BOROUGH OF WATCHUNG

SOMERSET COUNTY, NEW JERSEY

HOUSING ELEMENT & FAIR SHARE PLAN

APRIL 2019

DRAFT

Adopted by the
Borough of Watchung Planning Board on:

Prepared by:

MASER CONSULTING P.A.

Marcia R. Shiffman, PP, AICP, LLA
NJ Professional Planner's License #02428

The original of this document has been signed and sealed in accordance with New Jersey Law.

TABLE OF CONTENTS

INTRODUCTION 2
I. INTRODUCTION 2
II. MUNICIPAL SUMMARY 3
III. WATCHUNG AFFORDABLE HOUSING TIMELINE 3
IV. AFFORDABLE HOUSING OBLIGATION 5
V. GOAL 5
HOUSING ELEMENT 6
VI. CONTENT OF HOUSING PLAN 6
VII. POPULATION DEMOGRAPHICS 7
VIII. HOUSING CHARACTERISTICS 13
IX. EMPLOYMENT DEMOGRAPHICS 18
X. PROPERTY VALUE CLASSIFICATIONS 24
XI. HOUSING PROJECTIONS 25
XII. CAPACITY FOR FUTURE DEVELOPMENT 26
XIII. AVAILABILITY OF PUBLIC WATER AND SEWER INFRASTRUCTURE 27
XIV. CONSTRAINTS ON DEVELOPMENT 27
XV. STATE DEVELOPMENT AND REDEVELOPMENT PLAN 27
FAIR SHARE PLAN 28
XVI. REQUIRED CONTENTS OF FAIR SHARE PLAN 28
XVII. FAIR SHARE OBLIGATION 29
XVIII. WATCHUNG'S AFFORDABLE HOUSING OBLIGATION 30
XIX. PRESENT NEED OR REHABILITATION SHARE OBLIGATION – 4 UNITS 30
XX. PRIOR (SECOND) ROUND OBLIGATION (1987-1999) – 169 UNITS 31
XXI. THIRD ROUND OBLIGATION (1999-2025) 38
XXII. UNMET NEED 41
XXIII. DEVELOPMENT FEES 42
XXIV. SPENDING PLAN 43
XXV. IMPLEMENTATION SCHEDULE 44
XXVI. APPENDIX I 45
XXVII. APPENDIX II

.

R:\Projects\WAT\Wat-165\Reports\2019 Housing Plan\HEFSP\190402_Watchung Housing Plan Preliminary.docx

INTRODUCTION

I. INTRODUCTION

According to the New Jersey Fair Housing Act of 1985, a Housing Plan Element shall be designed to achieve the goal of access to affordable housing to meet present and prospective housing needs, with particular attention to low- and moderate-income housing.

This is the Borough of Watchung's Housing Element and Fair Share Plan ("HEFSP") for the period between 1999 and 2025. On March 10, 2015, the Supreme Court ruled that the New Jersey Council on Affordable Housing ("COAH") has failed to act and as a result, the Courts will be assuming jurisdiction over the Fair Housing Act. The Order divides municipalities into one of three categories – those that achieved Third Round Substantive Certification, those that filed or petitioned and those that had never participated in the COAH process.

For a municipality like Watchung that petitioned or "participated" in 2008, the Order allows "participating" towns to file a Declaratory Judgment during a 30-day window (June 8 – July 8, 2015) to alert the Court that the Borough wishes to comply with its constitutional mandate to provide affordable housing. Watchung filed its complaint for Declaratory Judgment on July 2, 2015.

Between 2015 and September 2018, the Borough has worked with the Courts, the Court Master Frank Banisch and the Fair Share Housing Center ("FSHC") to address its affordable housing obligation. On June 7, 2018, the Borough of Watching and the FSHC Settlement Agreement ("FSHC Settlement Agreement") was adopted. Subsequently, the Superior Court of Somerset County issued the Order on Fairness and Preliminary Compliance Hearing dated September 19, 2018 ("Court Order on Fairness"), finding that the FSHC Settlement Agreement is fair and reasonable to members of the protected class, low and moderate-income persons. (See Appendix)

The Borough has prepared this HEFSP to address its affordable housing obligation in accordance with the provisions of the Settlement Agreement. This HEFSP is prepared utilizing the Prior Round Rules[1] as well as the guidance provided in the March 10, 2015 Supreme Court Order. As indicated by the 2015 Court Order, each municipality in the State still has a three-part obligation:

1. Rehabilitation Obligation,
2. Any remaining Prior Round Obligation that has not been constructed, and
3. Third Round Obligation.

Later Court decisions have determined that the Third Round Obligation includes a Gap Period from 1999-2015 and the Third Round Prospective Need Period from 2015 -2025.

[1] N.J.A.C. 5:91 (Procedural) and N.J.A.C. 5:93(Substantive) Rules. They can be found at: http://www.nj.gov/dca/services/lps/hss/statsandregs/secondroundregs.html

II. MUNICIPAL SUMMARY

The Borough of Watchung contains about 6 square miles or 3,840 acres located in the northeastern corner of Somerset County, where it adjoins Union County. Within Somerset County, Watchung is bordered by Warren Township to the west and North Plainfield Borough and Green Brook Borough to the south. Watchung is also bordered by Union County, including Berkeley Heights Township to the north and Scotch Plains Township and the City of Plainfield to the east. The Borough is also bordered to the north and south by the Watchung Mountains. Mountain Boulevard and Valley Road traverse the entire Borough from southwest to northeast corner. The Borough is bracketed by two major highways: Interstate 78 crosses through the northern corner and U.S. Route 22 crosses through the southeast corner of the Borough.

Watchung is a developed suburban municipality with little vacant land remaining for new development. This is consistent with the 2001 State Development and Redevelopment Plan designation of the entire Borough as PA2 Suburban Planning Area. Environmental constraints affect selective areas in the Borough. Areas containing steep slopes of 15 percent or greater are located along the Watchung Mountains at the north and south of the Borough. Wetlands are primarily located in the floodplains along the Stony Brook and Green Brook stream corridors.

III. WATCHUNG AFFORDABLE HOUSING TIMELINE

A summary of Watchung's historic affordable housing timeline is included below:

- **September 26, 1988 -** The Borough received Substantive Certification from the Council on Affordable Housing ("COAH") for the Borough's First Round fair share obligation under Mount Laurel and the FHA.

  The Borough's First Round Substantive Certification obligation was 132 units and included inclusionary zoning for 60 affordable units, a 9 unit rehabilitation program, 6 rental bonus credits and a 57 unit Regional Contribution Agreement with the Town of Phillipsburg.

- **July 1, 1998** - The Borough received Substantive Certification from COAH for the Borough's Second Round obligation under Mount Laurel and the FHA.

  The Borough's Second Round Substantive Certification obligation was 206 units, subject to a Vacant Land Adjustment ("VAL") establishing the Borough's Realistic Development Potential ('RDP') at 169 units. The VLA reduced the Borough's obligation by 37 units from the original COAH calculation of 206 units. These 37 units became Unmet Need.

- **November 29, 2005** – The Borough adopted a Third Round HEFSP to address the 2004 COAH rules. These COAH rules were subsequently invalidated by the Court.

- **December 2, 2008 -** The Planning Board adopted the Borough's Third Round Plan ("Third Round Plan") to meet the Borough's Third Round fair share obligation under Mount Laurel

and the FHA.

- **December 11, 2008** - The Borough Council, on adopted a Resolution endorsing the Third Round Plan and authorized the submission of a Petition for Third Round Substantive Certification to COAH.

- **December 30, 2008** - The Borough submitted the Petition for Third Round Substantive Certification to COAH.

- **February 9, 2009** - COAH declared the Borough's Petition for Third Round Substantive Certification complete.

- **July 20, 2010** - After mediation, the Borough adopted an Amended Third Round HEFSP which included a proposed Route 22 Affordable Housing Overlay District to address the Unmet Need.

- **September 26, 2011** - The 2010 Amended Third Round HEFSP was filed as a re-petition with COAH.

- **January 26, 2012** - Watchung published notice of the repetition.

- **April 5, 2012** - Local Planning Services (substitute for COAH during effective period of Reorganization Plan No. 001-2011) acknowledged the Borough's re-petition and stated that at the end of the 45-day no objections were received. COAH did not take action to certify the Borough's Petition.

- **July 2, 2015** – Borough files a Declaratory Judgement with the Court.

- **August 25, 2015** – Court Order granted temporary immunity from exclusionary zoning litigation to Borough of Watchung. This immunity has been extended by the Courts continuing through 2018.

- **June 7, 2018** – Borough of Watchung and Fair Share Housing Center Settlement Agreement was adopted.

- **September 19, 2018** – Superior Court of New Jersey, Law Division, Somerset County granted an Order finding that the FSHC Settlement Agreement in the matter of a judgement of compliance had merit and is fair and reasonable. This HEFSP is written and adopted in compliance with the terms of this Settlement Agreement.

IV. AFFORDABLE HOUSING OBLIGATION

Based on the Settlement Agreement executed on June 7, 2018, Watchung and the Fair Share Housing Center agree that the Borough has an adjusted rehabilitation obligation of 4 units, a COAH certified Prior Round obligation of 169 units and an adjusted Third Round obligation of 53 units. Also, Watchung has a total Unmet Need of 372 units.

AFFORDABLE HOUSING OBLIGATIONS				
Rehabilitation Obligation	**Prior Round Obligation (1987 -1999)**	**Third Round Obligation (1999 -2025)**	**Unmet Need (Prior Round)**	**Unmet Need (Third Round)**
4 Units	**169 Units**	**53 Units**	**37 Units**	**335 Units**

V. GOAL

Watchung has historically addressed its constitutional obligation to create realistic opportunities for low- and moderate-income housing. The Borough is committed to meeting its fair share of the region's low- and moderate-income housing needs and has made its best efforts to prepare a realistic, workable plan.

The Borough's goals and objectives as it relates to the Housing Plan are as follows:

- To conserve and improve the existing housing stock through housing rehabilitation and affordable accessory apartments from various funding sources, including the Borough's Housing Trust Fund.

- To provide for Watchung's fair share of low- and moderate-income housing as set forth in the Housing Plan.

HOUSING ELEMENT

VI. CONTENT OF HOUSING PLAN

The Municipal Land Use Law ("MLUL") requires that "the housing element be designed to achieve the goal of access to affordable housing to meet present and prospective housing needs, with particular attention to low- and moderate-income housing." The Fair Housing Act (N.J.S.A. 52:27D-310) requires a Housing Element to contain at least the following items:

- 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 of lands;
- 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 jobs and employment characteristics of the municipality, and a projection of the probable future jobs and employment characteristics of the municipality;
- A determination of the municipality's present and prospective fair share for low- and moderate-income housing and its capacity to accommodate its present and prospective housing needs, including its fair share for low- and moderate-income housing; and
- A consideration of the land that is 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.

Additionally, the rules require the following items:

- A map of all sites designated by the municipality for the production of low- and moderate-income housing and a listing of each site that includes its owner, acreage, lot and block. The owner, acreage, lot and block are included in each site description.
- The location and capacities of existing and proposed water and sewer lines and facilities relevant to the designated sites.
- Copies of necessary applications for amendments to, or consistency determinations regarding, applicable area-wide water quality management plans, including waste water management plans.
- A copy of the most recently adopted municipal master plan and where required, the immediately preceding, adopted master plan.

VII. POPULATION DEMOGRAPHICS

Population

Based upon the 2010 U.S. Census data, Watchung Borough had a net population increase of 516 persons or 10.1 percent over the last 20 years. Between 1980 and 1990, there was actually a 3.4 percent decline in population with a 9.8 percent increase again in 2000. Between 2000 and 2010, there was an increase of 188 persons or 3.7percent. This wavering population is indicative that the Borough is nearing or has already reached full buildout. In 2003, the Point at Watchung housing development (originally called Avalon at Watchung, Kings Crossing, and Crystal Ridge Club) was completed, which added rental apartments, including affordable family units in the Borough.

POPULATION GROWTH			
Year	Population	Change	Percent
1940	1,158	--	--
1950	1,818	660	57.0%
1960	3,312	1,494	82.2%
1970	4,750	1,438	43.4%
1980	5,290	540	11.4%
1990	5,110	-180	-3.4%
2000	5,613	503	9.8%
2010	5,801	188	3.3%

Source: http://lwd.dol.state.nj.us/labor/lpa/census/2kpub/njsdcp3.pdf; US Census Bureau 2010 DP-1 Profile of General Demographic Characteristics

Between 1940 and 1980, Watchung Borough population grew by over 350%. The time of the greatest population growth was between 1950 and 1970. The 1980 marked the first decade of population decline. Watchung Borough saw a population increase of nearly 10% in the 1990s followed by 3.3 percent between 2000 and 2010.

As shown in the following table, compared to Somerset County, which grew by 23.8 percent in the 1990s and 8.7 percent in the 2000s, Watchung grew at a much slower rate. Population growth in the State also slowed down significantly to 4.5 percent between 2000 and 2010 from 8.9 percent between 1990 and 2000.

POPULATION GROWTH					
	1990	**2000**	**Change in Pop.**	**Percent Change**	**Annual Growth Rate**
Watchung Borough	5,110	5,613	503	9.8%	50
Somerset County	240,279	297,490	57,211	23.8%	5,721
New Jersey	7,730,188	8,414,350	684,162	8.9%	68,416
	2000	**2010**			
Watchung Borough	5,613	5,801	188	3.3%	19
Somerset County	297,490	323,444	25,954	8.7%	2595
New Jersey	8,414,350	8,791,894	377,544	4.5%	37754

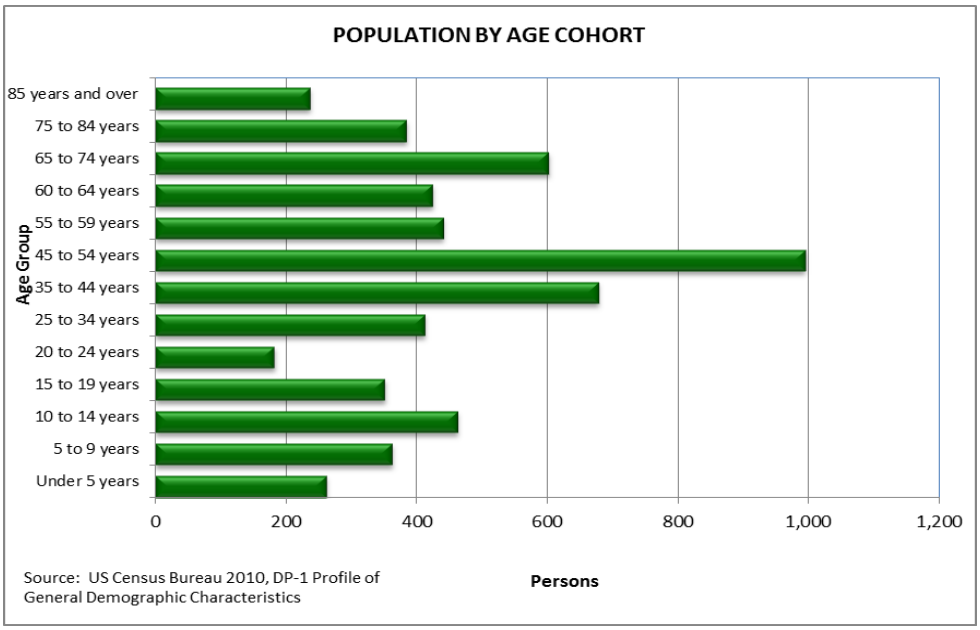
Source: US Census Bureau; 1990, 2000, 2010

By 2045, the North Jersey Transportation Planning Authority (NJTPA) projects that Watchung's population will increase to 6,680 , a net gain of 547 persons, or an average gain of 19 persons annually, between 2015 and 2045. The NJTPA projections are based on 2000 and 2010 U.S. Census figures for population by age, sex and race, and fertility and mortality rates, and does not account for actual local conditions such as land availability. With the planned affordable development to meet the Borough's prospective need obligation, it is possible that this projection may be realized.

POPULATION GROWTH			
Year	**Population**	**Change**	**Percent**
2000	5,613	---	---
2010	5,801	188	3.3%
2015	6,133	503	9.8%
2045	6,680	547	9.4%

Source: US Census Bureau DP-1. Profile of General Demographic Characteristics: 2000 and 2010, NJTPA Population Forecast by County and Municipality 2015 to 2045

According to the U.S. Census, the median age in Watchung Borough in 2010 was 47. In 2000, the median age was 43.0. About 21.1 percent or 1,225 residents were age 65 or older compared to 2000, when 16.2 percent of the Borough residents were age 65 or older. This reflects an aging of the Borough's population. The percentage of school aged children, aged 19 or younger, comprised 24.9% of the Borough's total population.



POPULATION BY AGE COHORT		
Age	**Total**	**Percent**
Under 5 years	262	4.5%
5 to 9 years	363	6.3%
10 to 14 years	463	8.0%
15 to 19 years	352	6.1%
20 to 24 years	183	3.2%
25 to 34 years	413	7.1%
35 to 44 years	679	11.7%
45 to 54 years	995	17.2%
55 to 59 years	441	7.6%
60 to 64 years	425	7.3%
65 to 74 years	603	10.4%
75 to 84 years	385	6.6%
85 years and over	237	4.1%
Total Population	**5,801**	

Source: US Census Bureau 2010, DP-1 Profile of General Demographic Characteristics

Age Distribution of Population

In 2010, 24.9 percent of Watchung's population was 19 years of age and younger, while 21.1 percent of the population or 1,225 persons were 65 years or older. This represents a 34 percent increase in the senior population from 2000, when there were 914 persons 65 years or older. Similarly, Somerset County also experienced a 19 percent increase in people over 65 years, while the State increased by 6.5 percent against 2000 figures. On a percentage basis, Watchung's population is aging more rapidly than both the County and State.

AGE DISTRIBUTION						
Age Group	Watchung Borough		Somerset County		New Jersey	
	Total	Percent	Total	Percent	Total	Percent
Under 5 years	262	4.5%	19,237	5.9%	541,020	6.7%
5 to 9 years	363	6.3%	22,488	7.0%	564,750	7.2%
10 to 14 years	463	8.0%	24,163	7.5%	587,335	7.0%
15 to 19 years	352	6.1%	21,406	6.6%	598,099	6.2%
20 to 24 years	183	3.2%	14,592	4.5%	541,238	5.7%
25 to 34 years	413	7.1%	36,425	11.3%	1,109,801	14.1%
35 to 44 years	679	11.7%	48,863	15.1%	1,238,297	17.1%
45 to 54 years	995	17.2%	57,513	17.8%	1,379,196	13.8%
55 to 59 years	441	7.6%	21,705	6.7%	565,623	5.0%
60 to 64 years	425	7.3%	17,050	5.3%	480,542	3.9%
65 to 74 years	603	10.4%	20,721	6.4%	611,434	6.8%
75 to 84 years	385	6.6%	13,110	4.1%	394,948	4.8%
85 years and over	237	4.1%	6,171	1.9%	179,611	1.6%
Total	**5,801**		**323,444**		**8,791,894**	
Median Age	47		40		39	

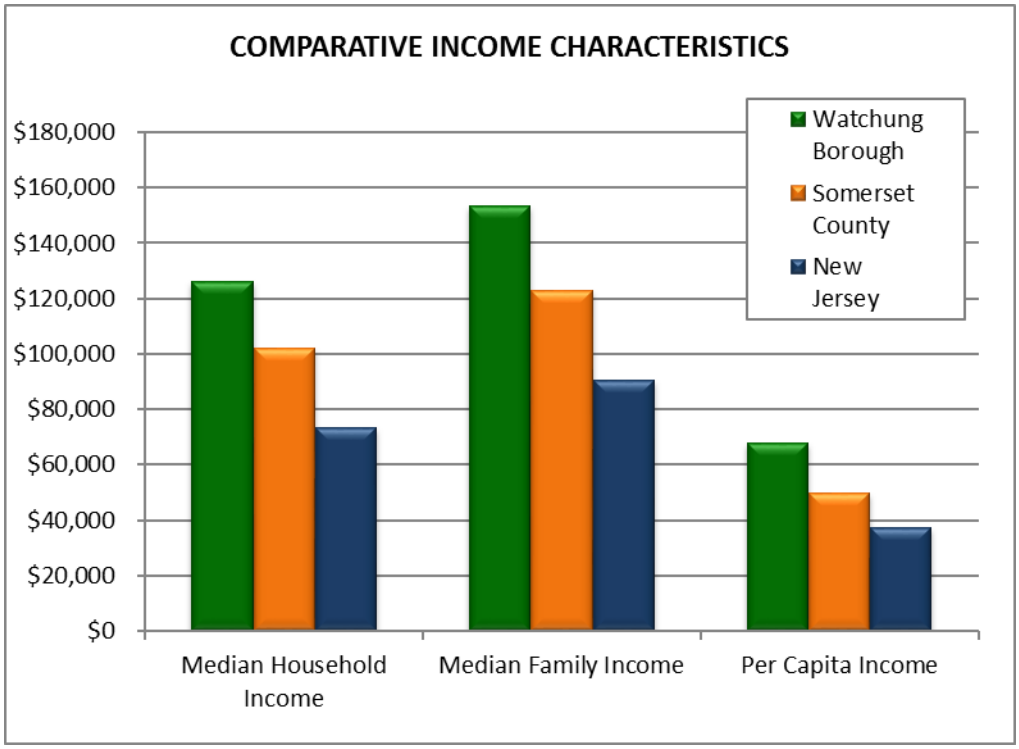
Source: US Census Bureau, 2010

Income and Poverty Status

Some data categories included in the 2000 decennial Census were not collected during the 2010 decennial Census. The American Community Survey ("ACS") five-year estimates collects all data from the decennial reports and data not collected, including income, housing and employment. Therefore, unless otherwise stated, data contained herein was sourced from the 2012 – 2016 ACS five-year estimates.

The 2016 ACS estimates that the median household income in Watchung was $126,250, nearly $24,000 higher than the County's and over $52,500 higher than the State's. The median per capita income

follows the same trend with Watchung's median per capita income at $68,251 while the County's median per capita income is $50,034 and the State's is $37,538. On a percentage basis, less persons in Watchung, at 3.0 percent, fall within poverty status than Somerset County, at 5.2 percent, and the State, at 10.9 percent. The same is true for the percentage of families in poverty status with 1.3 percent of families living in Watchung are in poverty compared to 3.6 percent in Somerset County and 8.1% in the State.



INCOME CHARACTERISTICS			
Income Type	**Watchung Borough**	**Somerset County**	**New Jersey**
Median Household Income	$126,250	$102,405	$73,702
Median Family Income	$153,531	$123,137	$90,757
Per Capita Income	$68,251	$50,034	$37,538
Poverty Status (Percent of People)	3.0%	5.2%	10.9%
Poverty Status (Percent of Families)	1.3%	3.6%	8.1%

Source: 2016 ACS DP03 Selected Economic Characteristics

The 2016 ACS indicates that 34.55 percent of Watchung's households had an income of $200,000 or more, which is 23.7 percent more than State and 14.8 percent more than the County. About 59.6 percent of Watchung's households had an income of $100,000 or more, while 51.5 percent of households in the County and 37 percent of households in the State had incomes over $100,000 per year.

HOUSEHOLD INCOME						
	Watchung Borough		Somerset County		New Jersey	
	Total	Percent	Total	Percent	Total	Percent
Less than $10,000	0	0.0%	3,277	2.8%	174,835	5.5%
$10,000 to $14,999	43	2.3%	2,416	2.1%	119,850	3.8%
$15,000 to $24,999	70	3.7%	5,518	4.7%	254,536	8.0%
$25,000 to $34,999	88	4.7%	5,909	5.1%	241,137	7.5%
$35,000 to $49,999	245	13.1%	9,451	8.1%	329,401	10.3%
$50,000 to $74,999	102	5.5%	15,242	13.1%	500,967	15.7%
$75,000 to $99,999	208	11.1%	14,638	12.6%	394,405	12.3%
$100,000 to $149,999	269	14.4%	23,064	19.8%	549,595	17.2%
$150,000 to $199,999	199	10.7%	13,969	12.0%	286,629	9.0%
$200,000 or more	644	34.5%	22,972	19.7%	343,659	10.8%
Total	1,868		116,456		3,195,014	

Source: 2016 ACS DP03 Selected Economic Characteristics

Household Size

The average household size of an owner-occupied unit was 3.20 persons while an average of 2.62 person occupied rental units in Watchung, according to the 2016 ACS. As shown in the following table, the most common household contain 2 people, with 552 households (29.6 percent) meeting this criterion. Not too far behind, with 542 households represented, are 3-person households. The next significant portion of the households within Watchung are the 4-person households representing 17.5 percent, or 326, of the housing stock in 2016.

Household Size		
Size	Total	Percent
1-Person	236	12.6%
2- Person	552	29.6%
3- Person	542	29.0%
4-Person	326	17.5%
5-Person	170	9.1%
6-Person	42	2.2%
7+Person	0	0.0%
Total	1,868	100%
Average Owner-Occupied Household	3.20	
Average Renter-Occupied Household	2.62	

Source: 2016 ACS B25009 Tenure by Household Size

VIII. HOUSING CHARACTERISTICS

Total Housing Stock

The Borough's housing stock includes single-family detached units, single-family attached units and multi-family dwelling units for a total of 2,346 housing units. Consistent with the suburban nature of the community, the majority of the housing stock consists of owner-occupied single-family detached housing. Including the 80 single-family attached dwelling units, single-family dwelling units account for 1,960 units or 83.5 percent of the Borough's total housing stock. Only 299 units or 12.7 percent of the Borough's housing stock are multi-family units containing 20 or more units, the majority of which are within the Point at Watchung, an inclusionary housing development located along Route 22. As of the 2010 U.S. Census, there were 2,070 occupied housing units in Watchung; 276 units were classified as vacant. Of the occupied housing units in the Borough, 1,777 units, or 85.8 percent were owner occupied and 293 units, or 14.2 percent were rentals.

HOUSING TYPE BY UNITS IN STRUCTURE		
Unit Type	**Number**	**Percent of Total**
1, Detached	1,880	80.1%
1, Attached	80	3.4%
2	39	1.7%
3 or 4	0	0.0%
5 to 9	41	1.7%
10 to 19	7	0.3%
20 or more	299	12.7%
Mobile Home	0	0.0%
Other	0	0.0%
Total	**2,346**	
Vacant Units (non-seasonal)	276	
Median Rooms Per Unit	7.7	

Source: US Census Bureau 2010, DP-04 Selected Housing Characteristics

Purchase and Rental Value of Housing Stock

The 2010 U.S. Census surveyed owner-occupied dwelling units for additional information, including housing values. Only 1.37 percent, or 23 dwellings, fell into the $149,999 or less bracket. The median value of owner-occupied housing in Watchung Borough was $721,000.

VALUE OF OWNER OCCUPIED UNITS		
Value	**Number of Units**	**Percent of Total**
Less than $50,000	0	0.0%
$50,000 to $99,999	0	0.0%
$100,000 to $149,999	23	1.3%
$150,000 to $199,999	7	0.4%
$200,000 to $299,999	57	3.2%
$300,000 to $499,999	379	21.3%
$500,000 to $999,999	927	52.2%
$1,000,000 or more	384	21.6%
Total Units	**1,777**	
Median (in dollars)	$721,000	

Source: US Census Bureau 2010, DP-04 Selected Housing Characteristics

According to the 2016 ACS, there were 323 rental units in Watching Borough. Nearly 45% of the rental stock is priced between $1,000 and 1,499 per month, which is reflected in the median rent, which was $1,479, according to the 2016 ACS.

COST OF RENTALS		
Cost	**Number of Units**	**Percent of Total**
Less than $1,000	13	4.0%
$1,000 to $1,499	145	44.9%
$1,500 to $1,999	17	5.3%
$2,000 to $2,499	100	31.0%
$2,500 to $2,999	0	0.0%
$3,000 or more	22	6.8%
No cash rent	26	8.0%
Total Units	**323**	
Median (in dollars)	$1,479	

Source: 2016 ACS DP04 Selected Housing Characteristics

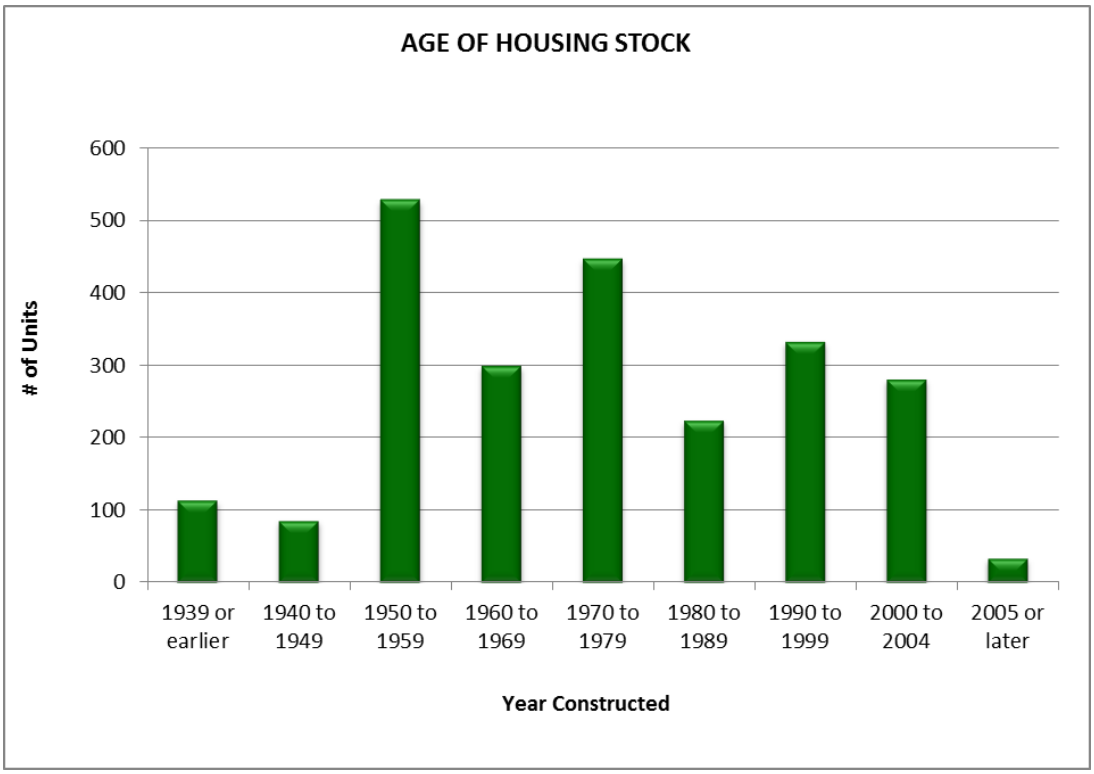
Condition of Housing Stock Factors

The Census does not classify housing units as standard or substandard, but it can provide an estimate of substandard housing units that are occupied by low- and moderate-income households. COAH methodology used the U.S. Census to determine which units are overcrowded, with more than one person living per room, dilapidated and age of unit. Research has demonstrated that units built 50 or more years ago are much more likely to be in substandard condition. Overcrowded units are defined by the U.S. Department of Housing and Urban Development as those with more than one person living per room. Finally, dilapidated housing – lacking complete plumbing and/or kitchen facilities as reported by the 2010 U.S. Census is included in this calculation. The Court in the March 2015 decision supported this three-factor approach.

A municipality's rehabilitation share was determined by adding together the number of overcrowded and dilapidated units, subtracting for double counted and then multiplying that sum by the municipality's regional low/moderate-income deterioration share. Subtracted from this result is any rehabilitation share credit.

Age of Housing Stock

Thirty one percent (or 727 units) of Watchung's housing stock was constructed before 1960. The decade between 1970 and 1979 produced the Borough's largest amount of housing units with 448 units or 19.1 percent.



AGE OF HOUSING STOCK		
Year Built	**Total Units**	**Percent**
1939 or earlier	113	4.8%
1940 to 1949	86	3.7%
1950 to 1959	529	22.5%
1960 to 1969	299	12.7%
1970 to 1979	448	19.1%
1980 to 1989	224	9.5%
1990 to 1999	333	14.2%
2000 to 2004	281	12.0%
2005 or later	33	1.4%
Total Units	**2,346**	

Source: US Census Bureau 2010, DP-04 Selected Housing Characteristics

Persons Per Room

Households with more than 1.00 persons per room is an index of overcrowding. All of the occupied housing units in Watchung Borough have 1.00 occupants per room or less.

Occupants Per Room		
Occupants	**Number of Units**	**Percent of Total**
1.00 or less	2,070	100.0%
1.01 to 1.50	0	0.0%
1.51 or more	0	0.0%
Total Units	**2,070**	

Source: US Census Bureau 2010, DP-04 Selected Housing Characteristics

Plumbing Facilities

Inadequate plumbing facilities are indicated by either a lack of exclusive use of plumbing or incomplete plumbing facilities. The 2016 ACS shows zero (0) units lacking incomplete plumbing facilities. This condition of housing stock has decreased since the 2000 decennial Census and 2010 ACS, where 8 units were reported to have incomplete plumbing facilities in both reports.

Kitchen Facilities

Inadequate kitchen facilities are indicated by shared use of a kitchen or the lack of a sink with piped water, a stove or a refrigerator. The 2016 ACS indicates 48 housing units contain incomplete kitchen facilities. This figure is has increased from zero (0) units which was reported in the 2000 decennial Census and 37 units which was reported in the 2010 ACS.

Heating Fuel

Fuel sources such as coal, coke, wood or no fuel for heating are classified as inadequate heating. A total of zero (0) housing units are cited as having inadequate heating according to the 2016 ACS.

CONDITION OF HOUSING STOCK		
Condition	**Number of Units**	**Percent of Total**
Lack of complete plumbing	0	0.0%
Lack of complete kitchen	48	2.6%
Lack adequate heat	0	0.0%
Total Units	**1,868**	

Source: 2016 ACS Selected Housing Characteristics

Most of the Census indicators available at the municipal level indicate a sound housing stock. All housing units are not congested, as they are occupied by 1 person per room or less, have complete plumbing facilities and are adequately heated. However, a limited percent of the housing stock, contain incomplete kitchen facilities .

IX. EMPLOYMENT DEMOGRAPHICS

Economic Development

Many changes have occurred in the economy between the 2000 and 2010 Census. The stock market crash in 2008 led to many companies either failing or laying off hundreds of workers. Watchung Borough is primarily residential but also contains intensive commercial uses along the Route 22 corridor in the southern portion of the Borough, including the regional-oriented retail uses of Watchung Square and limited non-residential uses along Mountain Avenue, and in the Watchung Avenue/Somerset Street triangle. With limited vacant land available, future development will primarily take place in the form of private redevelopment or revitalization.

Employment Projections

According to the NJTPA, as of 2015, there were 4,989 jobs in Watchung Borough. By 2045, the NJTPA estimates 6,577 total jobs in Watchung, a net increase of 1,887 jobs or an average of 63 new jobs annually. However, since these projections do not account for actual local conditions such as lack of vacant land or infrastructure limitations, the Borough anticipates far fewer jobs than the NJTPA projects.

EMPLOYMENT PROJECTION			
Year	Jobs	Change	Percent
2010	4,690	---	---
2015	4,989	299	6.4%
2045	6,577	1,887	40.2%

Source: NJTPA Employment Forecast by County and Municipality 2015-2045

Workers by Industry

According to the NJDLWD, in 2017 Watchung contained 313 business establishments in the private sector with 7,776 total employees. The retail industry encompassed the largest number of employers with 74 business establishments employing 46.7 percent of the workforce in Watchung. Professional and technical service industries held 47 business establishments or 15.3 percent of the private sector establishments. At $95,058, the professional and technical service industry had the highest average annual wages. Local government employed 165 employees, including 95 local education staff, with average annual wages of $72,834.

Between 2010 and 2017, according to the NJDOLWD data, the wholesale trade industry employed 81% more people in 2017 than in 2010 while the accommodation/ food industry grew by nearly 44%, or 153 employees. It should be noted that the retail/ trade industry lost over 300 jobs, or 11.7%, the professional/ technical industry lost 81 jobs, or 23.7% and the finance/ insurance industry had 34 less jobs in 2017 than in 2010. Interestingly, the local government and local education jobs shrunk by 14.1% and 15.9%, respectively. Overall, Watching grew by over 18% due to the 746 additional jobs.

EMPLOYMENT BY INDUSTRY SECTOR AND NUMBER OF EMPLOYEES (2017)

Industry	Establishments		Employees		Wages
	Total	Percent	Total	Percent	
Agriculture	--	--	--	--	--
Construction	23	7.5%	60	1.2%	$40,816
Manufacturing	--	--	--	--	--
Wholesale Trade	11	3.6%	38	0.8%	$64,939
Retail Trade	74	24.1%	2,270	46.7%	$24,929
Transp/Warehousing	--	--	--	--	--
Information	3	1.0%	10	0.2%	$24,808
Finance/Insurance	10	3.3%	37	0.8%	$78,319
Real Estate	11	3.6%	32	0.7%	$76,083
Professional/Technical	47	15.3%	261	5.4%	$95,058
Management	--	--	--	--	--
Admin/Waste Remediation	29	9.4%	839	17.3%	$35,476
Health/Social	33	10.7%	489	10.1%	$47,896
Arts/Entertainment	--	--	--	--	--
Accommodations/Food	20	6.5%	502	10.3%	$22,257
Other Services	34	11.1%	142	2.9%	$42,954
Unclassified	9	2.9%	16	0.3%	$58,562
Private Sector Total	304	99.0%	4,696	96.6%	$35,035
Local Government Total	3	1.0%	165	3.4%	$72,834
Local Education	2	66.7%	95	57.6%	$68,204
Overall Total	307	100.0%	4,861	100.0%	$53,935

Source: NJ Department of Labor and Workforce Development, Employment and Wages, 2017
It should be noted that the NJDOLWD redacts industry data that does not meet the minimum publication requirement. As such, the 2017 Report indicates there are 313 total private establishments and 4,776 total employees. For the purposes of demonstrating this data, the table above only includes the data shown.

EMPLOYEES BY INDUSTRY SECTOR (2010-2017)			
	2010	2017	% Change
Agriculture	---	---	---
Construction	52	60	15.4%
Manufacturing	---	---	---
Wholesale Trade	21	38	81.0%
Retail Trade	2,572	2,270	-11.7%
Transp/Warehousing	---	---	---
Information	---	10	N/A
Finance/Insurance	71	37	-47.9%
Real Estate	33	32	-3.0%
Professional/Technical	342	261	-23.7%
Management	---	---	---
Admin/Waste Remediation	---	839	N/A
Education	---	---	---
Health/Social	365	489	34.0%
Arts/Entertainment	---	---	---
Accommodations/Food	349	502	43.8%
Other Services	111	142	27.9%
Unclassifieds	7	16	128.6%
Private Sector Total	3,923	4,696	19.7%
Local Government Total	192	165	-14.1%
Local Government Education	113	95	-15.9%
Overall Total	4,115	4,861	18.1%

Source: NJ Department of Labor and Workforce Development, Employment and Wages, 2010 & 2017 Annual Reports

It should be noted that the NJDOLWD redacts industry data that does not meet the minimum publication requirement. As such, the 2010 Report indicates the total private sector employment is 5,021 while the 2017 Report indicates there are 4,776 private sector employees. For the purposes of this comparison, the table above only includes the data shown.

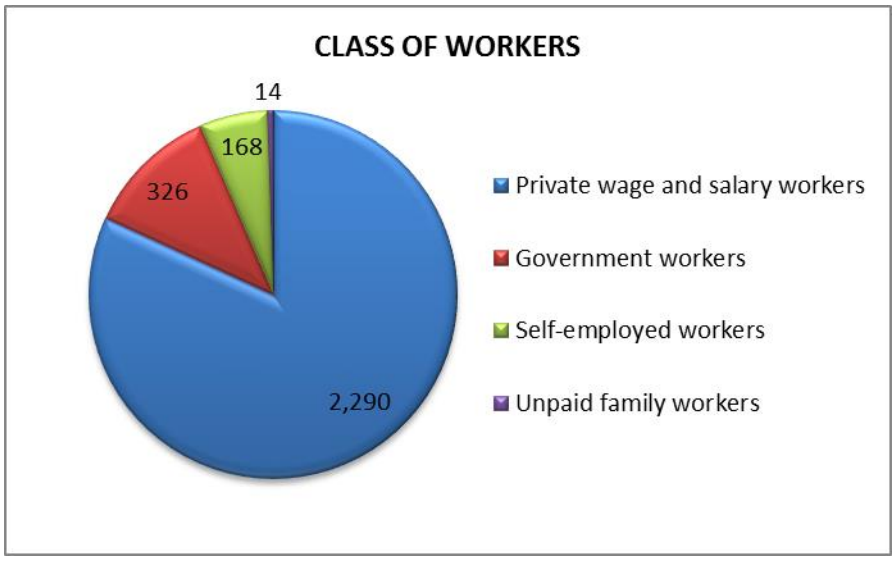
Worker Class

According to the 2016 ACS, Watchung had 2,868 residents in the labor force. Of those 16 years and older, 97.6 percent or 2,798 persons were employed and a total of 70 persons were unemployed.

The majority of workers within the Borough were private wage and salary workers in 2016. Nearly 2,300 or 81.8 percent of those employed over age 16 fell into this category. As shown, 326 or 11.7% of workers were government employees and 168 or 6 percent were self-employed. The ACS estimates that only 14 persons within the Borough were unpaid family workers in 2016. As of 2016, the unemployment rate was 2.4 percent.

CLASS OF WORKER		
Class of Worker	**Number**	**Percent**
Private wage and salary workers	2,290	81.8%
Government workers	326	11.7%
Self-employed workers	168	6.0%
Unpaid family workers	14	0.5%
Total employed residents	2,798	57.7%
Total unemployed residents	70	2.2%
Total residents in labor force	2,868	60.0%

Source: 2016 ACS DP-03 Selected Economic Characteristics



Based on the 2010 Census, an analysis of the employed Watchung residents (over age 16) by economic sector indicates that most of Watchung's workers were involved in educational, health and social services industries, followed by finance, insurance, real estate, rental and leasing industries. The top occupation in Somerset County was also in the educational, health and social services fields while the professional, scientific, management administrative and waste management fields employed the second hightest percentage of county residents.

EMPLOYED CIVILIAN POPULATION BY INDUSTRY (16 YEARS OF AGE OR OLDER)				
Occupation	Watchung Borough		Somerset County	
	Total	Percent	Total	Percent
Agriculture, forestry, fishing, hunting, and mining	0	0.0%	460	0.3%
Construction	144	5.3%	8,828	5.4%
Manufacturing	208	7.6%	22,386	13.7%
Wholesale trade	83	3.0%	5,563	3.4%
Retail trade	196	7.2%	15,339	9.4%
Transportation and warehousing, and utilities	119	4.4%	6,344	3.9%
Information	65	2.4%	7,517	4.6%
Finance, insurance, real estate, rental and leasing	459	16.8%	19,015	11.6%
Professional, scientific, management, administrative, and waste management services	278	10.2%	23,782	14.5%
Educational, health and social services	985	36.1%	34,826	21.3%
Arts, entertainment, recreation,	107	3.9%	8,991	5.5%
Other services (except public administration)	49	1.8%	5,875	3.6%
Public administration	32	1.2%	4,609	2.8%
Total	**2,725**		**163,535**	

Source: US Census Bureau 2010, DP-3 Profile of Selected Economic Characteristics

Place of Work

The ACS five-year estimates provide statistics on place of work in relation to the state, county and municipality of residence. Of the 2,708 employed persons residing in Watchung Borough in 2016, 253 persons or 9.3 percent were employed in town, leaving 2,455 Watchung residents that worked outside of the municipality. About 24.8 percent of Watchung's employed residents worked in other Somerset County municipalities.

Despite its proximity to Interstate 78, a prominent access road to New York City, only 10.0 percent of the working population commuted to work in another state. Conversely, given its adjacency to urban centers in other counties, it is no surprise that two-thirds of the population commute to work outside of Somerset County. See the following table for comparison with workers in Somerset County and state-wide.

PLACE OF WORK						
Place of Work	Watchung Borough		Somerset County		New Jersey	
	Total	Percent	Total	Percent	Total	Percent
Worked within municipality of residence	253	9.3%	11,041	6.5%	501,748	11.9%
Worked outside of municipality but within county of residence	671	24.8%	77,583	45.9%	2,285,096	54.0%
Worked outside county of residence but within the state	1,766	65.2%	78,921	46.7%	1,364,506	32.2%
Worked in state of residence	2,437	90.0%	156,504	92.7%	3,649,602	86.2%
Worked outside state of residence	271	10.0%	12,411	7.3%	583,990	13.8%
Total Employed	2,708		168,915		4,233,592	

Source: 2016 ACS B08007 Place of Work - State and County Level and B08008 Place of Work - Place Level

Travel Time to Work

The mean commute time among Watchung residents is 34 minutes, with only 12.2 percent of the population having a travel time of less than 10 minutes. This is around two minutes greater than the County and State mean commute time of 31.9 and 31.2 minutes respectively. A lower percentage of Watchung residents work at home (4.4 percent) as compared to the County which had an estimated 5.7% of residents working at home. However, the State as a whole only had 4.1% of residents working from home. See the following table for additional details.

COMMUTE TIME						
Commute Time (in minutes)	Watchung Borough		Somerset County		New Jersey	
	Total	Percent	Total	Percent	Total	Percent
Less than 5	56	2.1%	2,662	1.6%	87,695	2.1%
5 to 9	273	10.1%	10,008	5.9%	318,267	7.5%
10 to 14	77	2.8%	17,446	10.3%	483,671	11.4%
15 to 19	404	14.9%	20,738	12.3%	517,038	12.2%
20 to 24	269	9.9%	22,722	13.5%	531,893	12.6%
25 to 29	117	4.3%	10,713	6.3%	248,561	5.9%
30 to 34	339	12.5%	22,230	13.2%	537,521	12.7%
35 to 39	139	5.1%	6,191	3.7%	124,080	2.9%
40 to 44	137	5.1%	7,859	4.7%	192,224	4.5%
45 to 59	275	10.2%	15,598	9.2%	398,113	9.4%
60 to 89	424	15.7%	14,158	8.4%	419,520	9.9%
90 or more	78	2.9%	8,986	5.3%	199,950	4.7%
Did not work at home:	2,588	95.6%	159,311	94.3%	4,058,533	95.9%
Worked at home	120	4.4%	9,604	5.7%	175,059	4.1%
Total:	2,708		168,915		4,233,592	
Mean travel time	34.0		31.9		31.2	

Source: 2016 ACS B08303 Travel Time to Work and S0801 Commuting Characteristics

X. PROPERTY VALUE CLASSIFICATIONS

The New Jersey Department of Community Affairs, Local Government Services Division collects property tax data for the State. The last published "Property Value Classification" document was in 2017. According to the data, the Borough of Watchung contains 2,217 parcels with a total value of $1.756 billion. Residential parcels comprise 87.8 percent (1,947) of the parcel count while providing 77.8% of the Borough's land value. One apartment parcel contributes an additional 2.8 percent of the Borough's total land value, bringing total residential value over 80 percent of the Borough's land. The Borough has 167 parcels classified as vacant. However, those parcels only make 1.7 percent of the land value. Interestingly, the Borough's 90 commercial parcels (4.1 percent) represent 17.5 percent of the land value. See the following table for additional details and a comparison to Somerset County.

PROPERTY VALUE CLASSIFICATIONS (2017)								
Classification	Watcung Borough				Somerset County			
	Parcels		Value (millions)		Parcels		Value (millions)	
Vacant	167	7.5%	$ 30.7	1.7%	4,606	4.0%	$ 569.2	1.0%
Residential	1,947	87.8%	$ 1,365.3	77.8%	102,435	89.6%	$ 43,596.6	76.6%
Farm Homestead	2	0.1%	$ 0.3	0.0%	942	0.8%	$ 1,098.5	1.9%
Farmland	5	0.2%	$ 0.0	0.0%	1,596	1.4%	$ 17.5	0.0%
Commercial	90	4.1%	$ 304.5	17.3%	3,853	3.4%	$ 7,802.9	13.7%
Industrial	5	0.2%	$ 6.4	0.4%	680	0.6%	$ 2,529.6	4.4%
Apartment	1	0.0%	$ 48.3	2.8%	257	0.2%	$ 1,324.3	2.3%
Total	**2,217**		**$ 1,755.6**		**114,369**		**$ 56,938.6**	

Source: NJ Department of Community Affairs - Property Value Classifications 2017

Compared to data released in 1999, the Borough has shown significant growth. Over the 18-year period, the Borough gained 85 parcels, likely due to subdivisions, while its land value grew by 93 percent. About 23 percent of vacant parcels were developed as illustrated by 217 vacant parcels in 1999 and only 167 in 2017. Residential development grew by 6.7 percent by adding 123 new parcels while 11 parcels underwent commercial development. Industrial presence decreased in the Borough, going from 10 parcels in 1999 to only 5 in 2017. See the following table for more details.

