



VIA HAND DELIVERY

February 28, 2017

Gregory J. Bonin, Administrator
Township of Branchburg
1077 U.S. Highway 202 North
Branchburg, NJ 09976

**RE: Submission of Response – Second Request For Affordable Housing Proposals
Judelson/Glen Willow Tracts, Route 202, Branchburg, NJ**

Dear Mr. Bonin:

We are pleased to submit for Branchburg's consideration the attached response document in satisfaction of the requirements specified in the Township's recent '***Second Request For Affordable Housing Development Proposals***' for the above referenced property. As Intervenors in the Township's Mt Laurel case (Docket No. L-989-15), we look forward to a productive dialogue to advance the proposed affordable housing alternative detailed in this submission.

Should you or others reviewing this document (and plans) have questions or comments regarding the information contained therein, please feel free to contact my office or the property owner, as specified at the end of response document.

On behalf of the landowners, we look forward to working with the Township to advance this development proposal to assist Branchburg in fulfilling its third round affordable housing obligation.

Sincerely,

K. HOVNANIAN NORTH JERSEY ACQUISITIONS, LLC


Jonathan Fisher, Senior Vice President
K. Hovnanian Homes

JF/jg

Enc: One paper copy & DVD w/ pdf

Cc: James Luke (GH Property Company Branchburg, LLC) – w/ enc.
Robert A. Kasuba, Esq. (Bisgaier Hoff) - w/ enc.

RESPONSE TO SECOND REQUEST FOR AFFORDABLE HOUSING PROPOSALS

BRANCBURG TOWNSHIP, NJ

February 28, 2017

PROPERTIES: Assemblage of three properties (two owners) known as Block 70, Lots 18, 24 and 24.01, located along the northern side of N.J. State Highway 202, just west of its intersection with Holland Brook Road, Branchburg, NJ

This document is provided to assist the Township in satisfying its third round affordable housing obligation, in response to the *Second Request For Affordable Housing Development Proposals* that was distributed to interested parties on January 30, 2017. It is important to mention that representatives of the owners of both tracts have been in discussions with the Township about multi-family affordable housing options for these sites since 2008. As such, numerous meetings and presentations of different development alternatives (between 2011 to present) have been made for residential uses along with affordable housing options.

The information required is provided below, and is enumerated as listed in the Request, as follows:

1. **See attached Tax Map** of the properties, which total approximately 71.5 acres (44.4 acres for the Judelson tract, and 27.1 acres for the Glen Willow tract). The land is currently situated in the OL-Office Laboratory Zoning District. The land is vacant, partially wooded, partially in agricultural use and contains some wetlands and stream features. **See attached Aerial Photograph.**

Both the Judelson and Glen Willow properties are taxed according to their farmland assessed designation (Class 3B-Farm Qualified).

2. The **Judelson Tract (Block 70, lot 18)** is owned by **David N. Judelson Family Charitable Trust**, 150 East 52nd Street, Suite #2703, New York, NY 10022. Contract Purchaser from Judelson is GH Property Company Branchburg, LLC, 6542-A Lower York Road, #413, New Hope, PA 18938. Contract Purchaser from GH Property is K. Hovnanian North Jersey Acquisitions, LLC, 110 Fieldcrest Ave, Edison, NJ 08837

The **Glen Willow Tract (Block 70, Lots 24 and 24.01)** is owned by **Glen Willow Properties, LLC**, 7 North Willow Street, Suite 8B, Montclair, NJ 07042. Contract Purchaser from Glen Willow is GH Property Company Branchburg, LLC, 6542-A Lower York Road, #413, New Hope, PA 18938. Contract Purchaser from GH Property is K. Hovnanian North Jersey Acquisitions, LLC, 110 Fieldcrest Ave, Edison, NJ 08837

3. **Proposed Development:** The proposal described in this response offers two alternatives, both of which we believe are viable options for providing affordable housing as part of Branchburg Township's third round Fair Share Housing Compliance Plan. The plans

represent a suitable and developable building opportunity designed to assist the town in meeting its affordable housing obligation. **See attached Concept Plans ('A' and 'B').**

Both of these development options offer a range of 2 and 3-story multi-family (townhouse) styles and 'for-sale' affordable homes situated in a 3-story townhouse condominium buildings, plus recreational amenities.

