerly Paul's Auto)

In 2016 the Township purchased the former Paul's Auto Repair site, a 3.89-acre site (Block 33, Lot 13.04) located on State Highway Route 130, with the intent of conveying it to an affordable-housing developer for a tax-credit development comprising one building with 66 special needs and age-restricted affordable rental units and one building with 24 affordable family rental units. Ingerman was selected as the developer. The project is now completed and occupied. The family affordable rental building, Willows at Cranbury, received its last certificate of occupancy in November 2019, and the age-restricted and special needs rental building, Birchwood at Cranbury, received its last certificate of occupancy in early 2020. All units have affordability controls of at least 30 years, and are administered by Ingerman Property Management.

The 24 affordable family rental units have the following income/bedroom breakdown:

	1 BR	2 BR	3 BR	Total
Very Low-income	1	2	1	4
Low-income	1	5	2	8
Moderate-income	2	8	2	12
Total	4	15	5	24

The 66 age-restricted and special-needs units have the following income breakdown:

	1 BR	2 BR	Total
Very Low-income	9	--	9
Low-income	22	2	24
Moderate-income	30	3	33
Total	61	5	66

High Point/Cheney/Hagerty

On October 26, 2015, Township Committee approved the Redevelopment Plan for this 11.58-acre site (Block 19, Lots 2- 4, and Block 20.16, Lots 7-10, and 20, at the intersection of South

Main Street and Old Trenton Road). The Redevelopment Plan called for ground-floor retail with apartments above, including seven affordable family rental units, along Old Trenton Road, and market-rate townhouse units along South Main Street. On December 15, 2015 the Planning Board granted preliminary and final site plan approval for Phase 1 and final subdivision approval. The redeveloper asked for and obtained from the Court a waiver from COAH's phasing requirement to allow it to delay development of some affordable units, but still deliver all affordable units by the time 75% of the market-rate units have been constructed. The residential units have now been constructed, and the project is awaiting certificates of occupancy pending completion of the ground-floor retail space. The developer intends to retain Piazza & Associates to administer the seven affordable units, which will be distributed as follows:

	1 BR	2 BR	3 BR	Total
Very Low-income	--	1	--	1
Low-income	1	1	1	3
Moderate-income	--	2	1	3
Total	1	4	2	7

Toll Brothers/Proteinick Site

This 71.66-acre site (Block 25, Lot 1) is located at 330 Dey Road on the corner of Dey Road and Petty Road. The Township executed a settlement agreement with Toll Brothers, the developer of the site, that permits 174 senior market-rate units. Instead of constructing affordable housing onsite, Toll Brothers will make a \$3 million payment in lieu to the Township, in four payments of \$750,000 each, phased according to how many certificates of occupancy it receives for completed units. The first payment is due when 44 units are completed. The payment in lieu funds will be utilized by the Township to defray costs associated with the Township's remaining Third Round 100% affordable housing sites, including the Willows at Cranbury/Birchwood at Cranbury project and the Applewood Court/Route 130D site.

The Township has indicated that because of the COVID-19 pandemic, work on this project has been delayed, and the Township now expects the first payment in lieu sometime in 2023.

Cranbury Housing Associates: Eden Group Home

The Elizabeth Wagner House, at 23 Old Cranbury Road (Block 20, Lot 13.01), was an original CHA affordable four-bedroom home, although it was not previously included among either the Township's Prior Round or Third Round compliance mechanisms. When the former tenant moved out, the structure was in the need of substantial repair. In 2019, Cranbury Township signed a Memorandum of Understanding with CHA for the renovation of the property. There was need for a group home in the Township for autistic adults, so CHA has demolished and rebuilt the property as an accessible three-bedroom group home, using \$75,000 in financial assistance from the Township. Eden Autism Services will administer the units. Construction was completed in mid-2020, and, due to the COVID-19 pandemic, Eden now anticipates the bedrooms to be occupied by summer 2021. Eden has provided a special-needs group home survey indicating that all three bedrooms will be affordable to very low-income residents, and Eden will provide a license and deed restriction when the bedrooms are occupied. The Township intends to claim the three credits (credit is by the bedroom in a group home) toward satisfaction of a future affordable housing obligation.

5.0 CONCLUSION

The Township has satisfied its entire 217-unit Prior Round obligation with existing units, associated rental bonuses and the COAH/Court-approved Second Round substantial compliance reduction (not to be confused with the invalidated Third Round compliance bonus). At the time of adoption of its Housing Element and Fair Share Plan in 2016, the Township had satisfied 66 units of its 260-unit Third Round obligation with surplus credits from the Prior Round, and had completed another three existing affordable family rental units and associated rental bonuses.

Since the Township's Housing Element and Fair Share Plan was adopted and approved by the Court, three of the proposed compliance mechanisms have progressed to completion: 56 affordable family rentals (in two separate projects) that had been approved along with 56 rental

bonuses, have been completed; 66 affordable age-restricted and special-needs units have been completed; and seven affordable family rental units, eligible for six rental bonuses, the maximum the Township is permitted to claim, are under construction and awaiting certificates of occupancy. In addition, a three-bedroom special-needs group home has been completed, which the Township intends to include toward satisfaction of a future affordable housing obligation.

In the event the Court determines that a compliance site or mechanism no longer presents a realistic opportunity and should be replaced, then Cranbury Township shall have the opportunity to supplement or revise its plan to correct any compliance deficiency.