PROPERTY VALUE CLASSIFICATIONS (1999-2017)						
Classification	Parcels			Value (millions)		
	1999	2017	Percent Change	1999	2017	Percent Change
Vacant	217	167	-23.0%	$ 53.8	$ 30.7	-43.0%
Residential	1,824	1,947	6.7%	$ 734.8	$1,365.3	85.8%
Farm Homestead	1	2	100.0%	$ 0.6	$ 0.3	-44.2%
Farmland	1	5	400.0%	$ 0.0	$ 0.0	-22.4%
Commercial	79	90	13.9%	$ 111.1	$ 304.5	174.1%
Industrial	10	5	-50.0%	$ 9.8	$ 6.4	-34.5%
Apartment	0	1	---	--	$ 48.3	---
Total	**2,132**	**2,217**	**4.0%**	**$ 910.2**	**$1,755.6**	**92.9%**

Source: NJ Department of Community Affairs - Property Value Classifications, 1999 & 2014

XI. HOUSING PROJECTIONS

As per the MLUL, specifically N.J.S.A. 52:27D-310, a housing element must contain 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 of lands.

The Department of Community Affairs' Division of Codes and Standards website provides data on Certificates of Occupancy and demolition permits for both residential and non-residential development. Within the Division of Codes and Standards website is the New Jersey Construction Reporter, which contains building permit, certificate of occupancy and demolition data that is submitted by the municipal construction officials within the State each month. The New Jersey Construction Reporter has information dating back to 1999, which can be used to show the Borough's historic development trends.

As shown in the following table, 498 new homes were built between 2000 and 2017. A common trend in the Borough is the demolition of older, smaller homes, which are being replaced by modern, spacious homes. This trend is illustrated by the number of demolitions during the same time period, which was 83. Therefore, the Borough gained a net of 415 new homes during the 17-year period. The residential construction peaked in 2002 and 2003 which was when the Point at Watchung apartment complex located on Route 22 adjacent to Watchung Square Mall was occupied.

Historic Trend of Residential Certificates of Occupancy and Demolition Permits Issued

	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	**Total**
COs Issued	16	21	151	151	13	6	24	15	14	10	5	12	8	10	7	9	10	16	498
Demolitions	*1*	*5*	*9*	*6*	*1*	*1*	*0*	*1*	*9*	*3*	*3*	*4*	*3*	*4*	*6*	*2*	*14*	*11*	*83*
Net Development	15	16	142	145	12	5	24	14	5	7	2	8	5	6	1	7	-4	5	415

Source: "New Jersey Construction Reporter" - New Jersey Department of Community Affairs.

XII. CAPACITY FOR FUTURE DEVELOPMENT

Zoning Analysis

The Borough anticipates that development will be limited in the future because of limited remaining vacant land available. As a built-out community, Watchung's zoning is primarily a derivative of existing development patterns. With limited vacant land for new construction, it is expected that construction will be through private commercial or mixed use redevelopment or residential tear-downs. The current development patterns are expected to continue with higher density commercial along Route 22 corridor, mixed use development within the Somerset Street/Watchung Avenue triangle and low-density single-family residential development within most of the Borough. The existing affordable housing developments of the Point at Watchung, Villa Dominico (a.k.a. Lakeside Villas, Schmidt Circle) are the exceptions to this pattern and both are included in the 1998 Second Round Mt. Laurel certification.

Properties Proposed for Multifamily Housing.

To address the Borough's third round affordable housing obligation, the Borough executed Ordinance #OR18/20 adopting a non-condemnation redevelopment plan for the Bonnie Burn Road Redevelopment Area. This plan provides for 230 rental apartments with 20% or 46 affordable rental

apartments. This redevelopment plan addresses a majority of the Borough's third round affordable housing obligation.

While not an official intervenor in Watchung HEFSP case, in 2018, Robert Berlant submitted a bifurcated application for a 1.18 acre property located at 833 Mountain Blvd in the RR-Residential Zone in Watchung and within Warren Township. Mr. Berlant proposed eight rental units with 50% of these as affordable units in Watchung and additional market rate townhouses in Warren Township. Based on the conceptual site plan, the applicant required three Use Variances - a D(1) Variance for multi-family dwellings not permitted in a residential zone, a D(1) Variance for a parking lot not permitted in a residential zone and a D(5) Variance for Density as the zoning requires 60,000 sq. ft. for a single family dwelling. On March 14, 2019, the Watchung Zoning Board of Adjustment denied the use variance application.

XIII. AVAILABILITY OF PUBLIC WATER AND SEWER INFRASTRUCTURE

As documented by the Borough Engineer, approximately 80 percent of the Borough is currently serviced by public sewer, which is treated by the Middlesex County Utilities Authority. A limited section of the Borough is sewered through the Berkeley Township Wastewater Treatment Plant in Union County. The remainder of the Borough is on septic systems. It is anticipated that the Borough will be fully sewered within the next 8 to 10 years.

The Borough is also within the New Jersey American Water Company franchise area, which provides water to the Borough. (See Appendix I for Borough Engineer's letter.)

XIV. CONSTRAINTS ON DEVELOPMENT

The primary constraint on development in Watchung is the lack of vacant land. The majority of the remaining vacant lands are encumbered with environmental features, such as wetlands or steep slopes, rendering them unbuildable.

XV. STATE DEVELOPMENT AND REDEVELOPMENT PLAN

According to COAH regulations (N.J.A.C. 5:97-3.13.b.1), "Sites that are located in Planning Areas 1 or 2 or located within a designated center or located in an existing sewer service area are the preferred location for municipalities to address their fair share obligation." The Borough is within the PA2 Suburban Planning Area. The properties addressing the Borough's housing obligation are located within PA2 and therefore meet these requirements.

FAIR SHARE PLAN

XVI. REQUIRED CONTENTS OF FAIR SHARE PLAN

The Fair Share Plan contains the following information:

- Description of existing credits intended to satisfy the obligation;
- Description of mechanisms that will be used to meet any outstanding obligations;
- An implementation schedule that sets forth a detailed timetable for units to be provided.

In adopting its Housing Element, a municipality may provide for its fair share of low- and moderate-income housing by means of any mechanism or combination thereof which provide a realistic opportunity to enable a fair share of affordable housing.

The following mechanisms address the Borough's fair share obligation.

Regarding the Borough's Prior Round (1987-1999) obligation, the following completed mechanisms are:

- Continuation of the Watchung Affordable Housing Rehabilitation Program;
- Existing Enable Inc. (a.k.a.Life Skills Resource Center) Group Home located at 166 Johnson Drive Extension.
- Existing inclusionary housing developments:
  - Point at Watchung (aka Avalon at Watchung, Kings Crossing, Crystal Ridge Club) 40 family rental apartments.
  - Villa Dominico (a.k.a. Lakeside Villas, Schmidt Circle) eight age-restricted for sale units.
- Philipsburg Regional Contribution Agreement (RCA) payment for 57 affordable units.
- Continuation of the Watchung Accessory Apartment Program, as modified as a permitted use.
- Acquisition by the Borough of Watchung of a 30 year deed restriction for three moderate income affordable rental apartments on the Tom Tom Realty property on Somerset Street.

The following planned mechanisms address the both the remaining Prior Round and Third Round (1999-2025) obligation:

- Bonnie Burn Road Redevelopment Plan for an inclusionary family rental apartment development with 46 affordable apartments
- Brandywine at Mountain Ridge agreement to provide two Medicaid eligible beds
- Watchung Associates LLC. provision of four affordable family rental apartments as part of a zoning use variance application

The following mechanisms will address the Borough's Unmet Need:

- Adoption of the Route 22 Affordable Housing Overlay Zone
- Adoption of the Somerset Street/Watchung Avenue Triangle Overlay Zone
- Adoption of a Mandatory Affordable Housing Set-Aside Ordinance

The Watchung Borough Fair Share Plan describes these mechanisms.

XVII. FAIR SHARE OBLIGATION

Regional Income Limits

Dwelling units are affordable to low and moderate-income households if the maximum sales price or rental cost is within their ability to pay such costs, based on a specific formula. COAH rules provide income limits based upon the median gross household income of the COAH housing region in which the household is located. A moderate-income household is one with a gross household income equal to or more than 50 percent, but less than 80 percent, of the median gross regional household income. A low-income household is one with a gross household income equal to 50 percent or less of the median gross regional household income. A very low-income household is one with a gross household income equal to 30 percent or less of the median gross household income. Watchung Borough is located in COAH Region 3.

COAH last published income limits in 2014. In response to COAH's inaction, the Affordable Housing Professionals of New Jersey worked with FSHC to recreate the limits and update them to 2017 and 2018. The FSHC Settlement Agreement and the Court Order on Fairness include a mechanism to update the regional income limits affecting the Borough. On October 11, 2018, the Court authorized the methodology to prepare updated the regional income limits. The 2018 regional income limits for Region 3, which includes Somerset County, show that two-person households could make up to $69,056 and be considered a moderate-income household or make up to $43,160 and be considered a low-income household. See the table below for greater detail.

2018 REGIONAL INCOME LIMITS FOR REGION 3				
Income	Household Size			
	1 Person	2 Person	3 Person	4 Person
Median	$75,730	$86,320	$97,110	$107,900
Moderate	$60,424	$69,056	$77,688	$86,320
Low	$37,765	$43,160	$48,555	$53,950
Very Low	$22,659	$25,896	$29,133	$32,370

Source:Affordable Housing Professional of New Jersey, April 2018

COAH Requirements

There are specific requirements on unit size distribution, affordable unit sales price and rental costs, and bedroom mix, among other regulations, which are provided in N.J.A.C.5:80-26.1 et. seq. or any successive regulation. In each affordable development, at least 50 percent of the restricted units within each bedroom distribution must be low income and the remainder moderate income. For affordable developments that are not age-restricted, not more than 20 percent of the units may be one-bedroom units, at least 30 percent shall be two-bedroom units, and at least 20 percent shall be three-bedroom

units. Age-restricted affordable units can provide a modified bedroom distribution. A minimum of 13 percent of the units must be available to very low-income families.

In accordance with the FSHC Settlement Agreement, the following standards will be met:

- Third Round bonuses will be applied in accordance with N.J.A.C. 5:93-5.15(d).
- At least half of the units addressing the Third Round Prospective Need shall be affordable to low-income households with the remainder affordable to moderate-income households.
- At least 25% of the Third Round Prospective Need shall be met through rental units, including at least half in rental units available to families.
- At least half of the units addressing the Third Round Prospective Need obligation total must be available to families.
- There is also an age-restricted affordable unit cap of 25%.
- Thirteen percent of all referenced affordable units, except those units that were constructed or granted preliminary of final site plan approval prior to July 1, 2008 shall be very low-income units, with 50% of these units being made available to families.

The monthly cost of owner-occupied units, which includes mortgage (principal and interest), taxes, insurance and homeowner or condominium association fees, may not exceed 28 percent of gross monthly household income. In addition, moderate-income sales units must be available for at least three different prices and low-income sales units available for at least two different prices for each bedroom type.

Under COAH regulations, rents may not exceed 30 percent of the eligible monthly income of the appropriate household size. There must be rents established for each bedroom type having both low and moderate-income units provided that 13 percent must be affordable to families earning no more than 30 percent of median income and the average rents must not exceed 52 percent of the median household income of the region.

XVIII. WATCHUNG'S AFFORDABLE HOUSING OBLIGATION

Watchung's Fair Share Plan describes the projects, strategies and funding sources with which the Borough proposes to address its affordable housing obligation. This affordable housing obligation consists of four parts:

- Present Need or Rehabilitation Obligation
- Prior Round Obligation (1987-1999)
- Gap Period and Third Round Obligation (1999-2025)
- Unmet Need (1987-2025)

XIX. PRESENT NEED OR REHABILITATION SHARE OBLIGATION – 4 UNITS

The Opinion issued by the Supreme Court of New Jersey on March 10, 2015 (the Mount Laurel IV Opinion) directs that that the Prior Round methodology be used to calculate municipal Present Need.

This methodology was utilized by David N. Kinsey, PhD, FAICP, P.P. in his July 22, 2016 report "New Jersey Fair Share Housing Obligations for 1999-2025 (Third Round) under Mount Laurel IV", prepared on behalf of the FSHC, to calculate the Present Need.

The rehabilitation share (present need) number is calculated by utilizing 2015 U.S. Census reported characteristics, including over-crowded units, older housing units built before 1960, and units with incomplete plumbing facilities and incomplete kitchen facilities.

The unadjusted rehabilitation obligation number of 30 units was confirmed in the 2018 FSHC Settlement Agreement. However, based upon a Borough-wide Exterior Building Survey performed by the Borough's Construction Official in 2015, four units are possibly suitable for rehabilitation; however, it is not known whether these particular units will comply with household income restrictions to participate in the program. (The 2015 Exterior Conditions Survey is provided in the Appendix.) In accordance with the FSHC Settlement Agreement, the reduced rehabilitation number of four units was agreed to.

In 2009, The Borough reinstated its Housing Rehabilitation Program that was implemented as part of the Borough's First and Second Round plans to meet the rehabilitation obligation. This Housing Rehabilitation Program will continue into the future to address the Borough's four unit rehabilitation obligation.

In 2013, one housing unit had undergone rehabilitation in accordance with the COAH rules under this program. However, this unit does not count towards the current four unit obligation since it was rehabilitated prior to 2015.

N.J.A.C. 5:93-5.2(g) and (h) requires a minimum of $8,000 for rehabilitation work (not including $2,000 in administration fees) to be spent per unit and a six-year control on affordability for owner-occupied units.[2] Rental units are required to have ten-year controls on affordability. In addition, a major system[3] must be repaired in order for a home to qualify as a credit. The current Spending Plan includes $100,000 to rehabilitated four qualified units. (The updated *2019 Housing Rehabilitation Program Policies and Procedures Operating Manual* is included in Appendix II.)

XX. PRIOR (SECOND) ROUND OBLIGATION (1987-1999) – 169 UNITS

The March 10, 2015 Supreme Court Order directed municipalities to use the Prior Round Obligation that COAH established in 1993. Watchung's unadjusted 1987 to 1999 obligation, published in 1993, was a Pre-Credited need of 206 units. COAH certified the Borough's Prior Round Plan on July 1, 1998. which included a reduced 169 unit obligation. COAH approved a Vacant Land Adjustment ("VLA") for the Borough, reducing the Prior Round obligation from 206 to 169 affordable units. COAH's revised rules state that a vacant land adjustment that was granted shall continue to be valid provided the municipality has implemented all of the terms of substantive certification or judgment of compliance. If

[2] The rules specifically require a minimum of $2,000 per unit to be spent on administration and $8,000 per unit to be spent on the rehabilitation activity, which totals at least $10,000.

[3] A major system is defined by N.J.A.C. 5:93-5.2(b) as weatherization, a roof, plumbing (including wells), heating, electricity, sanitary plumbing (including septic systems) and/or a load bearing structural system.

the municipality has failed to implement the terms of the substantive certification or judgment of compliance, COAH may reevaluate the vacant land adjustment.

Watchung has implemented a majority of the terms of the Prior Round substantive certification, except that the Ness property along Mountain Boulevard, zoned for age-restricted housing, was subsequently acquired by the Borough for open space and recreation and is no longer an option as an affordable housing site. This site was slated to accommodate 18 age-restricted affordable units towards the Prior Round obligation. Currently other affordable housing options have been used to address the remaining 18-unit obligation.

This HEFSP has updated the Borough's Prior Round compliance credits based upon current data. Under the COAH rules[4] the Borough has a minimum 43 unit rental obligation, a maximum 43 unit credit rental bonus, and a maximum 28 unit age-restricted housing requirement.[5]

The following section describes the existing and proposed affordable housing credits considered to meet the Borough's Prior Round obligation. The Affordable Housing Sites Map and Affordable Housing Sites Table follows. Further documentation on each affordable housing mechanism is located in the **Appendix II**.

Existing Credits

Enable Inc. Group Home, (Block 5002, Lot 4), 166 Johnston Drive Extension.
Enable Inc. (a.k.a. Life Skills Resource Center) is an existing group home for developmentally disabled persons and provides three bedrooms occupied by low-income residents. Under the COAH regulations, supportive and special needs housing qualify for affordable housing credits based on bedrooms. This home qualifies for 3 affordable housing credits for Watchung.

Lakeside Villas at Watchung Age-Restricted Apartments (Block 4001, Lot4), Schmidt Circle.
The Lakeside Villas at Watchung (a.k.a. Villa Dominico, Schmidt Circle) age-restricted development, located on Schmidt Circle off of Stirling Road, is approved for 42 age-restricted housing units, including 8 affordable units. The affordable units have been constructed and sold to eligible low- and moderate-income households.

The Point at Watchung (Block 5601, Lot 2.01) Westbound Route 22, Crystal Ridge Drive.
The Point at Watchung (a.k.a. Avalon at Watchung, Kings Crossing and Crystal Ridge Club) apartment

---

[4] N.J.A.C. 5:93-5-15

[5] Minimum rental obligation: = 25% (RDP) = 0.25 X 169 = 43 units minimum rental obligation

Maximum age-restricted units: = 25% (RDP -Total RCAs); = 25% (169 -57) = 112 x 0.25 =28 maximum age-restricted units

Maximum rental bonus: = 1 unit for each rental unit not to exceed the minimum rental obligation; = 43 units maximum rental bonus

complex, located off Route 22 and East Drive, was included in the COAH certified Second Round Housing Plan for Watchung. The site was originally planned to produce 40 for-sale and 20 rental family units; however, in 2000, COAH granted an amendment that changed the yield on this site to 40 family rental units with 40 rental bonus credits.

Phillipsburg Regional Contribution Agreement
As part of the Prior Round, Watchung entered into a Regional Contribution Agreement ("RCA") with the Town of Phillipsburg, Warren County to transfer 57 units. In exchange for rehabilitating or constructing these 57 affordable units, Phillipsburg received a total of $1,098,108 from the Borough of Watchung.

Tom Tom Realty, Inc. (Block 4701, Lot301), 495 Somerset Street.
The Borough entered into an Agreement with TomTom Realty Inc. to deed restrict three residential apartments to moderate income affordable residential rental units. These recently constructed apartments are located within a mixed-use project consisting of 2,000 sq. ft. commercial space and three apartments. On July 20, 2017, a deed restriction was recorded and provides the Borough with 30 year deed restricted property rights to each of the three-moderate income rental affordable units. These three units are subject to all Uniform Housing Affordability Control regulations. The units have been occupied by households certified by the Borough's administrative agent.

Proposed Credits

Accessory Apartment Program
The Watchung Accessory Apartment Program is currently on-going, and it will continue to be implemented and funded to address the 10 accessory apartments which are credited to the Borough's Prior Round Obligation. The Borough adopted an Accessory Apartment Ordinance in 1998 with an amendment adopted in 2006. The FSHC settlement Agreement required that the Borough amend this regulation to facilitate easier administration review of accessory apartment applications. On December 6, 2018, the Borough adopted Ordinance #OR:18/17 which amended the existing accessory apartment regulations to provide for administrative approval of low- and moderate-income accessory apartments instead of requiring conditional use approval.

The Borough has sufficient funds in its housing trust fund to subsidize these 10 units. As detailed in the Spending Plan. the Borough of Watchung plans to fund 10 accessory moderate-income affordable apartments at **$30,000** per unit, for a total of **$300,000** to be expended from the trust fund. Additional funding may be provided in accordance with the *Borough of Watchung Affordability Assistance Program Policies and Procedures Manual* to designate these units affordable for low-income households by providing a one-time payment subsidy to render the moderate-income accessory apartments affordable to low-income households. Affordability assistance funds may also be utilized to reduce costs for affordable households renting these apartments.

The Borough has contracted with Community Grants, Planning & Housing, as their Administrative Agent to manage the program in accordance with the *Watchung Borough Accessory Apartment Program Policies*

and Procedures Manual. (See Appendix II for the Affordability Assistance Program and Accessory Apartment Program manuals.)

Bonnie Burn Road Redevelopment Area (Block 7402, Lots 19.01 & 19.02, Block 7403, Lots 5 & 10) 291 Bonnie Burn Road.
On December 6, 2018, the Borough Council executed Ordinance #OR18/20 adopting a Redevelopment Plan for a non-condemnation area in need of redevelopment. This Redevelopment Plan provides for the Bonnie Burn Road site to be developed as an inclusionary multi-family housing development of a maximum of two hundred and thirty (230) rental apartments including forty-six (46) very low-, low- and moderate-income, non-age restricted affordable family rental units and one hundred eighty-four (184) market-rate units. Five planned affordable family rental apartments are included to meet the Borough's Prior Round obligation. The remaining 41 affordable family rental apartments will be used to address the Borough's Third Round obligation. (The Bonnie Burn Road Redevelopment Plan Ordinance is included in Appendix I.)

Rental Bonus Credits

Watchung is entitled to 43 rental bonus credits based upon N.J.A.C. 5:93-5.15 (a) which states that "for a municipality that receives an adjustment pursuant to N.J.A.C. 5:93-4.2, the rental obligation shall equal 25% of the RDP. A total of 51 new construction rental apartments are planned for the Third Round. This exceeds the minimum rental housing requirement to obtain rental bonus credit.

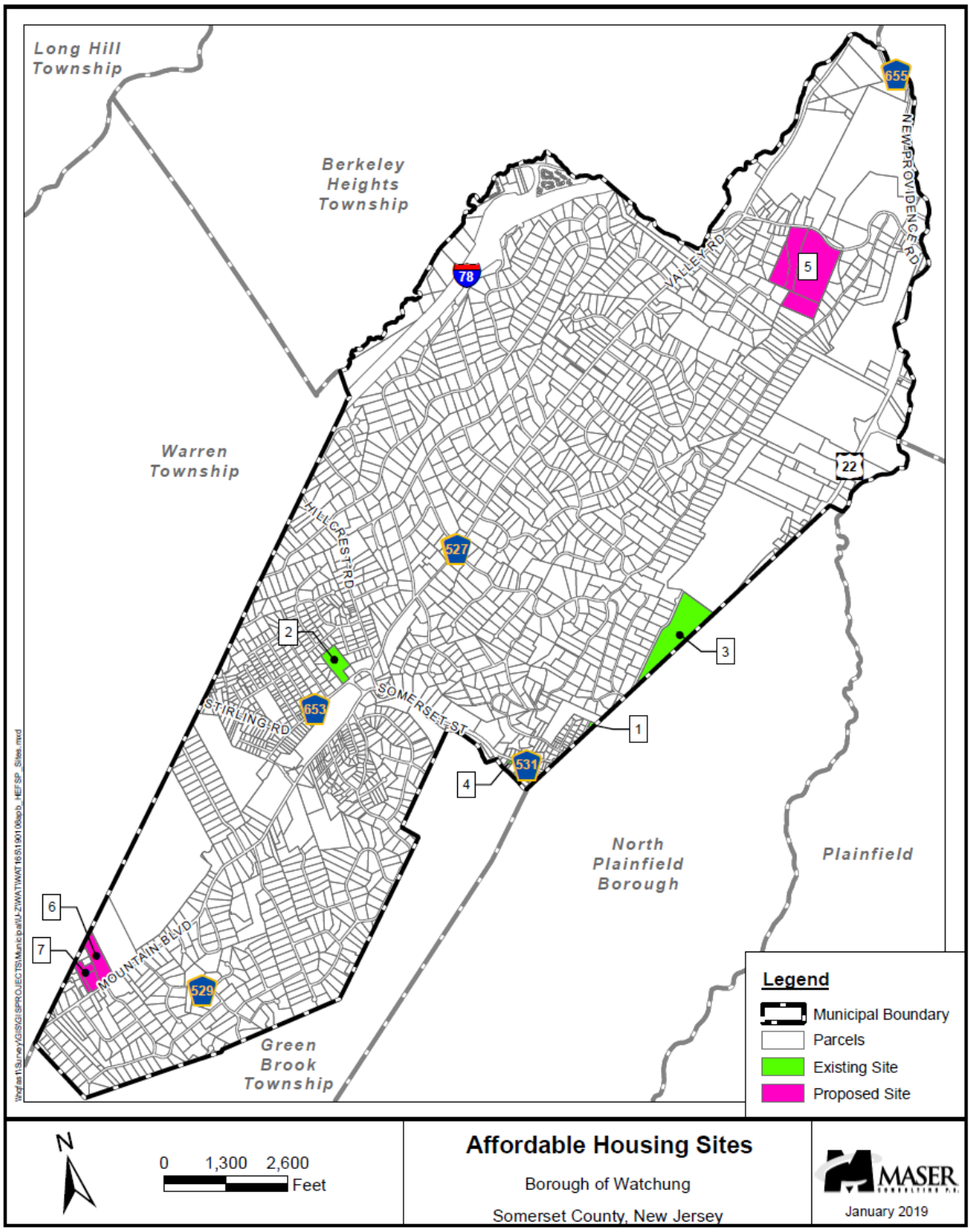
Unmet Need

Unmet Need is the difference between the actual unadjusted obligation and the RDP. The Prior Round Unmet Need is 37 units. The approach to address Unmet Need is discussed in the Third Round obligation section.

Prior Round Obligation Summary

As shown in the following table, Watchung has a total of 69 affordable units constructed or planned, 57 RCA units and 43 rental bonus credits to address its Prior Round obligation. With the exception of the five rental family units to be built as part of the Bonnie Burn Road Redevelopment Area plan and the 10 accessory apartments planned through the Borough's continuing Accessory Apartment Program, 154 units out of the 169 unit obligation are already built or credited.

Prior Round Obligation Credits	
Prior Cycle Obligation (1987 -1999)	**206**
Realistic Development Potential (RDP)	**169**
Enable Inc. (a.k.a. Life Skills Resource Center) Group Home	3
Lakeside Villas at Watchung (a.k.a. Villa Dominico) Age-Restricted Apartments	8
Regional Contribution Agreement to Phillipsburg	57
The Point at Watchung (a.k.a. Avalon at Watchung, Kings Crossing, Crystal Ridge Club) Rental Family Apartments	40
TomTom Realty (Berlant/ Somerset Street) Rental Family Apartments	3
Accessory Apartment Program	10
Bonnie Burn Road Redevelopment Area Family Rental Apartments	5
Rental Bonus	43
T0TAL	**169**
BALANCE	**0**
UNMET NEED (1987-1999)	**37**


Long Hill Township
Berkeley Heights Township
Warren Township
North Plainfield Borough
Plainfield
Green Brook Township
78
655
527
653
531
529
22
VALLEY RD
NEW PROVIDENCE RD
HILLCREST RD
STIRLING RD
SOMERSET ST
MOUNTAIN BLVD
1
2
3
4
5
6
7
Legend
Municipal Boundary
Parcels
Existing Site
Proposed Site
N
0 1,300 2,600
Feet
Affordable Housing Sites
Borough of Watchung
Somerset County, New Jersey
MASER
January 2019

Affordable Housing Sites Listed on Map

Map ID Number	Type	Name	Block(s)	Lot(s)	Address
1	Existing	Enable Inc. (a.k.a.Life Skills Resource Center) Group Home	5002	4	166 Johnston Drive Extension
2	Existing	Lakeside Villas at Watchung (a.k.a. Villa Dominico) Age Restricted Apartments	4001	4	Schmidt Circle
3	Existing	The Point at Watchung(a.k.a. Avalon At Watchung, Kings Crossing, Crystal Ridge Club)	5601	2.01	Route 22 West/Crystal Ridge Drive
4	Existing	TomTom Realty, Inc.	4701	3.01	495 Somerset Street
5	Proposed	Bonnie Burn Road Redevelopment Area	7402 7403	19.01 & 19.02 5 & 10	291 Bonnie Burn Road
6	Proposed	Brandywine at Mountain Ridge	301	30	676-680 Mountain Boulevard
7	Proposed	Watchung Associates, LLC	301	31 & 32.01	708 Mountain Boulevard

XXI. THIRD ROUND OBLIGATION (1999-2025)

The Borough has a Third Round obligation of 396 units (per Kinsey Report, as adjusted through the FSHC Settlement Agreement to an obligation of 53 units. The entire Third Round (1999-2025) Obligation, includes the Gap Period Present Need, which is the measure of households formed from 1999 to 2015 that need affordable housing, that was recognized by the Supreme Court in the re: Declaratory Judgement Actions Filed by Various Municipalities, 227 N.J. 508 (2017).

Vacant Land Inventory Determines RDP

In April 2018, an updated Vacant Land Inventory ('VLI') was performed per the requirements of N.J.A.C. 5:93-4.2 to establish the current RDP for Watchung's Third Round obligation. The VLI determined that only 9 properties in Watchung are vacant and contain the 0.83 acres or more of developable land that is considered the minimum requirement for developing affordable housing. These parcels generate a RDP of 53 affordable units. (See Appendix for the April 2018 VLI.)

This RDP will be satisfied as described below. Further documentation is included in the Appendix II.

Proposed Credits

Brandywine at Mountain Ridge (Block 301, Lot 30), 676-680 Mountain Boulevard**.**
Brandywine at Mountain Ridge is an established assisted living facility. Brandywine representatives have stated that there is an average of 2 Medicaid beds occupied at their facility at all times. The Borough is working with Brandywine representatives to document that Brandywine will annually certify to the Borough that a minimum occupancy of two Medicaid beds occurred at this facility. This documentation will be structured over a 30 year period, similar to other affordable housing credits.

Watchung Associates, LLC. (Block 301, Lot 31 & 32.01), 708 Mountain Blvd.
In November 2017, this 3.4-acre split-zone property received Watchung Zoning Board of Adjustment approval to construct 21 non-age restricted townhomes together with 4 affordable family rental apartment units (Resolution BA17-R6). These affordable units consisting of 1 one-bedroom, 2 two-bedroom and 1 three-bedroom units, will be marketed consistent with State Uniform Housing Affordability Controls. This development is currently under construction.

Bonnie Burn Road Redevelopment Area (Block 7402, Lots 19.01 & 19.02, Block 7403, Lots 5 & 10) 291 Bonnie Burn Road.
This development is described in the Prior Round section of this report. Bonnie Burn Road Redevelopment Area plan proposes 46 affordable family rental units. Five affordable family rental units are included in the Prior Round credits. The remaining 41 affordable family rental units will be used to address the Borough's Third Round obligation.

Rental Bonus Credit

The rental bonus is based on 25% of the RDP or 14 units rental bonus credit. As shown in the following table, there are 45 proposed new construction family rental units, which exceeds the required 14 unit rental bonus credit.

Third Round Obligation Summary

As shown in the following table, the Watchung Third Round RDP obligation of 53 units is exceeded by eight units. These 61 credits include 4 family rental units in the Watchung Associates development, which is under construction, 41 affordable family rental units in the planned Bonnie Burn Road Redevelopment area, 2 Medicaid beds at the Brandywine at Mountain Ridge Assisted Living Complex, and 14 rental bonus credits. The Unmet Need for the Third Round is 335 units.

Proposed Credits/Bonuses/Adjustments that Address the Third Round Obligation	
Non-adjusted Third Round Obligation	**396**
Realistic Development Potential (RDP)	**53**
Brandywine at Mountain Ridge Assisted Living Medicaid Beds	2
Watchung Associates, LLC Family Rental Apartments	4
Bonnie Burn Road Redevelopment Area Family Rental Apartments	41
Rental Bonus	14
TOTAL	**61**
Surplus Credits to Address Future Obligations	**8**
Unmet Need	**335**

Third Round Obligation Requirements

There are certain minimum and maximum affordable housing credit obligation requirements agreed to with the FSHC Settlement Agreement. These credit obligation requirements are detailed below for the 53-unit RDP. The minimum affordable housing credit obligation requirements will be met or exceeded with the proposed mechanisms. The maximum requirements have not been exceeded.

- **Minimum Family Unit *Requirement*** - 50 percent (RDP) = 0.50 x 53 = 27 units; requirement exceeded with 45 units.
- ***Minimum Rental Requirement*** -25 percent (RDP) = 0.25 x 53 = 14 units; requirement exceeded with 45 units.
- ***Maximum Age-Restricted* Requirement** - 25 percent (RDP) = 0.25 x 53 = 14 units; requirement not exceeded with 2 Medicaid beds planned.
- ***Maximum Age-Restricted Rental Requirement*** - 12.5 percent (RDP) = 01.25 x 53 = 14 units; requirement not exceeded with 2 Medicaid beds planned.
- ***Maximum Rental Bonus Credits*** - 25 percent (RDP) = 0.25 x 53 = 14 credits provided.

The following table provides a summary of Watchung's UHAC and very low income unit compliance for the both existing housing and proposed future housing units to meet the Borough's affordable housing obligation.

Summary of Very Low-Income and UHAC Compliance												
Borough of Watchung												
						Actual Income and Bedrooms						
Development	*Date completed*	*# of Prior Round Credits*	*# of Future Round Credits*	*Total Units/Credits*	*Include in 15% Very Low Req.*	*Very Low*	*Low*	*Moderate*	*1 BR*	*2BR*	*3 BR*	*UHAC Compliance*
Enable Inc. Group Home	1993	3		3	No	3						
Lakeside Villas at Watchung	2006 -2018	8		8	No							NJMFA Housing Affordability Services Certification
The Point at Watchung	2006	40		40	No		20	20	8	24	8	CGP&H Certification
Tom Tom Realty	2017	3		3	Yes	0		3	3			NJMFA Housing Affordability Services Certification
Bonnie Burn Road Redevelopment Area	NA	5	41	46	Yes	7	16	23	5	31	10	Required
Brandywine at Mountain Ridge	2019		2	2	Yes	2						Medicaid Beds
Watchung Associates, LLC.	2019		4	4	Yes	1	1	1	1	2	1	Under Construction
TOTAL		**59**	**47**	**106**		**13**						
Total number of units to be included in 13% very low-income requirement because constructed or received site plan approval after 7/1.2008 (units marked YES in table)									55			
13% Very low-income requirement									8			
Total number of Very Low Units Provided (includes units before and after 7/1/2008)									13			
Total number of units to be provided after 7/1/2008									10			

XXII. UNMET NEED

Prior Round Unmet Need Obligation – 37 units
Third Round Unmet Need Obligation - 335 units
Total Unmet Need - 372 units

Unmet need is the difference between the prior round affordable housing obligation and the RDP as determined pursuant to N.J.A.C. 5:93-4.2. As part of its Second Round substantive certification, COAH approved a Vacant Land Adjustment, reducing the Prior Round obligation from 206 affordable units to RDP of 169 affordable units. This difference generates an Unmet Need of 37 affordable units which address the remainder of the Prior Round obligation.

As part of the Third Round plan, the FSHC Settlement Agreement approved a VLI , reducing the Third Round obligation from 396 affordable units to a RDP of 53 affordable units. The RDP of 53 **plus the surplus credits of 8 units,** subtracted from the Third Round obligation of 396 units, result in an Unmet Need of 335 units.

This total Unmet Need of 372 units will be addressed through the following mechanisms:

- Mandatory Affordable Housing Set- Aside Ordinance
- Route 22 Affordable Housing Overlay District
- Somerset Street/Watchung Avenue Affordable Housing Overlay Zone

These mechanisms to address Unmet Need are described below:

Mandatory Affordable Housing Set-Aside Ordinance

On December 6, 2018, the Watchung Borough Council adopted Ordinance #OR:18/19 to establish Mandatory Affordable Housing Set-Aside requirement.

This is a mandatory affordable housing set-aside zoning requirement in accordance with the FSHC Settlement Agreement and the Court Order on Fairness. The ordinance requires that all residential development of 5 or more units that occurs at a density above 6 units per acre arising as a result of a density or use variance or rezoning or approval of a redevelopment or rehabilitation plan shall be required to provide a minimum affordable housing set-aside of 20%, except that the minimum set-aside shall be 15% where affordable rental units are provided. This ordinance excludes sites that are already subject to affordable housing set-aside requirements. (See the Appendix I for Ordinance No: #OR:18/19.)

Route 22 Affordable Housing Overlay Zone

On December 6, 2018, the Watchung Borough Council adopted Ordinance #OR:18-18 entitled “Land Development Regulations of the Borough of Watchung” to establish the Route 22 Affordable Housing Overlay District. The Route 22 Affordable Housing Overlay District provides an opportunity to address

Unmet Need. The Overlay District encompasses the 5-acre Liccardi Ford Tract (Block 64.02, Lot 3) and a 13.7-acre portion of the Mount Saint Mary's Academy Tract (Block 64.02, Lot 5) along the northerly side of US Route 22, encompassing 18.7 acres of land.

The purpose of the Route 22 Affordable Housing Overlay District is to create a realistic opportunity for the creation of low and moderate-income housing as land becomes available for development or redevelopment. The underlying H-D Highway Development and R-R Rural Single-Family Residential zoning will remain in effect. Multifamily residential development requiring a percentage of low- and moderate-income housing units is now a Principal Permitted Use, subject to a number of conditions.

In order to present a financial incentive for inclusionary zoning, for-sale multifamily development permits a maximum gross density of 14 units per acre with a minimum of 20% of these units being affordable to low- and moderate-income households, and at least 13% of the affordable units available for very low-income households.

An additional rental bonus and reduced set-aside is needed to incentivize rental units. Rental multifamily development would permit a maximum gross density of 18 units per acre with a minimum of 15% of these units being affordable to low- and moderate-income households of which 13% are affordable to very low-income households. (See Appendix I for Ordinance #OR:18/18.)

Somerset Street/Watchung Avenue Triangle Affordable Housing Overlay District

A draft Ordinance has been prepared to establish the Somerset Street/Watchung Avenue Affordable Housing Overlay District. This overlay district will encompass the "Triangle" area bounded by Watchung Avenue, Somerset Street and Johnston Drive. This district permits mixed-use development as a principal permitted use consisting of first floor commercial uses and residential units on the second and third floors only permitted in conjunction with affordable housing. Residential use is permitted at a density of 6 units/acre for for-sale units and 10 units/acre for rental units; with a minimum affordable housing set-aside of 20% where the affordable for sale-units are provided and a minimum of 15% where affordable rental units are provided. (See the Appendix I for Draft Somerset Street/Watchung Avenue Triangle Affordable Housing Overlay District Ordinance No: OR # 19/__.)

XXIII. DEVELOPMENT FEES

Watchung will continue to collect residential and non-residential development fees as permitted by the Statewide Non-Residential Fee Act and N.J.A.C. 5:93-8.10- 8.18. The Borough's Development Fee ordinance was adopted on June 23, 2005 under Ordinance No. OR:09/01 and amended on June 19, 2014 by Ord. No. 14/12.

The development fee trust funds will be utilized to satisfy the Borough's obligations, to provide affordability assistance, pay for administrative costs as permitted by law to utilize funds to rehabilitate affordable housing, build accessory apartments and other programs described in the Borough's Spending Plan.

XXIV. SPENDING PLAN

The Borough has prepared a Spending Plan to address its planned disbursement of funds committed through the Borough's adopted Development Fee Ordinance and included in its Housing Trust Fund. The Spending Plan is provided in Appendix I.

The Borough of Watchung intends to spend affordable housing trust fund revenues pursuant to N.J.A.C. 5:97-8.7 through 8.9 consistent with this HEFSP. The Borough of Watchung trust fund has a balance of **$1,058,538** as of December 31, 2018 and anticipates an additional **$1,169,292** in revenues through 2025 for a total of **$2,227,830**. The Borough of Watchung will dedicate a minimum of **30%** or **$805,455** from the affordable housing trust fund, to the extent available, such ultimately depending on the development fees collected between 2019 and 2025, to render units more affordable. This would include a minimum of **$268,485** from the affordable housing trust fund, to the extent available, to render units more affordable to households earning 30 percent or less of median income by region.

The Spending Plan has committed to expend $100,000 towards hard costs to rehabilitate four income-qualified units over the next seven years. An average of $25,000 has been set for each rehabilitated home. The 2019 Housing Rehabilitation Program Policies and Procedures Operating Manual is documented in Appendix II.

The Spending Plan has also committed to expend up to $300,000 towards 10 affordable moderate-income accessory apartments or $30,000 per apartment. The Accessory Apartment Program Policies and Procedures Manual is documented in Appendix II.

The Borough will establish an Affordability Assistance Program including various mechanisms to assist families with their housing costs. This will include both rental and owner-occupied housing unit assistance. Four types of affordability assistance are proposed:

- ***First Month's Rent*** – When applicants of affordable rental housing move into an affordable rental unit, they experience financial hardship resulting from paying the security deposit and first month's rent at the same time. To address this hardship, Watchung Borough will pay for the first month's rent for renters moving into deed restricted affordable units. This assistance is a grant and does not need to be paid back.

- ***Create Additional Low Income Accessory Apartments***– Affordability assistance may be utilized to create additional low income accessory apartments by converting a moderate income accessory apartment into a low income unit. The affordability assistance will result in additional low-income units beyond what is required by state affordable housing rules.

- ***Emergency Energy Assistance*** – Funds acquisition and installation of emergency electricity generators that will ensure the continued operation of supportive/special needs facilities and other affordable housing developments during prolonged power outages.

- ***Group Homes –*** Supports funding of new group home facilities within the Borough.

The *Affordability Assistance Policies and Procedures Manual* is located in Appendix II.

XXV. IMPLEMENTATION SCHEDULE

The estimated implementation schedule for the affordable housing mechanisms that are proposed within the Watchung Fair Share Plan to address the Borough's Prior Round and Third Round affordable housing obligation follows. The Borough's Housing Rehabilitation Program will continue as an on-going mechanism to address the Borough's present need obligation. The Accessory Apartment Program, as amended, will be continued to address the 10 apartments obligation, to address the Borough's Prior Round obligation.

Watchung Associates LLC has been approved by the Zoning Board of Adjustment. As of January 2019, building permits have been issued for this development.

The Bonnie Burn Road Redevelopment Area Plan has been approved by the Borough and will be an on-going effort over a number of years. The BNE Real Estate Group has already been selected as the approved Redeveloper for this inclusionary housing development. (The Bonnie Burn Road Redevelopment Area Plan (Ordinance #18/20 is included in Appendix I.)

ESTIMATED IMPLEMENTATION SCHEDULE							
	2019	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Rehabilitated Housing Program							
Accessory Apartment Program							
Affordability Assistance Program							
Watchung Associates LLC Apartments							
Bonnie Burn Road (BNE) Development							
Obtain amendment to WMP							
Obtain Pilot from Borough							
Prepare site plan application							
Planning Board review of site plan							
Planning Board site plan approval							
Construction and occupancy of development							

XXVI. APPENDIX I

June 7, 2018 Settlement Agreement between Borough of Watchung and Fair Share Housing Center

September 29, 2018 Order on Fairness and Preliminary Compliance Hearing, Superior Court of New Jersey, Law Division, Somerset County Docket No. SOM-L-902-15 (Mount Laurel)

Borough of Watchung Affordable Housing Trust Fund Spending Plan

April 2018 Vacant Land Inventory

Borough Council Resolution Designating Municipal Liaison

Borough Council Resolution Designating Municipal Administrative Agent

Borough Council Ordinance # OR18/17 Amending Accessory Apartment Regulations

Borough Council Ordinance # OR18/18 Approving the Route 22 Affordable Housing Overlay District

Borough Council Ordinance # OR18/19 Approving the Mandatory Affordable Housing Set-aside Ordinance

Borough Council Ordinance # OR18/20 Approving the Bonnie Burn Road Redevelopment Area Ordinance

Borough Council Resolution Designating BNE Real Estate Group at the Developer of Bonnie Burn Road Redevelopment Area

Borough Council Ordinance # OR____ Amending Affordable Housing Ordinance

Borough Ordinance # OR___ Approving Somerset Street/Watchung Avenue Affordable Housing Overlay District

Borough Ordinance #OR ___ Repealing O-C Office Business/conference Center Overlay District

Letter from Borough Engineer Regarding Water and Sewer Capacity

XXVII. APPENDIX II

Housing Rehabilitation Program Policies and Procedures Operating Manual

Accessory Apartment Program Policies and Procedures Manual

Affordability Assistance Policies and Procedures Manual

Affirmative Marketing Plan Resolution

Affordable Housing Administrative Agent Policies and Procedures Manual

Enable Inc. (Life Skills Resource Center) Group Home Documentation

Point at Watchung (Crystal Ridge Club) Documentation

Lakeside Villas at Watchung Documentation

Regional Contribution Agreement to Phillipsburg

Tom Tom Realty Inc. Documentation

Brandywine at Mountain Ridge Documentation

Watchung Associates LLC. Documentation

Master Plan Reexamination Report is available on the Borough of Watchung website

Current Zoning Ordinance and Zoning Map is available on the Borough of Watchung webpage

Borough of Watchung
Housing Element and Fair Share Plan
April 2019

APPENDIX I

XXVI. APPENDIX I

June 7, 2018 Settlement Agreement between Borough of Watchung and Fair Share Housing Center

September 29, 2018 Order on Fairness and Preliminary Compliance Hearing, Superior Court of New Jersey, Law Division, Somerset County Docket No. SOM-L-902-15 (Mount Laurel)

Borough of Watchung Affordable Housing Trust Fund Spending Plan

April 2018 Vacant Land Inventory

Borough Council Resolution Designating Municipal Liaison

Borough Council Resolution Designating Municipal Administrative Agent

Borough Council Ordinance # OR18/17 Amending Accessory Apartment Regulations

Borough Council Ordinance # OR18/18 Approving the Route 22 Affordable Housing Overlay District

Borough Council Ordinance # OR18/19 Approving the Mandatory Affordable Housing Set-aside Ordinance

Borough Council Ordinance # OR18/20 Approving the Bonnie Burn Road Redevelopment Area Ordinance

Borough Council Resolution Designating BNE Real Estate Group at the Developer of Bonnie Burn Road Redevelopment Area

Borough Council Ordinance # OR____ Amending Affordable Housing Ordinance

Borough Ordinance # OR___ Approving Somerset Street/Watchung Avenue Affordable Housing Overlay District

Borough Ordinance #OR ___ Repealing O-C Office Business/conference Center Overlay District

Letter from Borough Engineer Regarding Water and Sewer Capacity

June 7, 2018 Settlement Agreement between Borough of Watchung and Fair Share Housing Center

FAIR SHARE
HOUSING CENTER

Peter J. O'Connor, Esq.
Kevin D. Walsh, Esq.
Adam M. Gordon, Esq.
Laura Smith-Denker, Esq.
David T. Rammler, Esq.
Joshua D. Bauers, Esq.

(Revised May 2, 2018)

Albert E. Cruz, Esq.
DiFrancesco, Bateman, Kunzman,
Davis, Lehrer & Flaum, P.C.
15 Mountain Boulevard
Warren, New Jersey 07059

Re: In the Matter of the Borough of Watchung, County of Somerset, for a Judgment of Compliance of its Third Round Housing Element and Fair Share Plan, Docket No. SOM-L-902-15

Dear Mr. Cruz:

This letter memorializes the terms of an agreement reached between the Borough of Watchung (Watchung), the declaratory judgment plaintiff, and Fair Share Housing Center (FSHC), a Supreme Court-designated interested party in this matter in accordance with In re N.J.A.C. 5:96 and 5:97, 221 N.J. 1, 30 (2015)(Mount Laurel IV) and, through this settlement, a defendant in this proceeding.

Background

Watchung filed the above-captioned matter on July 2, 2015 seeking a declaration of its compliance with the Mount Laurel doctrine and Fair Housing Act of 1985, N.J.S.A. 52:27D-301 et seq. in accordance with In re N.J.A.C. 5:96 and 5:97, supra. Through the declaratory judgment process, Watchung and FSHC agreed to settle the litigation and to present that settlement to the trial court with jurisdiction over this matter to review, recognizing that the settlement of Mount Laurel litigation is favored because it avoids delays and the expense of trial and results more quickly in the construction of homes for lower-income households.

Settlement terms

Watchung and FSHC hereby agree to the following terms:

1. FSHC agrees that Watchung, through the adoption of a Housing Element and Fair Share Plan conforming with the terms of this Agreement (Plan) and through the implementation of the Plan and this Agreement, satisfies its obligations under the Mount Laurel doctrine and Fair Housing Act of 1985, N.J.S.A. 52:27D-301 et seq., for the Prior Round (1987-1999) and Third Round (1999-2025).

2. At this time and at this particular point in the process resulting from the Supreme Court's Mount Laurel IV decision, when Third Round fair share obligations have yet to be definitively determined, it is appropriate for the parties to arrive at a settlement regarding a municipality's Third Round present and prospective need instead of doing so through plenary adjudication of the present and prospective need.

3. FSHC and Watchung hereby agree that Watchung's affordable housing obligations are as follows:

510 Park Blvd. • Cherry Hill, New Jersey 08002 • 856-665-5444 • fax: 856-663-8182 • www.fairsharehousing.org

Rehabilitation Share (per Kinsey Report[1]) (as adjusted per Paragraph 5 below)	30 units
Prior Round Obligation (pursuant to N.J.A.C. 5:93)	206 units
Third Round (1999-2025) Prospective Need (per Kinsey Report, as adjusted through this Agreement)	396 units

4. For purposes of this Agreement, the Third Round Prospective Need shall be deemed to include the Gap Period Present Need, which is a measure of households formed from 1999-2015 that need affordable housing, that was recognized by the Supreme Court in In re Declaratory Judgment Actions Filed By Various Municipalities, 227 N.J. 508 (2017).

5. Watchung's efforts to meet its present need include the following: a municipally sponsored rehabilitation program. This is sufficient to satisfy Watchung's present need obligation of 4 units as adjusted through this Agreement. The 4 units are based upon a structural conditions survey prepared by the Watchung Construction Official in 2015 which is attached as Exhibit A.