Concept Plan 'A' (both parcels)

- 224 two-story traditional townhomes, all 3 bdm, most with two-car garages
- 66 three-story (stacked) townhouse condominiums, half 2-bdm and half 3-bdm, all one-car garages
- 102 affordable townhouse condominiums (representing a **26% set-aside**) in 3-story buildings, providing a mix of 2 and 3-bdm units (max 20% 3-bdrm), with 2/3 of the homes having a one-car garage
- Recreation clubhouse (2,400+/- s.f.) with outdoor pool and other amenities

TOTAL = 392 Homes

- Monetary contribution to the Township of **\$700,000** for affordable housing purposes, to be paid over the course of development of the project based on the phasing schedule used for the construction of low/mod units per the UHAC regulations
- Construction of all-purpose multi-use ball field, rain shelter and adjacent gravel parking, with an **estimated value of \$125,000**
- Dedication of roughly **11 acres of open space** to the Township
- Extension of a sanitary sewer line to the adjoining Glen Crest Drive neighborhood

Concept Plan 'B' (Judelson only)

The second development option would exclude use of the Glen Willow property, while still providing a 26% affordable set-aside. It would include:

- 205 two-story traditional townhomes, all 3 bdm, most with two-car garages
- 72 affordable townhouse condominiums (representing a **26% set-aside**) in 3-story buildings, providing a mix of 2 and 3-bdrm units (max 20% 3-bdrm), with 2/3 of the homes having a one-car garage
- Recreation clubhouse (2,400+/- s.f.) with outdoor pool and other amenities

TOTAL = 277 Homes

- Monetary contribution to the Township of **\$500,000** for affordable housing purposes, to be paid over the course of development of the project based on the phasing schedule used for construction of low/mod units per the UHAC regulations
- Extension of a sanitary sewer line to the adjoining Glen Crest Drive neighborhood

The planned recreation component is proposed to offer the residents a central clubhouse (with multi-purpose room, office, activity and fitness room, catering kitchen, restrooms, etc.), an outdoor pool and other possible amenities, such as a tot-lot play area. All of the recreation amenities would be constructed for the benefit of the residents and would be managed by a Homeowners' Association. The association would likewise own and

maintain other common area property (open space), stormwater basins and limited common elements for the benefit of the development.

The proposed public recreation facilities shown on Concept Plan 'A' would be built by the developer, and then conveyed to the Township (with the associated property) to be owned and maintained as a municipal public recreation facility.

4. **Financial:** As the developer of the subject properties, K. Hovnanian Homes has adequate financial resources to successfully improve and develop the property as designed, using its internal and external capital resources. For land acquisition and development purposes, K. Hovnanian has access to internal cash based on capital raised through our public bonds. The company has a long-term successful track record as one of the country's top home-building companies. It has proven that it has the financial capacity and commitment to pursue a full range of development and redevelopment opportunities. With total revenues last year (2016) of more than \$2.8 billion, it delivered 6,464 homes in 16 different states. This volume of business places it 6th among all home builders nationwide.

Should the Township require additional information regarding K. Hovnanian's financial capabilities, we can provide a copy of the company's Audited Financial Statement (consolidated balance sheets) as of October 31, 2016.

5. **Benefits:** This affordable housing development proposal would result in a number of positive benefits. Most important, the construction of this development would result in the production new affordable housing units, helping to satisfy its third round affordable housing obligation. Depending on the approach taken, either **102 affordable homes** would be built, plus a monetary contribution of **\$700,000**. Or, the alternate development would result in the construction of **72 affordable homes**, plus a monetary contribution of **\$500,000**. Both proposals would result in the construction of a significant number of affordable housing units at no cost to the municipality, plus substantial contributions to assist Branchburg with other efforts to satisfy its obligation. The obvious public benefit is the production of homes for those individuals or families with low & moderate incomes, assisting this demographic by providing local reasonably priced new housing for those with limited incomes.

