

RESPONSE TO REQUEST FOR AFFORDABLE HOUSING PROPOSALS

BRANCBURG TOWNSHIP, NJ

March 11, 2016

PROPERTIES: Assemblage of three properties (two owners) known as Block 70, Lots 18, 24 and 24.01, located along the northbound side of N.J. State Highway 202, just north 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 ***Request For Affordable Housing Development Proposals*** that was sent to interested parties. It is noteworthy to mention that representatives of the owners of both tracts have been in discussions with the Township since 2008, resulting in multiple meetings and presentations of different development alternatives (between 2011 to present) 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. 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. The proposal described in this response is what we believe would be a viable option for providing affordable housing as part of Branchburg Township's third round Fair Share Housing Compliance Plan. It represents a feasible and developable building opportunity designed to assist the town in meeting its affordable housing obligation.

There are two concept plans provided for the Township's consideration: **(1) Concept Plan A** which provides for 381 total homes, a 16.5% set-aside of affordable housing units

and would include a \$2.1 Million in lieu payment for other affordable housing purposes within the Township; or **(2) Concept Plan B** which provides for 390 total homes and a 20% set-aside of affordable housing units. **(See attached Plans)**. Both of these plans offer a range of 2 and 3-story multi-family (townhouse) styles, plus 'for-sale' affordable homes situated in a 3-story townhouse condominium buildings, plus recreational amenities.

More specifically, Concept Plan A contains the following:

- 204 2-story traditional townhomes, all 3 bdrm, most with two-car garages
 - 12 Duplex townhomes, all 3 bdrm, all with two-car garages
 - 102 3-story (stacked) townhouse condominiums, half 2-bdm and half 3-bdm, all one-car garages
 - 63 affordable townhouse condominiums (in 3-story buildings), mix of 2 and 3-bdrm units (max 20% 3-bdrm), with 2/3 of the homes having a one-car garage
- TOTAL = 381 Homes**
- In lieu contribution to Township of \$2.1 Million 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.
 - Clubhouse (2,400+/- s.f.) with outdoor pool and other amenities

The second development option (Concept Plan B) contains slightly more density and achieves a 20% set-aside. Its features include:

- 204 2-story traditional townhomes, all 3 bdrm, most with two-car garages
 - 12 Duplex townhomes, all 3 bdrm, all with two-car garages
 - 96 3-story (stacked) townhouse condominiums, half 2-bdm and half 3-bdm, all one-car garages
 - 78 affordable townhouse condominiums, mix of 2 and 3-bdrm units (max 20% 3-bdrm), with 2/3 of the homes having a one-car garage
- TOTAL = 390 Homes**
- In lieu contribution of \$250,000 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.
 - Clubhouse (2,400+/- s.f.) with outdoor pool and other amenities

A recreation component is proposed to provide the residents with a central clubhouse (multi-purpose room, office, activity and fitness room, catering kitchen, restrooms with showers), an outdoor pool and other possible amenities, such as a tot-lot play area and walking/jogging trails.

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.

4. 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 of more than \$2.1 billion, it delivered 5,776 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, 2015.

5. 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 63 affordable homes would be built, plus a monetary contribution of \$2.1 Million. Or, the development would result in the construction of 78 affordable housing units at no cost to the municipality. These set-asides of low & moderate income housing would, in turn, provide reasonably priced new housing in Branchburg for those with limited incomes.

Over the course of various discussions with the Township regarding these properties, there were several Fiscal Impact Analyses performed, the most recent of which projected a total project valuation of roughly \$140 Million, and positive annual net revenue benefits to the Township, School District and County of approximately \$750,000 per year, about 75% 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.

In fact, a recent memorandum was prepared by Richard B. Reading Associates, dated September 4, 2015, to perform an assessment of the impact of additional school-age children that would be generated as a result of the development. An excerpt from this memo is provided below regarding the anticipated positive impact on the school system associated with the build-out of this community (Note, this analysis was completed based on the development scenario in Concept A):

Fiscal Implications

12. **Proposed Development Demographics and Fiscal Implications** - The 318 market townhouse units in the proposed Route 202 development could be expected to generate 53 to 64 school children with an allocated school district cost of \$759,070 to \$988,220. The school district costs would be fully offset by school district tax revenues amounting to \$1,643,930, yielding an annual school district revenue surplus of \$655,710 to \$884,860.

Other positive benefits that we would expect from this development 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 into the adjoining Glen Crest Drive neighborhood; (4) development of a new all-purpose ball field, with parking, rain shelter and 11 acres of associated open space; (5) 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) infusion of new residents to support local economy.

Furthermore, build-out of the property under the 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 to 450,000 s.f. of office development could be constructed on the 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 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 option for the property. 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 like that which is proposed, would allow for a marketable and productive use while helping to fulfill Branchburg's affordable housing obligation.

6. The timing of the proposed development will, 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 2016, 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.

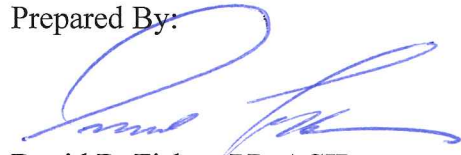
7. There are no monetary contributions required from Branchburg Township in order to support the development of either of the two development plans.