6. As noted above, Watchung has a Prior Round prospective need of 206 units, and received a Second Round vacant land adjustment resulting in a 169 unit. Realistic Development Potential (RDP). That 169-unit RDP is met through the following compliance mechanisms:

Johnston Drive Group Home (Existing)	3
Existing Lakeside Villas at Watchung (a/k/a Villa Dominico) Age-Restricted Apartments (Existing)	8
Regional Contribution Agreement to Phillipsburg (Made)	57
The Point at Watchung (a.k.a. Kings Crossing/Crystal Ridge/Avalon at Watchung/The Point at Watchung) Rental Apartments (Existing)	40
Rental Bonus	43
Accessory Apartment Program (Proposed)	10
TomTom Realty (Berlant Somerset Street) Rental Family Apartments (Existing)	3
BNE Real Estate Group [Karka/Philips (Lachs)] Rental Family Apartments (Proposed)	5
TOTAL	169

[1] David N. Kinsey, PhD, PP, FAICP, NEW JERSEY LOW AND MODERATE INCOME HOUSING OBLIGATIONS FOR 1999-2025 CALCULATED USING THE NJ COAH PRIOR ROUND (1987-1999) METHODOLOGY, May 2016.

BALANCE	0
UNMET NEED (1987-1999)	37*

*Unmet Need (1987-1999) 206 – 169 = 37

Watchung will amend its Accessory Apartments Ordinance to allow accessory apartments as permitted uses, as opposed to the current conditional use, in the same areas currently permitted. Applications for accessory apartments would entail seeking a Zoning Permit from the Zoning Officer to administratively determine whether the accessory apartment use is permitted and whether the apartment meets applicable building codes, including a separate access.

7. The municipality, as calculated in that "Vacant Land Inventory", dated April 2018, prepared by Maser Consulting, P.A. (Marcia R. Shiffman, P.P., AICP, LLA N.J. Professional Planners License #02428), attached as Exhibit B, has a Third Round realistic development potential (RDP) of 53 units. That RDP will be satisfied as follows:

Brandywine at Mountain Ridge Assisted Living Apartments (Proposed)	2
Watchung Associates, LLC Apartments (Approved Use Variance)	4
BNE Real Estate Group (Karka/Philips/Lachs) Rental Apartments (Proposed)	41**
Rental Bonus	14
TOTAL	61
SURPLUS CREDITS to Address Future Obligations and Unmet Need	8
UNMET NEED (1999-2025)***	335

**BNE Real Estate Group totals 46 affordable unit credits. This comprises 5 credits included in the Prior Round Obligation and 41 credits included in the Third Round RDP.

***Unmet Need (1999-2025) 396 – (61) = 335

The RDP of 53 plus the surplus credits of 8 units, subtracted from the Third Round obligation of 396 units, results in an unmet need of 335 units. This unmet need of 335 units and the Prior Round unmet need of 37 units shall be addressed through the following mechanisms:

Watchung-wide Mandatory Set-Aside Ordinance providing that any residential development of five (5) or more units that occurs at a density above six (6) units per acre arising as a result of a density or use variance or rezoning or approval of a redevelopment plan or rehabilitation plan shall be required to provide a minimum affordable housing set-aside of 20%, except that the minimum set-aside shall be 15% where affordable rental units are provided. This provision does not affect residential development on sites that are zoned for inclusionary residential development as part of

the Borough's Housing Element and Fair Share Plan, which are subject to the affordable housing set-aside requirements set forth in the applicable zoning. A property shall not be permitted to be subdivided so as to avoid compliance with this requirement.

Route 22 Affordable Housing Overlay Zones for multi-family units. The proposed Affordable Housing Overlay Zone will encompass the 5-acre Liccardi Ford Tract (Block 64.02, Lot 3) and the 13.7-acre portion of the Mount Saint Mary Academy Tract (Block 64.02, Lot 5) along the northerly side of US Route 22. The zone would encompass a total of 18.7 acres of land. The underlying H-D Highway Development and R-R Rural Single-Family Residential zoning within the zone will remain in effect. Inclusionary housing will be permitted as a conditional use as apartments for sale or rent. The permitted residential density would increase to a maximum 14 du/acre for sale units with a set-aside of 20% and 18 du/acre for rental units with a set-aside of 15% for affordable units.

Somerset Street/Watchung Avenue Affordable Housing Overlay Zone for mixed retail and residential uses. This overlay zone will encompass the "Triangle" area bounded by Watchung Avenue, Somerset Street and Johnston Drive. The overlay zone will permit mixed-use development in the form of first floor commercial uses (e.g., retail and/or office) and residential uses above. The Borough will conduct a planning study to determine the zoning parameters of this overlay zone including use, density and bulk requirements. At a minimum, however, the Somerset Street/Watchung Avenue Affordable Housing Overlay Zone will: permit residential use at a density of at least 6 units/acre for for-sale units and 10 units/acre for rental units; will require a minimum affordable housing set-aside of 20% where the affordable for sale units are provided and the set-aside will be 15% where affordable rental units are provided; and will permit such mixed-use development only when affordable housing is provided.

8. Watchung will provide a realistic opportunity for the development of affordable housing through the adoption of inclusionary zoning consisting of a total of 230 units, including 46 affordable housing units on Block 74.02, Lots 19.01, 19.02, Block 73.04, Lots 5, 10 (BNE Real Estate Group) (230/46)

9. Watchung will provide a realistic opportunity for the development of additional affordable housing that will be developed or created through means other than inclusionary zoning through amending its Accessory Apartments ordinance as discussed in Paragraph 6 above.

Except for Brandywine at Mountain Ridge Assisted Living Apartments, all affordable housing to meet the Third Round RDP will be provided through inclusionary zoning.

Funding is limited to the rehabilitation and accessory apartments programs, affordability assistance and other affordable housing expenses such as administrative and affirmative marketing costs. These expenses will be met through the collection of development fees and Watchung had, as of February 28, 2018, a balance in its Affordable Housing Trust Fund of $845,556.85.

10. Watchung agrees to require 13% of all units referenced in this Agreement, excepting those units that were constructed or granted preliminary or final site plan approval prior to July 1, 2008, to be very low income units, with half of the very low income

units being available to families. The municipality will comply with those requirements as follows:

6 (13%) of the 46 affordable units in the BNE Real Estate Group development must be very low income family units. 23 (50%) must be very low and low income units. The remaining 23 (50%) can be moderate income units. Also, 13% of any affordable units created through any development in the mandatory set-aside ordinance to meet unmet need and through any development in any of the specific overlay zones to meet unmet need will be very low income.

11. Watchung shall meet its Third Round Prospective Need in accordance with the following standards as agreed to by Watchung and FSHC and reflected in Paragraph 7 above:

    a. Third Round bonuses will be applied in accordance with N.J.A.C. 5:93-5.15(d).

    b. At least 50 percent of the units addressing the Third Round Prospective Need shall be affordable to very-low-income and low-income households with the remainder affordable to moderate-income households.

    c. At least 25 percent of the Third Round Prospective Need shall be met through rental units, including at least half in rental units available to families.

    d. At least half of the units addressing the Third Round Prospective Need in total must be available to families.

    e. Watchung agrees to comply with an age-restricted cap of 25% and to not request a waiver of that requirement. This shall be understood to mean that in no circumstance may the municipality claim credit toward its fair share obligation for age-restricted units that exceed 25% of all units developed or planned to meet its cumulative prior round and third round fair share obligation.

12. Watchung shall add to the list of community and regional organizations in its affirmative marketing plan, pursuant to N.J.A.C. 5:80-26.15(f)(5), Fair Share Housing Center, the New Jersey State Conference of the NAACP, the Latino Action Network, and NORWESCAP, the Supportive Housing Association, and the Central Jersey Housing Resource Center, and shall, as part of its regional affirmative marketing strategies during its implementation of the affirmative marketing plan, provide notice to those organizations of all available affordable housing units. Watchung also agrees to require any other entities, including developers or persons or companies retained to do affirmative marketing, to comply with this Paragraph 11.

13. All units shall include the required bedroom distribution, be governed by controls on affordability and affirmatively marketed in conformance with the Uniform Housing Affordability Controls (UHAC), N.J.A.C. 5:80-26.1 et. seq. or any successor regulation, with the exception that in lieu of 10 percent of affordable units in rental projects being required to be at 35 percent of median income, 13 percent of affordable units in such projects shall be required to be at 30 percent of median income, and all other applicable law. Watchung as part of its HEFSP shall adopt

and/or update appropriate implementing ordinances in conformance with standard ordinances and guidelines developed by COAH to ensure that this provision is satisfied. Income limits for all units that are part of the Plan required by this Agreement and for which income limits are not already established through a federal program exempted from the UHAC pursuant to N.J.A.C. 5:80-26.1 shall be updated by Watchung annually within 30 days of the publication of determinations of median income by the United States Department of Housing and Urban Development (HUD) as follows:

a. Regional income limits shall be established for the region that Watchung is located within (i.e. Region 3) based on the median income by household size, which shall be established by a regional weighted average of the uncapped Section 8 income limits published by HUD. To compute this regional income limit, the HUD determination of median county income for a family of 4 is multiplied by the estimated households within the county according to the most recent decennial Census. The resulting product for each county within the housing region is summed. The sum is divided by the estimated total households from the most recent decennial Census in Watchung's housing region. This quotient represents the regional weighted average of median income for a household of 4. The income limit for a moderate-income unit for a household of 4 shall be 80 percent of the regional weighted average median income for a family of 4. The income limit for a low-income unit for a household of 4 shall be 50 percent of the HUD determination of the regional weighted average median income for a family of four. The income limit for a very low income unit for a household of four shall be 30 percent of the regional weighted average median income for a family of four. These income limits shall be adjusted by household size based on multipliers used by HUD to adjust median income by household size. In no event shall the income limits be less than those for the previous year.

b.The income limits attached hereto as Exhibit C are the result of applying the percentages set forth in paragraph (a) above to HUD's determination of median income for FY 2017, and shall be utilized until Watchung updates the income limits after HUD has published revised determinations of median income for the next fiscal year.

c.The Regional Asset Limit used in determining an applicant's eligibility for affordable housing pursuant to N.J.A.C. 5:80-26.16(b)3 shall be calculated by Watchung annually by taking the percentage increase of the income limits calculated pursuant to paragraph (a) above over the previous year's income limits, and applying the same percentage increase to the Regional Asset Limit from the prior year. In no event shall the Regional Asset Limit be less than that for the previous year.

d.Watchung and FSHC agree to request the Superior Court prior to or at the fairness hearing in this matter to enter an order implementing this paragraph of this Agreement.

14. All new construction units shall be adaptable in conformance with P.L.2005, c.350/N.J.S.A. 52:27D-311a and -311b and all other applicable law.

15. As an essential term of this Agreement, within 180 days of the Superior Court's approval of this Agreement, Watchung shall introduce and adopt an ordinance or ordinances providing for the amendment of Watchung's Affordable Housing Ordinance and Zoning Ordinance to implement the terms of this Agreement and the zoning contemplated herein and adopt a Housing Element and Fair Share Plan and Spending Plan in conformance with the terms of this Agreement. The Borough will

also within that timeframe repeal Section 28-410 titled "O-C" Office Business/Conference Center Overlay District of the Revised General Ordinances of the Borough of Watchung.

16. The parties agree that if a decision of a court of competent jurisdiction including Somerset County/Vicinage 13 Law Division, Appellate Division and the New Jersey Supreme Court, or a determination by an administrative agency responsible for implementing the Fair Housing Act, or an action by the New Jersey Legislature, would result in a calculation of an obligation for Watchung for the period 1999-2025 that would be lower by more than twenty (20%) percent than the total prospective Third Round need obligation established in this Agreement, and if that calculation is memorialized in an unappealable final judgment, Watchung and FSHC shall enter into a Consent Order to amend the judgment in this matter to reduce Watchung's fair share obligation accordingly. Notwithstanding any such reduction, Watchung shall be obligated to adopt a Housing Element and Fair Share Plan that conforms to the terms of this Agreement and to implement all compliance mechanisms included in this Agreement, including by adopting or leaving in place any site specific zoning adopted or relied upon in connection with the Plan adopted pursuant to this Agreement; taking all steps necessary to support the development of any 100% affordable developments referenced herein; maintaining all mechanisms to address unmet need; and otherwise fulfilling fully the fair share obligations as established herein. The reduction of Watchung's obligation below that established in this Agreement does not provide a basis for seeking leave to amend this Agreement or seeking leave to amend an order or judgment pursuant to R. 4:50-1. If Watchung's prospective need for the Third Round is reduced, Watchung may carry over any resulting extra credits to future rounds in conformance with the then-applicable law.

17. Watchung shall prepare a Spending Plan within the period referenced above, subject to the review of FSHC and approval of the Vicinage 13, Superior Court, and reserves the right to seek approval from the Vicinage 13, Superior Court that the expenditures of funds contemplated under the Spending Plan constitute "commitment" for expenditure pursuant to N.J.S.A. 52:27D-329.2 and -329.3, with the 4-year period for expenditure designated pursuant to those provisions beginning to run with the entry of a final judgment approving this settlement in accordance with the provisions of In re Tp. of Monroe, 442 N.J. Super. 565 (Law Div. 2015) (aff'd 442 N.J. Super. 563). On the first anniversary of the execution of this Agreement, which shall be established by the date on which it is executed by a representative of Watchung, and on every anniversary of that date thereafter through the end of the period of protection from litigation referenced in this Agreement, Watchung agrees to provide annual reporting of trust fund activity to the New Jersey Department of Community Affairs, Council on Affordable Housing, or Local Government Services, or other entity designated by the State of New Jersey, with a copy provided to FSHC and posted on the municipal website, using forms developed for this purpose by the New Jersey Department of Community Affairs, COAH, or Local Government Services. The reporting shall include an accounting of all housing trust fund activity, including the source and amount of funds collected and the amount and purpose for which any funds have been expended.

18. On the first anniversary of the execution of this Agreement, and every anniversary thereafter through the end of this Agreement, Watchung agrees to provide annual reporting of the status of all affordable housing activity within the municipality through

posting on the municipal website with a copy of such posting provided to FSHC, using forms previously developed for this purpose by COAH or any other forms endorsed by the Special Master and FSHC.

19. The Fair Housing Act includes 2 provisions regarding action to be taken by Watchung during the ten-year period of protection provided in this Agreement. Watchung agrees to comply with those provisions as follows:

    a.For the midpoint realistic opportunity review due on July 1, 2020, as required pursuant to N.J.S.A. 52:27D-313, Watchung will post on its municipal website, with a copy provided to FSHC, a status report as to its implementation of the Plan and an analysis of whether any unbuilt sites or unfulfilled mechanisms continue to present a realistic opportunity and whether any mechanisms to meet unmet need should be revised or supplemented. Such posting shall invite any interested party to submit comments to the municipality, with a copy to FSHC, regarding whether any sites no longer present a realistic opportunity and should be replaced and whether any mechanisms to meet unmet need should be revised or supplemented. Any interested party may by motion request a hearing before the Superior Court regarding these issues.
    b.For the review of very low income housing requirements required by N.J.S.A. 52:27D-329.1, within 30 days of the third anniversary of this Agreement, and every third year thereafter, Watchung will post on its municipal website, with a copy provided to FSHC, a status report as to its satisfaction of its very low income requirements, including the family very low income requirements referenced herein. Such posting shall invite any interested party to submit comments to the municipality and FSHC on the issue of whether the municipality has complied with its very low income housing obligation under the terms of this settlement.

20. FSHC is hereby deemed to have party status in this matter and to have intervened in this matter as a defendant without the need to file a motion to intervene or an answer or other pleading. The parties to this Agreement agree to request the Superior Court to enter an order declaring FSHC is an intervenor, but the absence of such an order shall not impact FSHC's rights.

21. This Agreement must be approved by the Superior Court following a fairness hearing as required by Morris Cty. Fair Hous. Council v. Boonton Twp., 197 N.J. Super. 359, 367-69 (Law Div. 1984), aff'd o.b., 209 N.J. Super. 108 (App. Div. 1986); East/West Venture v. Borough of Fort Lee, 286 N.J. Super. 311, 328-29 (App. Div. 1996). Watchung shall present its planner as a witness at this hearing. FSHC agrees to support this Agreement at the fairness hearing. In the event the Superior Court approves this proposed settlement, the parties contemplate Watchung will receive "the judicial equivalent of substantive certification and accompanying protection as provided under the FHA," as addressed in the Supreme Court's decision in In re N.J.A.C. 5:96 & 5:97, 221 N.J. 1, 36 (2015). The "accompanying protection" shall remain in effect through July 1, 2025. If this Agreement is rejected by the Superior Court at a fairness hearing it shall be null and void.

22. Watchung agrees to make a donation to FSHC to use for the advancement of affordable housing in the amount of $7,500.00 within 30 days of the Superior Court's approval of this Agreement pursuant to a duly-noticed fairness hearing.

23. If an appeal is filed of the Superior Court's approval or rejection of this Agreement, Watchung and FSHC agree to defend the Agreement on appeal, including in proceedings before the Superior Court, Appellate Division and New Jersey Supreme Court, and to continue to implement the terms of this Agreement if the Agreement is approved before the Law Division unless and until an appeal of the Law Division's approval is successful, at which point Watchung and FSHC reserve their right to rescind any action taken in anticipation of the Law Division's approval. Watchung and FSHC shall have an obligation to fulfill the intent and purpose of this Agreement.

24. This Agreement may be enforced through a motion to enforce litigant's rights or a separate action filed in Superior Court, Somerset County.

25. Unless otherwise specified, it is intended that the provisions of this Agreement are to be severable. The validity of any article, section, clause or provision of this Agreement shall not affect the validity of the remaining articles, sections, clauses or provisions hereof. If any section of this Agreement shall be adjudged by a court to be invalid, illegal, or unenforceable in any respect, such determination shall not affect the remaining sections.

26. This Agreement shall be governed by and construed by the laws of the State of New Jersey.

27. This Agreement may not be modified, amended or altered in any way except by a writing signed by each of Watchung and FSHC.

28. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same Agreement.

29. Watchung and FSHC acknowledge that each has entered into this Agreement on its own volition without coercion or duress after consulting with its counsel, that each party is the proper person and possess the authority to sign the Agreement, that this Agreement contains the entire understanding of Watchung and FSHC and that there are no representations, warranties, covenants or undertakings other than those expressly set forth herein.

30. Each of Watchung and FSHC acknowledge that this Agreement was not drafted by any one of them, but was drafted, negotiated and reviewed by them and, therefore, the presumption of resolving ambiguities against the drafter shall not apply. Each of Watchung and FSHC expressly represents to the other that: (i) it has been represented by counsel in connection with negotiating the terms of this Agreement; and (ii) it has conferred due authority for execution of this Agreement upon the persons executing it.

31. Any and all Exhibits attached to this Agreement are hereby made a part of this Agreement by this reference thereto. Any and all Exhibits now and/or in the future are hereby made or will be made a part of this Agreement with prior written approval of both Watchung and FSHC.

32. This Agreement constitutes the entire Agreement between Watchung and FSHC and supersedes all prior oral and written agreements between Watchung and FSHC regarding the subject matter hereof except as otherwise provided herein.

33. No member, official or employee of Watchung shall have any direct or indirect interest in this Agreement, nor participate in any decision relating to the Agreement which is prohibited by law, absent the need to invoke the rule of necessity.

34. Anything herein contained to the contrary notwithstanding, the effective date of this Agreement shall be the last date upon which Watchung and FSHC have executed and delivered this Agreement.

35. All notices required under this Agreement (Notice[s]) shall be written and shall be served upon the respective Watchung and FSHC by certified mail, return receipt requested, or by a recognized overnight or by a personal carrier. All Notices shall be deemed received upon the date of delivery. Delivery shall be affected as follows, subject to change as to the person(s) to be notified and/or their respective addresses upon 10 days notice as provided herein:

TO FSHC:

Adam M. Gordon, Esq.
Fair Share Housing Center
510 Park Boulevard
Cherry Hill, NJ 08002
Phone: (856) 665-5444
Telecopier: (856) 663-8182
E-mail: adamgordon@fairsharehousing.org

TO WATCHUNG:

Administrator
Watchung Municipal Building
15 Mountain Boulevard
Watchung, New Jersey 07069
Phone: (908) 756-0080
Telecopier: (908) 757-7027

WITH A COPY TO THE MUNICIPAL CLERK:

Clerk
Watchung Municipal Building
15 Mountain Boulevard
Watchung, New Jersey 07069
Phone: (908) 756-0080
Telecopier: (908) 757-7027

Please sign below if these terms are acceptable.

Sincerely,

Adam M. Gordon, Esq.
Counsel for Intervenor/Interested Party
Fair Share Housing Center

On behalf of the Borough of Watchung, with the authorization of the governing body:

Stephen K. Pote_____
Borough of Watchung Mayor_____
Dated:_____

Exhibit "A"

STRUCTURAL CONDITIONS SURVEY

Municipality: Borough of Watchung

County: Somerset

Date of Survey: ~~September~~ 9/24/15

Performed By: Edward P. Bennett, Jr.

Title: Construction Official, Building SubCode, Zoning Officer

License Number: 001569

Areas of municipality surveyed:

All- See Attached

Areas of municipality not surveyed:

none

Reason(s) for not surveying these areas:

Did a Drive-through of all Streets within the Borough of Watchung

STRUCTURAL CONDITIONS SURVEY

SURVEYOR: Edward P. Bennett Jr. (print or type name)

DATE: 9/15

RATE COMPONENT: GOOD/EXCELLENT = 0 FAIR/POOR = X

STREET			One "X" and Structure is Deficient			COMPONENTS				Two "Xs" and Structure is D	
Address	Block/ Lot	Number of Dwelling Units	Foundation	Siding and Walls	Roof and Chimney	Windows and Door	Eaves/ Soffits Gutters/ Leader	Rails/ Stairs Steps/ Porch	Fire Escape	Deficient structure mark "Yes" or "No"	
31 Tuttle			X	X	X	X	X	N/A	N/A	NO	
35 Cedar Lane			X	X	X	X	X	N/A	N/A	YES	
39 Forest dale			X	X	X	X	X	N/A	N/A	YES.	
49 Redwood			X	X	X	X	X	N/A	N/A	YES	New Owne /Permit Issued
* 183 Washington Rock			X	X	X	X	X	N/A	N/A	YES	
297 Valley Road			X	X	X	X	X	N/A	N/A	YES	

I verify that I conducted the survey for Borough of Watchung on (date) according to COAH criteria.

Signature: [signature] Title: Const. Official License No: 001569

** May be sold soon

EXH. B

VACANT LAND INVENTORY

Borough of Watchung

Somerset County, New Jersey

April 2017

Prepared by:

MASER CONSULTING P.A.

Marcia R. Shiffman, P.P., AICP, LLA
N.J. Professional Planners License # 02428

Daniel N. Bloch, P.P., AICP,
N.J. Professional Planners License #06107

Table of Contents

Introduction **1**

Properties Excluded From The Vacant Land Inventory **3**

Vacant And Developable Properties **4**

Parks & Recreation **5**

Active Municipal Recreation 5
Conservation, Parkland & Open Space 7

Conclusion **8**

Appendix **9**

Vacant Land Inventory List 9
Environmental Constraints Map 16
Existing Land Use Map 17
Vacant Lands Map 18

EXHIBIT C: 2017 INCOME LIMITS

Prepared by Affordable Housing Professionals of New Jersey (AHPNJ) - August 2017

2017 AFFORDABLE HOUSING REGIONAL INCOME LIMITS BY HOUSEHOLD SIZE

Income limits not officially adopted by the State of New Jersey. Contact your municipality to see if applicable in your jurisdiction. Additional information about AHPNJ income limits is posted on AHPNJ.org

		1 Person	*1.5 Person	2 Person	*3 Person	4 Person	*4.5 Person	5 Person	6 Person	7 Person	8+ Person	Max Increase Rents**	Max Increase Sales***	Regional Asset Limit****
Region 1	Median	$60,271	$64,576	$68,882	$77,492	$86,102	$89,546	$92,990	$99,878	$106,766	$113,655	1.7%	1.99%	$166,493
Bergen, Hudson,	Moderate	$48,217	$51,661	$55,105	$61,993	$68,882	$71,637	$74,392	$79,903	$85,413	$90,924			
Passaic and Sussex	Low	$30,136	$32,288	$34,441	$38,746	$43,051	$44,773	$46,495	$49,939	$53,383	$56,827			
	Very Low	$18,081	$19,373	$20,664	$23,248	$25,831	$26,864	$27,897	$29,963	$32,030	$34,096			
Region 2	Median	$65,953	$70,663	$75,374	$84,796	$94,218	$97,987	$101,755	$109,293	$116,830	$124,368	1.7%	3.25%	$180,756
Essex, Morris,	Moderate	$52,762	$56,531	$60,299	$67,837	$75,374	$78,389	$81,404	$87,434	$93,464	$99,494			
Union and Warren	Low	$32,976	$35,332	$37,687	$42,398	$47,109	$48,993	$50,878	$54,646	$58,415	$62,184			
	Very Low	$19,786	$21,199	$22,612	$25,439	$28,265	$29,396	$30,527	$32,788	$35,049	$37,310			
Region 3	Median	$73,780	$79,050	$84,320	$94,860	$105,400	$109,616	$113,832	$122,264	$130,696	$139,128	1.7%	0.38%	$200,698
Hunterdon,	Moderate	$59,024	$63,240	$67,456	$75,888	$84,320	$87,693	$91,066	$97,811	$104,557	$111,302			
Middlesex and	Low	$36,890	$39,525	$42,160	$47,430	$52,700	$54,808	$56,916	$61,132	$65,348	$69,564			
Somerset	Very Low	$22,134	$23,715	$25,296	$28,458	$31,620	$32,885	$34,150	$36,679	$39,209	$41,738			
Region 4	Median	$66,022	$70,738	$75,454	$84,885	$94,317	$98,090	$101,862	$109,408	$116,953	$124,498	1.7%	1.53%	$177,413
Mercer,	Moderate	$52,817	$56,590	$60,363	$67,908	$75,454	$78,472	$81,490	$87,526	$93,562	$99,599			
Monmouth and	Low	$33,011	$35,369	$37,727	$42,443	$47,158	$49,045	$50,931	$54,704	$58,476	$62,249			
Ocean	Very Low	$19,807	$21,221	$22,636	$25,466	$28,295	$29,427	$30,559	$32,822	$35,086	$37,349			
Region 5	Median	$58,240	$62,400	$66,560	$74,880	$83,200	$86,528	$89,856	$96,512	$103,168	$109,824	1.7%	2.09%	$154,194
Burlington,	Moderate	$46,592	$49,920	$53,248	$59,904	$66,560	$69,222	$71,885	$77,210	$82,534	$87,859			
Camden and	Low	$29,120	$31,200	$33,280	$37,440	$41,600	$43,264	$44,928	$48,256	$51,584	$54,912			
Gloucester	Very Low	$17,472	$18,720	$19,968	$22,464	$24,960	$25,958	$26,957	$28,954	$30,950	$32,947			
Region 6	Median	$51,085	$54,734	$58,383	$65,681	$72,979	$75,898	$78,817	$84,655	$90,494	$96,332	1.7%	0.00%	$136,680
Atlantic, Cape	Moderate	$40,868	$43,787	$46,706	$52,545	$58,383	$60,718	$63,054	$67,724	$72,395	$77,066			
May, Cumberland,	Low	$25,543	$27,367	$29,192	$32,840	$36,489	$37,949	$39,409	$42,328	$45,247	$48,166			
and Salem	Very Low	$15,326	$16,420	$17,515	$19,704	$21,894	$22,769	$23,645	$25,397	$27,148	$28,900			

Moderate income is between 80 and 50 percent of the median income. Low income is 50 percent or less of median income. Very low income is 30 percent or less of median income.

* These columns are for calculating the pricing for one, two and three bedroom sale and rental units as per N.J.A.C. 5:80-26.4(a).

**This column is used for calculating the pricing for rent increases for units as per N.J.A.C. 5:97-9.3. The increase for 2015 was 2.3%, the increase for 2016 was 1.1% and the increase for 2017 is 1.7% (Consumer price Index for All Urban Consumers (CPI-U): Regions by expenditure category and commodity and service group). Landlords who did not increase rents in 2015 or 2016 may increase rent by up to the applicable combined percentage from their last rental increase for that unit. In no case can rent for any particular apartment be increased more than one time per year.

*** This column is used for calculating the pricing for resale increases for units as per N.J.A.C. 5:97-9.3. As per 5:97-9.3,(b), The price of owner-occupied low and moderate income units may increase annually based on the percentage increase in the regional median income limit for each housing region. In no event shall the maximum resale price established by the administive agent be lower than the last recorded purchase price.

Low income tax credit developments may increase based on the low income tax credit regulations.

**** The Regional Asset Limit is used in determining an applicant's eligibility for affordable housing pursuant to N.J.A.C. 5:80-26.16(b)3.

Note: Since the Regional Income Limits for Region 6 in 2016 were higher than the 2017 calculations, the 2016 income limits will remain in force for 2017. See N.J.A.C. 5:97-9.2(c).

September 29, 2018 Order on Fairness and Preliminary Compliance Hearing,
Superior Court of New Jersey, Law Division, Somerset County
Docket No. SOM-L-902-15 (Mount Laurel)

Attorney ID: 016211980
Our File No.: C22168(AEC)

DiFRANCESCO, BATEMAN, KUNZMAN, DAVIS, LEHRER & FLAUM, P.C.
15 Mountain Boulevard
Warren, New Jersey 07059-5686
(908) 757-7800
Attorneys for Borough of Watchung

IN THE MATTER OF THE BOROUGH OF WATCHUNG FOR A JUDGMENT OF COMPLIANCE OF ITS THIRD ROUND HOUSING ELEMENT AND FAIR SHARE PLAN	SUPERIOR COURT OF NEW JERSEY LAW DIVISION: SOMERSET COUNTY DOCKET NO.: SOM-L-902-15 (MOUNT LAUREL) *Civil Action* **ORDER ON FAIRNESS AND PRELIMINARY COMPLIANCE HEARING**

THIS MATTER having been opened to the Court by DiFrancesco, Bateman, Kunzman, Davis, Lehrer & Flaum, P.C., attorneys for the Borough of Watchung ("Borough"), Albert E. Cruz, Esq., appearing, in the presence of Joshua D. Bauers, Esq., attorney for Interested Party, Fair Share Housing Center, Inc. ("FSHC"), by way of Fairness and Preliminary Compliance Hearing held on August 9, 2018 pursuant to and in accordance with East/West Venture v. Borough of Fort Lee, 286 N.J. Super. 311 (App. Div. 1996); and sufficient notice of this hearing having been given in accordance with In the Matter of the Adoption of N.J.A.C. 5:96 & 5:97 by the New Jersey Council on Affordable Housing, 221 N.J. 1 (2015) ("Mount Laurel IV") and Morris County Fair Housing

Council v. Boonton Tp., 197 N.J. Super. 359 (Law Div. 1984); and the Court having considered the report dated August 6, 2018 and the testimony of the Court-appointed Special Master, Francis J. Banisch III, PP, AICP, the testimony of the Borough's Planner, Marcia R. Shiffman, PP, AICP, LLA, and the Court having considered the Settlement Agreement entered into between the Borough and FSHC last signed June 7, 2018; and the Court having considered the testimony and presentations of the Borough, the Special Master, FSHC at the time of the hearing; and good cause having been shown;

IT IS on this 19th day of September, 2018, **ORDERED** that:

1. The Court finds that: (a) the Settlement Agreement has apparent merit; (b) notice was given to all members of the protected class and others who have an interest in the settlement; (c) a hearing was conducted on the Settlement Agreement where those affected had sufficient time to prepare; and (d) the Settlement Agreement is fair and reasonable to members of the protected class, low and moderate income persons.

2. The Court further finds that the Settlement Agreement between the Borough and FSHC is fair and adequately protects the interests of low and moderate income persons within the Borough's housing region based upon the criteria set forth in

East/West Venture v. Borough of Fort Lee, 286 N.J. Super. 311 (App. Div. 1996) for approving a settlement of Mount Laurel litigation; and

3. The Court preliminarily finds that the Borough's Planner's testimony regarding the steps to implement the Settlement Agreement is facially constitutionally compliant and provides a fair and reasonable opportunity of at least 180 days from the date of this Order for the Borough to meet its obligation under Mount Laurel IV, including satisfaction of the list of conditions set forth in the Court's Special Master's report of August 6, 2018, attached as Exhibit A, and subject to the Court's approval by way of a Final Compliance Hearing to be held after the one-hundred and eighty (180) day period as hereinafter set forth; and

4. Income limits for all units that are part of the Borough's Housing Element and Fair Share Plan and for which income limits are not already established through a federal program exempted from the Uniform Housing Affordability Controls ("UHAC") pursuant to N.J.A.C. 5:80-26.1 shall be updated by the Borough annually within sixty (60) days of the publication of determinations of median income by the United States of America Department of Housing and Urban Development ("HUD") as follows:

(a) Regional income limits shall be established for the region that the Borough is located within based on the median income by household size, which shall be established by a regional weighted average of the uncapped Section 8 income limits published by HUD. To compute this regional income limit, the HUD determination of median county income for a family of four (4) is multiplied by the estimated households within the county according to the most recent decennial Census. The resulting product for each county within the housing region is summed. The sum is divided by the estimated total households from the most recent decennial Census in the Borough's housing region. This quotient represents the regional weighted average of median income for a household of four (4). The income limit for a moderate-income unit for a household of four (4) shall be eighty (80%) percent of the regional weighted average median income for a family of four (4). The income limit for a low-income unit for a household of four (4) shall be fifty (50%) percent of the HUD determination of the regional weighted average median income for a family of four (4). The income limit for a very low income unit for a household of four (4) shall be thirty (30%) percent of the regional weighted average median income for a family of four (4). These income limits shall be adjusted by household size based on multipliers used by

HUD to adjust median income by household size. In no event shall the income limits be less than those for the previous year.

(b) The income limits attached as Exhibit B are the result of applying the percentages set forth in paragraph 4(a) above to HUD's determination of median income for FY 2018, and shall be utilized until the Borough updates the income limits after HUD has published revised determinations of median income for the next fiscal year.

(c) The Regional Asset Limit used in determining an applicant's eligibility for affordable housing pursuant to N.J.A.C. 5:80-26.16(b)3 shall be calculated by the Borough annually by taking the percentage increase of the income limits calculated pursuant to paragraph 4(a) above over the previous year's income limits, and applying the same percentage increase to the Regional Asset Limit from the prior year. In no event shall the Regional Asset Limit be less than that for the previous year.

5. In establishing sale prices and rents of affordable housing units, the Borough Administrative Agent shall follow the procedures set forth in UHAC, utilizing the regional income limits established pursuant to the process defined above:

(a) The resale prices of owner-occupied low- and moderate-income units may increase annually based on the percentage increase in the regional median income limit for each housing region determined pursuant to paragraph 4 above. In no event shall the maximum resale price established by the Borough Administrative Agent be lower than the last recorded purchase price.

(b) The rent levels of very-low-, low- and moderate-income units may be increased annually based on the percentage increase in the Housing Consumer Price Index for the Northeast Urban Area, upon its publication for the prior calendar year. This increase shall not exceed nine (9%) percent in any one year. Rents for units constructed pursuant to low income housing tax credit regulations shall be indexed pursuant to the regulations governing low income housing tax credits.

6. A Final Compliance Hearing is hereby scheduled after one-hundred and eighty (180) days from the date of this Order, by which time the Borough shall have complied with the above-referenced conditions, shall have submitted to the Special Master for review and comment the Borough's Housing Element and Fair Share Plan and all Resolutions and Ordinances required to implement the Housing Element and Fair Share Plan, and shall have provided for the Borough Planning Board to finalize and

adopt the Housing Element and Fair Share Plan and the Borough Council to endorse same and to adopt all necessary effectuating Resolutions and Ordinances; and

7. Prior to or at the Final Compliance Hearing, the designated Redeveloper for Block 74.02, Lots 19.01, 19.02 and Block 73.04, Lots 5 and 10, ("Property"), as shown on the Borough Tax Map, shall file a motion before this Court to remove that deed restriction contained in that Developer's Mount Laurel Agreement, dated August 25, 1988, entered into by Elizabeth Medical Associates, P.A., Pension Trust; Burnheade Associates; Gaetano Avagliano; Richard and Lawrence Zirinsky ("Developers"); Crestwood Coalition for Proper Planning in Watchung; Watchung Coalition and the Borough recorded on October 13, 1988 in the Somerset County Clerk's Office in Book 1705, beginning at page 96, as amended, restricting the development of the Property.

8. The temporary immunity previously granted to the Borough herein is hereby extended until the entry of a Final Judgement of Compliance and Repose in this matter; and

9. The Borough is relieved from any further obligation to contribute to the costs of the Special Methodology Master, Richard Reading; and

10. A copy of this Order shall be served upon all parties on the service list in this matter within five (5) days of the Borough's receipt thereof.

/S/ THOMAS C. MILLER, P.J.Cv.

HONORABLE THOMAS C. MILLER, P.J.Civ.

Opposed ____

Unopposed X

Borough of Watchung Affordable Housing Trust Fund Spending Plan

2019 Affordable Housing Trust Fund Spending Plan
Borough of Watchung
Somerset County, New Jersey

March 2019

Approved by Watchung Borough Council on _____

BOROUGH OF WATCHUNG
Affordable Housing Trust Fund Spending Plan

INTRODUCTION

The Borough of Watchung, Somerset County, has prepared a Housing Element and Fair Share Plan ('HEFSP') 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 affordable housing regulations of the New Jersey Department of Community Affairs (the Department) (N.J.A.C. 5:93-1 et seq. and N.J.A.C. 5:96-1 et seq.) and the June 7, 2018 Settlement Agreement with the Fair Share Housing Center ('Fair Share Housing Center Settlement Agreement'). A development fee ordinance creating a dedicated revenue source for affordable housing was approved by the Department on September 10, 1997 and adopted by the Borough of Watchung on October 9, 1997. The current affordable housing development fee ordinance was updated in 2014. The ordinance establishes the Borough of Watchung affordable housing trust fund for which this spending plan is prepared.

1. REVENUES FOR CERTIFICATION PERIOD

As of December 31, 2018, the Borough of Watchung has collected **$2,703,173**, expended **$1,823,129**, and earned **$178,494** in interest, resulting in a balance of **$ 1,058,538.** 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 Investors Trust 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.

To calculate a projection of revenue anticipated during the period of third round substantive certification, the Borough of Watchung 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:
No payments in lieu are projected at this time.

(c) Other funding sources:
None collected or projected.

(d) Projected interest:
Interest on the projected revenue in the municipal affordable housing trust fund at the current average interest rate.

PROJECTED SOURCE OF FUNDS	2019	2020	2021	2022	2023	2024	2025	Total
(a) Development fees:								
1. Non-residential Development Fees	312,400	43,700	43,700	0	0	0	0	399,800
2. Residential Development Fees	106,620	106,620	106,620	106,620	106,620	106,620	106,620	746,340
(b) Payments in Lieu of Construction	0	0	0	0	0	0	0	0
(c) Other Funds	0	0	0	0	0	0	0	0
(d) Interest 2.02%	8,464	3,036	3,036	2,154	2,154	2,154	2,154	23,152
Total	**427,484**	**153,356**	**153,356**	**108,774**	**108,774**	**108,774**	**108,774**	**1,169,292**

The Borough of Watchung projects a maximum of **$1,146,140** in revenue, to the extent available and depending on the extent of development fees to be collected between January 1, 2019 and December 31, 2025. This amount plus projected interest of **$23,152** totals **$1,169,292 in** anticipated revenue. This projected revenue, when added to the Borough of Watchung's trust fund balance of **$1,058,538** as of December 31, 2018, results in anticipated total revenue of **$2,227,830** available to fund and administer its affordable housing plan. All interest earned on the account shall be used only for the purposes of affordable housing.

2. ADMINISTRATIVE MECHANISM TO COLLECT AND DISTRIBUTE FUNDS

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

(a) Collection of development fee revenues:
Collection of development fee revenues shall be consistent with the Borough of Watchung's development fee ordinance for both residential and non-residential developments in accordance with the Department'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),and with the FSHC Settlement Agreement. A development fee ordinance creating a dedicated revenue source for affordable housing was approved by the Department on September 10, 1997 and adopted by the Borough of Watchung on October 9, 1997 with most recent amendment in 2014.

(b) Distribution of development fee revenues:
The Borough of Watchung Administrator recommends to the governing body 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 Court-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.

3. DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS

(a) **Rehabilitation and new construction programs and projects (N.J.A.C. 5:97-8.7)**
The Borough of Watchung will dedicate **$1,240,575** to rehabilitation or new construction programs (see detailed descriptions in Fair Share Plan and as discussed below) as follows:

Rehabilitation program: $100,000
The Borough of Watchung Construction Official performed an exterior conditions survey, which resulted in 4 existing housing units potentially suitable for rehabilitation. The Borough of Watchung has committed **$25,000** for the rehabilitation of each unit, for a total of **$100,000** to be expended from the trust fund. The units will be rehabilitated in accordance with the Watchung Borough Rehabilitation Program, in accordance with the Department requirements. The Borough has an ongoing

affordable housing rehabilitation program in accordance with the *Borough of Watchung Housing Rehabilitation Program Policies and Procedures Operating Manual.*

Accessory Apartments: $300,000
The Borough of Watchung plans to fund 10 accessory moderate-income affordable apartments at **$30,000** per unit, for a total of **$300,000** to be expended from the trust fund. Additional funding may be provided in accordance with the *Borough of Watchung Affordability Assistance Program Policies and Procedures Manual* to designate these units affordable for low-income households by providing a one-time payment subsidy to render the moderate-income accessory apartments affordable to low-income households.

The Borough has an adopted accessory apartment zoning requirement, which permits affordable accessory apartments. The Borough has contracted with CG&PH, as their Administrative Agent to manage the program in accordance with the *Watchung Borough Accessory Apartment Program Policies and Procedures Manual.*

Group Home/ Affordable Apartments: $840,575
The Borough of Watchung plans to work with a group home provider to development at least one new group home in the Borough. The site location and group home provider are to be determined

Alternatively, the Borough may determine other programs approved by the Department, such as acquiring the rights for 30 years to provide additional affordable apartment units, such as in the planned Somerset Street/Watchung Avenue triangle mixed use overlay zone, or to provide funds to convert current affordable apartments to low- or very-low income affordable units or other approved programs.

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

AFFORDABILITY ASSISTANCE CALCULATION		
Actual development fees through 12/31/2018		**2,703,173**
Actual interest earned through 12/31/2018	+	**178,494**
Development fees projected 2019-2025	+	**1,146,140**
Interest projected 2019-2025	+	**23,152**
Less housing activity expenditures through 12/31/2018 RCA Phillipsburg	-	**1,098,108**
Less housing activity expenditures through 12/31/2018 Tom Tom Realty		**268,000**
Total	=	**2,684,851**
Calculate 30 percent	x .30 =	**805,455**
Less Affordability assistance expenditures through 12/31/2018	-	**0**
PROJECTED MINIMUM Affordability Assistance Requirement 1/1/2019 through 12/31/2025	=	**805,455**
PROJECTED MINIMUM Very Low-Income Affordability Assistance Requirement 1/1/2019 through 12/31/2025	÷ 3 =	**268,485**

The Borough of Watchung will dedicate a minimum of **$805,455** from the affordable housing trust fund, to the extent available, such ultimately depending on the development fees collected between 2019 and 2025, to render units more affordable. This would include a minimum of **$268,485** from the affordable housing trust fund, to the extent available, to render units more affordable to households earning 30 percent or less of median income by region. Affordability assistance mechanisms will include down-payment assistance, rental assistance, and the conversion of low-income units to very-low-income units (including the accessory apartments) and other programs approved by the Department.

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

ADMINISTRATIVE EXPENSE CALCULATION		
Actual Deposits and Interest thru 12/31/2018		**$ 2,881,667**
Projected Development Fees and Interest 2019 through 2025	+	**$ 1,169,292**
Payments-In-Lieu of construction and other deposits	+	**$ -**
Less RCA expenditures thru 12/31/2018	-	**$ 1,098,108**
Total for Administrative Expense Calculation	=	**$ 2,952,851**
20% Maximum for Administrative Expenses	x .20	**$ 590,570**
Less Administrative Expenses through 12/31/2018	-	**$ 408,760**
PROJECTED MAXIMUM available for administrative expenses 1/1/2019 thru 12/31/2025	=	**$ 181,811**

The Borough of Watchung projects that **$181,811** will be available from the affordable housing trust fund to be used for administrative purposes through 2025. Projected administrative expenditures, subject to the 20 percent cap, are as follows:

The fee will be utilized for administrative purposes such as salaries and benefits for municipal employees or consultant fees necessary to develop or implement municipal housing programs such as rehabilitation, accessory apartments, new construction including but not limited to group homes, housing elements, affordability assistance and/or affirmative marketing programs, as described in the Fair Share Plan. Administrative funds may be used to income qualify households and monitor implementation. Development fees may be used to defray the costs of staff or consultants that are preparing or implementing a Fair Share Plan.

The Borough of Watchung will expend the remainder of the trust fund budget (after setting aside funds for the rehabilitation program, accessory apartment program and administrative expenses) for affordability assistance.

4. EXPENDITURE SCHEDULE

PROJECTS/ PROGRAMS	Number of Units Projected								
		2019	2020	2021	2022	2023	2024	2025	Total
Rehabilitation	4	$25,000		$ 25,000		$ 25,000		$ 25,000	$100,000
Accessory Apartments	10	$ 30,000	$ 30,000	$ 30,000	$30,000	$ 60,000	$ 60,000	$ 60,000	$300,000
Group Homes or Affordable Apartments					$425,000	$ 300,000		$115,575	$840,575
Total Programs		**$ 55,000**	**$ 30,000**	**$ 55,000**	**$455,000**	**$ 385,000**	**$ 60,000**	**$200,575**	**$1,240,575**
Affordability Assistance		$100,405	$115,000	$118,150	$115,000	$120,000	$120,000	$ 116,900	$805,455
Administration		$30,000	$30,000	$25,000	$25,000	$25,000	$ 25,000	$21,800	$181,800
Total Expenditures		**$185,405**	**$175,000**	**$198,150**	**$ 595,000**	**$ 530,000**	**$205,000**	**$339,275**	**$2,227,830**
Projected Funds		$427,484	$153,356	$153,356	$ 108,774	$ 108,774	$ 108,774	$ 108,774	$1,169,292
Accumulated Funds	$1,058,538	$1,486,022	$1,453,974	$1,432,330	$1,342,954	$856,728	$ 435,501	$ 339,275	$2,227,830
Remaining Balance	**$1,058,538**	**$1,300,617**	**$1,278,974**	**$1,234,180**	**$747,954**	**$ 326,728**	**$ 230,501**	**$0**	**$0**

5. EXCESS OR SHORTFALL OF FUNDS

The three mechanisms that require funding under this Spending Plan are the Rehabilitation, Program, Accessory Apartment Program and Affordability Assistance Program are fully funded. In the event of excess funds, any remaining funds above the amount necessary to satisfy the municipal affordable housing obligation will be used to supplement the Affordability Assistance Program.

6. BARRIER FREE ESCROW

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

SUMMARY

The Borough of Watchung intends to spend affordable housing trust fund revenues pursuant to N.J.A.C. 5:97-8.7 through 8.9 and generally consistent with the housing programs outlined in the HEFSP dated April 2019. The Borough of Watchung has a balance of **$1,058,538** as of December 31, 2018 and anticipates an additional **$1,169,292** in revenues through 2025 for a total of **$2,227,830**. The municipality will dedicate any excess funds or remaining balance toward the affordability assistance program. This Spending Plan demonstrates the Borough's commitment to expend these funds with respect to the following:

- Commitment to expend up to $100,000 towards hard costs for the planned housing rehabilitation program;
- Commitment to expend up to $300,000 towards hard costs for affordable accessory apartments;
- Commitment to expend at least 30% of affordable housing funds on affordability assistance;
- Commitment to expend not more that 20% of development revenues for administrative costs.

SPENDING PLAN SUMMARY		
Balance as of December 31, 2018		**$1,058,538**
PROJECTED REVENUE 2019-2025		
Development fees	+	**$1,146,140**
Payments in lieu of construction	+	**0**
Other funds	+	**0**
Interest	+	**$23,152**
TOTAL AVAILABLE FUNDS	=	**$2,227,830**
PROJECTED EXPENDITURES 2019-2025		
Funds used for Rehabilitation		**$100,000**
Funds used for Accessory Apartments		**$300,000**
Funds used for Group Home or Affordable Apartments		**$840,575**
Affordability Assistance *	+	**$805,455**
Administration **	+	**181,810**
TOTAL PROJECTED EXPENDITURES	=	**$2,227,830**
REMAINING BALANCE	=	**0**

*** Actual affordability assistance minimums are calculated on an ongoing basis, based on actual revenues.**

**** Administrative expenses are limited to 20 percent of what is actually collected.**

R:\Projects\WAT\Wat-165\Reports\2019 Housing Plan\Spending Plan\190329 ms Spending Plan.docx

April 2018 Vacant Land Inventory

VACANT LAND INVENTORY

Borough of Watchung

Somerset County, New Jersey

April 2018

Prepared by:

Marcia R. Shiffman, P.P., AICP, LLA
N.J. Professional Planners License # 02428

Daniel N. Bloch, P.P., AICP,
N.J. Professional Planners License #06107

Table of Contents

Introduction **1**

Properties Excluded From The Vacant Land Inventory **3**

Vacant And Developable Properties **4**

Parks & Recreation **5**

Active Municipal Recreation 5
Conservation, Parkland & Open Space 7

Conclusion **8**

Appendix **9**

Vacant Land Inventory List 9
Environmental Constraints Map 16
Existing Land Use Map 17
Vacant Lands Map 18

Introduction

The Borough of Watchung contains 3,867 acres or about 6 square miles located in the northeastern corner of Somerset County, where it adjoins Union County. Within Somerset County, Watchung is bordered by Warren Township to the west, and North Plainfield Borough and Green Brook Borough to the south. Watchung is also bordered by Union County, including Berkeley Heights Township to the north and Scotch Plains Township and the City of Plainfield to the east. The Borough is also bordered to the north and south by the Watchung Mountains. Mountain Boulevard and Valley Rd traverse the entire Borough from southwest to northeast corner. Interstate 78 crosses through the northern corner and U.S. Route 22 through the southeast corner of the Borough.