As noted above, Concept Plan 'A' provides a significant dedication of open space to the Township, plus the construction of an all-purpose ball field, gravel parking area and rain shelter. Other positive benefits anticipated from either development proposal include: (1) land use that is compatible with surrounding uses; (2) adequate road access and infrastructure to support the development; (3) the proposed extension of a sanitary sewer line to the adjoining Glen Crest Drive neighborhood; (4) direct access to the Route 202 corridor for commuting and shopping; (5) multi-family townhouse living opportunities for local population satisfying a demand for modest priced new housing for young adults, couples and move-down buyers; and (6) an infusion of new residents to support the local economy.

Over the course of previous discussions with Township officials regarding these properties, there were several Fiscal Impact Analyses performed, the most recent of which projected a total project valuation of roughly \$135 Million based on delivering 325 market-rate homes. (Note, both of the current proposals now have slightly less market-rate housing, but more affordable homes.) The **positive net annual revenue benefits** to the Township, School District and County total approximately **\$919,250 per year**, about 78% of which would accrue to the benefit of the School District. Although this development will result in some associated municipal costs (and school expenditures), in our experience, this type of development and housing product will produce a modest amount of school-age children. Below is an excerpt from the Fiscal Impact Report that detailed the revenues and costs associated with this development proposal:

<u>Cost Revenue Summary</u>				
	<u>Local</u>	<u>School</u>		
	<u>Use</u>	<u>District</u>	<u>County</u>	<u>Total</u>
Added Revenues	\$471,470	\$1,858,790	\$514,830	\$2,845,090
Allocated Costs	<u>\$410,010</u>	<u>\$1,140,420</u>	<u>\$375,410</u>	<u>\$1,925,840</u>
Surplus (Deficit)	\$ 61,460	\$ 718,370	\$139,420	\$ 919,250

Furthermore, Richard B. Reading Associates prepared a September 4, 2015 letter report that provided an assessment of the impact of additional school-age children generated as a result of the development. With approximately the same number of homes, he estimated a total school-age population of 84 students (or 6.5 students per grade). Despite this increase in new school-age children, his analysis research concluded that there is excess capacity in the school system, and that construction of these homes over time, would provide a paced increase in school children that could be accommodated by the local and regional schools without imposing a hardship on the facilities. (Note, this analysis was completed based on a development scenario with a total of 381 homes.)

Regarding traffic conditions, it is clear that build-out of the property under current zoning would generate higher traffic volumes in comparison to the proposed residential development. Considering the FAR limits, building setback requirements, open space set-aside (40%), and height limit of 4-stories, it is not unreasonable to expect that 300,000 to 450,000 s.f. of office development could be constructed on the combined properties. Based on this approximation, trip generation volumes would be in the range of 465 to 697 vehicles for the AM peak hour period (PM trips would be slightly less). In contrast, using the ITE trip generation rates for the proposed multi-family residential would be more in the range of 260 to 300 range (AM) and similar for the PM peak hour. Obviously, the traffic movements would be essentially reversed from each other due to the different uses, but it's clear that greater volumes of traffic would be produced based on the present zoning classification.

It has become clear that the current zoning does not provide for a marketable and realistic land use opportunity for the subject properties. There is very little, if any, demand for new large-scale office/laboratory uses in the area. In the alternative, providing for multi-

family (and affordable) housing as proposed, would allow for a marketable and productive use while helping to fulfill Branchburg's affordable housing obligation.

6. **Timing:** The timing of the proposed development would, of course, depend on how quickly the Court and Branchburg Township finalizes its Mt Laurel Compliance Plan. However, assuming that the Township includes this property in its Plan in 2017, it would be followed by the adoption of new zoning requirements to allow for the development as shown on (or similar to) the conceptual development plans.