8. Both concept plans anticipate the development of low & moderate income housing (townhouse condominium) units as 'for-sale' homes; not as rentals.

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 this proposal in more detail, we encourage you to contact either our office, or GH Properties, LLC.

Date: March 11, 2016

Prepared By:



David B. Fisher, PP, ACIP
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CONTACTS

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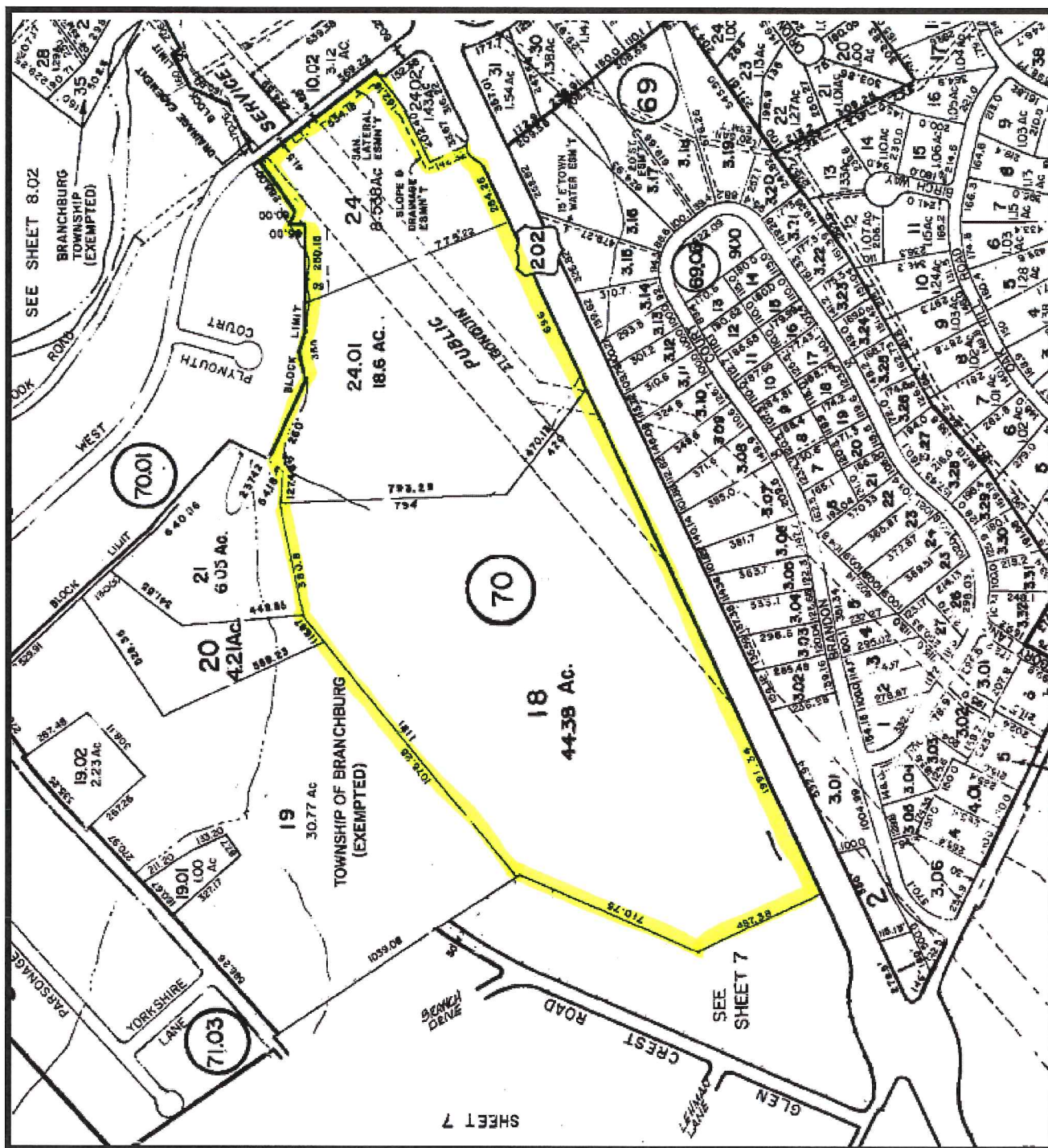
Edison, NJ 08837

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ATTACHED EXHIBITS

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



TAX MAP – Judelson & Glen Willow Tracts, Route 202, Branchburg, NJ



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



- 204 THG's (24' & 26' x 56')
 - 12 Duplex (28' x 54')
 - 102 STHG's (26' x 66')
 - 63 COAH - (STHG's 24' x 62')
- 381 TOTAL HOMES**

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.

This Drawing is Not To Scale

TOTAL TRACT SIZE: 71.02 acres

Undisturbed Open Space: 29.11 ac (41.0%)

**Area to be dedicated
to Twp (south of ROW): 11.2 ac (15.6%)**

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



March 7, 2016



- 204 THG's (24' & 26' x 56')
 - 12 Duplex (28' x 54')
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 - 78 COAH - (STHG's 24' x 62')
- 390 TOTAL HOMES**

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TOTAL TRACT SIZE: 71.02 acres

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**Area to be dedicated
to Twp (south of ROW): 11.2 ac (15.6%)**

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



March 7, 2016