Watchung is a developed suburban municipality with little vacant land remaining for new development. This is consistent with the 2001 State Development and Redevelopment Plan Policy Map (last updated August 18, 2015) designation of the entire Borough as PA2 Suburban Planning Area. Environmental constraints affect selective areas in the Borough. Areas containing steep slopes of 15 percent or greater are located along the Watchung Mountains at the north and south of the Borough. Wetlands are primarily located in the floodplains along the Stony Brook and Green Brook stream corridors.

Approximately 37.5 percent or 1,451 acres of Watchung are environmentally constrained, including 384 acres of wetlands and associated buffers, 178 acres within the FEMA Special Flood Hazard Area, 360 acres encumbered by riparian buffers, and 872 acres of steep slopes[1]. Watchung Borough has 92.38 acres of preserved open space owned by the municipality or County.

This Vacant Land Inventory is prepared in order to document Watchung Borough's lack of available land capacity, pursuant to N.J.A.C. 5:93-4.2, the New Jersey Council on Affordable Housing ("COAH") Substantive Rules ("COAH's Rules"). As required by COAH's Rules, the Inventory includes the block, lot, address, owner's name, total lot acreage and developable uplands acreage for each property. Also included in this Inventory are the following maps:

1. **Environmental Constraints Map** - showing environmentally sensitive lands that shall be excluded from the vacant land inventory, pursuant to N.J.A.C. 5:93-4.2(e)2, including the following:

    a. Open water bodies as mapped per NJDEP GIS data.

[1] Environmentally constrained areas do not equal total due to overlapping environmental features.

b. Freshwater wetlands per NJDEP GIS data. All wetlands were assumed to be of ordinary resource value and were given a 50-foot transition area buffer, with the exception of where a site-specific survey was performed.

c. Pursuant to N.J.A.C. 7:13-4.1(c)2, a 150-foot wide riparian buffer was added along any segment of a stream flowing through an area containing Rank 3, 4 & 5 habitat for threatened and endangered species. The NJDEP has verified that the West Branch of the Stony Brook requires a 150 feet riparian zone because of documented habitat for threated and endangered species. Riparian buffers are shown along the entire length of the West Stony Brook and its tributaries. Also, the portion of the Green Brook to the north of Bonnie Burn Road and along the northerly municipal boundary include a 150-foot riparian buffer; the portion to the south of Bonnie Burn Road has a 50-foot riparian buffer.

d. Special Flood Hazard Area ("SFHA") per FEMA Flood Risk Zone mapping, which includes the AE Zone with 1-percent annual chance of flood.

e. Steep slopes of 15 percent or greater as determined by USGS topographic contours or actual topographic data where available.

f. It is noted that there are no longer any Category One (C1) streams in Watchung. The Green Brook was reclassified from C1 to FW2-TM.

2. **Existing Land Use Map** - showing the existing land uses of Watchung, displayed by the following classifications: vacant, single-family residential, apartments, commercial, industrial, parkland, other public property, and semi-public properties; also showing environmentally sensitive lands overlay, including wetlands, flood hazard areas, steep slopes, and riparian buffers.

3. **Vacant Lands Map** - showing the vacant lands identified as developable or undevelopable in accordance with COAH's Second Round Rules.

Properties Excluded From The Vacant Land Inventory

This Vacant Land Inventory is prepared in order to document the lack of available land capacity in Watchung. As required by COAH's Second Round Rules (N.J.A.C. 5:93-4.2), the inventory includes the block, lot, address, owner's name, current zone, total lot acreage, total acreage suitable for development (uplands) and total acreage unsuitable for development (constraints) for each vacant property based on current Borough property tax records (See Vacant Land Inventory in Appendix).

As provided by N.J.A.C. 5:93-4.2.c, lands meeting certain specified criteria may also be excluded from the Inventory. The following criteria were used to further exclude vacant properties from the Inventory:

- Properties owned by a local government entity that are utilized for a public purpose other than housing;
- Vacant contiguous publicly or privately-owned parcels where the merged total could not accommodate at least 5 dwelling units at a minimum density of 6 units per acre (less than 0.83 acres);
- Environmentally sensitive lands, which limits the contiguous developable uplands area to less than 0.83 acres.
- Properties that were included in the Prior Round RDP based on the 1997 Vacant Land Inventory.

Vacant And Developable Properties

After excluding vacant properties per the exclusion criteria mentioned above, there are 9 properties (considering contiguous vacant parcels as one property) remaining in the Borough of Watchung that have a realistic development potential for inclusionary housing. The total developable uplands area of these properties is 42.45 acres. Based on the minimum presumptive density of 6 units per acres, the properties can be developed with a total of 310 units. Assuming a 20 percent affordable housing set-aside (1 affordable unit for each 5 units), the properties would yield a realistic development potential (RDP) of 53 units.

Block	Lot	Address	Owner	Zoning	Constraint Description	Total Acres	Constrained Acres	Buildable Acres	Notes	Potential Units	RDP
301	22, 23	Mountain Blvd	Twin Brooks Country Club	R-R	Wetlands, SFHA	1.25	0.25	1.00	Potential Development	6	1
301	24, 28.02, 28.03	Mountain Blvd	Twin Brooks Country Club	R-R	Wetlands, SFHA, Steep Slopes	3.76	1.88	1.89	Potential Development	11	2
301	31	708 Mountain Blvd	Watchung Associates, L.L.C.	B-A		3.48	0	3.48	Approved Inclusionary Development [2]	25	4
1102	1	285 Anderson Rd	Bilenker, Michael E.& Sharyn S.	R-R	Steep Slopes	1.56	0.66	0.90	Potential Development [3]	5	1
1102	8	111 Stanie Brae Dr	Lackland, David J	R-R	Steep Slopes	1.68	0.17	1.51	Potential Development	9	1
5701	6.01	East Drive	Borough of Watchung	H-D	Steep Slopes	6.86	5.61 [4]	1.25	Potential Development	7	1
7001	5	67 Price Dr	Fechtner, Dr J L & Sondra	R-R	Steep Slopes	1.50	0.10	1.40	Potential Development	8	1
7009	4.01	205 Parlin Ln	Benigno, Louise A Trust	R-R		1.59	0	1.59	Potential Development	9	1

[2] Approved by Zoning Board for 25-unit inclusionary housing including 4 affordable units.
[3] Property was previously included in the RDP as part of the 2010 vacant land study. It was since been developed with a single-family home but still generates an RDP since it was vacant during the Third Round period.
[4] Based on topographic maps for the Borough of Watchung, Somerset County, New Jersey, dated April 29, 1972, prepared by Michael S. Kachorsky & Associates, Civil Engineers, Manville, New Jersey.

Block	Lot	Address	Owner	Zoning	Constraint Description	Total Acres	Constrained Acres	Buildable Acres	Notes	Potential Units	RDP
7402 7403	19.01, 19.02, 5, 10	Bonnie Burn Rd	Karka Investments Inc, Phillips Properties, (BNE Real Estate Group-Contract Purchaser)	R-M-L II	Wetlands	41.03 [5]	11.60	29.43	Potential Development	230	41 [6]
Total						**62.71**	**20.27**	**42.45**		**310**	**53**

Parks & Recreation

According to N.J.A.C. 5:93-4.2(e)(4), Watchung Borough may reserve up to 3 percent of the total developed and developable acreage (acreage of lands not constrained by wetlands, flood hazard areas, or steep slopes) for active municipal recreation and up to 3 percent of the municipality's total land area for conservation, parklands and open space. This provision allows Watchung Borough to reserve vacant and developable properties for active recreation or conservation, thus excluding the site or sites from the Vacant Land Inventory.

Active Municipal Recreation

Based on the Recreation and Open Space Inventory (ROSI)[7], the Borough of Watchung currently owns 9 properties for active municipal recreation use, with a total unconstrained area of 24.88 acres.

[5] Based on property survey.
[6] BNE property is planned as an inclusionary housing development, consisting of 230 apartments of which 46 are affordable units. The Third Round RDP includes 41 units and the remaining 5 affordable units address the Prior Round obligation.
[7] NJDEP Green Acres Program, Open Space Database, current as of 6/24/14. http://www.state.nj.us/dep/greenacres/openspace.html

Block	Lot	Address	Owner	Facility Name	Total Acres	Constrained Acres	Buildable Acres
301	29	666 Mountain Blvd	Borough of Watchung	Ness	19.46	6.15	13.31
1604	18	973-975 Somerset St	Borough of Watchung	Park/Memorial	0.12	0.06	0.05
2401	1.01	129 Stirling Rd	Borough of Watchung	Watchung Lake	19.62	18.90	0.73
2401	4.01	40 Brookdale Rd	Borough of Watchung	Watchung Lake	3.30	2.32	0.98
2401	4.02		Borough of Watchung	Watchung Lake	0.30	0.30	0.00
4401	8.01	Valley Rd	Borough of Watchung	Best Lake	0.36	0.26	0.10
4401	8.02	Valley Rd	Borough of Watchung	Best Lake	8.36	7.67	0.69
4701	1	770 Somerset St	Borough of Watchung	Veterans Memorial	0.10	0.10	0.00
6908	22	60 Sequoia Dr	Borough of Watchung	Camp Endeavor	9.19	0.18	9.02
Total					**60.81**	**35.94**	**24.88**

There are 2,415.85 acres of developable and developed lands (not constrained by wetlands, flood hazard area, riparian buffers or steep slopes) in Watchung. The current active recreation properties result in 1.03% of the total developed and developable lands. An additional 47.6 acres of land may be reserved for active municipal recreation and excluded from the RDP, provided that any such sites must be designated for recreational purposes in the Borough Master Plan.

Active Recreation Calculations			
	Total Developed & Developable Land Area in Watchung Borough	2,415.85	100%
÷	3 percent		
=	Total Potential Park & Recreation Reserve	72.48	3.00%
-	Existing Active Park & Recreation Land Area	24.88	1.03%
=	**Land Available for Additional Reserve**	**47.60**	**1.97%**

Conservation, Parkland & Open Space

There are currently 31.56 acres of undeveloped lands held for conservation purposes within the Borough of Watchung.

Block	Lot	Address	Owner	Facility Name	Total Acres	Constrained Acres	Buildable Acres
802	1.01	60 Anderson Rd	Borough of Watchung	Anderson Rd	9.77	6.76	3.01
1604	15.03	997-1001 Somerset St	Borough of Watchung	Village Green	0.17	0.17	0.00
1604	20.02	Somerset St	Borough of Watchung	Stony Brook	3.10	3.07	0.03
1604	20.03	Somerset St	Borough of Watchung	Stony Brook	7.09	7.04	0.05
5201	3.02	Johnston Dr	Borough of Watchung	Johnston Dr	0.13	0.13	0.00
5401	1	Edgemont Rd	Borough of Watchung	Mountain & Edgemont	0.04	0.01	0.03
7007	1	380 Phillip Ln	Borough of Watchung	Phillip Ln	1.62	1.26	0.36
7008	30	2 Drift Rd	Borough of Watchung	Drift Rd	2.22	1.74	0.48
7701	3	New Providence Rd	Union County Park Commission	Watchung Reservation	2.34	1.51	0.83
7801	5	New Providence Rd	Weldon Materials Inc	Watchung Reservation	1.66	0.30	1.36
7801	7	New Providence Rd	Cey Inc Acc Pay Dept 10 16 41	Watchung Reservation	1.83	1.35	0.48
7801	8	New Providence Rd	Cey Inc Acc Pay Dept 10 16 41	Watchung Reservation	0.57	0.36	0.21
7801	9	New Providence Rd	Union County Park Commission	Watchung Reservation	1.02	0.37	0.65
Total					**31.56**	**24.07**	**7.49**

In determining the amount of land which may be designated for conservation, parkland and open space, the amount of existing lands are subtracted from 3 percent of Watchung Borough's total land area. The Borough of Watchung contains approximately 3,867 acres within its borders. The current conservation properties result in 0.82% of the total land area in Watchung. An additional 84 acres of land may be reserved for conservation and excluded from the RDP, provided that any such sites must be designated for recreational purposes in the Borough Master Plan.

Conservation, Parkland & Open Space Calculations			
	Total Land Area in Watchung Borough	3,867	100%
÷	3 percent		
=	Total Potential Conservation, Parkland & Open Space Reserve	116.01	3.00%
-	Existing Conservation, Parkland & Open Space Area	31.58	0.82%
=	**Land Available for Additional Reserve**	**84.43**	**2.18%**

Conclusion

After excluding properties by the specified criteria provided in COAH's Second Round Rules, there are 9 properties (considering contiguous vacant parcels as one property) remaining in Watchung Borough that are vacant and potentially developable for inclusionary housing or have been approved for inclusionary housing. As stated in N.J.A.C. 5:93-4.2(f), the presumptive density for these vacant and developable lands is assumed at 6 units per acre, and the maximum presumptive set-aside is 20 percent. Accordingly, the properties can be developed with a total of 310 units, resulting in a realistic development potential (RDP) of 53 units.

Watchung Borough's Unmet Affordable Housing Need is the pre-credited affordable housing obligation minus credits of affordable units. Watchung Borough is still required to provide a development strategy that would meet its Unmet Affordable Housing Needs.

Appendix

Vacant Land Inventory List

Block	Lot	Address	Owner	Zoning	Constraint Description	Total Acres	Constrained Acres	Buildable Acres	Notes	Include in RDP
101	1	816 Mountain Blvd	Sipos, Steven A	R-R		0.10	0.00	0.10	Part of Developed Property in Warren Twp	No
101	2		Sipos, Steven A	R-R		0.28	0.00	0.28	Part of Developed Property in Warren Twp	No
101	3	800 Mountain Blvd	JCPL C/O Fe Serv Tax Dept	R-R		0.21	0.00	0.21	Public Utility	No
101	4	1 Helen Street	Lyons, Steven B.	R-R		0.18	0.00	0.18	Part of Developed Property in Warren Twp	No
102	7	5 Mountain Court	Willett, Robert L & Laura Rees	R-R		0.31	0.00	0.31	Part of Developed Property in Warren Twp	No
102	8	6 Mountain Court	Schultz Jr, William & Mercedes	R-R		0.74	0.00	0.74	Part of Developed Property in Warren Twp	No
301	3	225 Sunlit Drive	Cronheim, Marion Z	R-R		0.01	0.00	0.01	Part of Developed Property in Warren Twp	No
301	22, 23	Mountain Blvd	Twin Brooks Country Club L P	R-R	Wetlands, Riparian	1.25	0.25	1.00	Potential Development	Yes
301	24, 28.02, 28.03	Mountain Blvd	Twin Brooks Country Club	R-R	Wetlands, SFHA, Steep Slopes	3.76	1.88	1.89	Potential Development	Yes
301	28.05		Twin Brooks Country Club L P	R-R	Wetlands, SFHA, Riparian	0.65	0.65	0.00	Undevelopable due to environmental constraints	No
301	28.06		Twin Brooks Country Club L P	R-R	Wetlands, SFHA, Riparian	0.60	0.60	0.00	Undevelopable due to environmental constraints	No
301	28.07		Twin Brooks Country Club L P	R-R	Wetlands, SFHA, Riparian	0.61	0.61	0.00	Undevelopable due to environmental constraints	No
301	28.08		Twin Brooks Country Club L P	R-R	Wetlands, SFHA, Riparian	0.62	0.62	0.00	Undevelopable due to environmental constraints	No
301	28.09		Twin Brooks Country Club L P	R-R	Wetlands, SFHA, Riparian	0.58	0.57	0.01	Undevelopable due to environmental constraints	No
301	31	708 Mountain Blvd	Watchung Associates, L.L.C.	B-A		3.48	0.00	3.48	Approved Inclusionary Development	Yes
302	10	24 Sunlit Drive	Schaefer, John F & Teresa	R-R	Wetlands, SFHA, Steep Slopes, Riparian	1.31	1.31	0.00	Undevelopable due to environmental constraints	No
302	24	234 Sunlit Drive	Simon, Jeffrey	R-R	Wetlands, SFHA, Riparian	0.02	0.02	0.00	Part of Developed Property in Warren Twp	No

Block	Lot	Address	Owner	Zoning	Constraint Description	Total Acres	Constrained Acres	Buildable Acres	Notes	Include in RDP
302	28.01		Twin Brooks Country Club L P	R-R	Wetlands, SFHA, Riparian	0.11	0.11	0.00	Undevelopable due to environmental constraints	No
403	11.05	9 Kappelmann Drive	Kenneth F. Kunzman, Trustee	R-R		0.40	0.00	0.40	Part of Developed Property in Green Brook	No
1102	1	285 Anderson Rd	Bilenker, Michael E.& Sharyn S.	R-R	Steep Slopes	1.56	0.66	0.90	Potential Development	Yes
1102	8	111 Stanie Brae Drive	Lackland, David J.& Jennifer	R-R	Steep Slopes	1.68	0.17	1.51	Potential Development	Yes
1102	10	6 Deer Run	Sisto, John M & Elizabeth	R-R	Steep Slopes	1.24	0.00	1.24	Included in Prior Round RDP	No
1102	13	16 Deer Run	Neaman, Ira & Judith	R-R	Steep Slopes	0.89	0.09	0.80	Part of Developed Property in Green Brook	No
1301	1	28 Deer Run	Neaman, Ira & Judith	R-R		0.30	0	0.30	Part of Developed Property in Green Brook	No
1301	2	36 Deer Run	Taglietti, Marco & Paola	R-R		0.06	0	0.06	Part of Developed Property in Green Brook	No
1301	3	46 Deer Run	Ackerman, Don	R-R		0.07	0	0.07	Part of Developed Property in Green Brook	No
1301	4	58 Deer Run	Ring, George & Dorothy	R-R		0.07	0	0.07	Part of Developed Property in Green Brook	No
1301	5	70 Deer Run	Schroppe, J T & A M Trustees	R-R		0.08	0	0.08	Part of Developed Property in Green Brook	No
1301	6	82 Deer Run	Ferreira, Mario & Maria	R-R		0.08	0	0.08	Part of Developed Property in Green Brook	No
1301	7	94 Deer Run	Clarke, James G	R-R		0.07	0	0.07	Part of Developed Property in Green Brook	No
1301	8	100 Deer Run	Holder, Janus	R-R		0.11	0	0.11	Part of Developed Property in Green Brook	No
1301	9	120 Deer Run	Mc Lenithan, Gordon J & Doris	R-R		0.06	0	0.06	Part of Developed Property in Green Brook	No
1601	11.02	13 Cain Circle	Lanman, Michael P.& Barbara	R-R		0.04	0	0.04	Part of Developed Property in Green Brook	No
1603	16	45 Winter Lane	Rajiyah Family Limited Partnership	R-R		1.40	0	1.40	Potential Infill Development	No
1604	17.01		Borough of Watchung	B-A	Wetlands, Riparian	0.38	0.33	0.05	Undevelopable due to irregular shape and environmental constraints	No
1604	19		Borough of Watchung	B-A	Wetlands, Riparian	0.10	0.10	0.00	Undevelopable due to irregular shape and environmental constraints	No

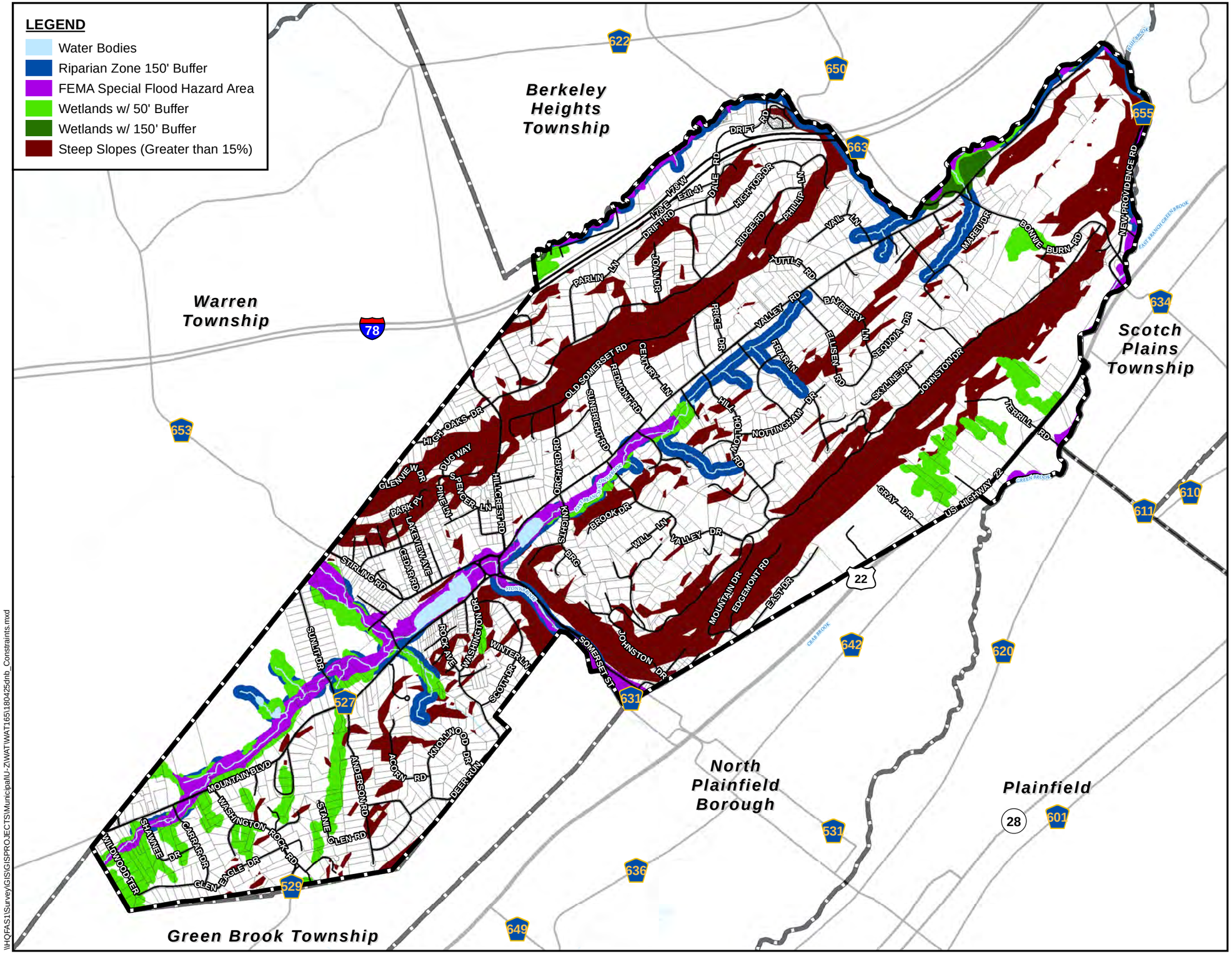
Block	Lot	Address	Owner	Zoning	Constraint Description	Total Acres	Constrained Acres	Buildable Acres	Notes	Include in RDP
1801	1.01	Washington Drive	Borough of Watchung	R-B	Wetlands	0.05	0.01	0.04	Undevelopable due to irregular shape and environmental constraints	No
2803	7.04	12 Glen View Drive	Mang, Ella J	R-R	Steep Slopes	0.79	0.79	0.00	Part of Developed Property in Warren Twp	No
2803	7.05	10 Glen View Drive	Fox, Danielle	R-R	Steep Slopes	0.93	0.93	0.00	Part of Developed Property in Warren Twp	No
2804	5	9 Glen View Drive	Luo, Shiuh John & Hu, Chiachi Angela	R-R		0.08	0	0.08	Part of Developed Property in Warren Twp	No
4001	6.01	17 Falls View	Jelmert, Cynthia Lee & Trevor A.	R-A	Steep Slopes	0.62	0.15	0.47	Potential Infill Development	No
4001	6.04	23 Falls View	Whitting, Philip C & Dorothy F	R-A	Steep Slopes	0.56	0.29	0.27	Potential Infill Development	No
4003	5.01	175 Park Place	Anisko, Joseph & Eugenia	R-R	Steep Slopes	1.41	1.30	0.11	Existing Flag Lot. Potential Infill Development.	No
4101	1	High Oaks Drive	Segerson, James P	R-R		0.21	0	0.21	Part of Developed Property in Warren Twp	No
4102	13	94 Old Smalleytown Road	Masch, Victor & Marina	R-R		0.30	0	0.30	Part of Developed Property in Warren Twp	No
4303	1	115 Crestwood Drive	Sit, Cho-Wei & Helena	R-R	Steep Slopes	0.48	0.18	0.30	Part of Developed Property in Warren Twp	No
4303	12	336 Hillcrest Road	Cahoon, Samuel C & Julia	R-R		0.24	0	0.24	Part of Developed Property in Warren Twp	No
4308	1.01	20 Sunbright Road	Popik, Jean J	R-R	Riparian	1.17	0.07	1.10	Included in Prior Round RDP	No
4309	8	106 Old Somerset Road	Reilly George / Mahlstedt Donna	R-R	Steep Slopes	0.85	0.85	0.00	Undevelopable due to environmental constraints	No
4402	4	65 Gallowae	Badin, Zahia	R-M-L IV	Steep Slopes	0.93	0.87	0.06	Undevelopable due to environmental constraints	No
4601	2	Somerset Street	Colson, Andrew E & Maribel	R-R	Water, SFHA, Steep Slopes, Riparian	1.11	1.11	0.00	Undevelopable due to environmental constraints	No
4801	1	Johnston Drive	Valley Nat Bank Property Mgmt Dept	B-A	SFHA	0.03	0.00	0.03	Part of Development in North Plainfield	No
4901	5	430 Watchung Avenue	Koza, Joseph & Julia	R-B		0.03	0	0.03	Part of Development in North Plainfield	No
4901	6	72 Johnston Drive	Unknown	R-B		0.09	0.00	0.09	Undevelopable due to irregular shape	No
5001	1	92 Johnston Drive	Orrico, Russell A & Anna Marie	R-B		0.05	0.00	0.05	Part of Development in North Plainfield	No
5001	2	105 Johnston Drive Ext	Craig, Alicyn B	R-B		0.05	0.00	0.05	Part of Development in North Plainfield	No

Block	Lot	Address	Owner	Zoning	Constraint Description	Total Acres	Constrained Acres	Buildable Acres	Notes	Include in RDP
5001	3	109 Johnston Drive Ext	Taliwag Realty, LLC	R-B	Steep Slopes	0.06	0.00	0.06	Part of Development in North Plainfield	No
5001	4	113 Johnston Drive Ext	Arpaia, Giovanni & Philomena	R-B	Steep Slopes	0.08	0.02	0.06	Part of Development in North Plainfield	No
5002	1	140 Johnston Drive Ext	Mossuto Gerrard / Tomcyk Stacie	R-B		0.03	0.00	0.03	Part of Development in North Plainfield	No
5002	2	148 Johnston Drive Ext	Simcik, Stanislav	R-B		0.09	0.00	0.09	Part of Development in North Plainfield	No
5402	1	8 West Drive	Ndungu, James M	R-R		0.44	0.00	0.44	Part of Development in North Plainfield	No
5402	2	20 West Drive	Home Properties No Plainfield LLC	R-R		0.23	0.00	0.23	Part of Development in North Plainfield	No
5402	10	448 Johnston Drive	Long, Henry	R-R	Steep Slopes	1.67	1.67	0.00	Undevelopable due to environmental constraints	No
5601	1	28 East Drive	Regency Village C/O C & R Realty	R-M-L I		0.16	0.00	0.16	Part of Development in North Plainfield	No
5701	6.01	Route 22	Borough of Watchung	H-D	Steep Slopes	6.86	5.61	1.25	East Drive 100% Affordable Site	Yes
5801	3	Route 22	Watchung VF LLC	L-I	Wetlands, Steep Slopes	3.19	2.74	0.45	Undevelopable due to environmental constraints	No
5901	3	Route 22	Watchung VF LLC	L-I	Wetlands, Steep Slopes	11.30	7.82	3.48	Undevelopable due to limited access and environmental constraints	No
6001	3	Route 22	Watchung VF LLC	L-I	Wetlands, Steep Slopes	5.15	3.68	1.47	Undevelopable due to limited access and environmental constraints	No
6401	1.02	908 Johnston Drive	Watchung VF LLC	R-R	Steep Slopes	6.78	6.21	0.57	Undevelopable due to limited access and environmental constraints	No
6402	2.03	Route 22	Watchung VF LLC	L-I	Wetlands, Steep Slopes	1.19	0.85	0.34	Undevelopable due to limited access and environmental constraints	No
6402	2.04	Route 22	Watchung VF LLC	L-I	Wetlands, Steep Slopes	2.60	1.77	0.83	Undevelopable due to limited access and environmental constraints	No
6402	13	1040 Johnston Drive	Long Henry M C/O Audio 22	R-R	Steep Slopes	1.54	1.54	0.00	Undevelopable due to limited access and environmental constraints	No
6404	2.03	Route 22	Levin Properties LP	R-R	Steep Slopes	3.41	2.80	0.61	Buffer to Blue Star shopping center	No

Block	Lot	Address	Owner	Zoning	Constraint Description	Total Acres	Constrained Acres	Buildable Acres	Notes	Include in RDP
6906	8	845 Johnston Drive	Engelman, Charles H & Lorraine	R-R	Steep Slopes	1.33	1.27	0.06	Undevelopable due to environmental constraints	No
6906	9.01	825 Johnston Drive	Koch, Steven M.	R-R	Steep Slopes	1.47	1.12	0.35	Undevelopable due to environmental constraints	No
6906	13.01	35 Devonshire Lane	Connell, Toni	R-R	Steep Slopes	2.67	0.29	2.38	Included in Prior Round RDP	No
6909	18		De Vito, Vincent P & Valerie	R-R	Steep Slopes, Riparian	2.43	0.98	1.45	Undevelopable due to limited access and environmental constraints	No
7001	2	40 Cardinal Drive	Dughi, Robert C & Maura S	R-R		0.86	0.00	0.86	Tennis court for adjacent residential property	No
7001	5	67 Price Drive	Fechtner, Dr J L & Sondra	R-R	Steep Slopes	1.50	0.10	1.40	Potential Development	Yes
7008	1.03	1041 Plainfield Avenue	Connell Rice & Sugar Co Inc	R-R	SFHA, Riparian	1.19	1.10	0.09	Limited access	No
7008	2	Plainfield Avenue	Lakatos, Peter & Shirley	R-R	SFHA, Riparian	0.59	0.52	0.07	Limited access	No
7008	3	Plainfield Avenue	Aulisio, Constantine T & Concetta	R-R	SFHA, Steep Slopes, Riparian	0.63	0.55	0.08	Limited access	No
7008	4	Plainfield Avenue	Connell Rice & Sugar Co Inc	R-R	SFHA, Steep Slopes, Riparian	0.49	0.48	0.01	Limited access	No
7008	31.03	14 Drift Road	Santiago, Hermes O & Maria I	R-R		0.52	0.00	0.52	Limited access	No
7009	4.01	205 Parlin Lane	Benigno, Louise A Trust	R-R		1.59	0.00	1.59	Potential Development	Yes
7010	1	Drift Road	Albert, Henry F & Maria E	R-R		0.02	0.00	0.02	Inaccessible	No
7010	2	Drift Road	Berlant, Robert D C/0 Assoc. Realty	R-R	SFHA, Riparian	2.11	0.68	1.43	Inaccessible	No
7010	3	Drift Road	Berlant, Robert D	R-R		0.59	0.00	0.59	Inaccessible	No
7010	4.01	Drift Road	Beckerman, Jeffrey Scott	R-R	SFHA, Riparian	2.44	2.04	0.40	Inaccessible	No
7010	4.02	Drift Road	Beckerman, Jeffrey Scott	R-R	SFHA, Riparian	2.79	0.53	2.26	Inaccessible	No
7012	2	Plainfield Avenue	Borough of Watchung	R-R	SFHA	1.17	0.41	0.76	Undevelopable due to irregular shape and environmental constraints	No
7402 7403	19.01, 19.02, 5, 10	Bonnie Burn Rd	Karka Investments Inc, Phillips Properties, (BNE Real Estate Group-Contract Purchaser)	R-M-L II	Wetlands	41.03	11.60	29.43	Potential Development	Yes
7403	17	1353 Johnston Drive	Giava, John S	R-R	Steep Slopes	1.35	0.02	1.33	Included in Prior Round RDP	No

Block	Lot	Address	Owner	Zoning	Constraint Description	Total Acres	Constrained Acres	Buildable Acres	Notes	Include in RDP
7403	18	Johnston Drive	Weldon Materials Inc	R-R	Steep Slopes	1.46	0.28	1.18	Included in Prior Round RDP	No
7501	1	Valley Road	Connell Company	R-R	Wetlands, SFHA, Steep Slopes	14.18	14.18	0.00	Undevelopable due to environmental constraints	No
7501	2	1085 Valley Road	The Connell Company	R-R	Wetlands	0.88	0.88	0.00	Undevelopable due to environmental constraints	No
7501	3	1125 Valley Road	Connell Rice & Sugar Co Inc	R-R	Wetlands, SFHA, Steep Slopes	3.05	2.58	0.47	Undevelopable due to environmental constraints	No
7501	4	1201 Valley Road	Connell Corporate Center I LLC	R-R	Wetlands, SFHA, Steep Slopes	1.35	0.96	0.39	Undevelopable due to environmental constraints	No
7501	5	1201 Valley Road	Connell Corporate Center I LLC	R-R	Wetlands, SFHA, Steep Slopes	2.96	1.23	1.73	Undevelopable due to irregular shape and environmental constraints	No
7501	7	Valley Road	50 Connell Corporate Center LLC	R-R	Wetlands, SFHA	2.72	2.61	0.11	Undevelopable due to irregular shape and environmental constraints	No
7502	1	Valley Road	Connell Company	R-R		0.56	0.00	0.56	Potential Infill Development	No
7601	3		Weldon Materials Inc	L-I		1.04	0.00	1.04	Quarry	No
7601	4	New Providence Road	Weldon Materials Inc	L-I	Steep Slopes	24.88	19.03	5.85	Quarry	No
7601	5	New Providence Road	Weldon Materials Inc	L-I	SFHA, Steep Slopes	63.51	20.99	42.52	Quarry	No
7601	6	154 Bonnie Burn Road	Seven Acres Land Corp	R-R	Steep Slopes, Wetlands	6.88	2.19	4.69	Quarry	No
7601	7		Weldon Materials Inc	B-A	Wetlands	0.77	0.76	0.01	Quarry	No
7601	8	264 Bonnie Burn Road	Weldon Materials Inc	B-A	Wetlands Steep Slopes	2.98	0.94	2.04	Quarry	No
7601	9.01	Bonnie Burn Road	Weldon Materials Inc	L-I	Steep Slopes	6.89	0.07	6.82	Quarry	No
7601	10	230 Bonnie Burn Road	Weldon Materials Inc	B-A		2.48	0.00	2.48	Quarry	No
7601	11		Weldon Materials Inc	B-A		1.16	0.00	1.16	Quarry	No
7601	12.01		Weldon Materials Inc	R-R		0.85	0.00	0.85	Quarry	No
7601	12.02	334 Bonnie Burn Road	Weldon Materials Inc	L-I		2.37	0.00	2.37	Quarry	No
7601	14		Weldon Materials Inc	R-R		0.91	0.00	0.91	Quarry	No
7601	15	368 Bonnie Burn Road	Weldon Materials Inc	R-R	Steep Slopes	0.60	0.19	0.41	Quarry	No
7601	17		Weldon Materials Inc	R-R		0.49	0.00	0.49	Quarry	No
7601	18		Weldon Materials Inc	R-R	Steep Slopes	1.37	0.45	0.92	Quarry	No
7601	19	1060 Valley Road	Weldon Materials Inc	L-I	Steep Slopes	1.11	0.29	0.82	Quarry	No
7601	20	Valley Road	Weldon Materials Inc	L-I	Steep Slopes	44.71	15.48	29.23	Quarry	No
7601	21		Weldon Materials Inc	R-R	Steep Slopes	1.65	0.92	0.73	Quarry	No

Block	Lot	Address	Owner	Zoning	Constraint Description	Total Acres	Constrained Acres	Buildable Acres	Notes	Include in RDP
7601	22	1246 Valley Road	Weldon Materials Inc	L-I	Steep Slopes	0.50	0.03	0.47	Quarry	No
7601	23		Weldon Materials Inc	R-R	Steep Slopes	1.26	0.56	0.70	Quarry	No
7601	24.01		Weldon Materials Inc	L-I	Steep Slopes	2.28	0.48	1.80	Quarry	No
7601	24.02		Weldon Materials Inc	L-I		0.59		0.59	Quarry	No
7601	25	Valley Road Ext	Weldon Materials Inc	R-R	Steep Slopes, Riparian	6.65	2.06	4.59	Quarry	No
7601	26	Valley Road Ext	Weldon Materials Inc	L-I	Steep Slopes	4.73	0.84	3.89	Quarry	No
7601	27	1308 Valley Road Ext	Weldon Materials Inc	L-I	Steep Slopes, Riparian	9.25	1.05	8.20	Quarry	No
7601	28	New Providence Road	Weldon Materials Inc	L-I	Water, SFHA, Steep Slopes, Riparian	12.64	9.62	3.02	Quarry	No
7601	29	New Providence Road	Weldon Materials Inc	L-I	Steep Slopes, Riparian	0.52	0.50	0.02	Quarry	No
7801	1	100 Union Avenue	100 Union Avenue Holdings LLC	L-I	Water, Wetlands, SFHA, Riparian as per 2009 Site Plan	2.19	1.79	0.40	Potential Infill Development	No
7801	2	64 New Providence Road	Weldon Materials Inc	L-I	Steep Slopes, Riparian	0.32	0.02	0.30	Quarry	No
7801	3	80 New Providence Road	Weldon Materials,Inc.	L-I	Steep Slopes, Riparian	0.21	0.09	0.12	Quarry	No
7801	4	New Providence Road	Weldon Materials Inc	L-I	Water, SFHA, Riparian	1.71	1.36	0.35	Quarry	No
7801	5	New Providence Road	Weldon Materials Inc	L-I	SFHA, Riparian	1.66	0.63	1.03	Quarry	No
7801	6	New Providence Road	Weldon Materials Inc	L-I	Water, SFHA, Riparian	0.56	0.31	0.25	Quarry	No
7801	7	New Providence Road	Cey Inc Acctpay Dept 10 16 41	L-I	Water, SFHA, Riparian	1.83	1.35	0.48	Undevelopable due to irregular shape and environmental constraints	No
7801	8	New Providence Road	Cey Inc Acc Pay Dept 10 16 41	L-I	Water, SFHA, Steep Slopes, Riparian	0.57	0.36	0.21	Undevelopable due to irregular shape and environmental constraints	No



ENVIRONMENTAL CONSTRAINTS

BOROUGH OF WATCHUNG

SOMERSET COUNTY
NEW JERSEY

N

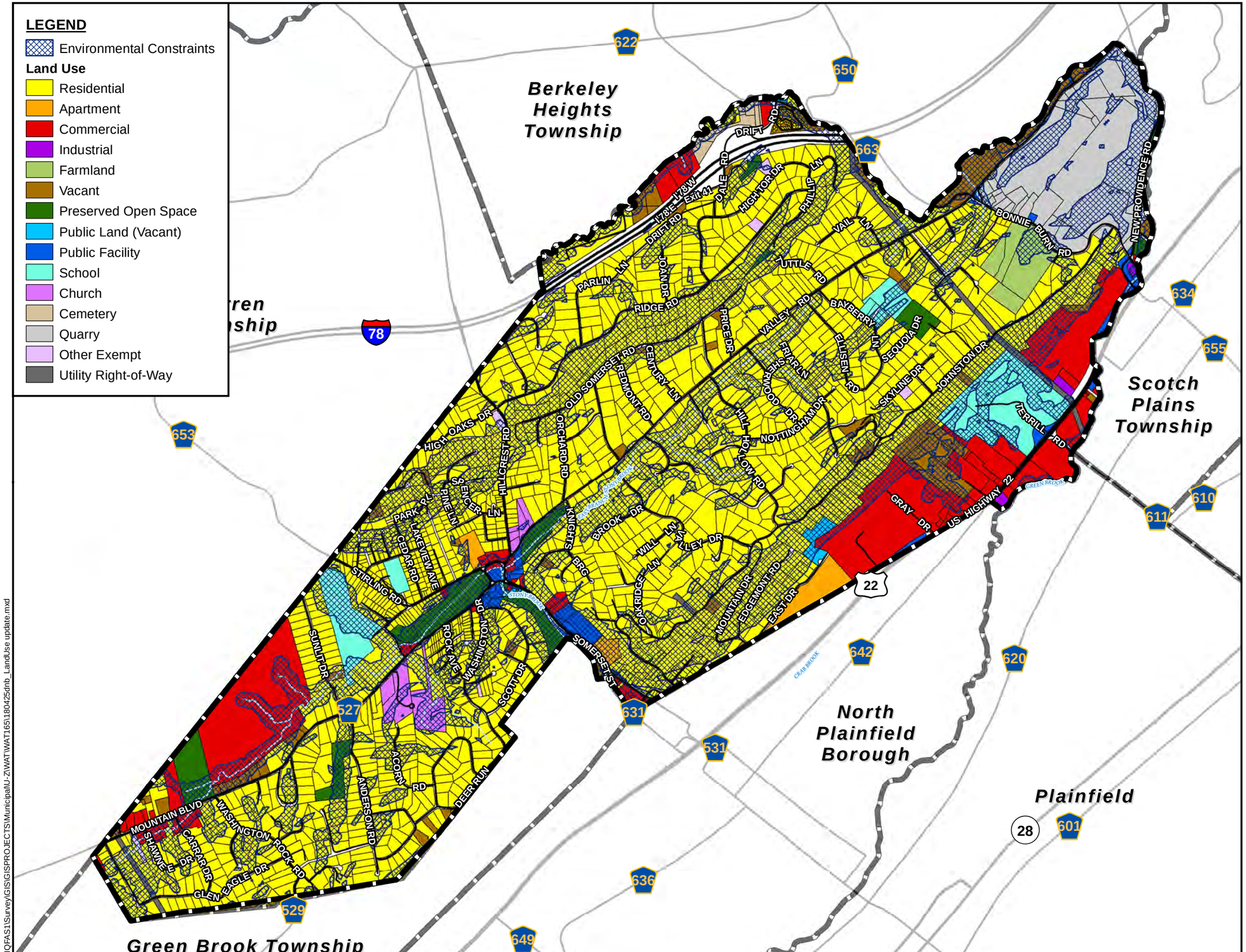
0 1,000 2,000 3,000 4,000 Feet

This map was developed using NJDEP and County GIS digital data, but this secondary product has not been verified by NJDEP and is not state-authorized.

MASER CONSULTING P.A.

April 2018

\\HQFAS1\Survey\GIS\GISPROJECTS\Municipal\U-Z\WAT\WAT165\180425dnb_Constraints.mxd



EXISTING LAND USE

BOROUGH OF WATCHUNG

SOMERSET COUNTY
NEW JERSEY

N

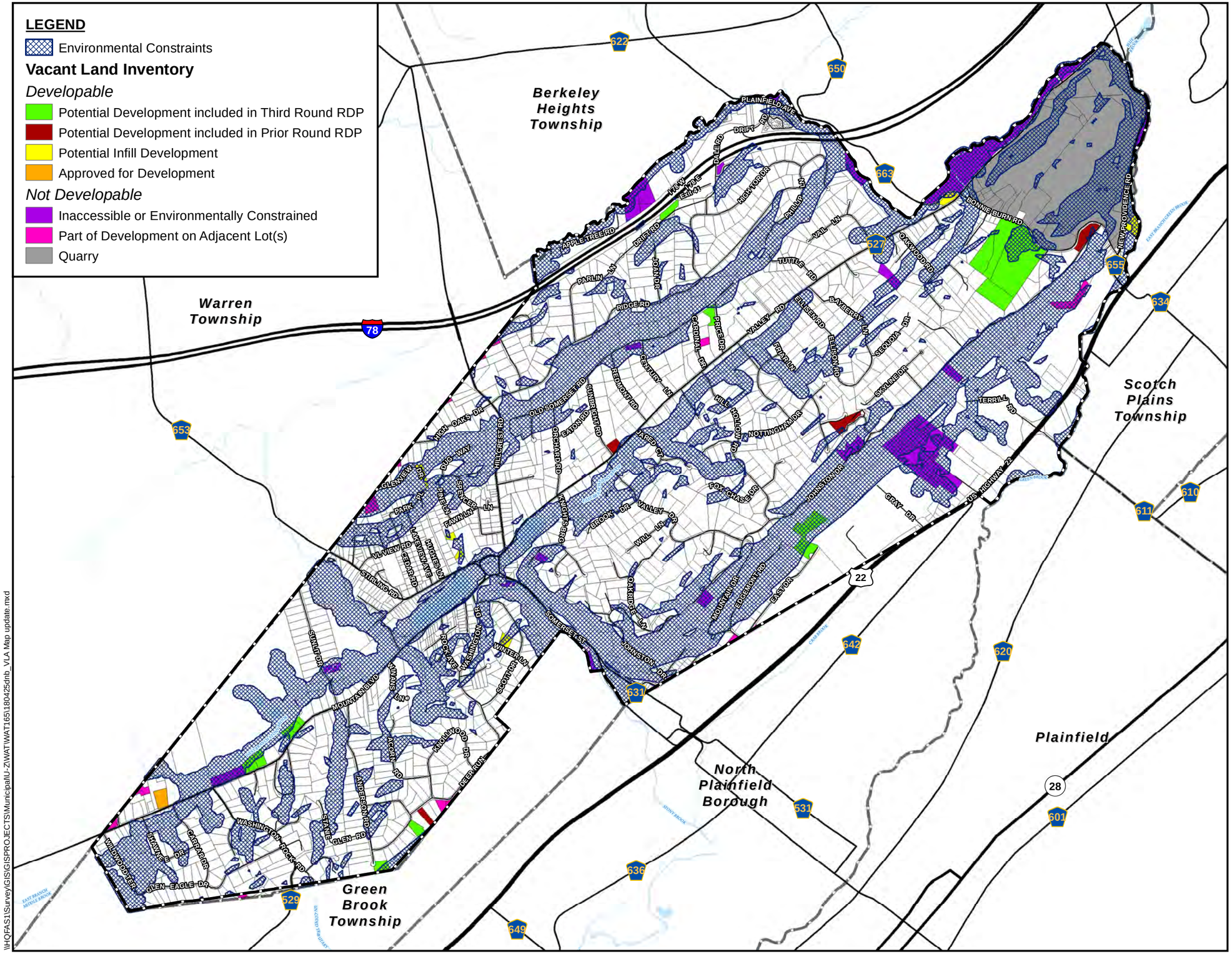
0 1,000 2,000 3,000 4,000 Feet

This map was developed using NJDEP and County GIS digital data, but this secondary product has not been verified by NJDEP and is not state-authorized.

MASER CONSULTING P.A.

April 2018

\\HQFAS1\Survey\GIS\GISPROJECTS\Municipal\U-Z\WAT\WAT1165\180425dnb_LandUse update.mxd



VACANT LANDS

BOROUGH OF WATCHUNG

SOMERSET COUNTY
NEW JERSEY

N

0 1,000 2,000 3,000 4,000 Feet

This map was developed using NJDEP and County GIS digital data, but this secondary product has not been verified by NJDEP and is not state-authorized.

MASER CONSULTING P.A.

April 2018

\\HQFAS1\Survey\GIS\GISPROJECTS\MunicipalU-Z\WAT\WAT165\180425dnb_VLA Map update.mxd

Borough Council Resolution Designating Municipal Liaison

RESOLUTION

BE IT HEREBY RESOLVED that appointment of Thomas E. Atkins, Borough Administrator to the position of Municipal Housing Liaison, is hereby approved.

Deborah S. Jones
Council

Gerald M. Mobus
Gerald M. Mobus, Mayor

Date: September 8, 2011

INDEX: Appointments

C: M. DeRocco (2) 9-15-11

Borough Council Resolution Designating Municipal Administrative Agent

R5:03/07/19

RESOLUTION

WHEREAS, it is necessary to retain the Professional Services of an Affordable Housing Administrative Agent as regulated by the Department of Community Affairs; and

WHEREAS, the Borough solicited for a "Cost Proposal: General Administrative Agent" and received a written cost proposal and this cost proposal was reviewed by the Administrator and Attorney; and

WHEREAS, the Chief Financial Officer of the Borough of Watchung has certified that funds are available in the following account: Affordable Housing Trust Fund

William J. Hance, CFO

WHEREAS, it is the consensus of the Governing Body that it would be in the best interest of the Borough to authorize a Professional Service contract to CGP&H, 101 Interchange Plaza, Suite 301, Cranbury, New Jersey 08512.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Borough of Watchung that a contract be awarded to CGP&H, in an amount not to exceed $8,000.00; for the following services as offered in the Cost Proposal dated February 6, 2019, copy attached:

- Administering Owner-Occupied and Renter-Occupied Housing Rehabilitation Programs
- Designing and Implementing Innovative and Successful Market to Affordable Programs
- Providing Administrative Agent Services in compliance with the Uniform Housing Affordability Controls (UHAC)
- Preparation of Income Eligibility Determinations
- Implementing Accessory Apartment Programs
- Developing compliant Affirmative Marketing Plans

BE IT FURTHER RESOLVED that this contract is being awarded upon recommendation by the Administrator, and the Administration and Finance Committee after review and based on the merits and abilities of the professionals to provide the goods or services as described herein.