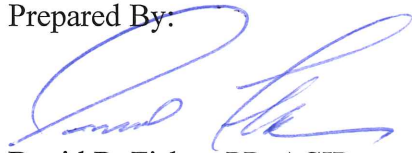
From the time of adoption of the zoning ordinance (to allow for the development), we would estimate roughly 18 to 24 months for securing all entitlements, followed by commencement of site construction. It is anticipated that approximately 6 to 8 months of land development work would be necessary before the start of townhome construction -- which would begin with the start of model homes and affordable townhomes. Depending on market demand and sales pace, it is estimated that we would sell-out the community in 4 to 5 years.

7. **Contribution Required:** There are no monetary contributions required from Branchburg Township in order to support the development of either of the two development plans.
8. **Contribution Provided:** Concept Plan 'A' would result in a monetary contribution of **\$700,000**, and provide for the installation of an active recreation ball field, rain shelter and associated gravel parking (estimated improvement value of **\$125,000**) along with 11 acres of dedicated open space.
Concept Plan 'B' would provide **\$500,000** to Branchburg Township for affordable housing purposes.
9. **Housing Type:** Both concept plans anticipate the development of low & moderate income housing (townhouse condominium) units as 'for-sale' homes.

We trust that this offering will be well-received by the Township of Branchburg as part of its third round Fair Share Housing Compliance Plan. Should the Township care to discuss any details of these proposals in more detail, we encourage you to contact either our office, or GH Properties, LLC.

Date: February 28, 2017

Prepared By:



David B. Fisher, PP, ACIP
Vice President – K. Hovnanian Homes

CONTACTS

James Luke

GH Property Company Branchburg, LLC

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New Hope, PA 18935

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David B. Fisher, Vice President