BE IT FURTHER RESOLVED that this contract was not awarded through a "fair and open process" pursuant to N.J.S.A. 19:44A-20.4 *et seq.* but has been awarded based on the merits and abilities of CGP&H to provide these professional services described herein.

BE IT FURTHER RESOLVED that the Borough Clerk is hereby authorized to advertise the award of this professional services contract within ten days from the date hereof in accordance with the Local Public Contracts Law (N.J.S.A. 40A:11-1, et seq.).

Council

Keith S. Balla, Mayor

Date: March 7, 2019
Index: Awards - Professional Contracts
C: T. Atkins, M. Shiffman, M. DeRocco

Borough Council Ordinance #OR18/17 Amending Accessory Apartment Regulations

(Revised November 12, 2018)

BOROUGH OF WATCHUNG

ORDINANCE #OR:18/17

AN ORDINANCE THAT AMENDS THE BOROUGH OF WATCHUNG LOW AND MODERATE INCOME ACCESSORY APARTMENT REQUIREMENTS TO PARTIALLY MEET THE BOROUGH'S AFFORDABLE HOUSING OBLIGATIONS, TO PROVIDE FOR ADMINISTRATIVE APPROVAL OF LOW AND MODERATE INCOME ACCESSORY APARTMENTS INSTEAD OF CONDITIONAL USE APPROVAL AND SETTING FORTH APPLICABLE REQUIREMENTS, PROCEDURE AND PROGRAM ADMINISTRATION.

BE IT ORDAINED, by the Mayor and Borough Council of the Borough of Watchung, County of Somerset, State of New Jersey, as follows:

Section 1. Section 28-404.B.8 which identifies "low and moderate income accessory apartments" as a conditional use in the "R-R" Rural Single-Family Residential District shall be deleted as follows: [1]

~~8. Low and moderate income accessory apartments as a conditional use~~

Section 2. Section 28-501-A, titled "Low and Moderate Income Accessory Apartments", which provide conditional use standards for Low and Moderate Income Accessory Apartments and which requires site plan approval, shall be deleted as follows:

~~**A. Low and Moderate Income Accessory Apartments.**~~

~~1. Purpose. This Article has been enacted for the specific purpose of providing additional opportunities for low and moderate income housing in the Borough.~~

~~2. An accessory apartment is a self-contained residential dwelling unit with a kitchen, sanitary facilities, sleeping quarters and a private entrance which is created to be occupied by a low or moderate income household. The accessory apartment may be created within an existing dwelling unit and may be created within an existing structure on a lot or be an addition to an existing home or accessory building.~~

~~3. Accessory apartment units shall meet all of the following conditions:~~

~~a. The bulk requirements of the zone in which the accessory apartment is created shall be met.~~

~~b. Accessory apartments shall comply with all applicable statutes and regulations of the State of New Jersey in addition to all local building codes.~~

[1] Editor's Note: The portions to be deleted are shown with strike-outs and will be deleted from the codified version of this Ordinance and the underlined portions will remain in the codified version of this Ordinance.

~~c. Accessory apartment shall be rented only to a household that is either a low or a moderate income household at the time of initial occupancy of the unit.~~

~~d. Accessory apartments shall, for a period of at least ten (10) years from the date of the issuance of a certificate of occupancy for the same, be rented only to low or moderate income households.~~

~~e. Rents of accessory apartments shall be affordable to low or moderate income households as per the COAH rules and regulations and shall include a utility allowance~~

~~f. No more than ten (10) accessory apartments shall be created to address the Borough's fair share obligation.~~

~~g. There shall be a recorded deed or declaration of covenants and restrictions applied to the property upon which the accessory apartment is located running with the land and limiting its subsequent rental or sale to the requirements of paragraphs c and d above.~~

~~h. Accessory apartments shall have living/sleeping space, cooking facilities, a kitchen sink and complete sanitary facilities for the exclusive use of its occupants. It shall consist of no less than two (2) rooms, one (1) of which shall be a full bathroom.~~

~~i. Accessory apartments shall have a separate door with direct access to the outdoors.~~

~~j. The potable water supply and sewage disposal system for the accessory apartment shall be adequate as evidenced by the approval of the Watchung Board of Health.~~

~~k. Accessory apartment shall be affirmatively marketed to the housing region in accordance with the requirements of this chapter.~~

~~l. Accessory Apartments Permitted as a Conditional Use. Accessory apartments, as that term is described in and meeting the requirements of this paragraph A, shall be permitted as a conditional use in all districts provided that the property on which the accessory apartment is proposed is a conforming lot which abuts and has direct driveway access to a County of Somerset road or a United States highway,~~

~~m. The net habitable floor area devoted to the accessory apartment shall not exceed twenty-five percent (25%) of the aggregate net habitable floor area within all buildings on the site, including both the principal single-family building on the site and all accessory buildings on the site.~~

~~n. The construction of an accessory apartment shall be predicated upon both conditional use and minor site plan review and approval by the Watchung Planning Board.~~

~~4. Illegal Existing Accessory Apartments. In the case of an accessory apartment created illegally or without proper permits which the property owner desires to legitimize as an accessory apartment under this chapter, all of the requirements of this chapter shall apply~~

~~in addition to meeting COAH criteria, except that no subsidy shall be provided by the municipality~~

5. ~~The following designations are made to administer various components of the accessory apartment program:~~

   a. ~~The Department of Community Affairs, Affordable Housing Management Service shall administer the following portions of the accessory apartment program: income qualifying of prospective renters, setting rents and annual rental increases, maintaining a waiting list of prospective accessory apartment residents, and handling application forms.~~

   b. ~~The Borough Administrator shall administer the following portions of the accessory apartment program: advertising, distribution of the subsidy set forth herein, insuring that certificates of occupancy are obtained before occupancy, qualifying properties for the program, giving guidance for required Planning Board applications, filing of deed restrictions and COAH monitoring reports, affirmatively marketing of the accessory apartment program and any and all other administrative requirements of the program.~~

6. ~~An application for an accessory apartment shall only be denied if the project is not in conformance with COAH's requirements or this chapter. All denials shall be in writing with the reasons clearly stated.~~

7. ~~In accordance with COAH requirements, the Borough shall provide at least ten thousand ($10,000.00) dollars to subsidize the physical creation of an accessory apartment conforming to the requirements of this section and COAH requirements. The said subsidy may be in the form of a low or no interest loan or a grant provided that the property owner shall enter into a written agreement with the Borough insuring that (i) the subsidy shall be used to create the accessory apartment and (ii) the accessory apartment shall meet the requirements of this chapter and COAH regulations.~~

8. ~~Applicants for the creation of an accessory apartment shall submit to the Planning Board an application for conditional use and minor site plan approval and the following:~~

   a. ~~An applicant shall obtain from the Watchung Planning Board an application checklist and shall submit all documents required in accordance there with.~~

   b. ~~A sketch of floor plan(s) showing the location, size and relationship of both the accessory apartment and the primary dwelling within the building or in another structure as to size and other matters~~

   c. ~~Rough elevations showing the modification of any exterior building facade to which changes are proposed.~~

   d. ~~A site development sketch showing the location of the existing dwelling and other existing buildings; all property lines; proposed addition if any, along with the~~

~~minimum building setback lines: the required parking spaces for both dwelling units and any natural or manmade conditions which might affect construction.~~

~~9. Based upon the above, the applicant shall be advised if the application is complete in accordance with MLUL requirements. When complete, the application shall be placed on the Planning Board agenda and a decision shall be made in accordance with MLUL requirements.~~

Section 3. Add a new Section 28-401.AA that sets forth an administrative approval process for Low and Moderate Income Accessory Apartments and the requirements for Low and Moderate Income Accessory Apartments as follows:

AA. Low and Moderate Income Accessory Apartments.

1. Purpose. The purpose of this Ordinance is to address a portion of the Borough's Third Round affordable housing obligation consistent with the Order on Fairness and Preliminary Compliance Hearing and provides a realistic opportunity for the development of affordable housing units that will satisfy the Borough's affordable housing obligation under the New Jersey Supreme Court's Mount Laurel decisions.

2. Requirements. Accessory apartments, as that term is described herein and meeting the requirements of this Section 28-401.AA, shall be permitted in association with existing single-family residences as a permitted accessory use in all districts provided the following requirements are satisfied:

   a. The accessory apartment shall be a self-contained residential dwelling unit with a kitchen, sanitary facilities, sleeping quarters, and a private entrance, which is created within an existing single-family home, or through the conversion of an existing attached accessory structure on the same site, or by an addition to an existing single-family home or accessory building on the same site.

   b. The property on which the accessory apartment is proposed abuts and has direct driveway access to a County of Somerset road or a United States highway.

   c. The property on which the accessory apartment is proposed is a conforming lot in terms of minimum required lot area, lot frontage, lot width and lot depth.

   d. The accessory apartment shall meet the following requirements with respect to affordability:

      (1) At the time of initial occupancy of the unit and for at least ten (10) years thereafter, the accessory apartment shall be rented only to a household which is either a low or a moderate income household.

      (2) Rents of accessory apartments shall be affordable to low or moderate income households as applicable income limits.

(3) Prior to issuance of Certificate of Occupancy for the initial tenant of the accessory apartment, there shall be a recorded deed or declaration of covenants and restrictions applied to the property running with the land that maintains the affordability of the accessory apartment for the minimum 10 year period. After expiration of the 10-year period the accessory apartment may be converted to a market-rate unit unless the affordability restriction is extended by mutual agreement of the Borough and property owner.

e. Accessory apartments shall have living/sleeping space, cooking facilities, a kitchen sink and complete sanitary facilities for the exclusive use of its occupants. It shall consist of no less than two (2) rooms, one (1) of which shall be a full bathroom.

f. The potable water supply and sewage disposal system for the accessory apartment shall be adequate as evidenced by the approval of the Borough Board of Health.

g. The net habitable floor area devoted to the accessory apartment shall not exceed twenty-five percent (25%) of the aggregate net habitable floor area within all buildings on the site, including both the principal single-family building on the site and all accessory buildings on the site.

h. In the case of an accessory apartment created illegally or without proper permits which the property owner desires to legitimize as an accessory apartment under this Section 28-401.AA, all of the requirements of this Ordinance shall apply.

i. The creation of the accessory apartment shall not create a non-conforming condition on the site regarding applicable zoning requirements (e.g., applicable building setbacks, building coverage, impervious coverage).

j. Off-street parking shall be provided for the occupants of the affordable accessory apartment.

k. There shall be no more than one (1) accessory apartment located on any one (1) lot.

3. Zoning Approval Procedure. Applicants for the creation of an accessory apartment shall submit for approval through the Borough's Zoning Permit approval process. The application shall include the forms required for a Borough Zoning Permit and all information necessary for the Zoning Officer to determine compliance with this Ordinance and other applicable zoning requirements (e.g., applicable building setbacks, building coverage, impervious coverage). Such information shall include, but may not be limited to, the following:

a. A plot plan (survey) indicating the location of the proposed construction and demonstrating conformity to the applicable bulk requirements of the zone.

b. A sketch of floor plan(s) showing the location, size and relationship of both the accessory apartment and the primary dwelling within the building or in another

structure as to size and demonstrating compliance with the applicable requirements of this Ordinance

c. Elevations showing the modification of any exterior building facade to which changes are proposed.

d. The Zoning Permit for an application for an accessory apartment shall only be denied if the property is not in conformance with this Ordinance and other applicable zoning requirements. All denials shall be in writing with the reasons clearly stated.

4. Administration. The following designations are made to administer various components of the accessory apartment program:

a. The designated Administrative Agent shall administer the following portions of the accessory apartment program: implementing the Affirmative Marketing Plan adopted by the Borough; accepting applications from interested households; determining eligibility of households; conducting random selection of applicants for rental of restricted units as necessary; creating and maintaining a waiting list of applicant households; ensuring compliance with permissible rents and annual rental increases; establishing and maintain effective communication with owners; sending out annual mailings about restrictions including allowable annual rent increases; and providing annual activity reports.

b. The Borough Administrator shall administer the following portions of the accessory apartment program: administering the subsidy set forth herein; insuring that certificates of occupancy are obtained before occupancy; filing of deed restrictions; serving as the custodian of all legal documents; and satisfying other administrative requirements of the program.

c. In accordance with applicable affordable housing requirements, the Borough shall provide up to thirty thousand ($30,000.00) dollars to subsidize the creation of an accessory apartment conforming to the requirements of this Section 28-401.AA and applicable affordable housing requirements. The said subsidy may be in the form of a grant provided that the property owner shall enter into a written agreement with the Borough insuring that (i) the subsidy shall be used to create the accessory apartment and (ii) the accessory apartment shall meet the requirements of this Ordinance and applicable regulations.

Section 3. The Borough Clerk is directed to give notice at least ten (10) days prior to a hearing on the adoption of this Ordinance to the Somerset County Planning Board and to all other persons or entities entitled thereto pursuant to N.J.S.A. 40:55D-15, including to the Clerk of adjoining municipalities. The Borough Clerk shall execute Affidavits of Proof of Service of the notices required by this Section 3, and shall keep the Affidavits on file along with the Proof of Publication of the notice of the required public hearing on the proposed change.

Section 4. After introduction, the Borough Clerk is hereby directed to submit a copy of the within Ordinance to the Planning Board of the Borough of Watchung for its review in accordance with N.J.S.A.

40:55D-26 and N.J.S.A. 40:55D-64. The Planning Board is directed to make and transmit to the Borough Council, within thirty-five (35) days after referral, a report including identification of any provisions in the proposed Ordinance which are inconsistent with the Master Plan and recommendations concerning any inconsistencies and any other matter as the Board deems appropriate.

Section 5. If any section, paragraph, subdivision, clause or provision of this Ordinance shall be adjudged invalid, such adjudication shall apply only to the section, paragraph, subdivision, clause or provision so adjudged and the remainder of the Ordinance shall be deemed valid and effective.

Section 6. All ordinances or parts of ordinances inconsistent with or in conflict with this Ordinance are hereby repealed to the extent of such inconsistency.

Section 7. This Ordinance shall take effect immediately upon: (i) adoption; (ii) publication in accordance with the laws of the State of New Jersey; and (iii) filing of the final form of adopted Ordinance by the Clerk with the Somerset County Planning Board pursuant to N.J.S.A. 40:55D-16.

ATTEST:

Michelle DeRocco

Michelle DeRocco, Clerk

BOROUGH OF WATCHUNG

Stephen K. Pote

Stephen K. Pote, Mayor

Introduced: November 19, 2018

Adopted: December 6, 2018

Borough Council Ordinance #OR18/18 Approving the Route 22 Affordable Housing Overlay District

(Revised November 12, 2018)

AN ORDINANCE TO AMEND AND SUPPLEMENT CHAPTER XXVIII, ENTITLED "LAND DEVELOPMENT REGULATIONS OF THE BOROUGH OF WATCHUNG" TO ESTABLISH A ROUTE 22 AFFORDABLE HOUSING OVERLAY DISTRICT.

ORDINANCE #OR:18/18

BE IT ORDAINED, by the Mayor and Council of the Borough of Watchung, County of Somerset, State of New Jersey as follows:

SECTION 1. Purpose. The purpose of this Ordinance is to create a Route 22 Affordable Housing Overlay District in which affordable housing development will be permitted if redevelopment of the site occurs and to provide the development regulations for permitted multi-family development that includes affordable housing units in the Borough in accordance with the June 7, 2018 Settlement Agreement between the Borough of Watchung and the Fair Share Housing Center, Inc., and the September 19, 2018 Order on Fairness and Preliminary Compliance Hearing by the Superior Court of New Jersey Law Division: Somerset County Docket No.:SOM-L-902-15 and the New Jersey affordable housing regulations pertaining to affordable housing units.

SECTION 2. A new Section 28-401.AC. titled "Route 22 Affordable Housing Overlay District" is established as follows:

A. Purpose: The purpose of the Route 22 Affordable Housing Overlay District is to create a realistic opportunity for the creation of low and moderate-income housing as land becomes available for development or redevelopment in the Borough.

B. Area of the Borough to be included in the Overlay District: Block 64.02, Lot 3 and a portion of Block 64.02, Lot 5 as shown on the Route 22 Affordable Housing Overlay District Map.

C. Principal Permitted Uses: Multifamily dwelling units in one or more buildings as an inclusionary affordable residential development, provided that the provisions of subsections E. through H. below are met.

D. Permitted Accessory Uses:

1. Uses and structures customary to the principal permitted use including, but not limited to private residential garages, parking areas, refuse and recycling areas, swimming pools, tennis courts, club houses for residents, management offices, leasing offices, walking/jogging trails, and dog runs.

2. Section 28-401.B. shall apply except as modified in this Section 28-401.AC .

3. All accessory uses except permitted fences, signs, bus shelters shall be located at least 20' from the property line.

4. Fences and walls, in accordance with Section 28-502.

5. Signs may be provided in accordance with Section 28-504, and further regulated as follows:

    a. Permitted signs shall include one project identification sign per development, residential unit and residential building identification signs, traffic and pedestrian directional signs and other public safety signs.

b. A project identification monument sign shall be permitted at the driveway entrance to the project not exceeding 32 square feet in area and 8 feet in height including the monument base.
c. A monument base constructed of stone or similar material and landscaped shall be provided.
d. Building mounted identification signs or free-standing informational signs shall not exceed 4 square feet.
e. Signs shall be constructed of stone, wood or similar materials and shall not be internally illuminated.
f. An overall sign plan shall be submitted for review as part of the site plan application.

6. All accessory uses except permitted fences, signs, bus shelters shall be located at least 25' from the property line.

E. Maximum Gross Density:

1. For-sale units. Multifamily residential development with units for-sale shall be permitted to have a maximum gross density of 14 units per acre.

2. For-rent units. Multifamily residential development with units for-rent shall be permitted to have a maximum gross density of 18 units per acre.

F. Affordable Housing Requirements.

1. For-sale units. Multi-family residential development with units for-sale shall include a minimum of 20 percent of the total number of units for low-and moderate- income households, with at least 13 percent of these affordable units available for households earning 30 percent or less of the median income limit for the Council on Affordable Housing Region 3 or as provided by Order of the Superior Court of New Jersey.

2. For-rent units. Multi-family residential development with units for-rent shall include at least 15 percent of the total number of units for low- and moderate-income households, with at least 13 percent of these affordable units available for households earning 30 percent or less of the median income limit for the COAH Region 3 or as provided by Order of the Superior Court of New Jersey.

3. The low- and moderate-income units shall be distributed throughout the development, not concentrated in any one building.

4. The Section 28-1000 Affordable Housing Ordinance provisions shall apply.

G. Area, Yard and Other Bulk Requirements:

1. No principal building or structure shall be located closer than one hundred (100) feet from the Route 22 right-of-way line or closer than twenty-five (25) feet from any side or rear lot line.

2. The minimum distance between structures shall be one-half (1/2) the sum of the height of the adjacent structures, except that a minimum of fifteen (15) feet shall be maintained when structures abut end to end.

3. The maximum building length shall be two hundred (200) feet.

4. The minimum number of dwelling units in a building shall be four (4) units and the maximum number of dwelling units in a building shall be thirty-six (36) units.

5. The maximum building coverage shall be thirty percent (30%).

6. The maximum lot impervious coverage shall be 70 percent (70%).

H. Maximum Building Height:

1. No building shall exceed thirty-eight (38) feet in height and three (3) stories.

2. Building height in feet shall be the vertical distance measured from the average finished grade at the perimeter of the foundation calculated at 20-foot increments to the highest point of the building in the case of flat roofs or to the mean level between the eaves and the highest point of the roof in the case of pitched roofs.

3. Building height in stories shall be measured counting as a story the space between the upper surface of any floor and the upper surface of the next floor above it or, if there is no floor above it, then the surface between the floor and the ceiling next above it. Space under a sloped roof that is not habitable and space partially or fully below grade that is not habitable under the State Uniform Construction Code shall not be considered a story or part of a story.

I. Roadways, Off-street Parking and Private Residential Garages:

1. On-street parking shall be permitted within the development tract.

2. Off-street parking may be permitted under or within a building structure, provided that the building shall not exceed the maximum building height.

3. The number of required parking spaces shall be in accordance with the New Jersey Residential Site Improvement Standards (RSIS).

4. No parking area or driveway shall be located within twenty (20) feet of any property line, excluding intersecting driveways with US Route 22.

5. Parking spaces shall be located at least 15 feet from a residential building, except where a parking space also provides access to an enclosed garage, no such setback shall be required.

J. Other requirements.

1. Section 28-505. A. Recreation Required for Multi-Family Development standards shall apply and include:
   a. A minimum of five percent (5%) of the lot shall be developed as open space and recreation areas, including both active and passive recreation facilities.
   b. Recreation facilities shall include play areas for children of all ages.

2. Section 28-600 Development Requirements and Standards shall apply unless overridden by provisions in this Ordinance.

3. Building Design Standards.
   a. All residential buildings shall have similar façade treatments so that they are compatible with one another. Additionally, all sides of any one residential building shall have similar façade treatments.
   b. Long buildings shall be broken into façade segments. Any building with a length of over 100 feet shall have off-set facades at least every 30 feet created with set-back or bump-out sections being 1.5 feet or more in depth.
   c. A variety of quality materials and architectural features are encouraged to, for example, distinguish the first floor from higher floors, to distinguish top floors from lower floors, and to highlight building entrances.

d. Rooftop HVAC units, if employed, shall be shielded by parapet walls or roof insets if a sloped roof is utilized.
e. Foundation plantings shall be utilized to soften the appearance of first floor and lower walls.

SECTION 3. The Borough of Watchung Zoning Map shall be amended to show the Route 22 Affordable Housing Overlay District as described on the attached map.

SECTION 4. This Ordinance shall remain in effect until such time that the unmet affordable housing need for the Borough of Watchung has been fulfilled. This Ordinance shall expire after the last affordable unit fulfilling the unmet affordable housing need receives a Certificate of Occupancy.

SECTION 5. The Borough Clerk is directed to give notice at least ten (10) days prior to a hearing on the adoption of this Ordinance to the Somerset County Planning Board and to all other persons or entities entitled thereto pursuant to N.J.S.A. 40:55D-15, including to the Clerk of adjoining municipalities. The Borough Clerk shall execute Affidavits of Proof of Service of the notices required by this Section 5, and shall keep the Affidavits on file along with the Proof of Publication of the notice of the required public hearing on the proposed change.

SECTION 6. After introduction, the Borough Clerk is hereby directed to submit a copy of the within Ordinance to the Planning Board of the Borough of Watchung for its review in accordance with N.J.S.A. 40:55D-26 and N.J.S.A. 40:55D-64. The Planning Board is directed to make and transmit to the Borough Council, within thirty-five (35) days after referral, a report including identification of any provisions in the proposed Ordinance which are inconsistent with the Master Plan and recommendations concerning any inconsistencies and any other matter as the Board deems appropriate.

SECTION 7. If any section, paragraph, subdivision, clause or provision of this Ordinance shall be adjudged invalid, such adjudication shall apply only to the section, paragraph, subdivision, clause or provision so adjudged and the remainder of the Ordinance shall be deemed valid and effective.

SECTION 8. All ordinances or parts of ordinances inconsistent with or in conflict with this Ordinance are hereby repealed to the extent of such inconsistency.

SECTION 9. This Ordinance shall take effect immediately upon: (i) adoption; (ii) publication in accordance with the laws of the State of New Jersey; and (iii) filing of the final form of adopted Ordinance by the Clerk with the Somerset County Planning Board pursuant to N.J.S.A. 40:55D-16.

ATTEST:

Michelle DeRocco

Michelle DeRocco, Clerk

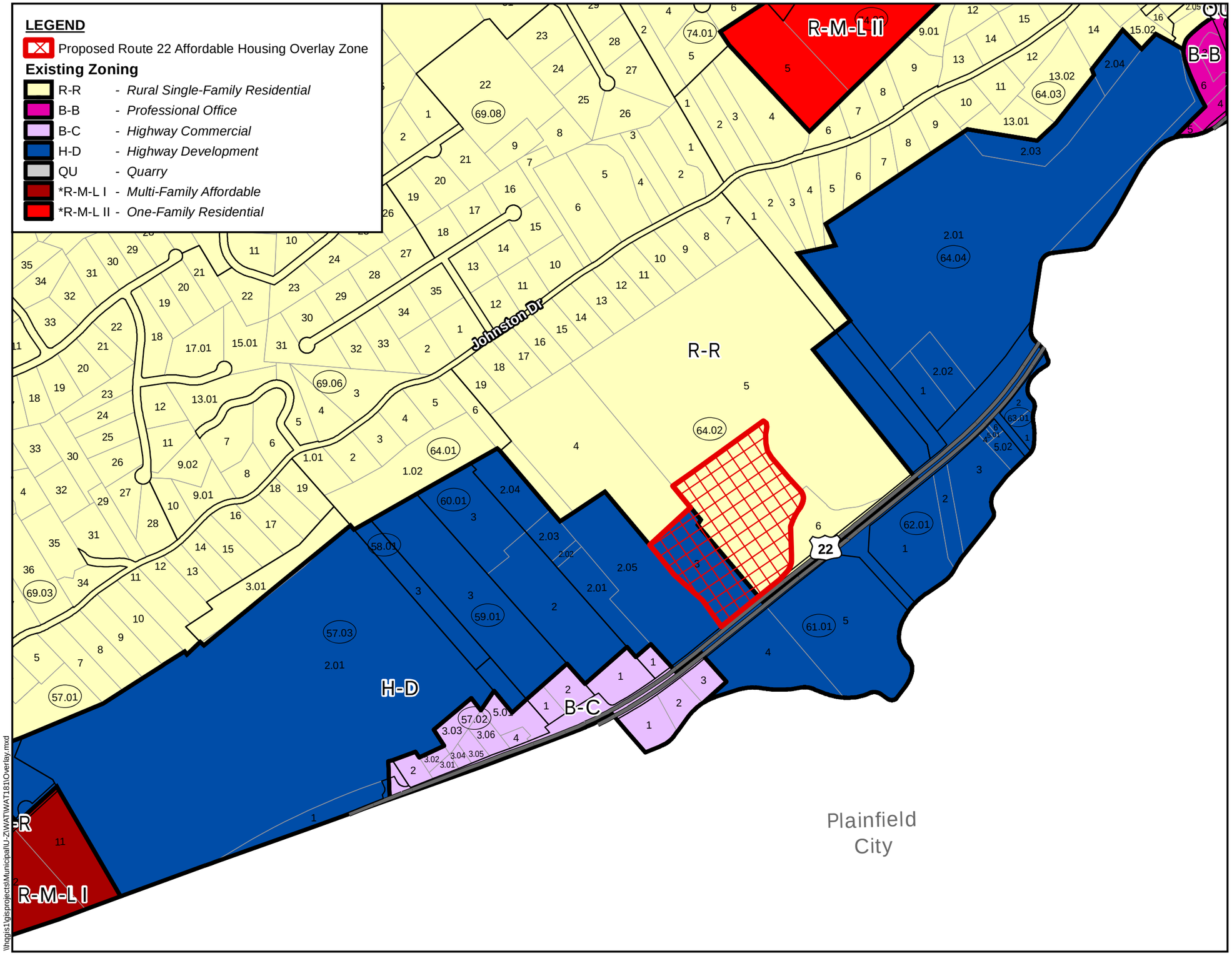
BOROUGH OF WATCHUNG

Stephen K. Pote

Stephen K. Pote, Mayor

Introduced: November 19, 2018

Adopted: December 6, 2018



ROUTE 22 AFFORDABLE HOUSING OVERLAY ZONE

BOROUGH OF WATCHUNG

SOMERSET COUNTY
NEW JERSEY

N

0 250 500 750 1,000 Feet

THIS MAP WAS CREATED USING SOMERSET COUNTY AND NEW JERSEY STATEWIDE DATA SOURCES. THIS SECONDARY PRODUCT HAS NOT BEEN AUTHORIZED AND IS NOT COUNTY APPROVED.

MASER CONSULTING P.A.

November 2018

\\hqgis1\gisprojects\Municipal\U-Z\WAT\WAT181\Overlay.mxd

Borough Council Ordinance #OR18/19 Approving the Mandatory Affordable Housing Setaside Ordinance

(Revised November 12, 2018)

AN ORDINANCE TO AMEND AND SUPPLEMENT CHAPTER XXVIII, ENTITLED "LAND DEVELOPMENT REGULATIONS OF THE BOROUGH OF WATCHUNG" TO ESTABLISH MANDATORY AFFORDABLE HOUSING SET-ASIDE

ORDINANCE NO.#OR:18/19

BE IT ORDAINED, by the Mayor and Council of the Borough of Watchung, County of Somerset, State of New Jersey as follows:

SECTION 1. Purpose. The purpose of this Ordinance is to create a Borough-wide mandatory affordable housing set-aside zoning requirement in accordance with the June 7, 2018 Settlement Agreement between the Borough of Watchung and the Fair Share Housing Center, Inc., and the September 19, 2018 Order on Fairness and Preliminary Compliance Hearing by the Superior Court of New Jersey Law Division: Somerset County Docket No.:SOM-L-902-15.

SECTION 2. A new Section 28 – 401. AB entitled "Mandatory Affordable Housing Set-Aside" is established as follows:

A. **Purpose:** The purpose of the Mandatory Affordable Housing Set-Aside requirement is to provide for affordable housing within residential developments above a certain density, which are not zoned for inclusionary development.

B. **Mandatory Affordable Housing Set-Aside Requirements:**

1. All residential development of five (5) or more units that occurs at a density above six (6) units per acre arising as a result of a density or use variance or rezoning or approval of a redevelopment plan or rehabilitation plan shall be required to provide a minimum affordable housing set-aside of 20%, except that the minimum set-aside shall be 15% where affordable rental units are provided.

2. Section 28-401.BB.B.1 does not affect residential development on sites that are zoned for inclusionary residential development as part of the Borough's Housing Element and Fair Share Plan, which are subject to the affordable housing set-aside requirements set forth in the applicable zoning.

3. A property shall not be permitted to be subdivided to avoid compliance with this Section 28-401.BB requirement.

SECTION 3. This Ordinance shall remain in effect until such time that the unmet affordable housing need for the Borough has been fulfilled. This Ordinance shall expire after the last affordable unit fulfilling the unmet affordable housing need receives a Certificate of Occupancy.

SECTION 4. The Borough Clerk is directed to give notice at least ten (10) days prior to a hearing on the adoption of this Ordinance to the Somerset County Planning Board and to all other persons or entities

entitled thereto pursuant to N.J.S.A. 40:55D-15, including to the Clerk of adjoining municipalities. The Borough Clerk shall execute Affidavits of Proof of Service of the notices required by this Section 4, and shall keep the Affidavits on file along with the Proof of Publication of the notice of the required public hearing on the proposed change.

SECTION 5. After introduction, the Borough Clerk is hereby directed to submit a copy of the within Ordinance to the Planning Board of the Borough of Watchung for its review in accordance with N.J.S.A. 40:55D-26 and N.J.S.A. 40:55D-64. The Planning Board is directed to make and transmit to the Borough Council, within thirty-five (35) days after referral, a report including identification of any provisions in the proposed Ordinance which are inconsistent with the Master Plan and recommendations concerning any inconsistencies and any other matter as the Board deems appropriate.

SECTION 6. If any section, paragraph, subdivision, clause or provision of this Ordinance shall be adjudged invalid, such adjudication shall apply only to the section, paragraph, subdivision, clause or provision so adjudged and the remainder of the Ordinance shall be deemed valid and effective.

SECTION 7. All ordinances or parts of ordinances inconsistent with or in conflict with this Ordinance are hereby repealed to the extent of such inconsistency.

SECTION 8. This Ordinance shall take effect immediately upon: (i) adoption; (ii) publication in accordance with the laws of the State of New Jersey; and (iii) filing of the final form of adopted Ordinance by the Clerk with the Somerset County Planning Board pursuant to N.J.S.A. 40:55D-16.

ATTEST:

Michelle DeRocco

Michelle DeRocco, Clerk

BOROUGH OF WATCHUNG

Stephen K. Pote

Stephen K. Pote, Mayor

Introduced: November 19, 2018

Adopted: December 6, 2018

Borough Council Ordinance #OR18/20 Approving the Bonnie Burn Road Redevelopment Area Ordinance

BOROUGH OF WATCHUNG
COUNTY OF SOMERSET, NEW JERSEY

ORDINANCE #OR:18/20

AN ORDINANCE ADOPTING A "REDEVELOPMENT PLAN" FOR A NON-CONDEMNATION AREA IN NEED OF REDEVELOPMENT CONSISTING OF BLOCK 7402, LOTS 19.01 AND 19.02 AND BLOCK 7403, LOTS 5 AND 10 AND FURTHER IDENTIFIED AS THE "BONNIE BURN ROAD REDEVELOPMENT AREA", AS SHOWN ON THE BOROUGH OF WATCHUNG TAX MAP IN ACCORDANCE WITH N.J.S.A. 40A:12A-7.

WHEREAS, Block 7402, Lots 19.01 and 19.02 and Block 7403, Lots 5 and 10 are located in the northeastern section of Watchung Borough, Somerset County, New Jersey. The four lots, taken together as the Bonnie Burn Road Study Area ("Study Area" or "Site"), have frontage only on Bonnie Burn Road (County Road 641) which is classified as a minor arterial road and is under Union County jurisdiction. Bonnie Burn Road is a two-lane road with no shoulder or sidewalks and has a curvilinear alignment along the Site. The four lots are a total of 41.03 acres with approximately 1,000 feet of frontage along Bonnie Burn Road. It is located approximately 1,000 feet south of Valley Road. (See Map 1 – Location Map, Map 2- Tax Map, Map 3 - Aerial Map.); and

WHEREAS, this Redevelopment Plan sets forth the manner in which the Site will be developed as an inclusionary multi-family housing development of a maximum of two hundred and thirty (230) units consisting of forty-six (46) low- and moderate-income, non-age restricted affordable rental units and one hundred eighty-four (184) market-rate units. The Site was originally identified for development of an inclusionary non-age restricted affordable rental development in the Borough of Watchung and Fair Share Housing Center Settlement Agreement ("FSHC Settlement Agreement") adopted on June 7, 2018 and the Order on Fairness and Preliminary Compliance Hearing dated September 19, 2018; and

WHEREAS, on June 7, 2018, the Borough Council of the Borough of Watchung adopted Resolution No.11:06/07/18 which authorized and directed the Borough of Watchung Planning Board to undertake a preliminary investigation of the Site to determine whether or not certain lands should be designated as a Non-Condemnation Area Redevelopment Area in accordance with N.J.S.A. 40A:12A-1, et seq. (the Local Housing and Redevelopment Law or "LHRL"); and

WHEREAS, on August 21, 2018, the Planning Board conducted a public hearing to determine whether the Site is a potential non-condemnation area in need of redevelopment, with all notice and jurisdictional requirements having been met; and

WHEREAS, the Planning Board reviewed the Preliminary Investigation Report prepared by Marcia R. Shiffman, PP/AICP/LLA of Maser Consulting P.A. dated July 2018, as well as heard the testimony of Marcia R. Shiffman, PP/AICP/LLA, and comments by residents of the Borough as to the proposed Site and the designation of the same as an area in need of redevelopment; and

WHEREAS, after the conclusion of the public hearing the Planning Board adopted, on September 18, 2018, Resolution No.PB18-RO8 finding and recommending to the Borough Council that the Site be designated as a Non-Condemnation Area in Need of Redevelopment and adopted the *Preliminary Investigation Report for the Bonnie Burn Road Site, Block 7402, Lots 19.01 and 19.02 and Block 7403, Lots 5 and 10*; and

WHEREAS, on October 4, 2018, the Borough Council adopted Resolution No. R11:10/04/18 which designated the Site as an Area in Need of Non-Condemnation Redevelopment and directed the preparation of a Redevelopment Plan for the Site and its presentation to the Borough Council; and

WHEREAS, Borough designation of the Site as a Non-Condemnation Redevelopment Area, along with adoption of this Redevelopment Plan, allow for the development of the Site as contemplated in the June 7, 2018 Borough of Watchung and Fair Share Housing Center Settlement Agreement ("FSHC Settlement Agreement") and this Redevelopment Plan. This designation and adoption of the Redevelopment Plan also enable the use of other mechanisms (e.g., a payment in lieu of taxes arrangement) that are necessary for the realization of the affordable rental development specified in this Redevelopment Plan; and

WHEREAS, Map 4 – Buffer Diagram & Concept Plan, prepared by Peter G. Steck, P.P., dated November 7, 2018, illustrates the development concept of the Site as contemplated in this Redevelopment Plan.

NOW, THEREFORE, BE IT ORDAINED BY THE BOROUGH COUNCIL OF THE BOROUGH OF WATCHUNG, in the County of Somerset and the State of New Jersey, that the "Bonnie Burn Road Redevelopment Plan" (the "Redevelopment Plan") be adopted, as follows, in accordance with N.J.S.A. 40A:12A-7. of the LHRL:

SECTION 1. RELATIONSHIP TO LOCAL OBJECTIVES, CONSISTENCY WITH BOROUGH MASTER PLAN, AND REDEVELOPMENT OBJECTIVE:

The Local Housing and Redevelopment Law (LHRL) requires that the Redevelopment Plan describe its relationship to definite local objectives as to appropriate land uses, density of population, and improved traffic and public transportation, public utilities, recreational and community facilities and other public improvements (40A:12A-7.a.(1)).

The LHRL requires that all provisions of the Redevelopment Plan shall be either substantially consistent with the municipal master plan or designed to effectuate the master plan; but the municipal governing body may adopt a redevelopment plan which is inconsistent with or not designed to effectuate the master plan by affirmative vote of a

majority of its full authorized membership with the reasons for so acting set forth in the redevelopment plan. (40A:12A-7.d.).

A. Consistency with Master Plan.

This Redevelopment Plan implements a key component of the Borough's effort to meet its affordable housing obligation for the 1999 to 2025 time period pursuant to applicable affordable housing regulations, the Order on Fairness and Preliminary Compliance Hearing and the Borough's Settlement Agreement the Fair Share Housing Center (FSHC) and consistent with various objectives and recommendations of the Borough's 1994 Master Plan Update and the 2011 Master Plan Reexamination.

The Master Plan Reexamination adopted by the Planning Board in 2011 specifically evaluated the site and recommended that development be consistent with the R-M-L-II zone (which permits a lower density than permitted herein, with no affordable housing provided). However, due to the uncertainty existing at the time regarding State-mandated affordable housing obligations, the 2011 Master Plan Reexamination anticipates the likelihood that the Borough would need to address an affordable housing obligation in a manner not directly addressed in the Master Plan Reexamination. Due to this uncertainty, the Reexamination Master Plan recommends that the Borough monitor changes to affordable housing regulations, evaluate their effect on the Borough and react appropriately, as follows:

> *At this time, the future of COAH is uncertain. On October 8, 2010, the Appellate Division invalidated substantial portions of the COAH's revised Third Round Rules. The court gave COAH five months to adopt new rules. At the time various legislative approaches have been proposed. The first bill introduced in the 2010 session of the New Jersey State Senate, S-1, proposes to abolish COAH and provide a new means of calculating and addressing affordable housing needs. A-3447 would also make similar reforms to the Fair Housing Act and would similarly abolish COAH.*
>
> *All of these factors point towards major potential changes to affordable housing requirements. However, it is unclear what their exact form will be or what the potential effect on the Borough. It has been determined that municipalities have a constitutional obligation to provide a realistic opportunity for affordable housing. This obligation will not likely go away entirely. Thus, it is imperative that the Borough continue to monitor the changes to affordable housing regulations, evaluate their effect on the Borough and react appropriately.*

In the section entitled "Past and Potential Changes in Land Use and Population," the 2011 Master Plan Reexamination further anticipates the potential need to address an affordable housing obligation in a manner not directly addressed in the Master Plan Reexamination. In this section, the Master Plan Reexamination anticipates that residential development of vacant land would be minimal due to development constraints such as lack of sewer and wetlands but indicates that *"some residential development may occur as a result of affordable housing obligations imposed by the State."*

Lastly, the 2011 Master Plan Reexamination reviewed and incorporated the "Statement of Objectives, Principles, Assumptions, Policies and Standards" of the Borough's 1994 Master Plan Update which includes the following objective effectuated by this Redevelopment Plan:

> *The Development Plan should continue to address the mandate of the "Mt. Laurel II" New Jersey State Supreme Court Decision and the requirements of the New Jersey Council on Affordable Housing (COAH) which obligates each municipality to provide for its "fair share" of its regions "low" and "moderate" income housing. The Borough of Watchung should formulate a so-called "Housing Compliance Plan" which safeguards the integrity of existing residential neighborhoods, acknowledges environmentally fragile areas, and permits the continuance of a reasonable balance between residential and non-residential development.*

Consistent with the above-described objectives and recommendations of the Borough's 1994 Master Plan Update and 2011 Master Plan Reexamination, this Redevelopment Plan implements a key component of the Borough's effort to meet its affordable housing obligation for the 1999 to 2025 time period.

In response to the March 10, 2015 decision of the New Jersey Supreme Court (which dissolved the substantive certification process before the New Jersey Council on Affordable Housing (COAH) and created a judicial process by which a municipality can seek a judicial determination that their housing element satisfied their "third round" affordable housing obligation) the Borough filed a declaratory judgment action with the Superior Court which sought judicial determination of compliance with the Borough's Third Round affordable housing obligation.

The Borough and the FSHC, a Supreme Court-designated interested party in this matter appeared before the Hon. Thomas C. Miller, P.J.Cv., and worked with the Court-appointed Special Master, to review the Borough's affordable housing plans. Through this process, the Borough and FSHC agreed to settle this litigation and present the settlement to the trial court with jurisdiction over this matter. The Borough entered into a Settlement Agreement with the FSHC for its 1999-2025 affordable housing obligations, which Settlement Agreement requires, amongst other actions, that the Borough adopt and endorse a Housing Element and Fair Share Plan (HEFSP) and adopt the implementing ordinances outlined in the Settlement Agreement.

One of the key implementing ordinances outlined in the Settlement Agreement involves rezoning of the subject site to allow for an inclusionary development that contains 46 non-age restricted rental affordable units (which would be effectuated by adoption of this Redevelopment Plan).

The Court's Special Master provided to the Court a Report of the Special Master finding that the Borough's Settlement Agreement with the FSHC (which, again, included the development addressed

in this Redevelopment Plan as a key component) will adequately protect the interests of low- and moderate-income households. The Hon. Thomas C. Miller, P.J.Cv. then subsequently held a Fairness Hearing and determined on September 19, 2018 that the Settlement Agreement was fair and reasonable to the interests of low- and moderate-income households. The Order on Fairness and Preliminary Compliance Hearing issued by Judge Miller requires that the Borough submit to the Special Master for review and comment a new HESFP and all resolutions and ordinances necessary to implement the HEFSP (which the Borough is required to adopt within 180 days from the date of the Order).

The adoption of this Redevelopment Plan (along with the HEFSP and other implementing ordinances and resolutions) addresses the Borough's Third Round affordable housing obligation consistent with the Order on Fairness and Preliminary Compliance Hearing and provides a realistic opportunity for the development of affordable housing units that will satisfy the Borough's Third Round obligation under the New Jersey Supreme Court's Mount Laurel decisions from 1999 to 2025.

The Site has been part of Watchung's affordable housing deliberations for over 30 years to address the Borough's affordable housing obligations. Block 7403, Lot 10, a 21-acre lot which is over 50% of the site area, was previously involved in affordable housing litigation with the Borough. In 1988, this lot was one of a number of other properties that were the subject of builder's remedy lawsuits against that Borough of Watchung. The Developers Mount Laurel Agreement settling this litigation was signed on August 25, 1988 and recorded on October 12, 1988. This Developers Mount Laurel Agreement provided that the Z.V. Associates property, Block 7403, Lot 10, would be rezoned to a higher density residential district. The R-M-L II District was established over this lot to increase the density of the 21.7-acre site from one unit per 60,000 square feet to one unit per 40,000 square feet for a total maximum of 20 lots. In return for the increased density increasing the number of single family lots by seven lots, there were specific conditions placed on the property. There was also a required cash contribution of $280,000 for the Borough use in satisfying its low and moderate-income housing obligation. In 1988, the Borough was able to address its initial Mt. Laurel obligation without including this property for multi-family development except through the cash contributions for affordable housing at that time. The 1997 Borough of Watchung Housing Element and Fair Share Plan Addendum calls out these negotiated developer cash contributions to the Borough Housing Trust Fund to be used to finance the regional contribution agreement.

Notwithstanding the lower density recommendation for the Site in the 1988 Developers Mt. Laurel Agreement and in the 2011 Master Plan Reexamination, this Redevelopment Plan is not substantially inconsistent with the Borough Master Plan when evaluated as a whole. As addressed above, the Redevelopment Plan implements a key component of the Borough's effort to meet its affordable housing obligation for the 1999 to 2025 time period consistent with various objectives, analyses and recommendations of the Borough's 1994 Master Plan Update and 2011 Master Plan Reexamination

and pursuant to applicable affordable housing regulations, the Order on Fairness and Preliminary Compliance Hearing and the Settlement Agreement.

B. **Redevelopment Objective.** The overall objective of this Redevelopment Plan is to provide for the development of the subject Site with a 230-unit inclusionary rental housing development that includes forty-six (46) non-age restricted affordable rental units in order to address a component of the Borough's affordable housing obligation in a manner that is thoughtful and attractive in terms of site and building design.

SECTION 2. RELATIONSHIP TO LOCAL ZONING:

The LHRL requires that the Redevelopment Plan describe its relationship to pertinent municipal development regulations as defined in the "Municipal Land Use Law," P.L. 1975, c.291 (C.40:55D-1 et seq.). The redevelopment plan shall supersede applicable provisions of the development regulations of the municipality or constitute an overlay zoning district within the redevelopment area. When the redevelopment plan supersedes any provision of the development regulations, the ordinance adopting the redevelopment plan shall contain an explicit amendment to the zoning district map included in the zoning ordinance. The zoning district map as amended shall indicate the redevelopment area to which the redevelopment plan applies. (40A:12A-7.c.)

A. This Redevelopment Plan shall supersede the Borough of Watchung Land Development Ordinance (LDO), and any other requirement of the Borough Revised General Ordinances pertaining to land use and building requirements with respect to development of the subject Site. Only those requirements of the Borough LDO that are specifically referenced in this Redevelopment Plan shall apply to development of the Site in the manner specified in this Redevelopment Plan.

B. Terms used in this Plan shall have the same meaning as defined in the Borough's LDO, except as specifically amended in this Plan.

C. For purposes of calculating minimum required lot area, maximum permitted building coverage and maximum permitted lot impervious coverage, the gross lot area (known to be 41 acres) shall be the unit of measure.

D. The Planning Board may grant deviations from the regulations contained within this Redevelopment Plan where by reason of exceptional narrowness, shallowness or shape of a specific piece of property or by reason of exceptional topographic conditions, pre-existing structures and physical features uniquely affecting a specific piece of property, the strict application of any area, yard, bulk or design objective or regulation adopted pursuant to this Redevelopment Plan would result in peculiar and exceptional practical difficulties to, or exceptional or undue hardship upon, the developer or redeveloper of such property (i.e., a "c(1)" variance pursuant to N.J.S.A. 40:55D-70c(1)). The Planning Board may also grant a deviation from the regulations contained within this Redevelopment

Plan related to a specific piece of property where the purposes of this Redevelopment Plan would be advanced by such deviation from the strict application of the requirements of this Plan and the benefits of granting the deviation would outweigh any detriments (i.e., a "c(2)" variance pursuant to N.J.S.A. 40:55D-70c(2)).

E. The Planning Board may grant exceptions or waivers of design standards from the requirements for site plan approval as may be reasonable and within the general purpose and intent of the provisions for site plan review within the Plan, if the literal enforcement of one or more provisions of the Plan is impracticable or would exact undue hardship because of peculiar conditions pertaining to the Site. Deviations may be granted under the terms of this section provided such deviations can be granted without resulting in substantial detriment to the public good and will not substantially impair the intent and purpose of the Redevelopment Plan.

F. No deviations may be granted which will result in permitting a use that is not a permitted use within this Redevelopment Plan. Any deviations from standards of this Plan that results in a "d" variance pursuant to N.J.S.A. 40:55D-70d shall be addressed as an amendment to the Plan rather than by variance relief through the Borough's Zoning Board of Adjustment.

G. The Borough Council shall act as the "Redevelopment Authority" pursuant to N.J.S.A. 40A-12A-4.c for purposes of implementing the Redevelopment Plan and carrying out redevelopment. In doing so, the Borough Council shall have the powers set forth in N.J.S.A. 40A-12A-8 to effectuate all of its duties and responsibilities in the execution and implementation of this Redevelopment Plan.