K. Hovnanian Homes

110 Fieldcrest Avenue, 5th Floor

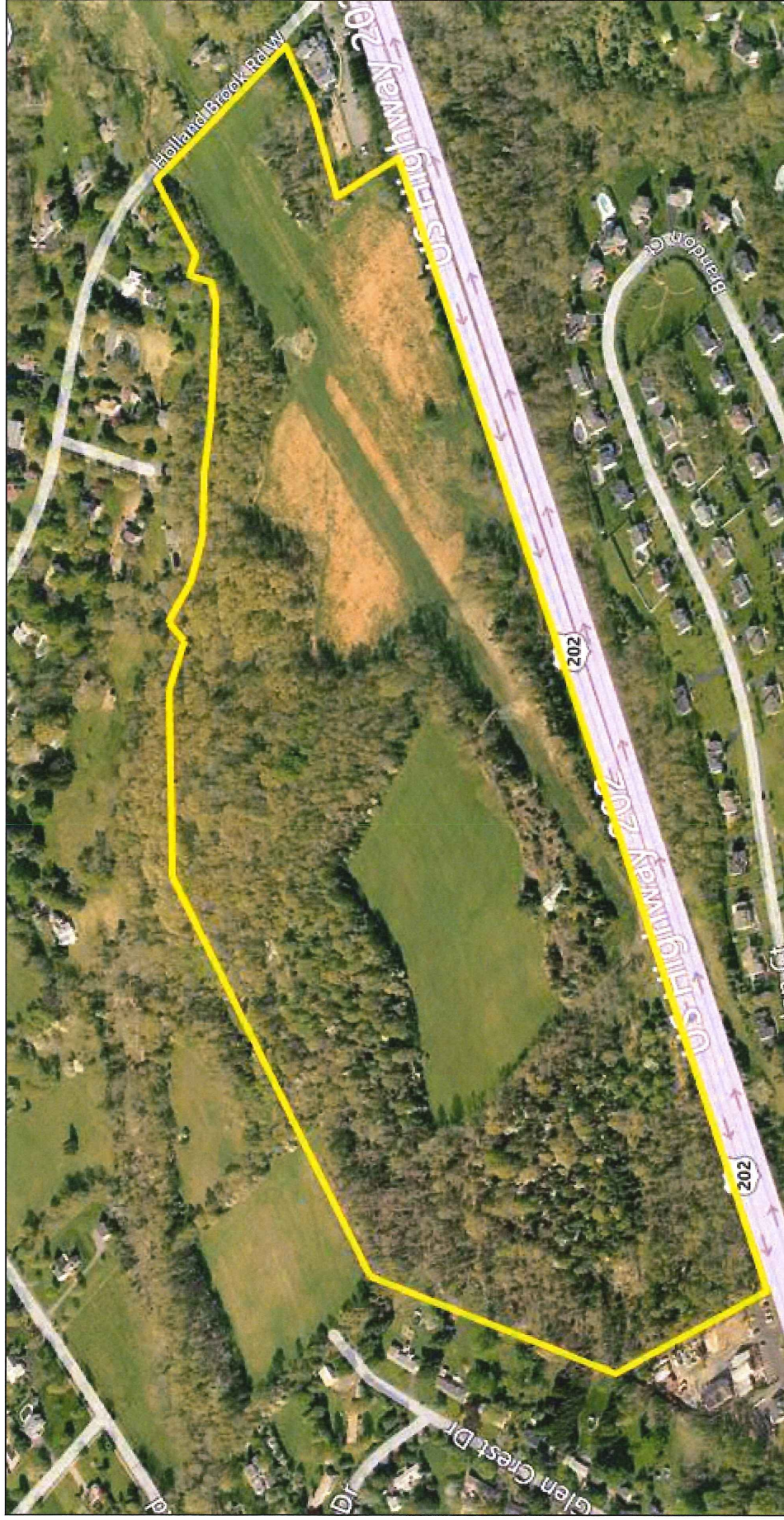
Edison, NJ 08837

(732) 623-6927 direct

(908) 618-6034 mobile

ATTACHED EXHIBITS

- **Tax Map of Properties**
- **Aerial Photograph**
- **Concept Plan 'A'**
- **Concept Plan 'B'**



Aerial Photograph – Combined Judelson/Glen Willow Tracts (71.5 acres), Branchburg, NJ



Ownership of Design:

All concept plans are the intellectual sole property of K. Hovnanian Homes LLC and its affiliates. They may not be used by any other parties, for any purpose without the specific written consent of K. Hovnanian Homes LLC and/or its affiliates.

Note: This document is NOT a survey and is to be utilized for illustrative purposes only.