H. The Official Zoning Map of the Borough of Watchung is hereby amended to designate the following properties as the "Bonnie Burn Road Redevelopment Area": Lots 19.01 and 19.02 in Block 7402; and Lots 5 and 10 in Block 7403. Map 5 depicts the amendment to the Borough Zoning Map. The "Land Use and Building Requirements" detailed below outline permitted land uses and building requirements in the Bonnie Burn Road Redevelopment District.

I. The zoning established in the Bonnie Burn Road Redevelopment District shall replace the R-M-L-II Zone, as applicable to the Site. The Official Zoning Map shall be modified to reflect the zoning established in this Bonnie Burn Road Redevelopment Plan.

SECTION 3. LAND USE AND BUILDING REQUIREMENTS – BONNIE BURN ROAD REDEVELOPMENT DISTRICT:

The LHRL requires that the Redevelopment Plan outline proposed land uses and building requirements in the redevelopment area (40A:12A-7.a.(2)).

A. Principal Permitted Uses.

1. Multi-family dwelling units (apartment units) in one or more buildings as an inclusionary housing development, but not to exceed a total of 230 dwelling units within the zone.

2. Twenty percent (20%) of the total number of dwelling units in the zone shall be reserved for rental occupancy as affordable housing units. The provision of affordable housing shall be consistent with all applicable rules of the Council on Affordable Housing (COAH) and the Uniform Housing Affordability Controls (UHAC), including requirements of phasing and bedroom distribution. There shall be no more three-bedroom affordable units than the minimum number of units required by COAH regulations. At least thirteen percent (13%) of the affordable units shall be very low-income housing as defined by the New Jersey Fair Housing Act. The low- and moderate-income units shall be distributed throughout the complex and not concentrated in any one building.

3. The market-rate units shall consist only of one-bedroom, and two-bedroom units. A minimum of twenty (20%) of the market-rate units shall consist of one-bedroom units

B. Permitted Accessory Uses.

1. Uses and structures customary to the principal permitted use including, but not limited to, private residential garages, parking areas, refuse and recycling areas, swimming pools, tennis courts, club houses for residents, management offices, leasing offices, walking/jogging trails, recreation facilities, and dog runs.

2. All accessory structures except permitted fences, signs, retaining walls, bus shelters shall be located at least 100' from the zone boundary line.

3. Fences and walls in accordance with Section 28-502 and as follows:
   a. Section 28-502.A.2. shall apply to the boundary between a single-family residential district and this Redevelopment Area and permit a fence of six (6) feet in height.
   b. Section 28-502A.1.(a) shall permit opaque earth-tone fences more than 50% solid.

4. Signs may be provided in accordance with Section 28-504 of the Borough LDO and as follows:
   a. Permitted signs shall include one project identification sign, residential unit and residential building identification signs, traffic and pedestrian directional signs and other public safety signs.
   b. A project identification monument sign shall be permitted at the driveway entrance to the project not exceeding a sign panel area of 32 square feet in each face and not exceeding 8 feet in total height including the monument base.
   c. A monument base constructed of stone or similar material and landscaped shall be provided.

d. Building mounted identification signs or free-standing informational signs shall not exceed 4 square feet.
e. Signs shall be constructed of stone, wood or similar materials and shall not be internally illuminated.
f. An overall sign plan shall be submitted for review as part of the site plan application.

C. Maximum Building Heights, Number of Units, Building Length and Height Measurements

1. The height of the buildings shall be consistent with that depicted on Map 6 and Map 7 , Concept Height Sections which includes cross sections of all building types. On Lots 19.01 and 19.02 in Block 7402, the maximum building height shall be thirty-eight (38) feet and shall not exceed two exposed (2) stories on the upper side of the building nor exceed three exposed (3) stories on the lower side of the buildings. On Lots 5 and 10 in Block 7403, the maximum building height shall be forty-eight (48) feet and shall not exceed three exposed (3) stories on the upper side of the building nor exceed four (4) exposed stories on the lower side of the buildings.

2. Building height in feet shall be the vertical distance measured from the average finished grade at the perimeter of the foundation calculated at 20 foot increments to the mean level between the eaves and the highest point of the roof in the case of pitched roofs.

3. Building height in stories shall be measured counting as a story the space between the upper surface of any floor and the upper surface of the next floor above it or, if there is no floor above it, then the surface between the floor and the ceiling next above it. Space under a sloped roof that is not habitable and space partially or fully below grade that is not habitable under the State Uniform Construction Code shall not be considered a story or part of a story.

4. On Lots 19.01 and 19.02 in Block 7402, no building shall contain more than 44 dwelling units or be greater than three hundred (300) feet in length. On Lots 5 and 10 in Block 7403, no building shall contain more than 64 dwelling units or be greater than three hundred (330) feet in length.

D. Area, Yard and Other Requirements

1. The minimum required lot area shall be 41 acres. No subdivision of the Site shall be permitted.

2. Residential buildings within the development shall be setback from the perimeter of the site the distances indicated on Map 4 Buffer Diagram and Concept Plan, except that in the review of the site plan application the Planning Board may permit the setback of one or more of the

buildings to be reduced to a minimum of 100 feet from the Site perimeter if such lesser setback is necessary to achieve the proposed site plan.

3. Residential buildings within the development shall be separated from one another a distance of no less than 60 feet.

4. No residential building shall be located closer than 15 feet to the cartway of a principal circulation drive within the development.

5. The maximum lot coverage (impervious coverage) shall be 40% of the site area. Any land area that may be dedicated for road right-of-way purposes or dedicated for preserved open space shall not be deducted from the calculation of the maximum permitted lot coverage.

6. The maximum building coverage shall be 20% of the site area. Any land area that may be dedicated for road right-of-way purposes or dedicated for preserved open space shall not be deducted from the calculation of the maximum permitted lot coverage.

E. Buffers

1. An eighty (80) foot wide buffer shall be established along the northwesterly property boundary of Lots 19.01 and 19.02 in Block 7402. All other tract boundaries shall have a minimum buffer width of 50 feet. Where driveways, parking areas, walkways and utility lines are needed to service the development, such linear improvements may cross required buffer areas provided such intrusions are minimized. Stormwater detention basins and other stormwater management features and facilities may be constructed within required buffer areas provided that a minimum undisturbed buffer area of at least 40 feet is established along the exterior tract boundary as described in Map 4 - Buffer Diagram & Concept Plan. Permitted within required buffer areas are retaining walls, fencing along property boundaries and associated safety fencing.

2. The buffer shall comply with the landscape standards under Section 28-609.E., except as modified by this Redevelopment Plan as follows:

   Existing healthy trees in the buffer area shall be retained to the greatest extent possible. During the review of the site plan application, the Planning Board may require evergreen landscape materials and/or earth tone fencing in such locations, design and size as necessary to provide year-round screening to minimize off-site views into the Site to the greatest degree practicable from adjoining residential properties.

The transition buffer requirements under Section 28-609.E.2. shall be addressed except the dimensions are modified consistent with the buffer widths shown on Map 4, Buffer Diagram & Concept Plan and as indicated in E.1.

F. Recreation Amenities and Security

1. Permitted recreation amenities shall include, but not be limited to a resident clubhouse, resident lounge, a fitness center, a private conference room, an outdoor swimming pool, complimentary Wi-Fi through the common areas, pet-friendly features, a smoke-free environment, and a recreation area serving children of various ages.

2. Required recreation amenities shall include a recreation facilities building/club house with a minimum gross floor area of 5,000 square feet, a fitness center, an outdoor swimming pool, and a recreation area serving children of various ages

3. The site plan submission shall include a proposed program for on-site security. The program shall include a permanent on-site resident superintendent and shall include consideration of some combination of the following: security camera system and a key-fob security system controlling entrances to building and individual apartments.

4. Section 28-505.A. Recreation Required for Multifamily Development shall apply, except that:
   a. The placement of recreational amenities shall comply with the perimeter setback requirements at D.2. above and the perimeter buffer requirements of E.1 and E.2 above except that walking trails shall not subject to these requirements provided such trails are reflected on the site plan approved by the Board after demonstration to the Board that the trails have been placed in a manner that minimizes tree removal.

G. Parking requirements

1. Parking shall be provided in accordance with the Residential Site Improvement Standards, N.J.A.C. 5: 21-1, et seq. De minimis exceptions may be considered by the Planning Board to advance the purposes of this Redevelopment Plan in accordance with the de minimis exception standards authorized by the Residential Site Improvement Standards.

2. Parking spaces shall be located at least 10 feet from a residential building within the development; except where a parking space also provides access to an enclosed garage, no such setback shall be required.

3. Parking lot design shall comply with Section 28-607 unless superseded by the Redevelopment Plan requirements.

4. Section 28-609 G. Parking Lot, Loading and Utility Area Landscaping shall be provided with the exception that parking under the buildings will require permitted modifications to the

landscaping standards to accommodate the design.

H. Exemptions

1. The provisions of Chapter XXIV of the Revised General Ordinances of the Borough of Watchung concerning tree preservation shall not apply to development within this zone except for portions of the tract required to be in buffer areas along the perimeter of the tract. Where tree removal and replacement are in accordance with an approved site plan, an inventory of trees for the entire lot or tract and within undisturbed portions of the required buffer area shall not be required. Tree replacement shall only be required for trees removed in required buffer areas as authorized by an approved site plan. However, to address Site tree removal outside of the required buffer areas, a minimum of one shade tree measuring a minimum of two and one-half to three (2 1/2 – 3) inch caliper shall be provided for each dwelling unit. This provision includes trees required for street tree and parking area plantings, but excludes the trees required for landscape buffers.

I. Building Design Standards

1. All residential buildings shall have similar façade treatments so that they are compatible with one another. Additionally, all sides of any one residential building shall have similar façade treatments.

2. Long buildings shall be broken into façade segments. Any building with a length of over 100 feet shall have off-set facades at least every 30 feet created with setback or bump-out sections being 1.5 feet or more in depth.

3. A variety of materials and architectural features are encouraged to, for example, distinguish the first floor from higher floors, to distinguish top floors from lower floors, and to highlight building entrances.

4. The building design shall include a pitched roof design with a minimum pitch of 4:12.

5. Rooftop HVAC units, if employed, shall be aesthetically shielded by roof insets and appropriately buffered for noise.

J. Overall Building and Site Design Concept.

While the development planned herein represents an important element of the Borough's affordable housing plan, it is critical that the development also be carefully designed in consideration of surrounding land uses, seek to minimize overall land disturbance and tree removal, and be attractively designed. The "Narrative Statement" below, provides a written explanation of the planned building/

architectural design and overall site design concept. This narrative describes how the buildings and site will be attractively and thoughtfully designed.

Narrative Statement

The inclusionary housing development proposed to be implemented under the terms of this Redevelopment Plan is intended to follow the conceptual layout shown on Map 4 - Buffer Diagram & Concept Plan. The concept plan shows six residential buildings positioned to avoid unnecessary intrusions on the environmentally sensitive portions of the site. Those environmentally sensitive areas include wetlands and associated transition areas as well as riparian zones associated with water courses.

The concept plan envisions a total of 230 dwelling units intended for rental occupancy with 20 percent of the total reserved for low- and moderate-income households (for a total of 46 affordable units). The low and moderate-income units will be distributed throughout the development and not concentrated in any one building. Toward the interior of the Site, residential buildings with three-stories exposed on one side and four-stories on the opposite side are proposed. Further to the west, buildings with three-stories on one side and two stories on the opposite side are proposed. The differing story heights are designed to accommodate the sloping nature of the Site and to situate the tallest buildings furthest away from neighboring single-family homes.

Access to the Site is proposed via a pair of driveways in a parkway format that lead to a clubhouse with recreational facilities. This accessory component serves as a focal point for residents and their guests approaching the residential buildings.

Architectural Design Standards. Map 8 Concept Stone Elevation and Map 9 Concept Brick Elevation are shown as conceptual architectural designs. The final architectural design has not been prepared at this time and changes in the architectural plans are likely to occur. Final plans will be submitted and reviewed by the Planning Board.

All materials, colors and details used on the exterior of a building shall be architecturally compatible with the style of such building, as well as with the other buildings, so as to create a cohesive relationship between the buildings. Buildings shall be designed so as to prevent exterior elevations from containing large expanses of blank or featureless walls.

The exterior treatment shall include quality materials, such as brick, stone, "Hardie" board, and/or composite materials, siding and materials of similar quality and duration as is characteristic of luxury building. Among the architectural features proposed are stone counter-tops, tile backsplash and stainless steel kitchen appliances, washer-dryers within each unit, individual

unit specific temperature control, nominal 9 foot ceilings within units, elevators, private balconies in selected units and private garages for a number of resident vehicles.

K. Additional Requirements.

1. Traffic Impact Study. The Redeveloper shall prepare and submit a Traffic Impact Study as part of the site plan application for review by the Board that the addresses the inclusionary development's traffic impact which includes the following:
   a. The existing road network available to serve the proposed development, as well as the proposed road network within the development itself and the surrounding road network which will be affected by the proposed development. This analysis shall include the capacity of the existing and proposed roadways; the anticipated traffic volumes as a result of the proposed development; the physical structure of road networks; and any problem areas in the area road network affected by this development and other planned development with impacts on the road network, including unsafe intersections and vertical or horizontal alignments.
   b. The analysis shall evaluate current and planned development in the surroundings including individual residences or businesses on Bonnie Burn Road, including Weldon Quarry.
   c. The traffic analysis shall consider the County of Union traffic circulation and development in adjoining municipalities that may affect the traffic conditions in the Redevelopment Area.
   d. The Planning Board, during its site plan review, may condition site plan approval consistent with Somerset and Union County Planning Board approvals, as applicable on (1) improvements to on-tract entrances and exits and (2) contributions to off-tract improvements made necessary by the on-tract development.
   e. The Redeveloper will be responsible for off-tract site improvements related to traffic such as a traffic light, acceleration and deceleration lane improvements to achieve sufficient sight distances and related improvements to individual driveway(s) serving the Site fronting onto Bonnie Burn Road.
   f. All off-tract improvements and entrances and exits along Bonnie Burn Road shall be subject to Somerset and Union County Planning Board approval.

2. Environmental Impact Statement and Site Assessment. The site plan submission shall include an Environmental Impact Statement (EIS) pursuant to Section 28-804. The EIS shall be accompanied by a Phase I Environmental Site Assessment and a Phase II Environmental Site Assessment, if necessary. In this fashion, environmental remediation, if necessary, can be incorporated into the site plan approval.

3. The requirements of Article 28-600 shall apply unless specifically modified or waived by this Redevelopment Plan. Notwithstanding any requirements to the contrary, the following specific design requirements shall apply within the Redevelopment Area (to the degree other requirements in the Revised General Ordinances conflict), the following requirements shall apply to development on the Site).
   a. The development shall include sidewalks providing pedestrian access from the parking lots to the buildings and along the access drive to Bonnie Burn Road.
   b. The site shall be designed to properly allow for emergency vehicle maneuverability and access.
   c. All buildings shall be sprinklered.
   d. Notwithstanding any requirements to the contrary, stormwater management facilities may be permitted within yard setbacks as shown on the Map 4, Buffer Diagram & Concept Plan. Such facilities shall be attractively landscaped and/or screened consistent with applicable requirements of Article 28-600.

4. Construction Phasing. The site plan submission shall include a description of the construction phasing (e.g., relative timing of site clearing, grading, placement of utilities, building construction, etc.).

5. Weldon Quarry Lease Notice. A form of notice shall be included in all leases informing future development residents that Weldon Quarry is across Bonnie Burn Road and that it performs blasting on a regular basis. A draft shall be included with the site plan submission.

6. Sanitary Sewers and Other Utilities. The site plan approval shall be conditioned upon the Redeveloper obtaining sewer capacity from the Township of Berkeley Heights, amending the Sewer Service Area and extending the sewers to the development at its sole cost. All utilities are to be located underground.

7. The Redeveloper is responsible for any cost incurred by the Borough to review the required site plan, and related traffic and environmental impact analysis.

8. Construction of the Site shall comply with any and all applicable requirements and regulations related to blasting.

9. Development of the Site shall be subject to the applicable requirements of the following Articles of the Borough LDO: 28-800, Development Application Review Procedures and Checklists; 28-900, Application Fees, Guarantees, Inspections and Off-Tract Improvements; and 28-1200, Administration, Penalties, Repealer, Validity.

10. The following items in the Preliminary Major Application Checklist shall be modified as follows: #12 (Tree Removal/ Tree Replacement Application) shall not be required; and #32 (individual tree locations) shall be provided only in required buffer areas in areas adjacent to the homes located on Oakwood Road East and Mareu Drive bordering the site.

11. The development shall comply with all applicable requirements necessary for the Borough to address its affordable housing obligation including but not necessarily limited to: recording of necessary deed restriction(s); affirmative marketing; bedroom distribution; low/ moderate income split; and engagement of a qualified administrative agent.

12. Upon site plan approval, portions of the Site that are to remain undeveloped (e.g., wetlands, wetlands buffer areas, buffer areas, and open space areas) shall be placed within a duly-recorded conservation easement.

13. A deed restriction within that certain August 2, 1988 Developer's Mount Laurel Agreement is not consistent with the Order on Fairness and Preliminary Compliance Hearing, the Borough's Settlement Agreement with the Fair Share Housing Center, and this Redevelopment Plan. In cooperation with the Borough, the designated Redeveloper shall file a motion to the Court issuing the Order on Fairness and Preliminary Compliance Hearing to remove that deed restriction. That certain Revised Final Plat for Oakwood Estates," filed on March 14, 2011 in the Somerset County Clerk's Office as Map. No. 6408-1205, also conflicts with this Redevelopment Plan, and the Order on Fairness and Preliminary Compliance Hearing and the Borough's Settlement Agreement with the Fair Share Housing Center. This Redevelopment Plan supersedes any bulk requirements and density restrictions imposed by the Plat for Oakwood Estates with regard to the Redevelopment Area. The Redeveloper shall cause a corrective deed to be recorded memorializing this Redevelopment Plan's supersession of the bulk and density requirements imposed by Plat for Oakwood Estates.

SECTION 4. AFFORDABLE HOUSING:

The LHRL provides that the Redevelopment Plan may include the provision of affordable housing in accordance with the "Fair Housing Act" and the housing element of the municipal master plan.

As stated above, the development will be a two hundred-thirty (230) unit multi-family development. Forty-six (46) of the units shall be low- and moderate-income ("affordable") non-age-restricted rental housing units as defined by the New Jersey Fair Housing Act. No less than thirteen percent (13%) of the 46 affordable units shall be very low-income units as defined in the New Jersey Fair Housing Act. The development shall comply with the COAH and UHAC regulations and the Borough's LDO Chapter 28-1000, Affordable Housing Ordinance.

All units within the Site will be deed restricted for low and moderate family occupancy for a period of thirty (30) years from the date of issuance of the Certificate of Occupancy. The controls will continue in accordance with UHAC after the first 30 year period unless and until the Borough chooses to release the restrictions in accordance with UHAC.

SECTION 5. PROPERTY ACQUISITION:

The LHRL requires that the Redevelopment Plan identify properties within the redevelopment area which are proposed to be acquired in accordance with the redevelopment plan. (40A:12A-7.a.(4)).

No acquisition of property by the Borough is involved in this Redevelopment Plan. Further, because the Area in Need of Redevelopment Preliminary Investigation was conducted as a "Non-Condemnation" study, no property may be acquired by the municipality by eminent domain in association with this Redevelopment Plan.

SECTION 6. RELOCATION:

The LHRL requires that the Redevelopment Plan outline adequate provision for the temporary and permanent relocation, as necessary, of residents in the redevelopment area, including an estimate of the extent to which decent, safe and sanitary dwelling units affordable to displaced residents will be available to them in the existing local housing market. (40A:12A-7.a.(3)).

The property currently contains an abandoned residence but is otherwise undeveloped. Therefore, there will be no need to relocate any residents in order to construct this Redevelopment Plan.

SECTION 7. RELATIONSHIP TO PLANS OF OTHER JURISDICTIONS AND TO THE MASTER PLANS OF CONTIGUOUS MUNICIPALITIES, COUNTIES AND/OR STATE:

The LHRL requires that the Redevelopment Plan describe any significant relationship of the redevelopment plan to: the master plans of contiguous municipalities, the master plan of the county in which the municipality is located, and the State Development and Redevelopment Plan. (40A:12A-7.a.(5)).

A. Adjacent Municipalities.

The Site is located in excess of one-half mile from the Township of Berkeley Heights to the west and in excess of one-half mile from the Township of Scotch Plains to the east. The Site is physically and visually separated from, and not located in close proximity to, adjacent municipalities. Given the physical separation of the Site to other municipalities the Redevelopment Plan will not significantly affect any nearby municipalities. However, since development at the Site will rely on Bonnie Burn Road as its sole access, traffic from development within the Site is expected to be added to existing traffic in both Berkeley Heights and Scotch Plains.

B. Somerset County Master Plan, Housing Element and Wastewater Management Plan.

The Somerset County Master Plan, adopted in 1987, includes background data and information, goals and recommendations and implementation strategies pertaining to the following components: Land Use, Housing, Transportation, the Environment and Capital Facilities, the majority of which remain relevant today. In particular, this Redevelopment Plan is consistent with Goal 5 which encourages a variety of housing types.

This Redevelopment Plan is also consistent with various "Guiding Principles" and "Planning Objectives" of the Housing Element of the Somerset County Master Plan (November 2017) including but not limited to the following: Guiding Principle 1 (encouraging a range of housing types); Planning Objective 1C (increase the supply of rental and for purchase housing affordable to low and moderate income households); Guiding Principle 5 (support efforts to advance the State Fair Housing Act); Planning Objective 5A (increase the supply of housing affordable to low- and moderate-income households); and Planning Objective 5B (update, adopt and implement municipal Housing Element and Fair Share Plan).

Completion of the Countywide Wastewater Management Plan (WMP) for Somerset County is being accomplished in phases. The first phase comprised of the updated Countywide Wastewater Service Areas Map was completed in 2013. The Wastewater Service Areas Map, which was adopted by NJDEP, delineates the assigned sewer service areas associated with existing wastewater treatment facilities. Work is currently underway by the County Planning Division on the required wastewater treatment facility capacity analysis and identification of potential strategies for addressing any capacity deficiencies. The majority of the Site (Lots 5 and 10 in Block 7403) is located within the future wastewater service area (Middlesex County Utility Service Area or MCUA) on the updated Countywide Wastewater Service Areas Map adopted by NJDEP. The remainder of the Site (Lots 19.01 and 19.02 in Block 7402) is identified within the sewer service area associated with the portion of the Berkeley Heights Water Pollution Control Plant. However, the Wastewater Service Areas Map notes that the area within Watchung identified within the sewer service area associated with the Berkeley Heights Water Pollution Control Plant would be adopted at a later date. It would thus appear that the Wastewater Service Areas Map would need to be updated. It is noted that the Borough's 2005 and 2011 Master Plan Reexamination Reports both endorse extension of sewer in the area to serve development that was anticipated at those times.

C. The State Development and Redevelopment Plan.

The State Development and Redevelopment Plan (SDRP) was adopted by the State Planning Commission on March 1, 2001. This Redevelopment Plan directly supports the State Plan Policy Goals by facilitating development of a thoughtfully designed rental apartment development with affordable housing that is consistent with local, regional and state land use policies. In particular, the proposed development of the Site is consistent with Goal #6 of the SDRP - "Provide Adequate Housing at a

Reasonable Cost". The proposed development is particularly consistent with the following strategy of the SDRP: "Provide adequate housing at a reasonable cost through public/private partnerships that create and maintain a broad choice of attractive, affordable, ecologically designed housing." The statewide policy map includes the Site within the Suburban Planning Area (PA 2) which encourages a variety of housing choices.

SECTION 8. The Borough Clerk is directed to give notice at least ten (10) days prior to a hearing on the adoption of this Ordinance to the Somerset County Planning Board and to all other persons or entities entitled to notice, including to the Clerk of adjoining municipalities, to the last owner of the Property and all persons at their last known address, if any, whose names are noted on the assessment records as claimants of an interest in the Property. The Borough Clerk shall execute Affidavits of Proof of Service of the notices required by this Section 8, and shall keep the Affidavits on file along with the Proof of Publication of the notice of the required public hearing on the proposed change.

Section 9. After introduction, the Borough Clerk is hereby directed to submit a copy of the within Ordinance to the Planning Board of the Borough of Watchung for its review in accordance with N.J.S.A. 40A:12A-7e. The Planning Board is directed pursuant to N.J.S.A. 40A:12A-7d to transmit to the Borough Council, within forty-five (45) days after referral, a report finding that the Redevelopment Plan shall be substantially consistent with the Borough Master Plan or designed to effectuate the Master Plan or that the Redevelopment Plan is substantially inconsistent with the Borough Master Plan or not designed to effectuate the Master Plan.

Section 10. If any section, paragraph, subdivision, clause or provision of this Ordinance shall be adjudged invalid, such adjudication shall apply only to the section, paragraph, subdivision, clause or provision so adjudged and the remainder of the Ordinance shall be deemed valid and effective.

Section 11. All ordinances or parts of ordinances inconsistent with or in conflict with this Ordinance are hereby repealed to the extent of such inconsistency.

Section 12. This Ordinance shall take effect immediately upon: (i) adoption; (ii) publication in accordance with the laws of the State of New Jersey; and (iii) filing of the final form of adopted Ordinance by the Clerk with the Somerset County Planning Board pursuant to N.J.S.A. 40:55D-16.

ATTEST:

Michelle DeRocco

Michelle DeRocco, Borough Clerk

BOROUGH OF WATCHUNG:

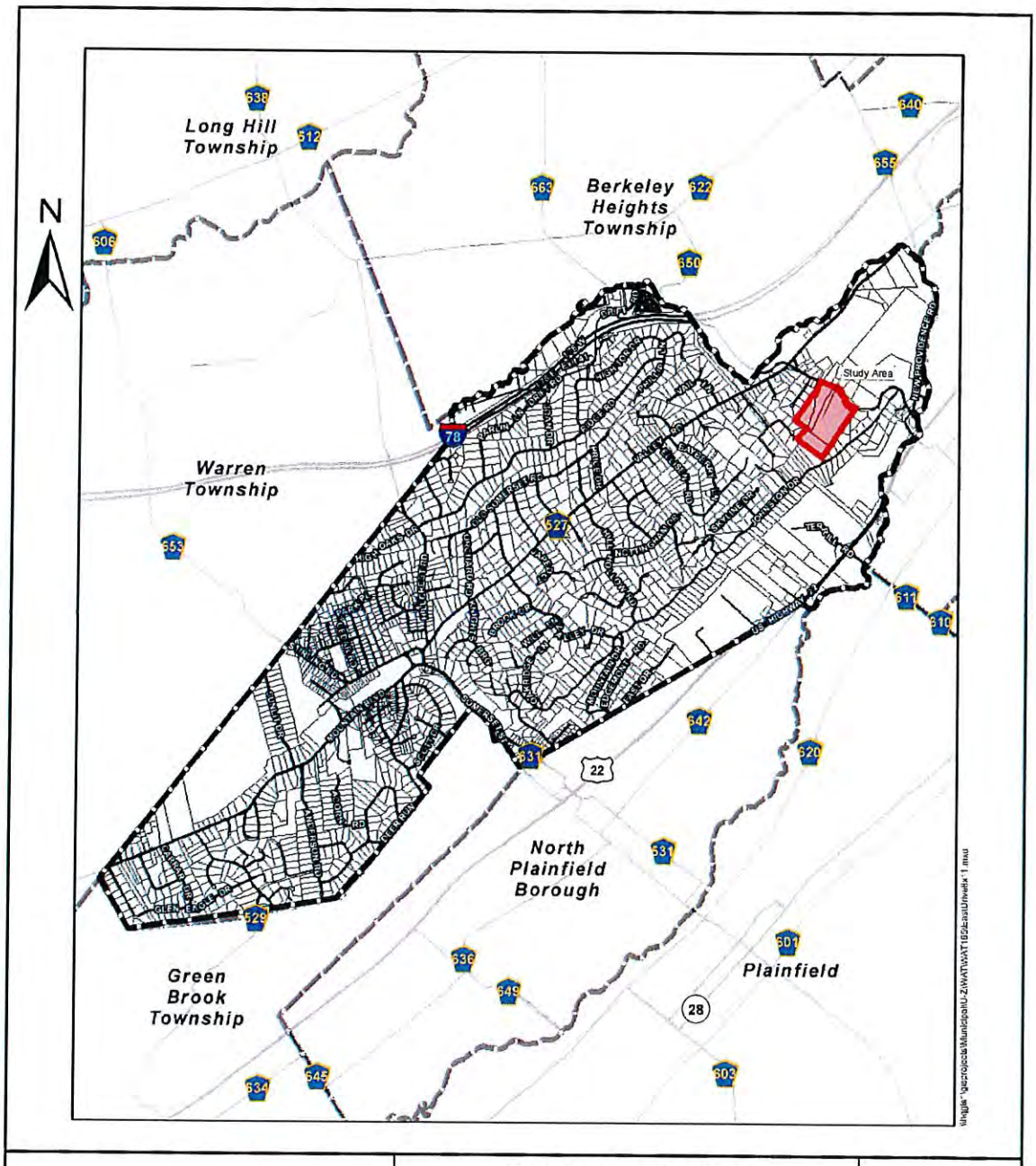
BY: Stephen K. Pote

Stephen K. Pote, Mayor

Introduced: Black

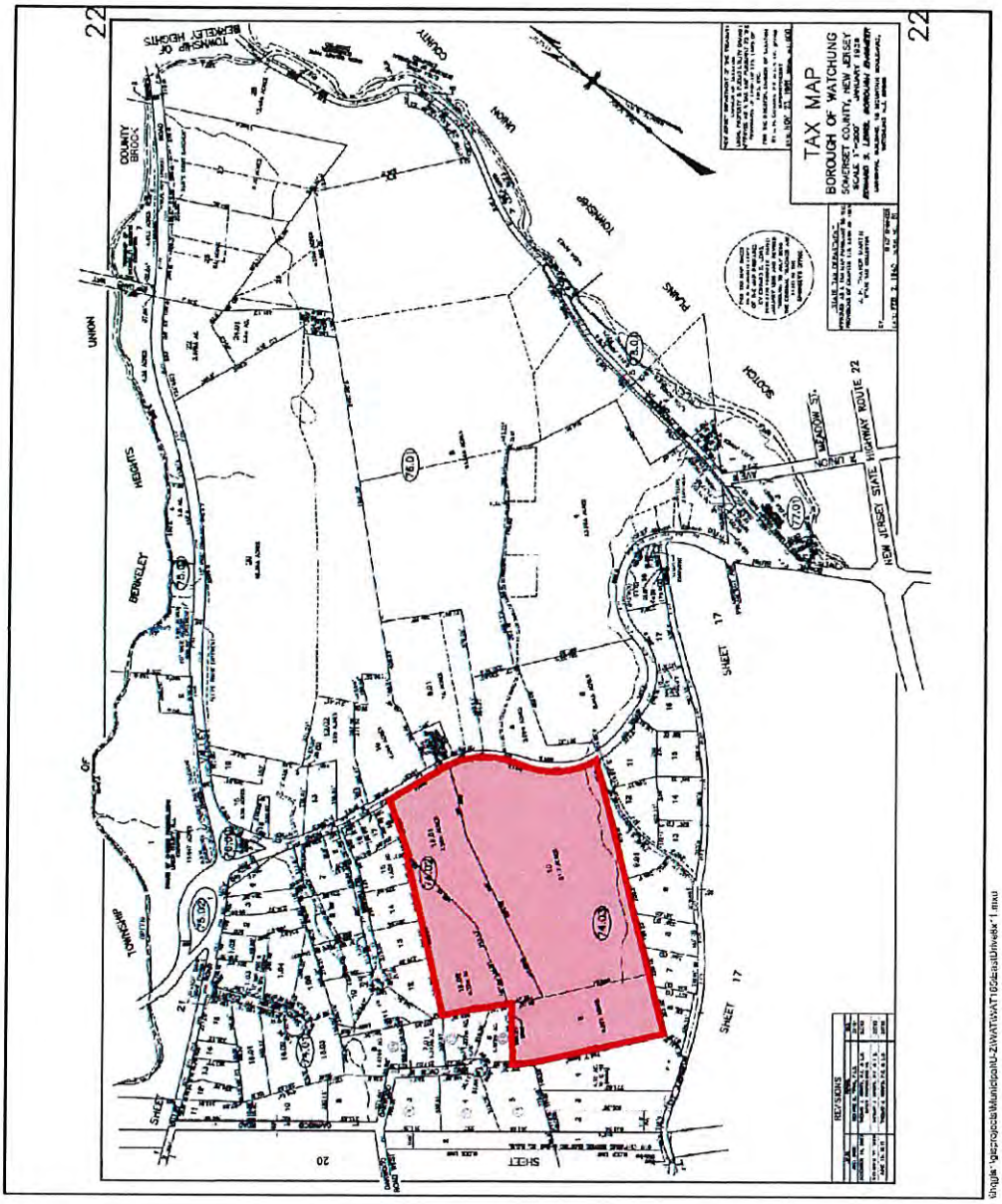
Passed: November 19, 2018
Published: November 24, 2018
Adopted: December 6, 2018

R:\Projects\WAT\WAT-214\Report\Redevelopment Plan\Revision 2 Redevelopment Plan\OR 1820 BB Redevelop_rev181120.docx



Map 1 - Location Map
Bonnie Burn Road Redevelopment Area
Block 7402, Lots 19.01 & 19.02
Block 7403, Lots 5 & 10
Borough of Watchung, Somerset County, New Jersey

MASER CONSULTING P.A.
October 2018



0 300 600 900 1,200 1,500 Feet

Map 2 - Tax Map

Bonnie Burn Road Redevelopment Area

Block 7402, Lots 19.01 & 19.02

Block 7403, Lots 5 & 10

Borough of Watchung, Somerset County, New Jersey

MASER CONSULTING P.A.

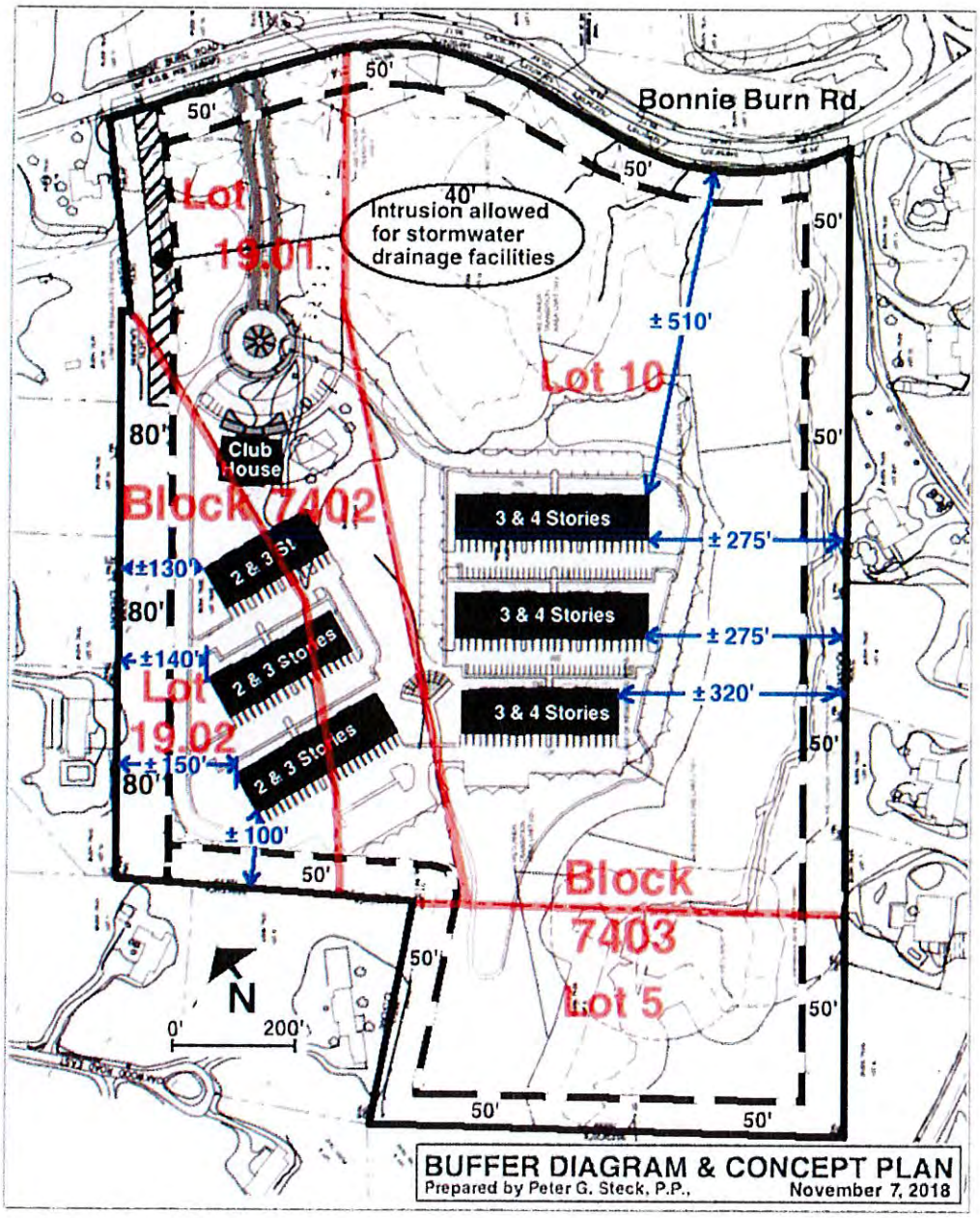
October 2018

0 200 400 600 800 Feet

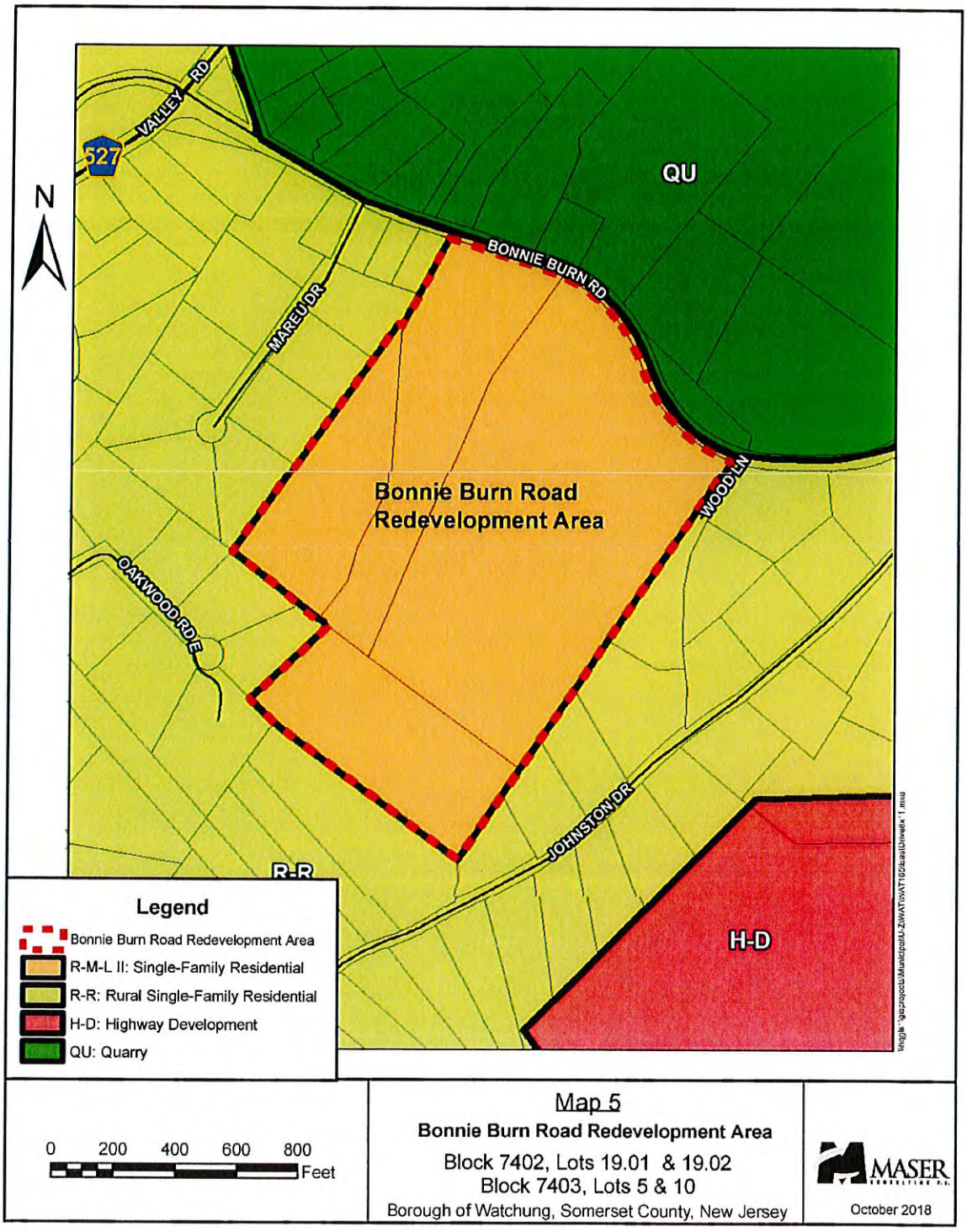
Map 3 - 2015 Aerial Photograph
Bonnie Burn Road Redevelopment Area
Block 7402, Lots 19.01 & 19.02
Block 7403, Lots 5 & 10
Borough of Watchung, Somerset County, New Jersey

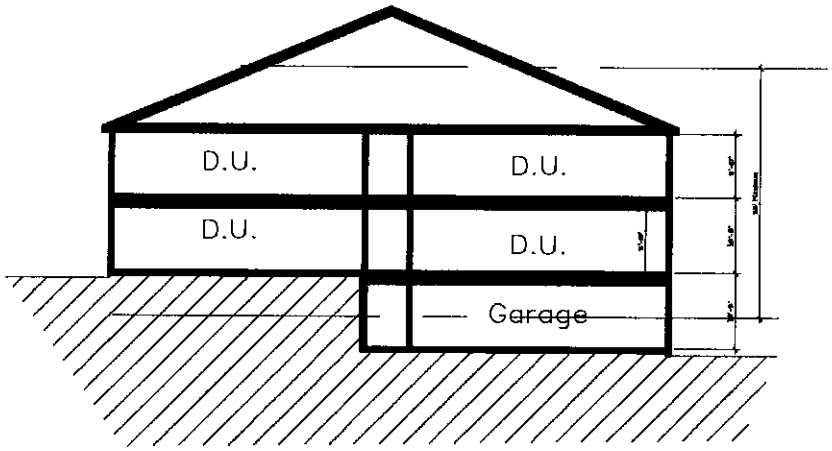
MASER CONSULTING P.A.
October 2018

Proposed Buffer Diagram & Concept Plan with setback dimensions and proposed Approximate Conservation Area Plan
Peter Steck, P.P., Nov. 7, 2018



Map 4

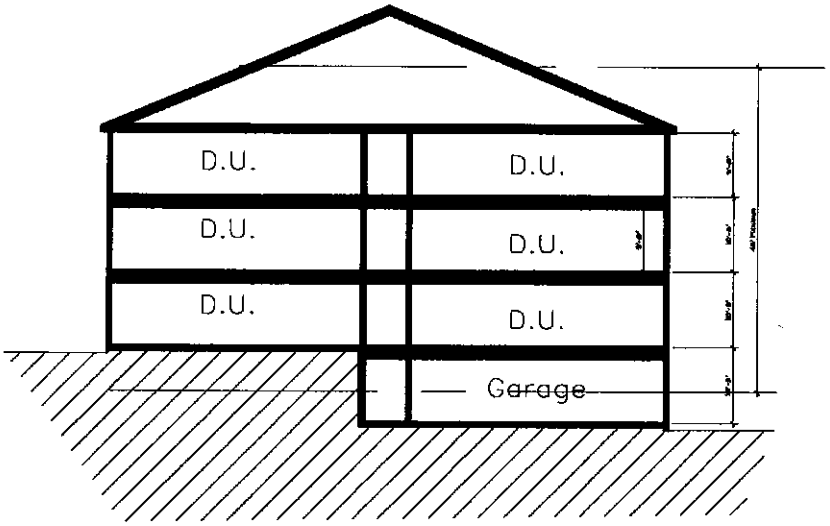

N
VALLEY RD
527
QU
BONNIE BURN RD
MAREU DR
Bonnie Burn Road
Redevelopment Area
WOOD LN
OAKWOOD RD E
JOHNSTON DR
R-R
H-D
Legend
Bonnie Burn Road Redevelopment Area
R-M-L II: Single-Family Residential
R-R: Rural Single-Family Residential
H-D: Highway Development
QU: Quarry
0 200 400 600 800
Feet
Map 5
Bonnie Burn Road Redevelopment Area
Block 7402, Lots 19.01 & 19.02
Block 7403, Lots 5 & 10
Borough of Watchung, Somerset County, New Jersey
MASER
October 2018



Map 6

CONCEPT HEIGHT SECTION

SCALE: 1/16" = 1'-0"



CONCEPT HEIGHT SECTION

SCALE: 1/16" = 1'-0"

Map 7

CONCEPT STONE ELEVATION

This elevation is conceptual only. Final designs have not been prepared. Changes to the plan will occur. Final plans will be submitted and reviewed by the Watchung Planning Board.

Map 8

CONCEPT BRICK ELEVATION

This elevation is conceptual only. Final designs have not been prepared. Changes to the plan will occur. Final plans will be submitted and reviewed by the Watchung Planning Board.

Map 9

Borough Council Resolution Appointing BNE Real Estate Group at the Developer of Bonnie Burn Road Redevelopment Area

BOROUGH OF WATCHUNG

RESOLUTION No. R9:12/06/18

A RESOLUTION CONDITIONALLY SELECTING AND DESIGNATING BNE-WATCHUNG, LLC, AS THE REDEVELOPER OF THE BONNIE BURN ROAD PROPERTY

WHEREAS, on December 6, 2018, the Borough of Watchung Council adopted an Ordinance titled "AN ORDINANCE ADOPTING A 'REDEVELOPMENT PLAN' FOR A NON-CONDEMNATION AREA IN NEED OF REDEVELOPMENT CONSISTING OF BLOCK 7402, LOTS 19.01 AND 19.02 AND BLOCK 7403, LOTS 5 AND 10 AND FURTHER IDENTIFIED AS THE 'BONNIE BURN ROAD REDEVELOPMENT AREA', AS SHOWN ON THE BOROUGH OF WATCHUNG TAX MAP IN ACCORDANCE WITH N.J.S.A. 40A:12A-7"; and

WHEREAS, BNE-WATCHUNG, LLC, a New Jersey limited liability company, is the contract purchaser of certain real property identified as Block 7402, Lots 19.01 and 19.02 and Block 7403, Lots 5 and 10 ("Bonnie Burn Road Redevelopment Area"); and

WHEREAS, the Borough desires to conditionally select and designate BNE-WATCHUNG, LLC, or an urban renewal entity to be created but controlled by BNE-WATCHUNG, LLC, and to be designated in the Redevelopment Agreement, as the redeveloper of the Bonnie Burn Road Redevelopment Area pursuant to N.J.S.A. 40A:12A-8(f) conditioned upon the Borough and BNE-WATCHUNG, LLC, entering into a Redevelopment Agreement and a Financial Agreement (Payment in Lieu of Taxes ("PILOT") Program) acceptable to both parties.

NOW, THEREFORE, BE IT RESOLVED, by the Borough of Watchung Council, County of Somerset, State of New Jersey, as follows:

1. BNE-WATCHUNG, LLC, is hereby conditionally selected and designated as the Redeveloper of the Bonnie Burn Road Redevelopment Area.

2. That designation is conditioned upon the Borough and BNE-WATCHUNG, LLC, entering into a Redevelopment Agreement and a Financial Agreement (Payment in Lieu of Taxes Program), including the adoption of any authorizing Resolution or Ordinance, acceptable to both parties within ninety (90) days of the adoption of this Resolution.

3. BNE-WATCHUNG, LLC, shall be permitted to assign this selection and designation to an urban renewal entity controlled by BNE-WATCHUNG, LLC, to act as the Redeveloper in the Redevelopment Agreement.

4. This Resolution shall take effect immediately.

Council

Stephen K. Pote, Mayor

Dated: December 6, 2018
Index: Appointments, Planning Board
C: T. Atkins, Administrator
B. Hance, CFO
T. Schaefer, Planning Bd. Chair

I, Michelle DeRocco, Municipal Clerk of the Borough of Watchung, County of Somerset, State of New Jersey, do hereby certify the foregoing to be a correct and true copy of a Resolution adopted by the Mayor and Council at a meeting held on December 6, 2018.

Michelle DeRocco, RMC

Borough Council Ordinance #OR_____ Amending Affordable Housing Ordinance

DRAFT

BOROUGH OF WATCHUNG
AFFORDABLE HOUSING ORDINANCE

Ordinance

An Ordinance Replacing Section 1000 To Chapter 28 (Land Development Ordinance) In The Borough of Watchung Code, Which Will Be Entitled "Affordable Housing ", And Will Address The Requirements Of The Fair Housing Act And The Uniform Housing Affordability Controls (UHAC) Regarding Compliance With The Borough's Affordable Housing Obligations.

An Ordinance Removing Section 28-401.Z. Affordable Housing Growth Share Regulations.