- 224 THG's (24' & 26' x 56')
 - 66 STHG's (26' x 66')
 - 102 COAH - 26% (STHG's 24' x 62')
- 392 TOTAL HOMES**

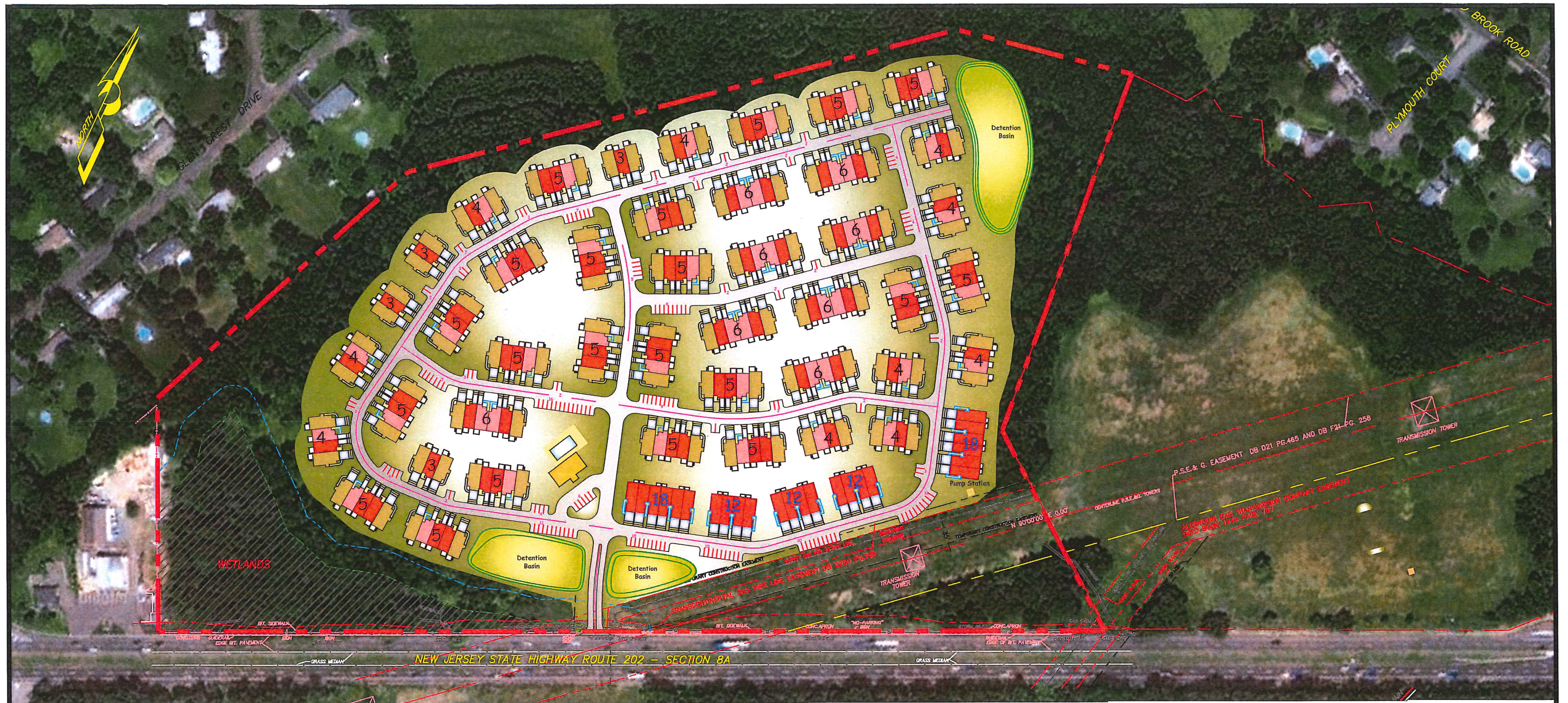
TOTAL TRACT SIZE: 71.02 acres

This Drawing is Not To Scale

CONCEPT PLAN "A"
 Lots 18, 24 & 24.01 Block 70
 Route 202
 Township of Branchburg
 Somerset County, NJ



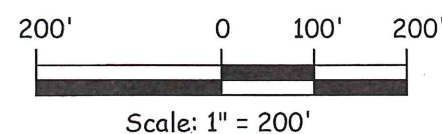
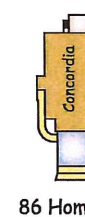
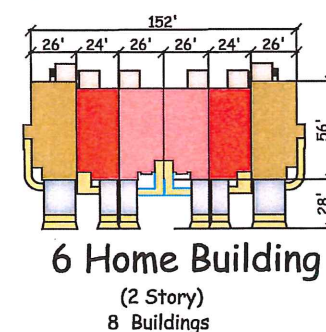
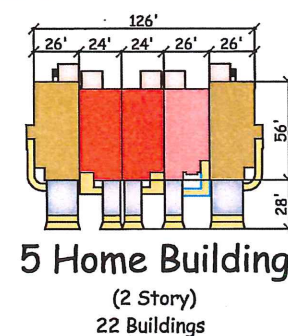
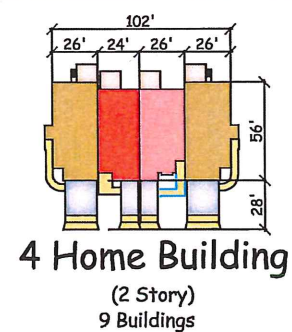
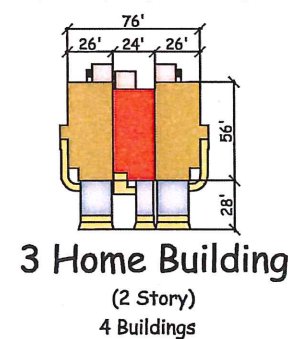
February 17, 2017



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205 THG's (24' & 26' x 56')
72 COAH (26%) - (STHG's 24' x 62')
277 TOTAL HOMES

TOTAL TRACT SIZE: 44.4 acres

CONCEPT PLAN "B"
Lot 18, Block 70
Route 202
Township of Branchburg
Somerset County, NJ



February 17, 2017