NOW, THEREFORE, be it ordained by the Borough Council of the Borough of Watchung, County of Somerset, State of New Jersey, as follows:

Section 1. Article 1000 of Chapter 28 (Development Regulations) of the Code of the Borough of Watchung entitled "Affordable Housing", is hereby removed and replaced by the following regulations under Article 1000 entitled "Affordable Housing", as follows:

Article 28-1000: AFFORDABLE HOUSING

28-1001. PURPOSE AND GENERAL REQUIREMENTS

A. Purpose.

1. This Section is intended to assure that very-low, low-, and moderate-income units ("affordable units") are created with controls on affordability and that very-low, low-, and moderate-income households shall occupy these units. This Section shall apply except where inconsistent with applicable law.

2. The Borough of Watchung entered into a Settlement Agreement between the Borough and Fair Share Housing Center ("FSHC") on June 7, 2018 (hereinafter "FSHC Settlement Agreement"), and the Superior Court Order on Fairness and Preliminary Compliance Hearing, preliminarily approving the FSHC Settlement Agreement, was entered by the Court on September 19, 2018 after a properly noticed Fairness Hearing. The FSHC Settlement Agreement describes how the Borough of Watchung shall address its fair share of very-low, low-, and moderate-income housing which will be documented in the Borough of Watchung Housing Element and Fair Share Plan ("HEFSP") itself.

3. The Borough of Watchung shall track the status of the implementation of the Fair Share Plan.

B. Monitoring and Reporting Requirements.

The Borough of Watchung shall comply with the following monitoring and reporting requirements regarding the status of the implementation of its FSHC Settlement Agreement.

1. Beginning one year after the entry of the Borough's Round 3 Judgment of Compliance and Repose, and on every anniversary of that date through 2025, the Borough shall provide an annual report of its Affordable Housing Trust Fund activity to the New Jersey Department of Community Affairs ('NJDCA"), Council on Affordable Housing "COAH"), or New Jersey Local Government Services ("NJLGS"), or other entity designated by the State of New Jersey, with a copy provided to FSHC and posted on the municipal website, using forms developed for this purpose by the NJDCA, COAH, or NJLGS. The report shall include an accounting of all Affordable Housing Trust Fund activity, including the source and amount of funds collected and the amount and purpose for which any funds have been expended. Such reporting shall include an accounting of development fees collected from residential and non-residential developers, payments in lieu of constructing affordable units on site (if permitted by Ordinance or by Agreement with the Borough), funds from the sale of units with extinguished controls, barrier free escrow funds, rental income from Borough owned affordable housing units, repayments from affordable housing program loans, and any other funds collected in connection with Watchung's affordable housing programs, as well as an accounting of the expenditures of revenues and implementation of the Spending Plan approved by the Court.

2. Beginning one year after the entry of the Borough's Round 3 Judgment of Compliance and Repose, and on every anniversary of that date through 2025, the Borough agrees to provide an annual report of the status of all affordable housing activity within the municipality through posting on the municipal website with a copy of such posting provided to FSHC, using forms previously developed for this purpose by COAH, or any other forms endorsed by the Superior Court Appointed Special Master and FSHC.

3. The Fair Housing Act includes two provisions regarding action to be taken by the Borough during its ten (10) year repose period. The Borough will comply with those provisions as follows:

    a. For the midpoint realistic opportunity review due on July 1, 2020, as required pursuant to N.J.S.A. 52:27D-313, the Borough will post on its municipal website, with a copy provided to FSHC, a status report as to its implementation of its HEFSP and an analysis of whether any unbuilt sites or unfulfilled mechanisms continue to present a realistic opportunity and whether the mechanisms to meet unmet need should be revised or supplemented. Such posting shall invite any interested party to submit comments to the Borough, with a copy to FSHC, regarding whether any sites no longer present a realistic opportunity and should be replaced and whether the mechanisms to meet unmet need should be revised or supplemented. Any interested party may by motion request a hearing before the Superior Court regarding these issues.

b. For the review of very-low-income housing requirements required by N.J.S.A. 52:27D-329.1, within thirty (30) days of the third anniversary of the entry of the Borough's Judgment of Compliance and Repose, and every third year thereafter, the Borough will post on its municipal website, with a copy provided to FSHC, a status report as to its satisfaction of its very-low-income requirements, including the family very-low-income requirements referenced herein. Such posting shall invite any interested party to submit comments to the Borough and FSHC on the issue of whether the Borough has complied with its very-low-income housing obligation under the terms of this settlement.

c. In addition to the foregoing postings, the Borough may also elect to file copies of its reports with COAH or its successor agency at the State level.

28-1002. DEFINITIONS.

The following terms when used in this Section shall have the meanings given in this Section:

"Act" means the Fair Housing Act of 1985, P.L. 1985, c. 222 (N.J.S.A. 52:27D-301 et seq.) as has been subsequently amended.

"Accessory Apartment" shall mean a self-contained residential dwelling unit with a kitchen, sanitary facilities, sleeping quarters and a private entrance, which is created within an existing home, or through the conversion of an existing accessory structure on the same site, or by an addition to an existing home or accessory building, or by the construction of a new accessory structure on the same site.

"Adaptable" means constructed in compliance with the technical design standards of the Barrier Free Subcode, N.J.A.C. 5:23-7.

"Administrative agent" means the entity designated by the Borough responsible for the administration of affordable units in accordance with this ordinance, applicable COAH regulations and the Uniform Housing Affordability Controls (UHAC)(N.J.A.C. 5:80-26.1 et seq.)

"Affirmative marketing" means a regional marketing strategy designed to attract buyers and/or renters of affordable units pursuant to N.J.A.C. 5:80-26.15.

"Affordability average" means the average percentage of median income at which restricted units in an affordable housing development are affordable to low- and moderate-income households.

"Affordable" means a sales price or rent within the means of a very low-, low or moderate-income household as defined by COAH in its applicable regulations or an equivalent controlling New Jersey state agency; in the case of an ownership unit, that the sales price for the unit conforms to the standards set forth in N.J.A.C. 5:80-26.6, as may be amended and supplemented, and, in the case of a rental unit, that the rent for the unit conforms to the standards set forth in N.J.A.C. 5:80-26.12, as may be amended and supplemented.

"Affordable development" means a housing development in which all or a portion of which consists of restricted units.

"Affordable housing development" means a development included in or pursuant to the Borough's Fair Share Plan or otherwise intended to address the Borough's current or future fair share obligation, and includes, but is not limited to, an inclusionary development, a municipal construction project or a 100 percent affordable development.

"Affordable housing program(s)" means any mechanism in the Borough's Fair Share Plan prepared or implemented to address the Borough's fair share obligation.

"Affordable unit" means a housing unit proposed or created pursuant to the Act, credited pursuant to applicable COAH regulations, the FSHC Settlement Agreement, or an order of the Superior Court.

"Agency" means the New Jersey Housing and Mortgage Finance Agency established by P.L. 1983, c. 530 (N.J.S.A. 55:14K-1, et seq.).

"Age-restricted unit" means a housing unit designed to meet the needs of, and exclusively for, the residents of an age-restricted segment of the population where the head of household is a minimum age of either 62 years, or 55 years and meets the provisions of the 42 U.S.C. § 3601 et seq., except that due to death, a remaining spouse of less than 55 years of age shall be permitted to continue to reside.

"Alternative living arrangement" means a structure in which households live in distinct bedrooms, yet share kitchen and plumbing facilities, central heat and common areas. Alternative living arrangements include, but are not limited to: transitional facilities for the homeless; Class A, B, C, D, and E boarding homes as regulated by the State of New Jersey Department of Community Affairs; residential health care facilities as regulate by the New Jersey Department of Health; group homes for the developmentally disabled and mentally ill as licensed and/or regulated by the New Jersey Department of Human Services; and congregate living arrangements.

"Assisted living residence" means a facility licensed by the New Jersey Department of Health and Senior Services to provide apartment-style housing and congregate dining and to assure that assisted living services are available when needed for four or more adult persons unrelated to the proprietor and that offers units containing, at a minimum, one unfurnished room, a private bathroom, a kitchenette and a lockable door on the unit entrance.

"Certified household" means a household that has been certified by an Administrative Agent as a very-low-income household, low-income household or moderate-income household.

"COAH" means the New Jersey Council on Affordable Housing and/or its successors and assigned pursuant to applicable laws.

"The Department" means the Department of Community Affairs of the State of New Jersey, that was established under the New Jersey Fair Housing Act (N.J.S.A. 52:27D-301 et seq.).

"DCA" means the State of New Jersey Department of Community Affairs.

"Deficient housing unit" means a housing unit with health and safety code violations that require the repair or replacement of a major system.

"Developer" means any person, partnership, association, company or corporation that is the legal or beneficial owner or owners of a lot or any land proposed to be included in a proposed development including the holder of an option to contract or purchase, or other person having an enforceable proprietary interest in such land.

"Development" means the division of a parcel of land into two or more parcels, the construction, reconstruction, conversion, structural alteration, relocation, or enlargement of any use or change in the use of any building or other structure, or of any mining, excavation or landfill, and any use or change in the use of any building or other structure, or land or extension of use of land, for which permission may be required pursuant to N.J.S.A. 40:55D-1 et seq.

"Inclusionary development" means a development containing both affordable units and market rate units. This term includes, but is not necessarily limited to: new construction, the conversion of a non-residential structure to residential and the creation of new affordable units through the reconstruction of a vacant residential structure.

"Low-income household" means a household with a total gross annual household income equal to 50 percent or less of the median household income.

"Low-income unit" means a restricted unit that is affordable to a low-income household.

"Major system" means the primary structural, mechanical, plumbing, electrical, fire protection, or occupant service components of a building, which include but are not limited to, weatherization, roofing, plumbing (including wells), heating, electricity, sanitary plumbing (including septic systems), lead paint abatement or load bearing structural systems.

"Market-rate units" means housing not restricted to low- and moderate-income households that may sell or rent at any price.

"Median-income" means the median income by household size for the applicable housing region, as updated annually by COAH or through a court-approved process.

"Moderate-income household" means a household with a total gross annual household income in excess of 50 percent but less than 80 percent of the median household income.

"Moderate-income unit" means a restricted unit that is affordable to a moderate-income household.

"Municipal Housing Liaison" means the employee charged by the governing body with the responsibility for oversight and administration of the affordable housing program for Watchung.

"Non-exempt sale" means any sale or transfer of ownership other than the transfer of ownership between husband and wife; the transfer of ownership between former spouses ordered as a result of a judicial decree of divorce or judicial separation, but not including sales to third parties; the transfer of ownership between family members as a result of inheritance; the transfer of ownership through an executor's deed to a class A beneficiary and the transfer of ownership by court order.

"Random selection process" means a process by which currently income-eligible households are selected for placement in affordable housing units such that no preference is given to one applicant over another except for purposes of matching household income and size with an appropriately priced and sized affordable unit (e.g., by lottery).

"Regional asset limit" means the maximum housing value in each housing region affordable to a four-person household with an income at 80 percent of the regional median as defined by the Department's adopted Regional Income Limits published annually by COAH, a successor entity or established by the Court.

"Rehabilitation" means the repair, renovation, alteration or reconstruction of any building or structure, pursuant to the Rehabilitation Subcode, N.J.A.C. 5:23-6.

"Rent" means the gross monthly cost of a rental unit to the tenant, including the rent paid to the landlord, as well as an allowance for tenant-paid utilities computed in accordance with allowances published by DCA for its Section 8 program. In assisted living residences, rent does not include charges for food and services.

"Restricted unit" means a dwelling unit, whether a rental unit or ownership unit, that is subject to the affordability controls of N.J.A.C. 5:80-26.1, as may be amended and supplemented.

"UHAC" means the Uniform Housing Affordability Controls set forth in N.J.A.C. 5:80-26.1 et seq.

"Very-low-income household" means a household with a total gross annual household income equal to 30 percent or less of the median household income.

"Very-low-income unit" means a restricted unit that is affordable to a very low-income household.

"Weatherization" means building insulation (for attic, exterior walls and crawl space), siding to improve energy efficiency, replacement storm windows, replacement storm doors, replacement windows and replacement doors, and is considered a major system for rehabilitation.

28-1003. APPLICABILITY.

A. The provisions of this Section shall apply to all affordable housing developments and affordable housing units that currently exist and that are proposed to be created within the Borough of Watchung pursuant to the Borough's most recently adopted HEFSP.

B. This Section shall apply to all developments that contain very low, low-and moderate-income housing units, including any currently unanticipated future developments that will provide affordable housing units.

C. In addition, any property in the Borough of Watchung that is currently zoned for nonresidential uses and that is subsequently rezoned for residential purposes or receives a zoning change or a use variance to permit residential development, or receives a zoning change or a density variance to permit higher density residential development in accordance with Section 28-401.AB.

28-1004. REHABILITATION PROGRAMS.

A. The Borough of Watchung and FSHC have agreed that the Borough's Round 3 (1999-2025) indigenous need Rehabilitation Obligation is four (4) units, as adjusted through the FSHC Settlement Agreement. The Borough will address its Round 3 Rehabilitation Obligation via continuation of the Borough Rehabilitation Program. The rehabilitation program will update and renovate deficient housing units occupied by low- and moderate-income households such that, after rehabilitation, these units will comply with the New Jersey State Housing Code pursuant to N.J.A.C. 5:28. The Borough Rehabilitation Program shall be operated in accordance with the Borough's Rehabilitation Manual.

1. All rehabilitated rental and owner-occupied units shall remain affordable to low- and moderate-income households for a period of at least ten (10) years (the control period). For owner-occupied units, the control period will be enforced with a lien and for renter occupied units the control period will be enforced with a deed restriction.

2. The Borough of Watchung shall dedicate an average of at least ten thousand dollars ($10,000) for each unit to be rehabilitated through this program, reflecting the minimum hard cost of rehabilitation for each unit.

3. Units in the rehabilitation programs shall be administered in accordance with the Borough Rehabilitation Manual, and the following:

   a. If a unit is vacant, upon initial rental subsequent to rehabilitation, or if a renter-occupied unit is re-rented prior to the end of controls on affordability, the deed restriction shall require the unit to be rented to an income eligible household at an affordable rent and affirmatively marketed pursuant to N.J.A.C. 5:93-9 and UHAC.

b. If a unit is renter-occupied, upon completion of the rehabilitation, the maximum rate of rent shall be the lesser of the current rent or the maximum permitted rent pursuant to N.J.A.C. 5:93-9 and UHAC.

c. Rents in rehabilitated units may increase annually based on the standards in N.J.A.C. 5:93-9 or the standards set forth in this ordinance at Section 28-1007(H).

d. Applicant and/or tenant households shall be certified as income-eligible in accordance with N.J.A.C. 5:93-9 and UHAC, except that households in owner occupied units shall be exempt from the regional asset limit.

28-1005. ALTERNATIVE LIVING ARRANGEMENTS.

A. The administration of an alternative living arrangement shall be in compliance with N.J.A.C. 5:93-5.8 and UHAC, with the following exceptions:

1. Affirmative marketing (N.J.A.C. 5:80-26.15), provided, however, that the units or bedrooms may be affirmatively marketed by the provider in accordance with an alternative plan approved by the Superior Court;

2. Affordability average and bedroom distribution (N.J.A.C. 5:80-26.3).

B. With the exception of units established with capital funding through a twenty (20) year operating contract with the Department of Human Services, Division of Developmental Disabilities, alternative living arrangements shall have at least thirty (30) year controls on affordability in accordance with UHAC, unless an alternative commitment is approved by the Superior Court.

C. The service provider for the alternative living arrangement shall act as the Administrative Agent for the purposes of administering the affirmative marketing and affordability requirements for the alternative living arrangement.

28-1006. PHASING SCHEDULE FOR INCLUSIONARY DEVELOPMENTS.

In inclusionary developments the following schedule shall be followed:

Maximum Percentage of Market-Rate Units Completed	Minimum Percentage of Very Low, Low and Moderate-Income Units Completed
25	0
25+1	10
50	50
75	75
90	100
100	-

28-1007. NEW CONSTRUCTION.

A. Low/Moderate Split and Bedroom Distribution of Affordable Housing Units:

1. The fair share obligation shall be divided equally between low- and moderate-income units, except that where there is an odd number of affordable housing units, the extra unit shall be a low-income unit. At least thirteen percent (13%) of all restricted rental units shall be very-low-income units (affordable to a household earning thirty percent (30%) or less of regional median income). The very-low-income units shall be counted as part of the required number of low-income units within the development. At least twenty-five percent (25%) of the obligation shall be met through rental units, including at least half in rental units available to families. At least fifty percent (50%) of the very-low-income units must be available to families. A maximum of 25 percent (25%) may be age restricted.

2. In each affordable development, at least fifty percent (50%) of the restricted units within each bedroom distribution shall be very-low or low-income units.

3. Affordable developments that are not age-restricted shall be structured in conjunction with realistic market demands such that:

   a. The combined number of efficiency and one (1) bedroom units shall be at least ten percent and no greater than twenty percent (20%) of the total affordable units;

   b. At least thirty percent (30%) of all affordable units shall be two (2) bedroom units;

   c. At least twenty percent (20%) of all affordable units shall be three (3) bedroom units; and

   d. The remaining units may be allocated among two (2) bedroom units only.

4. Affordable developments that are age-restricted shall be structured such that the number of bedrooms shall equal the number of age-restricted very low-, low- and moderate-income units within the inclusionary development. This standard may be met by having all one (1) bedroom units or by having a two (2) bedroom unit for each efficiency unit.

B. Accessibility Requirements:

1. The first floor of all restricted townhouse dwelling units and all restricted units in all other multistory buildings shall be subject to the technical design standards of the Barrier Free Subcode (N.J.A.C. 5:23-7).

2. All restricted townhouse dwelling units and all restricted units in other multistory buildings in which a restricted dwelling unit is attached to at least one (1) other dwelling unit shall have the following features:

   a. An adaptable toilet and bathing facility on the first floor; and

   b. An adaptable kitchen on the first floor; and

   c. An interior accessible route of travel on the first floor; and

   d. An adaptable room that can be used as a bedroom, with a door or the casing for the installation of a door, on the first floor; and

   e. If all of the foregoing requirements in paragraphs B.2.a. through B.2.d. above cannot be satisfied, then an interior accessible route of travel must be provided between stories within an individual unit, but if all of the terms of paragraphs .B.2.a through B.2.d. above have been satisfied, then an interior accessible route of travel shall not be required between stories within an individual unit; and

   f. An accessible entranceway as set forth at P.L. 2005, c. 350 (N.J.S.A. 52:27D-311a, et seq.) and the Barrier Free Subcode (N.J.A.C. 5:23-7), or evidence that Watchung has collected funds from the developer sufficient to make ten percent (10%) of the adaptable entrances in the development accessible:

      (1) Where a unit has been constructed with an adaptable entrance, upon the request of a person with disabilities who is purchasing or will reside in the dwelling unit, an accessible entrance shall be installed.

      (2) To this end, the builder of restricted units shall deposit funds into the Borough of Watchung's Affordable Housing Trust Fund sufficient to install accessible entrances in ten percent (10%) of the affordable units that have been constructed with adaptable entrances.

(3) The funds deposited under Paragraph 2(f) above shall be used by the Borough of Watchung for the sole purpose of making the adaptable entrance of an affordable unit accessible when requested to do so by a person with a disability who occupies or intends to occupy the unit and requires an accessible entrance.

(4) The developer of the restricted units shall submit a design plan and cost estimate to the Construction Official of the Borough of Watchung for the conversion of adaptable to accessible entrances.

(5) Once the Construction Official has determined that the design plan to convert the unit entrances from adaptable to accessible meet the requirements of the Barrier Free Subcode, N.J.A.C. 5:23-7, and that the cost estimate of such conversion is reasonable, payment shall be made to the Borough's Affordable Housing Trust Fund in care of the Borough Chief Financial Officer who shall ensure that the funds are deposited into the Affordable Housing Trust Fund and appropriately earmarked.

g. Full compliance with the foregoing provisions shall not be required where an entity can demonstrate that it is "site impracticable" to meet the requirements. Determinations of site impracticability shall be in compliance with the Barrier Free Subcode (N.J.A.C. 5:23-7).

C. Design:

1. In inclusionary developments, very-low, low-, and moderate-income units shall be integrated with the market units to the extent possible.

2. In inclusionary developments, very-low, low-, and moderate-income units shall have access to all of the same common elements and facilities as the market units.

D. Maximum Rents and Sales Prices:

1. In establishing rents and sales prices of affordable housing units, the Administrative Agent shall follow the procedures set forth in UHAC, utilizing the most recently published regional weighted average of the uncapped Section 8 income limits published by HUD.

2. The maximum rent for restricted rental units within each affordable development shall be affordable to households earning no more than sixty percent (60%) of median income, and the average rent for restricted rental units shall be affordable to households earning no more than fifty-two percent (52%) of median income.

3. The developers and/or municipal sponsors of restricted rental units shall establish at least one (1) rent for each bedroom type for very low-, low-income and moderate-income units, provided that at least thirteen percent (13%) of all low- and moderate-

income rental units shall be affordable to very-low-income households, which very-low-income units shall be part of the low-income requirement.

4. The maximum sales price of restricted ownership units within each affordable development shall be affordable to households earning no more than seventy percent (70%) of median income, and each affordable development must achieve an affordability average of fifty-five percent (55%) for restricted ownership units; in achieving this affordability average, moderate-income ownership units must be available for at least three (3) different sales prices for each bedroom type, and low-income ownership units must be available for at least two (2) different sales prices for each bedroom type.

5. In determining the initial sales prices and rent levels for compliance with the affordability average requirements for restricted units other than assisted living facilities and age-restricted developments, the following standards shall be used:

   a. A studio shall be affordable to a one (1) person household;

   b. A one (1) bedroom unit shall be affordable to a one and one-half (1.5) person household;

   c. A two (2) bedroom unit shall be affordable to a three (3) person household;

   d. A three (3) bedroom unit shall be affordable to a four and one-half (4.5) person household; and

E. In determining the initial sales prices and rents for compliance with the affordability average requirements for restricted units in assisted living facilities and age-restricted developments, the following standards shall be used:

   1. A studio shall be affordable to a one (1) person household;

   2. A one (1) bedroom unit shall be affordable to a one and one-half (1.5) person household; and

   3. A two (2) bedroom unit shall be affordable to a two (2) person household or to two (2) one (1) person households.

F. The initial purchase price for all restricted ownership units shall be calculated so that the monthly carrying cost of the unit, including principal and interest (based on a mortgage loan equal to ninety-five percent (95%) of the purchase price and the Federal Reserve H.15 rate of interest), taxes, homeowner and private mortgage insurance and condominium or homeowner association fees do not exceed twenty-eight percent (28%) of the eligible monthly income of the appropriate size household as determined under N.J.A.C. 5:80-26.4, as may be amended and supplemented;

provided, however, that the price shall be subject to the affordability average requirement of N.J.A.C. 5:80-26.3, as may be amended and supplemented.

G. The initial rent for a restricted rental unit shall be calculated so as not to exceed thirty percent (30%) of the eligible monthly income of the appropriate size household, including an allowance for tenant paid utilities, as determined under N.J.A.C. 5:80-26.4, as may be amended and supplemented; provided, however, that the rent shall be subject to the affordability average requirement of N.J.A.C. 5:80-26.3, as may be amended and supplemented.

H. Income limits for all units that are part of the Borough's HEFSP, and for which income limits are not already established through a federal program exempted from the UHAC pursuant to N.J.A.C. 5:80-26.1, shall be updated by the Borough annually within sixty (60) days of the publication of determinations of median income by HUD as follows:

1. Regional income limits shall be established for Region 3 based on the median income by household size, which shall be established by a regional weighted average of the uncapped Section 8 income limits published by HUD. To compute this regional income limit, the HUD determination of median County income for a family of four is multiplied by the estimated households within the County according to the most recent decennial Census. The resulting product for each County within the housing region is summed. The sum is divided by the estimated total households from the most recent decennial Census in the municipality's housing region. This quotient represents the regional weighted average of median income for a family of four. The income limit for a moderate-income unit for a household of four shall be 80 percent of the regional weighted average median income for a family of four. The income limit for a low-income unit for a household of four shall be 50 percent of the regional weighted average median income for a family of four. The income limit for a very low-income units for a household of four shall be 30 percent of the regional weighted average median income for a family of four. These income limits shall be adjusted by household size based on multipliers used by HUD to adjust median income by household size. In no event shall the income limits be less than the previous year.

2. The income limits are the result of applying the percentages set forth in paragraph H.1. above to HUD's determination of median income for the current Fiscal Year and shall be utilized by the Borough until the Borough updates the income limits after HUD has published revised determinations of median income for the next fiscal year.

3. The Regional Asset Limit used in determining an applicant's eligibility for affordable housing pursuant to N.J.A.C. 5:80-26.16(b)3 shall be calculated by the municipality annually by taking the percentage increase of the income limits calculated pursuant to paragraph H.1. above over the previous year's income limits and applying the same percentage increase to the Regional Asset Limit

from the prior year. In no event shall the Regional Asset Limit be less than that for the previous year.

I. In establishing sale prices and rents of affordable housing units, the Administrative Agent shall follow the procedures set forth in UHAC, utilizing the regional income limits established pursuant to the process defined above:

1. The resale prices of owner-occupied very-low, low- and moderate-income units may be increased annually based on the percentage increase in the regional median income limit for each housing region determined pursuant to paragraph H above. In no event shall the maximum resale price established by the Administrative Agent be lower than the last recorded purchase price.

2. The rent levels of very-low, low and moderate-income units may be increased annually based on the permitted percentage increase in the Housing Consumer Price Index for the Northeast Urban Region, upon its publication for the prior calendar year. This increase shall not exceed nine percent in any one year. Rents for units constructed pursuant to low- income housing tax credit regulations shall be indexed pursuant to the regulations governing low- income housing tax credits.

28-1008. UTILITIES.

A. Affordable units shall utilize the same type of heating source as market units within an inclusionary development.

B. Tenant-paid utilities included in the utility allowance shall be set forth in the lease and shall be consistent with the utility allowance approved by the NJDCA for its Section 8 program.

28-1009. OCCUPANCY STANDARDS.

In referring certified households to specific restricted units, the Administrative Agent shall, to the extent feasible and without causing an undue delay in the occupancy of a unit, strive to:

A. Provide an occupant for each bedroom;

B. Provide children of different sexes with separate bedrooms;

C. Provide separate bedrooms for parents and children; and

D. Prevent more than two (2) persons from occupying a single bedroom.

28-1010. CONTROL PERIODS FOR RESTRICTED OWNERSHIP UNITS AND ENFORCEMENT MECHANISMS.

A. Control periods for restricted ownership units shall be in accordance with N.J.A.C. 5:80-26.5, as may be amended and supplemented, and each restricted ownership unit shall remain subject to the requirements of this Section for a period of at least thirty (30) years, until Watchung Borough takes action to release the unit from such requirements; prior to such action, a restricted ownership unit must remain subject to the requirements of N.J.A.C. 5:80-26.1, as may be amended and supplemented.

B. The affordability control period for a restricted ownership unit shall commence on the date the initial certified household takes title to the unit.

C. Prior to the issuance of the initial certificate of occupancy for a restricted ownership unit and upon each successive sale during the period of restricted ownership, the Administrative Agent, shall determine the restricted price for the unit and shall also determine the non-restricted, fair market value of the unit based on either an appraisal or the unit's equalized assessed value without the restrictions in place.

D. At the time of the initial sale of the unit, the initial purchaser shall execute and deliver to the Borough's Administrative Agent, a recapture note obligating the purchaser (as well as the purchaser's heirs, successors and assigns) to repay, upon the first non-exempt sale after the unit's release from the restrictions set forth in this Section, an amount equal to the difference between the unit's non-restricted fair market value and its restricted price, and the recapture note shall be secured by a recapture lien evidenced by a duly recorded mortgage on the unit.

E. The affordability controls set forth in this Section shall remain in effect despite the entry and enforcement of any judgment of foreclosure with respect to restricted ownership units.

F. A restricted ownership unit shall be required to obtain a Continuing Certificate of Occupancy or a certified statement from the Construction Official stating that the unit meets all Code standards upon the first transfer of title following the removal of the restrictions provided under N.J.A.C. 5:80-26.5(a), as may be amended and supplemented.

28-1011. PRICE RESTRICTIONS FOR RESTRICTED OWNERSHIP UNITS, HOMEOWNER ASSOCIATION FEES AND RESALE PRICES.

Price restrictions for restricted ownership units shall be in accordance with N.J.A.C. 5:80-26.1, as may be amended and supplemented, including:

A. The initial purchase price for a restricted ownership unit shall be approved by the Borough's Administrative Agent.

B. The Borough's Administrative Agent shall approve all resale prices, in writing and in advance of the resale, to assure compliance with the foregoing standards.

C. The master deeds of inclusionary developments shall provide no distinction between the condominium or homeowner association fees and special assessments paid by low- and moderate-income purchasers and those paid by market purchasers, unless the master deed for the inclusionary project was executed prior to the enactment of UHAC.

D. The owners of restricted ownership units may apply to the Borough's Administrative Agent, to increase the maximum sales price for the unit on the basis of anticipated capital improvements. Eligible capital improvements shall be those that render the unit suitable for a larger household or the addition of a bathroom. See Sec. 28-1014.

28-1012. BUYER INCOME ELIGIBILITY.

A. Buyer income eligibility for restricted ownership units shall be in accordance with N.J.A.C. 5:80-26.1, as may be amended and supplemented, such that very low- income ownership units shall be reserved for households with a gross household income less than or equal to thirty percent (30%) of median income, low-income ownership units shall be reserved for households with a gross household income less than or equal to fifty percent (50%) of median income and moderate-income ownership units shall be reserved for households with a gross household income less than eighty percent (80%) of median income.

B. The Administrative Agent shall certify a household as eligible for a restricted ownership unit when the household is a low-income household or a moderate-income household, as applicable to the unit, and the estimated monthly housing cost for the particular unit (including principal, interest, taxes, homeowner and private mortgage insurance and condominium or homeowner association fees, as applicable) does not exceed thirty-three percent (33%) of the household's eligible monthly income.

28-1013. LIMITATIONS ON INDEBTEDNESS SECURED BY OWNERSHIP UNIT; SUBORDINATION.

A. Prior to incurring any indebtedness to be secured by a restricted ownership unit, the owner shall apply to the Borough's Administrative Agent for a determination in writing that the proposed indebtedness complies with the provisions of this Section, and the Borough's Administrative Agent shall issue such determination prior to the owner incurring such indebtedness.

B. With the exception of First Purchase Money Mortgages, neither an owner nor a lender shall at any time cause or permit the total indebtedness secured by a restricted ownership unit to exceed ninety-five percent (95%) of the maximum allowable resale price of the unit, as such price is determined by the Borough's Administrative Agent, accordance with N.J.A.C. 5:80-26.6(b).

28-1014. CAPITAL IMPROVEMENTS TO OWNERSHIP UNITS.

A. The owners of restricted ownership units may apply to the Borough's Administrative Agent, to increase the maximum sales price for the unit on the basis of capital improvements made since the purchase of the unit. Eligible capital improvements shall be those that render the unit suitable for a larger household or that add an additional bathroom. In no event shall the maximum sales price of an improved housing unit exceed the limits of affordability for the larger household.

B. Upon the resale of a restricted ownership unit, all items of property that are permanently affixed to the unit or were included when the unit was initially restricted (for example, refrigerator, range, washer, dryer, dishwasher, wall-to-wall carpeting) shall be included in the maximum allowable resale price. Other items may be sold to the purchaser at a reasonable price that has been approved by the Borough's Administrative Agent, at the time of the signing of the agreement to purchase. The purchase of central air conditioning installed subsequent to the initial sale of the unit and not included in the base price may be made a condition of the unit resale provided the price, which shall be subject to ten (10) year, straight-line depreciation, has been approved by the Borough's Administrative Agent. Unless otherwise approved by the Borough's Administrative Agent, the purchase of any property other than central air conditioning shall not be made a condition of the unit resale. The owner and the purchaser must personally certify at the time of closing that no unapproved transfer of funds for the purpose of selling and receiving property has taken place at the time of or as a condition of resale.

28-1015. CONTROL PERIODS FOR RESTRICTED RENTAL UNITS.

A. Control periods for restricted rental units shall be in accordance with N.J.A.C. 5:80-26.11, as may be amended and supplemented, and each restricted rental unit shall remain subject to the requirements of this Section for a period of at least thirty (30) years, until Watchung Borough takes action to release the unit from such requirements. Prior to such

action, a restricted rental unit must remain subject to the requirements of N.J.A.C. 5:80-26.1, as may be amended and supplemented.

B. Deeds of all real property that include restricted rental units shall contain deed restriction language. The deed restriction shall have priority over all mortgages on the property, and the deed restriction shall be filed by the developer or seller with the records office of the County of Somerset. The deed shall also identify each affordable unit by apartment number and/or address and whether that unit is designated as a very low, low or moderate income unit. Neither the unit nor its affordability designation shall change throughout the term of the deed restriction. A copy of the filed document shall be provided to the Borough's Administrative Agent within thirty (30) days of the receipt of a Certificate of Occupancy.

C. A restricted rental unit shall remain subject to the affordability controls described in this Section despite the occurrence of any of the following events:

1. Sublease or assignment of the lease of the unit;

2. Sale or other voluntary transfer of the ownership of the unit; or

3. The entry and enforcement of any judgment of foreclosure on the property containing the unit.

28-1016. RENT RESTRICTIONS FOR RENTAL UNITS; LEASES.

A. A written lease shall be required for all restricted rental units and tenants shall be responsible for security deposits and the full amount of the rent as stated on the lease. A copy of the current lease for each restricted rental unit shall be provided to the Borough's Administrative Agent.

B. No additional fees or charges shall be added to the approved rent (except, in the case of units in an assisted living residence, to cover the customary charges for food and services) without the express written approval of the Borough's Administrative Agent.

C. Application fees (including the charge for any credit check) shall not exceed five percent (5%) of the monthly rent of the applicable restricted unit and shall be payable to the Developer and/or Landlord or to the Borough's Administrative Agent. If the fees are paid to the Borough's Administrative Agent, they are to be applied to the costs of administering the controls applicable to the unit as set forth in this Section.

D. No rent control ordinance or other pricing restriction shall be applicable to either the market units or the affordable units in any development in which at least fifteen percent (15%) of the total number of dwelling units are restricted rental units in compliance with this Ordinance.

28-1017. TENANT INCOME ELIGIBILITY.

A. Tenant income eligibility shall be in accordance with N.J.A.C. 5:80-26.13, as may be amended and supplemented, and shall be determined as follows:

   1. Very-low-income rental units shall be reserved for households with a gross household income less than or equal to thirty percent (30%) of the regional median household income by household size.

   2. Low-income rental units shall be reserved for households with a gross household income less than or equal to fifty percent (50%) of the regional median household income by household size.

   3. Moderate-income rental units shall be reserved for households with a gross household income less than eighty percent (80%) of the regional median household income by household size.

B. The Borough's Administrative Agent, shall certify a household as eligible for a restricted rental unit when the household is a very low-income household, low-income household or a moderate-income household, as applicable to the unit, and the rent proposed for the unit does not exceed thirty-five percent (35%) (forty percent (40%) for age-restricted units) of the household's eligible monthly income as determined pursuant to N.J.A.C. 5:80-26.16, as may be amended and supplemented; provided, however, that this limit may be exceeded if one or more of the following circumstances exists:

   1. The household currently pays more than thirty-five percent (35%) (forty percent (40%) for households eligible for age-restricted units) of its gross household income for rent, and the proposed rent will reduce its housing costs;

   2. The household has consistently paid more than thirty-five percent (35%) (forty percent (40%) for households eligible for age-restricted units) of eligible monthly income for rent in the past and has proven its ability to pay;

   3. The household is currently in substandard or overcrowded living conditions;

   4. The household documents the existence of assets with which the household proposes to supplement the rent payments; or

   5. The household documents reliable anticipated third-party assistance from an outside source such as a family member in a form acceptable to the Administrative Agent and the owner of the unit.

C. The applicant shall file documentation sufficient to establish the existence of the circumstances in B.1. through B.5. above with the Borough's Administrative Agent, who shall counsel the household on budgeting.

28-1017. MUNICIPAL HOUSING LIAISON.

A. The position of Municipal Housing Liaison (MHL) for the Borough of Watchung is established by this Section. The Borough shall make the actual appointment of the MHL by means of a resolution.

1. The MHL must be either a full-time or part-time employee of Watchung.

2. The person appointed as the MHL must be reported to the Superior Court and thereafter posted on the Borough's website.

3. The MHL shall be duly qualified through a training program provided by the Borough Administrative Agent before assuming the duties of Municipal Housing Liaison.

4. The Municipal Housing Liaison shall be responsible for oversight and administration of the affordable housing program for the Borough of Watchung, including the following responsibilities which may not be contracted out to the Administrative Agent.

   a. Serving as the municipality's primary point of contact for all inquiries from the State, affordable housing providers, Administrative Agents and interested households;

   b. The implementation of the Affirmative Marketing Plan and affordability controls;

   c. When applicable, supervising any contracting Administrative Agent;

   d. Monitoring the status of all restricted units in the Borough's Fair Share Plan;

   e. Compiling, verifying and submitting annual reports as required;

   f. Coordinating meetings with affordable housing providers and Administrative Agents, as applicable; and

   g. Attending continuing education opportunities on affordability controls, compliance monitoring and affirmative marketing as offered or approved by the Affordable Housing Professionals of New Jersey (AHPNJ), if such continuing education opportunities are made available by COAH or the DCA.

B. Subject to the approval of the Superior Court, the Borough of Watchung shall designate one (1) or more Administrative Agent(s) to administer and to affirmatively market the affordable units constructed in the Borough in accordance with UHAC and this Section. An Operating Manual for each affordable housing program shall be provided by the Administrative Agent(s), to be adopted by resolution of the governing body and subject to approval of the Court. The Operating Manual(s) shall be available for public inspection in the office of the Borough Clerk, in the office of the Municipal Housing Liaison, and in

the office(s) of the Administrative Agent(s). The Municipal Housing Liaison shall supervise the contracting Administrative Agent(s).

28-1018. ADMINISTRATIVE AGENT.

An Administrative Agent may be an independent entity serving under contract to and reporting to the Borough. The fees of the Administrative Agent shall be paid by the owners of the affordable units for which the services of the Administrative Agent are required. The Borough Administrative Agent shall monitor and work with any individual Administrative Agents appointed by individual developers. The Administrative Agent(s) shall perform the duties and responsibilities of an Administrative Agent as set forth in UHAC, including those set forth in Sections 5:80-26.14, 16 and 18 thereof, which includes:

A. Affirmative Marketing:

1. Conducting an outreach process to affirmatively market affordable housing units in accordance with the Affirmative Marketing Plan of the Borough of Watchung and the provisions of N.J.A.C. 5:80-26.15; and

2. Providing counseling or contracting to provide counseling services to low- and moderate-income applicants on subjects such as budgeting, credit issues, mortgage qualification, rental lease requirements, and landlord/tenant law.

B. Household Certification:

1. Soliciting, scheduling, conducting and following up on interviews with interested households;

2. Conducting interviews and obtaining sufficient documentation of gross income and assets upon which to base a determination of income eligibility for a low- or moderate-income unit;

3. Providing written notification to each applicant as to the determination of eligibility or non-eligibility;

4. Requiring that all certified applicants for restricted units execute a certificate substantially in the form, as applicable, of either the ownership or rental certificates set forth in Appendices J and K of N.J.A.C. 5:80-26.1 et seq.;

5. Creating and maintaining a referral list of eligible applicant households living in the housing region and eligible applicant households with members working in the housing region where the units are located;

6. Employing a random selection process as provided in the Affirmative Marketing Plan of the Borough of Watchung when referring households for certification to affordable units; and

7. Notifying the following entities of the availability of affordable housing units in the Borough of Watchung: FSHC, the New Jersey State Conference of the NAACP, the Latino Action Network, NORWESCAP, Supportive Housing Network, Central Jersey Housing Resource Center.

C. Affordability Controls:

1. Furnishing to attorneys or closing agents forms of deed restrictions and mortgages for recording at the time of conveyance of title of each restricted unit;

2. Creating and maintaining a file on each restricted unit for its control period, including the recorded deed with restrictions, recorded mortgage and note, as appropriate;

3. Ensuring that the removal of the deed restrictions and cancellation of the mortgage note are effectuated and properly filed with the Somerset County Register of Deeds or the Somerset County Clerk's office after the termination of the affordability controls for each restricted unit;

4. Communicating with lenders regarding foreclosures; and

5. Ensuring the issuance of Continuing Certificates of Occupancy or certifications pursuant to N.J.A.C. 5:80-26.10.

D. Resales and Re-rentals:

1. Instituting and maintaining an effective means of communicating information between owners and the Borough's Administrative Agent regarding the availability of restricted units for resale or re-rental; and

2. Instituting and maintaining an effective means of communicating information to very-low, low and moderate-income households regarding the availability of restricted units for resale or re-rental.

E. Processing Requests from Unit Owners:

1. Reviewing and approving requests for determination from owners of restricted units who wish to take out home equity loans or refinance during the term of their ownership that the amount of indebtedness to be incurred will not violate the terms of this Section;

2. Reviewing and approving requests to increase sales prices from owners of restricted units who wish to make capital improvements to the units that would affect the selling price, such authorizations to be limited to those improvements resulting in additional bedrooms or bathrooms and the depreciated cost of central air conditioning systems;

3. Notifying the Borough of an owner's intent to sell a restricted unit; and

4. Making determinations on requests by owners of restricted units for hardship waivers.

F. Enforcement:

1. Securing annually from the Borough a list of all affordable housing units for which tax bills are mailed to absentee owners, and notifying all such owners that they must either move back to their unit or sell it;

2. Securing from all developers and sponsors of restricted units, at the earliest point of contact in the processing of the project or development, written acknowledgement of the requirement that no restricted unit can be offered, or in any other way committed, to any person, other than a household duly certified to the unit by the Borough's Administrative Agent.

3. Posting annually, in all rental properties (including two (2) family homes), a notice as to the maximum permitted rent together with the telephone number of the Borough's Administrative Agent, where complaints of excess rent or other charges can be made;

4. Sending annual mailings to all owners of affordable dwelling units, reminding them of the notices and requirements outlined in N.J.A.C. 5:80-26.18(d)4;

5. Establishing a program for diverting unlawful rent payments to the Borough's Affordable Housing Trust Fund; and

6. Creating and publishing a written operating manual for each affordable housing program administered by the Borough's Administrative Agent, to be approved by the Borough Council and the Superior Court, setting forth procedures for administering the affordability controls.

G. Additional Responsibilities:

1. The Administrative Agent shall have the authority to take all actions necessary and appropriate to carry out its responsibilities hereunder.

2. The Administrative Agent shall prepare monitoring reports for submission to the Municipal Housing Liaison in time to meet the Court-approved monitoring and reporting requirements in accordance with the deadlines set forth in this Section.

3. The Borough's Administrative Agent, shall attend continuing education sessions on affordability controls, compliance monitoring, and affirmative marketing at least annually and more often as needed.

28-1019. AFFIRMATIVE MARKETING REQUIREMENTS.

A. The Borough of Watchung shall adopt by resolution an Affirmative Marketing Plan that is compliant with N.J.A.C 5:80-26.15, as may be amended and supplemented.

B. The Affirmative Marketing Plan is a regional marketing strategy 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 housing units which are being marketed by a developer, sponsor or owner of affordable housing. The Affirmative Marketing Plan is intended to target those potentially eligible persons who are least likely to apply for affordable units in that region. It is a continuing program that directs marketing activities toward Housing Region 3 and is required to be followed throughout the period of restriction.

C. The Affirmative Marketing Plan shall provide a regional preference for all households that live and/or work in Housing Region 3, comprised of Hunterdon, Middlesex and Somerset Counties.

D. The Borough has the ultimate responsibility for adopting the Affirmative Marketing Plan and for the proper administration of the Affirmative Marketing Program, including initial sales and rentals and re-sales and re-rentals. The Borough's Administrative Agent designated by the Borough of Watchung, shall implement the Affirmative Marketing Plan to assure the affirmative marketing of all affordable units.

E. In implementing the Affirmative Marketing Plan, the Borough's Administrative Agent, shall provide a list of counseling services to very-low, low, and moderate-income applicants on subjects such as budgeting, credit issues, mortgage qualification, rental lease requirements, and landlord/tenant law.

F. The Affirmative Marketing Plan shall describe the media to be used in advertising and publicizing the availability of housing. In implementing the Affirmative Marketing Plan, the Borough's Administrative Agent, shall consider the use of language translations where appropriate.

G. The affirmative marketing process for available affordable units shall begin at least one hundred and twenty days (120) prior to the expected date of occupancy.

H. Applications for affordable housing shall be available in several locations, including, at a minimum, the County Administration Building and/or the County Library for each county within the housing region; and the municipal building in which the units are located; and the developer's rental office. Applications shall be mailed to prospective applicants upon request.

I. The costs of advertising and affirmative marketing of the affordable units shall be the responsibility of the developer, sponsor or owner.

28-1020. ENFORCEMENT OF AFFORDABLE HOUSING REGULATIONS.

A. Upon the occurrence of a breach of any of the regulations governing an affordable unit by an Owner, Developer or Tenant, the Borough shall have all remedies provided at law or equity, including but not limited to foreclosure, tenant eviction, a requirement for household recertification, acceleration of all sums due under a mortgage, recoupment of any funds from a sale in violation of the regulations, injunctive relief to prevent further violation of the regulations, entry on the premises, and specific performance.

B. After providing written notice of a violation to an Owner, Developer or Tenant of a low- or moderate-income unit and advising the Owner, Developer or Tenant of the penalties for such violations, the Borough may take the following action(s) against the Owner, Developer or Tenant for any violation that remains uncured for a period of sixty (60) days after service of the written notice:

1. The Borough may file a court action pursuant to N.J.S.A. 2A:58-11 alleging a violation or violations of the regulations governing the affordable housing unit. If the Owner, Developer or Tenant is adjudged by the Superior Court to have violated any provision of the regulations governing affordable housing units the Owner, Developer or Tenant shall be subject to one (1) or more of the following penalties, at the discretion of the Court:

   a A fine of not more than two thousand dollars ($2,000.00) per day or imprisonment for a period not to exceed ninety (90) days, or both, provided that each and every day that the violation continues or exists shall be considered a separate and specific violation of these provisions and not a continuation of the initial offense;

   b. In the case of an Owner who has rented a very-low, low or moderate-income unit in violation of the regulations governing affordable housing units, payment into the Borough of Watchung Affordable Housing Trust Fund of the gross amount of rent illegally collected;

   c. In the case of an Owner who has rented a very-low, low or moderate-income unit in violation of the regulations governing affordable housing units, payment of an innocent tenant's reasonable relocation costs, as determined by the Court.

2. The Borough may file a court action in the Superior Court seeking a judgment that would result in the termination of the Owner's equity or other interest in the unit, in the nature of a mortgage foreclosure. Any such judgment shall be enforceable as if the same were a judgment of default of the First Purchase Money Mortgage and shall constitute a lien against the low- or moderate-income unit.

   a. The judgment shall be enforceable, at the option of the Borough, by means of an execution sale by the Sheriff, at which time the low- and moderate-income unit of the violating Owner shall be sold at a sale price which is not less than the amount

necessary to fully satisfy and pay off any First Purchase Money Mortgage and prior liens and the costs of the enforcement proceedings incurred by the Borough, including attorney's fees. The violating Owner shall have his right to possession terminated as well as his title conveyed pursuant to the Sheriff's sale.

b. The proceeds of the Sheriff's sale shall first be applied to satisfy the First Purchase Money Mortgage lien and any prior liens upon the low- and moderate-income unit. The excess, if any, shall be applied to reimburse the Borough for any and all costs and expenses incurred in connection with either the court action resulting in the judgment of violation or the Sheriff's sale. In the event that the proceeds from the Sheriff's sale are insufficient to reimburse the Borough in full as aforesaid, the violating Owner shall be personally responsible for the full extent of such deficiency, in addition to any and all costs incurred by the Borough in connection with collecting such deficiency. In the event that a surplus remains after satisfying all of the above, such surplus, if any, shall be placed in escrow by the Borough for the Owner and shall be held in such escrow for a maximum period of two (2) years or until such earlier time as the Owner shall make a claim with the Borough for such. Failure of the Owner to claim such balance within the two (2) year period shall automatically result in a forfeiture of such balance to the Borough. Any interest accrued or earned on such balance while being held in escrow shall belong to and shall be paid to the Borough, whether such balance shall be paid to the Owner or forfeited to the Borough.

c. Foreclosure by the Borough due to violation of the regulations governing affordable housing units shall not extinguish the restrictions of the regulations governing affordable housing units as the same apply to the very-low, low, and moderate-income unit. Title shall be conveyed to the purchaser at the Sheriff's sale, subject to the restrictions and provisions of the regulations governing the affordable housing unit. The Owner determined to be in violation of the provisions of this plan and from whom title and possession were taken by means of the Sheriff's sale shall not be entitled to any right of redemption.

d. If there are no bidders at the Sheriff's sale, or if insufficient amounts are bid to satisfy the First Purchase Money Mortgage and any prior liens, the Borough may acquire title to the very-low, low, and moderate-income unit by satisfying the First Purchase Money Mortgage and any prior liens and crediting the violating owner with an amount equal to the difference between the First Purchase Money Mortgage and any prior liens and costs of the enforcement proceedings, including legal fees and the maximum resale price for which the very-low, low, and moderate-income unit could have been sold under the terms of the regulations governing affordable housing units. This excess shall be treated in the same manner as the excess which would have been realized from an actual sale as previously described.

e. Failure of the very-low, low, and moderate-income unit to be either sold at the Sheriff's sale or acquired by the Borough shall obligate the Owner to accept an

offer to purchase from any qualified purchaser which may be referred to the Owner by the Borough, with such offer to purchase being equal to the maximum resale price of the very-low, low, and moderate-income unit as permitted by the regulations governing affordable housing units.

f. The Owner shall remain fully obligated, responsible and liable for complying with the terms and restrictions of governing affordable housing units until such time as title is conveyed from the Owner.

28-1021. APPEALS.

Appeals from all decisions of an Administrative Agent appointed pursuant to this Section shall be filed in writing with the Superior Court.

Section 2. Article 401.Z of Chapter 28 (Development Regulations) of the Code of the Borough of Watchung entitled "Affordable Housing Growth Share", is hereby removed.

Section 3. If any article, section, subsection, sentence, clause or phrase of this Ordinance is, for any reason, held to be unconstitutional or invalid, such decision shall not affect the remaining portions of this Ordinance and they shall remain in full force and effect.

Section 4. In the event of any inconsistencies between the provisions of this Ordinance and any prior ordinance of the Borough of Watchung, the provisions hereof shall be determined to govern. All other parts, portions and provisions of the Revised General Ordinances of the Borough of Watchung are hereby ratified and confirmed, except where inconsistent with the terms hereof.

Section 5. The Borough Clerk is directed to give notice at least ten (10) days prior to a hearing on the adoption of this ordinance to the Somerset County Planning Board and to all other persons entitled thereto pursuant to N.J.S.A. 40:55D-15, and N.J.S.A. 40:55D-63 (if required).

Section 6. After introduction, the Borough Clerk is hereby directed to submit a copy of the within Ordinance to the Planning Board of the Borough of Watchung for its review in accordance with N.J.S.A. 40:55D-26 and N.J.S.A. 40:55D-64.

Section 7. This Ordinance shall take effect immediately upon (1) adoption; (2) approval by the Mayor pursuant to N.J.S.A. 40:69A-149.7; (3) publication in accordance with the laws of the State of New Jersey; and (4) filing of the final form of adopted ordinance by the Clerk with (a) the Somerset County Planning Board pursuant to N.J.S.A. 40:55D-16, and (b) the Borough Tax Assessor as required by N.J.S.A. 40:49-2.1.

INTRODUCED the _____ day of _____, 2018.

ADOPTED the _____ day of _____, 2018.

ATTEST:

_____

_____ _____

Michelle DeRocco, Borough Clerk Keith S. Balla, Mayor

R:\Projects\WAT\Wat-165\Reports\2019 Housing Plan\Appendix\Affordable Housing Ordinance\032819_MShiffman Affordable Housing Ordinance Draft with edits.docx

Borough Council Ordinance #OR_____ Approving Somerset Street/Watchung Avenue Affordable Housing Overlay

EXPLANATION: **T**his Ordinance would establish the Somerset Street/Watchung Avenue Affordable Housing Overlay District that would create a realistic opportunity for the creation of affordable housing in accordance with the June 7, 2018 Settlement Agreement between the Borough of Watchung and the Fair Share Housing Center, Inc., and the September 19, 2018 Order on Fairness and Preliminary Compliance Hearing by the Superior Court of New Law Division: Somerset County. Docket No.: SOM-L-902-15.

BOROUGH OF WATCHUNG
ORDINANCE NO._____.

AN ORDINANCE AMENDING THE CODE OF THE BOROUGH OF WATCHUNG, COUNTY OF SOMERSET, STATE OF NEW JERSEY, TO CREATE THE SOMERSET STREET/WATCHUNG AVENUE AFFORDABLE HOUSING OVERLAY DISTRICT.

BE IT ORDAINED, by the Mayor and Council of the Borough of Watchung, in the County of Somerset and State of New Jersey that the Borough Land Development Ordinance shall be amended as follows:

Section 1: Section 28-301, Zoning Districts, shall be amended to add a new Somerset Street/Watchung Avenue Affordable Housing Overlay District as follows:

S-W Somerset Street/Watchung Avenue Affordable Housing Overlay District

Section 2: Section 28-302, Zoning Map, shall be amended to place the following properties within the Somerset Street/Watchung Avenue Affordable Housing Overlay District: the entirety of Block 47.01 (i.e., Lot 1, Lot 2 Qual. C0001, Lot 2 Qual. C0002, Lot 2 Qual. C0003, Lot 2 Qual. C0004, Lot 2 Qual. C0005, Lot 2 Qual. C0006, Lot 3, Lot 3.01, Lot 4. Lot 5, Lot 6, Lot 7, Lot 8, Lot 9, Lot 10, Lot 11, Lot 13) as depicted on the map in Appendix A.

Section 3: New Section 28-419, Somerset Street/Watchung Avenue Affordable Housing Overlay District, is hereby created as follows:

28-419. "S-W" SOMERSET STREET/ WATCHUNG AVENUE AFFORDABLE HOUSING OVERLAY DISTRICT

A. Purpose and Application.

1. Purpose. The purpose of the Somerset Street/Watchung Avenue Affordable Housing Overlay

District is to create a realistic opportunity for the development of affordable housing in accordance with the June 7, 2018 Settlement Agreement between the Borough of Watchung and the Fair Share Housing Center, Inc., and the September 19, 2018 Order on Fairness and Preliminary Compliance Hearing by the Superior Court of New Law Division Somerset County. Docket No.: SOM-L-902-15.

2. Application of Requirements. The Somerset Street/Watchung Avenue Affordable Housing Overlay District permits mixed-use redevelopment consisting of first floor commercial uses and residential units above within the "Triangle" area bounded by Watchung Avenue, Somerset Street and Johnston Drive. Consistent with the purpose of the district such mixed-use development shall only be permitted in conjunction with the provision of affordable housing pursuant to 28-419.D, Affordable Housing Requirements. The requirements of the "underlying" Neighborhood Business (B-A) zoning district shall remain in full effect in the area encompassed by this Overlay District unless an application is proposed consistent with the requirements of this Overlay District. The requirements of this Overlay District shall only be applicable to the lands involved in such a mixed-use development application. Lands not included in such a mixed-use development application shall continue to be subject to the requirements of the "underlying" zoning district.

B. Permitted Uses.

1. Principal Permitted Uses. Mixed-use development consisting of commercial development on the first floor and residential units above. Permitted commercial uses on the first floor shall consist of the permitted uses specified in Section 28-406.A with respect to the B-A District.

   Such mixed-use development shall only be permitted in conjunction with the provision of affordable housing pursuant to 28-419.D.

2. Accessory Uses Permitted.

   a. Off-street loading and parking and private nonresidential garages, either attached or detached.

   b. Storage buildings not exceeding two hundred (200) square feet in size and fifteen (15) feet in height.

   c. Fences and walls in accordance with Section 28-502.

   d. Signs in accordance with Section 28-504, generally, and the requirements of Section 28-504.G specifically with respect to sign height, sign area, setback and other such bulk and dimensional requirements.

C. Maximum Gross Density. Residential use is permitted at a maximum gross density of 6 units/ acre for for-sale units and 10 units/ acre for rental units.

D. Affordable Housing Requirements.

1. For-sale units. Where for sale units are provided, a minimum of 20 percent of the total number of units shall be affordable to low-and moderate-income households, with at least 13 percent of these affordable units available for households earning 30 percent or less of the applicable median income limit.

2. For-rent units. Where rental units are provided, a minimum of 15 percent of the total number of units shall be affordable to low-and moderate-income households, with at least 13 percent of these affordable units available for households earning 30 percent or less of the applicable median income limit.

3. The low- and moderate-income units shall be distributed throughout the development, not concentrated in any one building.

4. Section 28-1000 Affordable Housing Ordinance provisions shall apply.

DRAFT

E. Maximum Building Height.

1. No principal building shall exceed thirty-five (35) feet in height and two and one-half (2-1/2) stories.

2. No accessory building located within the principal building envelope shall exceed twenty-five (25) feet in height and two (2) stories.

3. No accessory building located outside the principal building envelope shall exceed fifteen (15) feet in height and one (1) story.

F. Area and Yard Requirements for the S-W District.

Principal Building	Requirement
Minimum	
Lot Area	10,000 s.f.
Lot Frontage	100’
Lot Width	100’
Principal Building	
Lot Depth	75’
Front Yard	30’
Side Yard – One (Both)	5’(15’)
Rear Yard	25’
Accessory Building	
Minimum	
Distance to Side Line	5’
Distance to Rear Line	10’
Distance to Other Building	20’
Maximum	
Building Coverage	30%
Lot Coverage	70%

G. General Requirements

1. Unless otherwise specifically approved by the Board as part of a site plan application, no merchandise, product, equipment or similar material or objects shall be displayed or stored

DRAFT

outside. Where merchandise, products, equipment or similar material or objects are approved by the Board to be displayed or stored outside, the materials shall be suitably screened to be obscured from view from adjacent residential uses and must be situated within the property lines of the principal use.

2. All areas not utilized for buildings, parking, loading, access aisles and driveways or pedestrian walkways shall be suitably landscaped with shrubs, ground cover, seeding or plantings and maintained in good condition.

3. All buildings shall be compatibly designed whether constructed all at one (1) time or in stages over a period of time. All building walls facing any street or residential use or district shall be suitably finished for aesthetic purposes and shall be compatible in design and scale to the surrounding residential areas.

4. At least the first five (5) feet adjacent to any lot line shall not be used for parking and loading and shall be planted and maintained in lawn areas or ground cover and landscaped with evergreen shrubbery.

H. Off-Street Parking and Loading. Parking spaces and loading areas shall be provided for each use in accordance with the requirements of Section 28-503 and the design standards in Article 28-600.

Section 4: If any section, paragraph, subdivision, clause or provision of this Ordinance shall be adjudged invalid, such adjudication shall apply only to such section, paragraph, subdivision, clause or provision and the remainder of this Ordinance shall be deemed valid and effective.

Section 5: In the event of any inconsistencies between the provisions of this Ordinance and any prior ordinance of the Borough of Watchung, the provisions hereof shall be determined to govern. All other parts, portions and provisions of the Land Development Ordinance of the Borough of Watchung are hereby ratified and confirmed, except where inconsistent with the terms hereof.

Section 6: The Borough Clerk is directed to give notice at least ten days prior to a hearing on the adoption of this ordinance to the

Somerset County Planning Board and to all other persons entitled thereto pursuant to N.J.S.A. 40:55D-15, and pursuant to N.J.S.A. 40:55D-62.1 to the owners of all real property as shown on the current tax duplicates located within the district and within the State within 200 feet in all directions of the boundaries of the district.

Notice shall also be given by (1) serving a copy on the property owner as shown on the current tax duplicate, or his agent in charge of the property, or (2) mailing a copy by certified mail and regular mail to the property owner at his or her address as shown on the current tax duplicate. In the case of a change involving a military facility situated within or in proximity to the district as provided herein, notice shall be given by serving a copy thereof on the military commander who has registered with the municipality pursuant to N.J.S.A. 40:55D-12.4 or mailing a copy by certified mail to the military facility commander at the address shown on the registration form. Notice to a partnership owner may be made by service upon any partner. Notice to a corporate owner may be made by service upon its president, a vice president, secretary or other person authorized by appointment or by law to accept service on behalf of the corporation. Notice to a condominium association, horizontal property regime, community trust or homeowners' association, because of its ownership of common elements or areas located within 200 feet of the boundaries of the district which is the subject of the hearing, may be made in the same manner as to a corporation, in addition to notice to unit owners, co-owners, or homeowners on account of such common elements or areas.

The Borough Clerk shall execute affidavits of proof of service of the notices required by this section, and shall keep the affidavits on file along with the proof of publication of the notice of the required public hearing on the proposed zoning ordinance change.

Section 7: After introduction, the Borough Clerk is hereby directed to submit a copy of the within Ordinance to the Planning Board of the Borough of Watchung for its review in accordance with N.J.S.A. 40:55D-26 and N.J.S.A. 40:55D-64. The Planning Board is directed to make and transmit to the Borough Council, within 35 days after referral, a report including identification of any provisions in the proposed ordinance which are inconsistent with the master plan and recommendations concerning any inconsistencies and any other matter as the Board deems appropriate.

DRAFT

Section 8: This ordinance shall take effect immediately upon (1) adoption; (2) publication in accordance with the laws of the State of New Jersey; and (3) filing of the final form of adopted ordinance by the Clerk with the Somerset County Planning Board pursuant to N.J.S.A. 40:55D-16.

ATTEST:	BOROUGH OF WATCHUNG:
	BY:
_____	_____
Michelle DeRocco, Borough Clerk	Keith S. Balla, Mayor

Introduced: _____

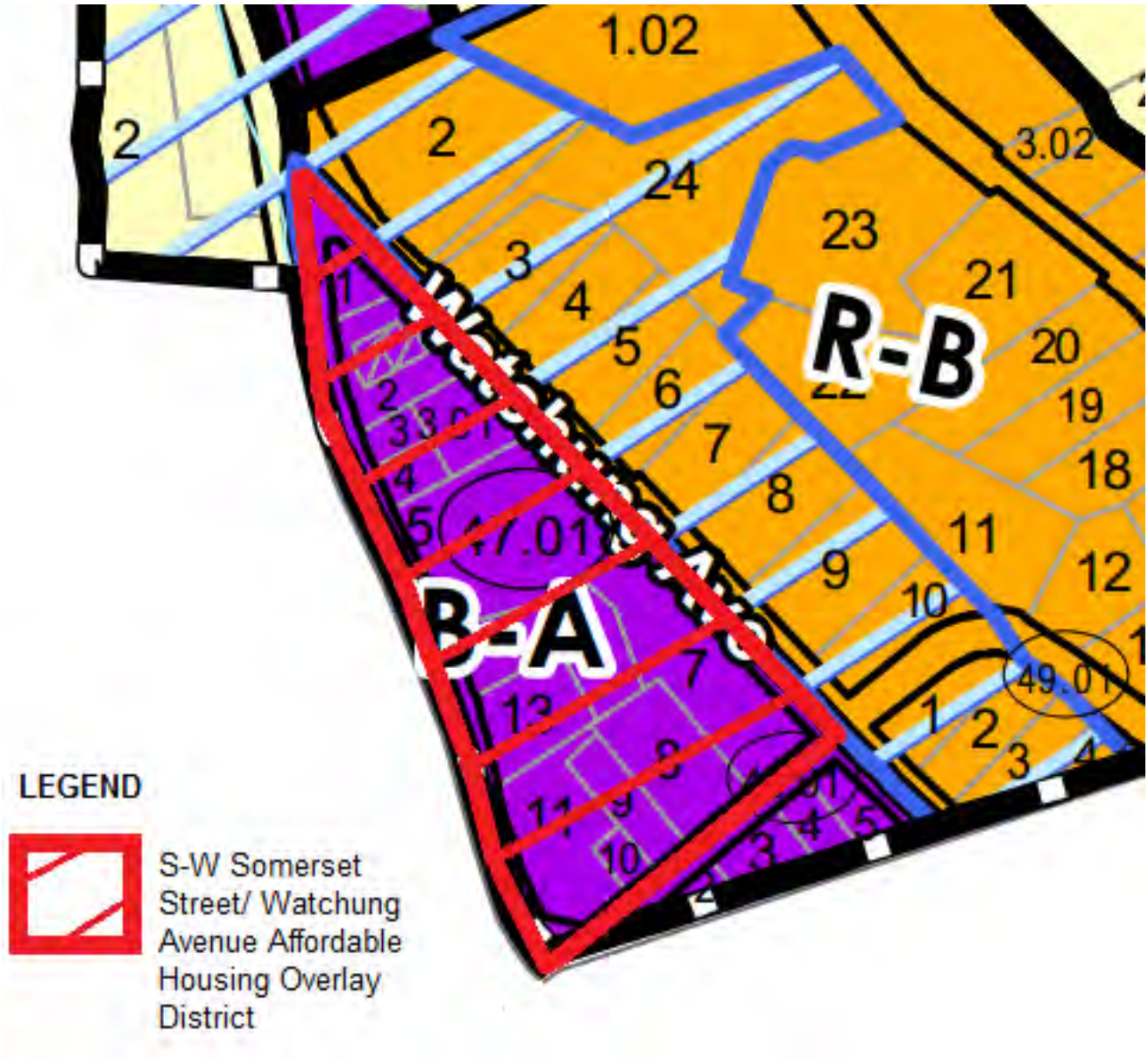
Passed: _____

Published: _____

Adopted: _____

DRAFT

Appendix A: Zoning Map Amendment



Borough Council Ordinance #OR_____ Repealing O-C Office Business/Conference Center Overlay District

EXPLANATION: This Ordinance amends the Borough of Watchung Land Development Ordinance and Zoning Map to repeal the "O-C" Office Business/ Conference Center Overlay District consistent with the Settlement Agreement between the Borough of Watchung and Fair Share Housing Center Settlement Agreement and the Order on Fairness and Preliminary Compliance Hearing.

BOROUGH OF WATCHUNG
ORDINANCE NO._____.

AN ORDINANCE AMENDING THE CODE OF THE BOROUGH OF WATCHUNG, COUNTY OF SOMERSET, STATE OF NEW JERSEY, TO REPEAL THE "O-C" OFFICE BUSINESS/ CONFERENCE CENTER OVERLAY DISTRICT IN THE BOROUGH OF WATCHUNG LAND DEVELOPMENT ORDINANCE AND ZONING MAP

BE IT ORDAINED, by the Mayor and Council of the Borough of Watchung, in the County of Somerset and State of New Jersey that the Borough Land Development Ordinance shall be amended as follows:

Section 1: Section 28-301, Zoning Districts, shall be amended to remove reference to the "O-C" Office Business/ Conference Center Overlay District as follows:

~~"O-C" Office Business/ Conference Center Overlay District~~

Section 2: Section 28-302, Zoning Map, shall be amended to repeal the "O-C" Office Business/ Conference Center Overlay District in its entirety. Specifically, the legend shall be revised to remove reference to the "O-C" Office Business/ Conference Center Overlay District and the "O-C" Office Business/ Conference Center Overlay District zoning designation shall be removed from the following Lots: the entirety of Block 76.01 (i.e., Lots 1, 2, 3, 4, 5, 6, 7, 8, 9.01, 9.02, 10, 11, 12.01, 12.02, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24.01, 24.02, 25, 26, 27, 28 and 29 in Block 76.01) and Lots 4, 5, 6, 7, 8, and 9 in Block 78.01, as depicted on the map in Appendix A.

Section 3: Section 28-410, "O-C" Office Business/ Conference Center Overlay District, is hereby repealed in its entirety.

Section 4: If any section, paragraph, subdivision, clause or provision of this Ordinance shall be adjudged invalid, such adjudication shall apply only to such section, paragraph, subdivision, clause or provision and the remainder of this Ordinance shall be deemed valid and effective.

Section 5: In the event of any inconsistencies between the provisions of this Ordinance and any prior ordinance of the Borough of Watchung, the

DRAFT

provisions hereof shall be determined to govern. All other parts, portions and provisions of the Land Development Ordinance of the Borough of Watchung are hereby ratified and confirmed, except where inconsistent with the terms hereof.

Section 6: The Borough Clerk is directed to give notice at least ten days prior to a hearing on the adoption of this ordinance to the Somerset County Planning Board and to all other persons entitled thereto pursuant to N.J.S.A. 40:55D-15, and pursuant to N.J.S.A. 40:55D-62.1 to the owners of all real property as shown on the current tax duplicates located within the district and within the State within 200 feet in all directions of the boundaries of the district.

Notice shall also be given by (1) serving a copy on the property owner as shown on the current tax duplicate, or his agent in charge of the property, or (2) mailing a copy by certified mail and regular mail to the property owner at his or her address as shown on the current tax duplicate. In the case of a change involving a military facility situated within or in proximity to the district as provided herein, notice shall be given by serving a copy thereof on the military commander who has registered with the municipality pursuant to N.J.S.A. 40:55D-12.4 or mailing a copy by certified mail to the military facility commander at the address shown on the registration form. Notice to a partnership owner may be made by service upon any partner. Notice to a corporate owner may be made by service upon its president, a vice president, secretary or other person authorized by appointment or by law to accept service on behalf of the corporation. Notice to a condominium association, horizontal property regime, community trust or homeowners' association, because of its ownership of common elements or areas located within 200 feet of the boundaries of the district which is the subject of the hearing, may be made in the same manner as to a corporation, in addition to notice to unit owners, co-owners, or homeowners on account of such common elements or areas.

The Borough Clerk shall execute affidavits of proof of service of the notices required by this section, and shall keep the affidavits on file along with the proof of publication of the notice of the required public hearing on the proposed zoning ordinance change.

Section 7: After introduction, the Borough Clerk is hereby directed to submit a copy of the within Ordinance to the Planning Board of the Borough of Watchung for its review in accordance with N.J.S.A. 40:55D-26 and N.J.S.A. 40:55D-64. The Planning Board is directed to make and transmit to the Borough Council, within 35 days after referral, a report including identification of any provisions in the proposed ordinance which are inconsistent with the master plan and recommendations concerning any inconsistencies and any other matter as the Board deems appropriate.

DRAFT

Section 8: This ordinance shall take effect immediately upon (1) adoption; (2) publication in accordance with the laws of the State of New Jersey; and (3) filing of the final form of adopted ordinance by the Clerk with the Somerset County Planning Board pursuant to N.J.S.A. 40:55D-16.

ATTEST:

_____
Michelle DeRocco, Borough Clerk

BOROUGH OF WATCHUNG:

BY:
_____
Keith S. Balla, Mayor

Introduced: _____

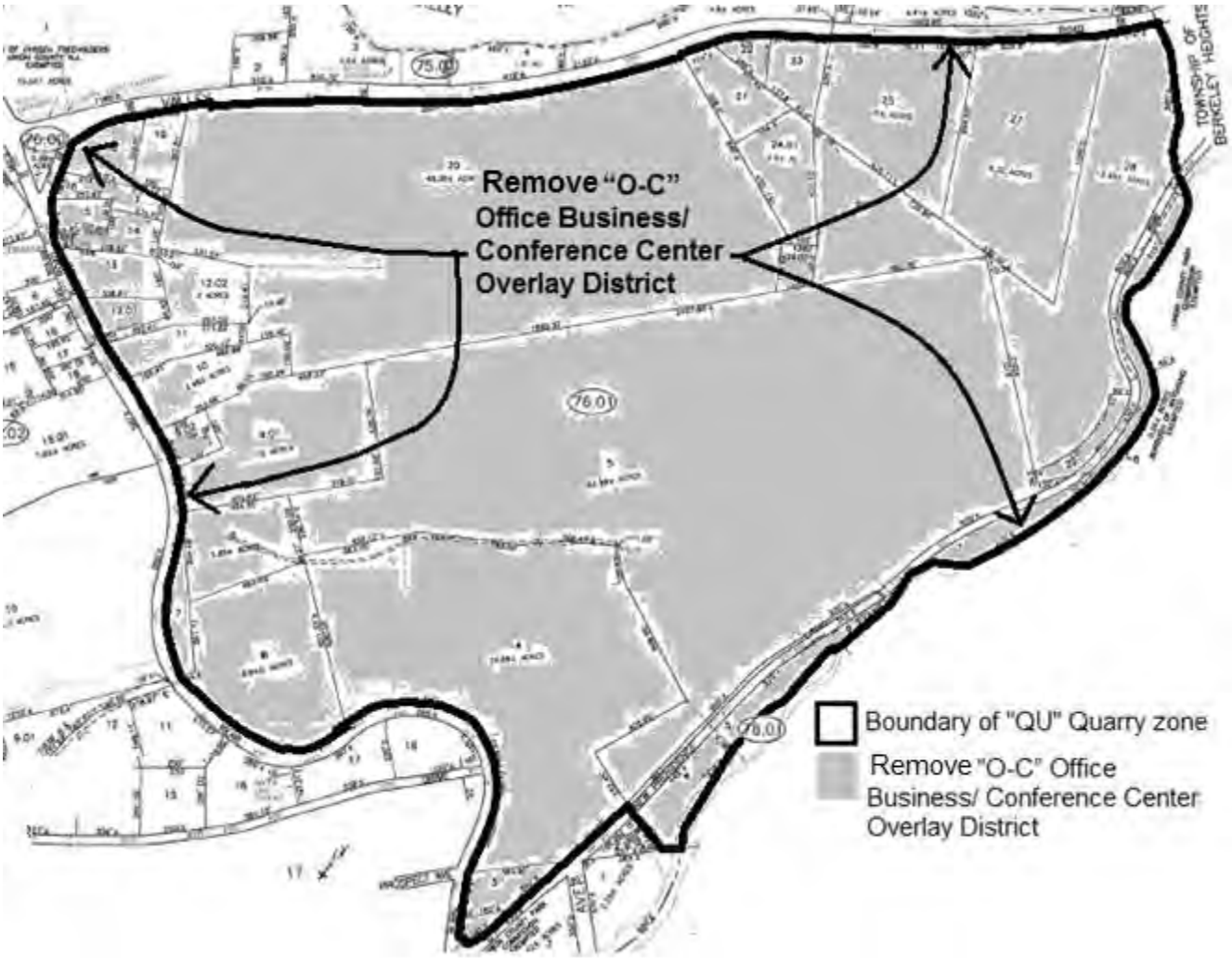
Passed: _____

Published: _____

Adopted: _____

DRAFT

Appendix A: Zoning Map Amendment



Letter from Borough Engineer Regarding Water and Sewer Capacity

BOROUGH OF WATCHUNG

OFFICE OF THE ENGINEER

December 26, 2018

Maser Consulting P.A.
Perryville III Corporate Park
P.O. Box 4017
53 Frontage Road, Suite 120
Clinton, NJ 08809

Attn: Marcia Shiffman, PP, AICP

Re: Watchung Borough, Somerset County
Affordable Housing Plan
Project No. WAT-036

Dear Ms. Schiffman:

As per your request, please be advised of the following regarding water and sewer capacity for new developments:

- Water – The Borough does not own the water distribution system. The Borough is in the New Jersey American Water Company (NJAWC) franchise area. Approximately 95% of the Borough is serviced by the NJAWC water distribution system.
- Sewer – Approximately 80% of the Borough is serviced by sewers. The remainder of the Borough is on septic systems. It is anticipated that the Borough will be fully sewered in 8-10 years.

  In general, the areas of the Borough that are sewered have sufficient sewer capacity for new development. However, depending on the location of the said development, off-site improvements to the sanitary sewer collection system may be required of the developer.

  Regarding the Bonnie Burn Road Redevelopment Area, it will be necessary to amend the Wastewater Management Plan to address this development's sewerage having to go to Berkeley Heights for treatment.
- The majority of the Borough's sewerage is treated by the Middlesex County Utilities Authority; and, based on geography, the remainder of the Borough's sewerage is treated by Berkeley Heights.

Should you have any questions, or require any additional information, do not hesitate to contact me.

Very truly yours,

Thomas J. Herits, PE, PP, PLS
Watchung Borough Engineer

Cc: Thomas E. Atkins, Borough Administrator
Michelle DeRocco RMC, Borough Clerk

\\HQFAS1\General\Projects\Wat\Wat-036\Letters\2018\181226_tjh_MShiffman_Utilities.docx

15 Mountain Boulevard • Watchung, New Jersey 07069-6399 • Telephone: (908) 756-0091 • Fax: (908) 756-8980

2015 Watchung Construction Official Exterior Building Survey

STRUCTURAL CONDITIONS SURVEY

Municipality: Borough of Watchung

County: Somerset

Date of Survey: ~~September~~ 9/24/15

Performed By: Edward P. Bennett, Jr.

Title: Construction Official, Building SubCode, Zoning Officer

License Number: 001569

Areas of municipality surveyed:

All- See Attached

Areas of municipality not surveyed:

none

Reason(s) for not surveying these areas:

Did a Drive-through of all Streets within the Borough of Watchung

STRUCTURAL CONDITIONS SURVEY

SURVEYOR: Edward P. Bennett Jr
(print or type name)

DATE: 9/15

RATE COMPONENT: GOOD/EXCELLENT = 0 FAIR/POOR = X

STREET			One "X" and Structure is Deficient			COMPONENTS Two "Xs" and Structure is D					
Address	Block/ Lot	Number of Dwelling Units	Foundation	Siding and Walls	Roof and Chimney	Windows and Door	Eaves/ Soffits Gutters/ Leader	Rails/ Stairs Steps/ Porch	Fire Escape	Deficient structure mark "Yes" or "No"	
31 Turtle			X	X	X	X	X	N/A	N/A	NO	
35 Cedar Lane			X	X	X	X	X	N/A	N/A	YES	
39 Brookdale			X	X	X	X	X	N/A	N/A	YES.	
~~47 Redmont~~			X	X	X	X	X	~~N/A~~	~~N/A~~	~~YES~~	New owne /Permit issued
* * 183 Washington Rock			X	X	X	X	X	N/A	N/A	YES	
797 Valley Road			X	X	X	X	X	N/A	N/A	YES	

I verify that I conducted the survey for Borough of Watchung. (date) according to COAH criteria.

Signature:

Title: Const. Official

License No: 001569

(**) May be sold soon

Structual Conditions Survey
2015

DATE	Street	
	Acorn Road	
	Anderson Road	
	Appletree Row	
	Bayberry Lane	
	Beechwood Place	
	Birchwood Lane	
	Bonnie Burn Road	
59?	Brookdale Road Gordon	
	Brook Drive	
	Camp Endeavor Road	
	Canterbury Lane	
	Cardinal Drive	
	Carrar Drive	
*	Cedar Lane Ennis House ~~Toilet of #39~~ 35 Cedar Lane	
	Cedar Road	
	Century Lane	
	Corey Lane	
	Crestwood Drive	
	Dale Road	
	Dawn Way	
	Deer Run	
	Devonshire Lane	
	Dogwood Lane	
	Drift Road	
	Dug Way	

Structual Conditions Survey
2015

	East Drive	
	Eaton Road	
	Edgemont Road	
	Ellisen Road	
	Elsinore Drive	
	Evergreen Lane	
	Fawn Lane	
	Forest Drive	
	Fox Chase Drive	
	Friar Lane	
	Gentian Lane	
	Gildersleeve Place	
	Glen Eagle Drive	
	Glen View Drive	
	Grandview Drive	
	Guinard Drive	
	Heather Lane	
	Helen Street	
	High Oaks Drive	
	High Tor Drive	
	Hill Hollow Road	
	Hill Place	
	Hillcrest Road	
	Hillside Avenue	
	Hughes Lane	
	Hyde Circle	

Structual Conditions Survey
2015

✓	Jared Court	
✓	Joan Drive	
✓	Johanna Lane	
X	Johnston Drive 910 Johnston Drive	
✓	Johnston Drive Extension	
✓	Knollwood Drive	
✓	Kristy Lane	
✓	Lakeview Avenue	
✓	Lakeview Terrace	
✓	Maple Street	
✓	Mareu Drive	
	Meadowlark Drive	
✓	Mountain Blvd.	
✓	Mountain Avenue	
	New Providence Road	
✓	North Drive	
✓	Nottingham Drive	
✓	Oakridge Lane	
✓	Oakwood Lane	
✓	Oakwood Road	
	Old Somerset Road Dead	
✓	Orchard Road	

Structual Conditions Survey
2015

✓	Park Place	
✓	Parlin Lane	
✓	Parlin Lane Extension	
✓	Phillip Lane	
✓	Pine Lane	
✓	Plainfield Avenue	
✓	Price Drive	
	Prospect Avenue	
✓	Redmont Road	
✓	Reynolds Road	
✓	Ridge Road	
✓	Robin Glen Road	
✓	Rock Avenue	
✓	Rock Road East	
✓	Scott Drive	
✓	Sequoia Drive	
✓	Shady Brook Court	
✓	Shawnee Drive	
✓	Sherwood Drive	
✓	Skyline Drive	
✓	Somerset Street	
✓	Spencer Lane	
✓	Stanie Brae Drive	
✓	Stanie Glen Road	
✓	Stirling Road	
✓	Stonegate Drive	
✓	Stone Hill Road	
✓	Stony Hill Road	

Structual Conditions Survey
2015

	Sunbright Road	
	Sunlit Drive	
	Snoden Lane	
	Tall Timbers Road	
	Templar Dive	
	Terrill Road	
	Timberline Way	
31	Tuttle Road Hathaway	
	Union Avenue	
	Upper Drive	
	Vail Lane	
	Valley Drive	
997	Valley Road	
	Vally View Road	
	Verona Place	
	Washington Drive	
183	Washington Rock Road	
	Watchung Avenue	
	Wetumpka Lane	
	Wildwood Terrace	
	Will Lane	
	Winans Lane	
	Winter Lane	
	West Drive	
	Wooded Road	
	Woodledge Road	

Borough of Watchung
Housing Element and Fair Share Plan
April 2019

APPENDIX II

APPENDIX II

Housing Rehabilitation Program Policies and Procedures Operating Manual

Accessory Apartment Program Policies and Procedures Manual

Affordability Assistance Policies and Procedures Manual

Affirmative Marketing Plan Resolution

Affordable Housing Administrative Agent Policies and Procedures Manual

Enable Inc. (Life Skills Resource Center) Group Home Documentation

Point at Watchung (Crystal Ridge) Documentation

Lakeside Villas at Watchung Documentation

Regional Contribution Agreement to Phillipsburg

Tom Tom Realty Inc. Documentation

Brandywine at Mountain Ridge Documentation

Watchung Associates LLC. Documentation

Master Plan Reexamination Report is available on the Borough of Watchung website

Current Zoning Ordinance and Zoning Map is available on the Borough of Watchung webpage

Housing Rehabilitation Program Policies and Procedures Operating Manual

Housing Rehabilitation Program

Policies and Procedures Manual

Borough of Watchung

New Jersey

Created March 27, 2019

Prepared by:

CGP&H
Community Grants, Planning & Housing
Celebrating 25 Years of Great Results
1993-2018

101 Interchange Plaza, Suite 301
Cranbury, NJ 08512
609/664-2769 www.cgph.net

Housing Rehabilitation Program

I. INTRODUCTION 3

A. Fair Housing and Equal Housing Opportunities 3

II. ELIGIBLE PARTICIPANTS 4

A. Program Area 4
B. Categories of Participants 4
C. Income Limits 4
D. Application Selection 5
A. Eligible Improvements 6
B. Ineligible Improvements 7
C. Rehabilitation Standards 7
D. Certifications of Substandard/Standard 8

IV. FUNDING TERMS FOR OWNER OCCUPIED AND INVESTOR OWNED UNITS 9

A. Terms and Conditions for Owner Occupied Units 9
B. Terms and Conditions on Owner-Occupied Multi-Family Rental Units 10
C. Terms and Conditions on Investor-Owned Multi-Family Rental Units 11
D. Special Needs Waivers for Higher Cost Rehabilitation Projects 12
E. Use of Recaptured Program Funds 13

V. IMPLEMENTATION PROCESS 13

A. Application/Interview 13
B. Eligibility Certification 13
C. What is Considered Income 14
D. What is Not Considered Income 14
E. How to Verify Income 15
F. Additional Income Verification Procedures 16
G. Other Eligibility Requirements 16
H. Requirements of Property Taxes and Municipal Utilities Account Paid Current 17
I. Sufficient Equity and Carrying Cost 17
J. House Conditions: 17
K. Eligibility Scenarios of Multi-Family Structures 18
L. Eligibility Certification 18
M. Housing Inspection/Substandard Certification/Work Write Up/Cost Estimate 19
N. Contractor Selection 19

O. Pre-Construction Conference/Contract Signing 20
P. Initiate Borough Voucher 21
Q. Progress Inspections 21
R. Change Orders 22
S. Final Inspection 22
T. Payment Structure and Process 23
U. Standard Certification 24
V. Record Mortgage Documentation 24
W. File Closing 25
X. Requests for Subordination or Program Loan Payoff 25
VI. CONTRACTOR REQUIREMENTS AND RECRUITMENT 25
A. Marketing 25
B. Contractor Qualifications 26
VII. Lead Based Paint (LBP): 26
A. Determining Initial Affordable Rents 27
B. Pricing by Household Size 27
C. Determining Rent Increases 28
IX. MARKETING STRATEGY 29
X. MAINTENANCE OF RECORDS AND CLIENT FILES 30
A. Programmatic Recording 30
B. Participant Record Keeping 30
C. State Reporting 31
D. Financial Recordkeeping 32
XI. HOUSING ADVISORY COMMITTEE AND APPEALS PROCESS 32
XII. CONCLUSION 33
APPENDIX A - LIST OF PROGRAM FORMS 34
APPENDIX B – Approved Calculation of Annual Increases to Income Limits, Resale Prices and Rents 35

Housing Rehabilitation Program

Polices & Procedures Manual

I. INTRODUCTION

The purpose of this document is to establish policies, guidelines and procedures which will govern the Housing Rehabilitation Program (HRP). The HRP was created by the Borough to assist properties occupied by very low, low and moderate-income households to correct all existing interior and exterior health, safety and code violations in conformity with the standards of the New Jersey State Housing Code, N.J.A.C. 5:28 and the Rehabilitation Subcode, N.J.A.C. 5:23-6. Additionally, the HRP was designed to fulfill Watchung's rehabilitation portion of the Fair Housing obligations under the New Jersey Fair Housing Act as well as Watchung's Fair Share Plan as submitted to and approved by the Court Master. The HRP is guided by N.J.A.C. 5:93-5.2 and is subject to all laws, regulations, ordinances, and codes of the New Jersey Department of Community Affairs (DCA) and the Borough of Watchung[1]. The Borough of Watchung has contracted with Community Grants, Planning & Housing LLC (CGP&H), a private consulting firm specializing in the implementation of publicly-funded housing rehabilitation programs, to manage and administer the HRP. The Program's funding source will be municipal housing trust funds. If the funding source changes, the manual will be updated to reflect the change as well as changes to regulation requirements, if any.

A. Fair Housing and Equal Housing Opportunities

It is unlawful to discriminate against any person making application to participate in the rehabilitation program or rent a unit with regard to race, creed, color, national origin, ancestry, age, marital status, affectional or sexual orientation, familial status, disability, nationality, sex, gender identity or expression or source of lawful income used for mortgage or rental payments.

[1] The HRP is guided by N.J.A.C. 5:93 except for the length of affordability controls for both owner- and renter-occupied (10 years, not six (6) years) and except for the required average hard cost expenditure ($10,000, not $8,000).

For more information on discrimination or if anyone feels they are a victim of discrimination, please contact the New Jersey Division on Civil Rights at 1-866-405-3050 or http://www.state.nj.us/lps/dcr/index.html. Fair Housing and Equal Housing Opportunities apply to both owner and tenant applications.

II. ELIGIBLE PARTICIPANTS

A. Program Area

The HRP is a Borough wide program currently aimed at scattered site housing rehabilitation of housing occupied by very low, low and moderate-income households throughout the Borough of Watchung.

B. Categories of Participants

Both owner-occupied and renter-occupied housing units are eligible to receive funding for rehabilitation provided that the occupants of the units are determined to be income eligible, the units are determined to be substandard and for primary residency only. Owners of rental properties do not have to be income eligible households. If a structure contains two or more units and an owner, who is not income eligible, occupies one unit, funding may be provided for the rehabilitation of the rest of the units if income-eligible households occupy those units. Rents must be affordable to low- or moderate-income households.

C. Income Limits

Household income is defined as the combined annual income of all family members over 18 years of age including wages, Social Security, disability insurance, unemployment insurance, pensions, dividend/interest income, alimony, etc. Each unit's total household income must fall within or below the State's moderate-income limits based on family size.

Since the 2015 NJ Supreme decision declaring COAH nonfunctioning, it is now left to the local court vicinages to approve income, sales and rental increases using similar methodologies that were employed by COAH.

The income limits and applicable methodology are in Appendix B, and the plan for properly amending median incomes and rental increases every year going forward until or unless COAH or another state entity becomes functional again is also included in Appendix B at the end of this manual. The Program Administrator will ensure that the annual chart in Appendix B is updated whenever updates become available.

If at any time, COAH (or a successor administrative agency duly empowered by an amendment to the Fair Housing Act) begins to issue updated annual income limits and rules for increasing

sales prices and rent levels each year, said updated income limits and rules for increasing sales prices and rent levels each year may be used instead of the methodology set forth herein.

D. Application Selection

At program start-up, and if and when the homeowner intake demand exceeds the number of openings, applications will be prioritized based on the reported income of the household as a percentage of the maximum allowable income for households of that size. This will give priority to the lowest income applicants and assist the municipality in reaching its goal of providing assistance to a minimum of 50% of the properties comprising of low income households. Otherwise, the Program will process new applicants added to the waiting list/applicant pool on a first-come, first served basis, to qualified applicants. Priority will be given to homeowners with less than $300,000 in liquid assets. Assets in federally recognized retirement accounts do not apply to the liquid asset limit. The HRP will establish the waiting list from the program marketing efforts identified in Section IX of this manual.

Emergency Processing Order

Properties with safety and/or health hazards, confirmed/certified as an emergency by the municipal Construction Official or Health Department, can by-pass the first-come, first served process however they must meet all the other program requirements including income eligibility and bringing the unit up to code.

The Program Administrator shall determine that an emergency situation exists based on the following:

A. The repair problem is an immediate and serious threat to the health and safety of the building's residents

B. The problem has been inspected and the threat verified by the appropriate local building inspector and/or health official

Depending on the type and extent of the emergency and with the homeowner's permission, the Program may by-pass the standard bid process outlined in *Section V sub-section N* to expedite the bid/contractor selection process. Instead the Program may have a proven qualified contractor familiar with the Program present at the initial property inspection with the homeowner to count as the contractor's site visit. This will allow for a quick turn-around on emergency scope of work to be contracted on a single quote basis. To be awarded the emergency work, the contractor 's quote must be determined to be a reasonable cost based on the Program Inspector's cost estimate and the contractor must commit to a tight timeline to resolve the emergency situation. This emergency process may apply to heavily leaking roofs, inoperable heating systems during

the winter months, immediately hazardous electrical systems and/or blocked sewer lines unresolvable to unclog via a simple service call for under $1,000.

Please note that the loan agreement will state that if the homeowner takes the emergency funds to abate the safety/health hazards and then subsequently decides to voluntarily remove themselves from participation in the Borough's Housing Rehabilitation Program to complete the non-emergency substandard code violation components of their project, essentially negating any opportunity for the municipality to gain credit for a fully rehabilitated home for this unit, those public funds used for the emergency shall be immediately due and payable back to the Borough.

To address this potential, any homeowner receiving emergency funds will also be required to execute a statement indicating that the Borough will place a lien on the property assisted for the Borough to recapture the emergency funds, to be repaid with interest, based on the monthly average mortgage loan commitment rates at the time of closing in the event of noncompliance.

III. ELIGIBLE ACTIVITIES

A. Eligible Improvements

The purpose of the program is to bring substandard housing up to code. In order to qualify for participation in the program, the condition of each home must be certifiable as being "substandard" as defined in N.J.A.C. 5:93-1.3.

In other words, at least one of the following major systems must be in need of replacement or substantial repair:

- Roof
- Plumbing (including wells)
- Heating
- Electrical
- Sanitary plumbing (including septic systems)
- Load bearing structural systems
- Weatherization (building insulation for attic, exterior walls and crawl space, siding to improve energy efficiency, replacement storm windows and storm doors and replacement windows and doors)

The related work may include, but not be limited to the following:

- Lead paint remediation
- Interior trim work
- Interior and/or exterior doors
- Interior and/or exterior hardware
- Window treatment
- Interior stair repair
- Exterior step repair or replacement
- Porch repair
- Wall surface repair
- Painting
- Exterior rain carrying system repair

B. Ineligible Improvements

Work not eligible for program funding includes but is not limited to luxury improvements (improvements which are upgrades/higher than mid-grade and/or strictly cosmetic), carpets, additions, conversions (basement, garage, porch, attic, etc.), repairs to structures separate from the living units (detached garage, shed, barn, etc.), furnishings, pools, landscaping, solar panels and generators. If determined unsafe, stoves may be replaced. The replacement or repair of other appliances is prohibited.

Rehabilitation work performed by property owners shall not be funded under this program.

C. Rehabilitation Standards

Funds are to be used for work and repairs required to make the unit standard and abate all interior and exterior violations of the New Jersey State Housing Code, N.J.A.C. 5:28 and the Rehabilitation Subcode, N.J.A.C. 5:23-6, any applicable property maintenance code adopted by the municipality or ordinance (of which the more restrictive requirements will apply), conserve energy and remove health and/or safety hazards; and any other work or repairs, including finishing and painting, which are directly related to the above listed objectives. For projects that require construction permits, the rehabilitated unit shall be considered complete at the date of final approval pursuant to the Uniform Construction Code.

Municipal rehabilitation investment for hard costs shall average at least $10,000 per unit, and include the rehabilitation of at least one major system, as previously defined under eligible improvements.

D. Certifications of Substandard/Standard

The Program Building Inspector will inspect the property to determine which systems, if any, are substandard in accordance with sub-section A above and issue a Certification of Substandard. Upon program construction completion, all code deficiencies noted in the inspection report must be corrected and rehabilitated units must be in compliance with the standards proscribed in sub-section C above upon issuance of a municipal certificate of completion/approval.

IV. FUNDING TERMS FOR OWNER OCCUPIED AND INVESTOR OWNED UNITS

Funding will be provided on the following terms:

A. Terms and Conditions for Owner Occupied Units

Table 1 Owner-Occupied Single Family Home Terms & Conditions

Owner-Occupied Single Family Unit Terms and Conditions of Loan	
Minimum Loan Amount	The municipality may rehabilitate substandard units that require less than $10,000 of work, provided the municipal rehabilitation activity shall average at least $10,000 per unit.
Maximum Loan Amount	$23,000 per unit
Interest Rate	0% (No monthly payments)
Payment Terms:	100% forgivable if homeowner maintains occupancy and title during the 10-year period. Original Principal is due if house is sold and/or title/occupancy changes years 1 through 10 except for *Exceptions to Loan Repayment Terms* section below.
Mechanism for Securing Loan	Mortgage and Mortgage Note recorded against property

If the owner decides to sell the property, transfer title, or if the owner should die before the terms of the lien expire, the owner, heirs, executors or legal representatives must repay 100% of the original loan per the schedule above upon a title change. Rental of house is allowable under certain conditions subject to approval by the Administrative Agent.

Exceptions to Loan Repayment Terms above during the lien period:

1. If the loan transfers due to inheritance by a Class A beneficiary who will take occupancy upon death of Program mortgagee/Borrower and assume the lien (income eligibility not a requirement); or if by inheritance by a qualified income eligible non-Class A beneficiary, or

2. If the house is sold at an affordable price pursuant to UHAC to someone who can be qualified as income eligible, takes occupancy and agrees to assume the program lien, or

3. If the house is sold at an affordable price pursuant to UHAC to an investor who assumes the lien and also signs a deed restriction for the remaining duration of the affordability period to rent the dwelling at the affordability controls restricted rental rate and according to the affirmative marketing requirements for re-rentals. When this occurs, the Borough's Administrative Agent will be responsible for monitoring compliance over that unit.

B. Terms and Conditions on Owner-Occupied Multi-Family Rental Units

Table 2 Owner-Occupied Multi-Family Home Terms & Conditions

Owner-Occupied Multi-Family Including Tenant Unit(s) Terms and Conditions of Loan	
Minimum Loan Amount	The municipality may rehabilitate substandard units that require less than $10,000 of work, provided the municipal rehabilitation activity shall average at least $10,000 per unit.
Maximum Loan Amount	$18,000 per unit
Interest Rate	0% (No monthly payments)
Payment Terms	100% forgivable if homeowner maintains occupancy and title during the 10 year period. Original Principal is due if not in compliance with affordability controls. Rental restrictions transfer with property. See Restrictions below.
Mechanism for Securing Loan	Mortgage, Mortgage Note and Deed Restriction recorded on property

The assisted housing unit(s) must be occupied by and affordable to a household that is certified as an income eligible household as per either the latest Income Limits by Region, or in compliance with the municipality's Settlement Agreement and Court Order, whichever is applicable

The owner will execute a Mortgage, Mortgage Note, and Deed Restriction, the latter which guarantees the continued availability of the rental unit to low or moderate-income households for the terms of the ten-year deed restricted affordability period. The affordability terms for the rental units do not expire even if the owner sells the property, transfers title to the property, or dies within the ten-year program deed restricted affordability period.

Moreover, if Program funds were expended on the owner-occupied unit, and the homeowner sells, transfers title, dies or is not in compliance during the ten-year deed restricted affordability

period, unless ownership is transferred to another low or moderate-income homeowner, any Program funds expended on work done on the owner's individual unit along with a pro-rata portion of the shared improvements must be fully repaid to the Borough and used to rehabilitate another housing unit.

Additionally, for rental units in a multi-family owner-occupied home:
For tenant units, the maximum permitted rent is pursuant to UHAC and subject to annual adjustment. If a unit is vacant upon initial rental subsequent to rehabilitation, or if a renter-occupied unit is re-rented prior to the end of controls on affordability, the Deed Restriction shall require the unit to be rented to a low- or moderate- income household at an affordable rental price and will be affirmatively marketed by the Borough designated Administrative Agent, in accordance with the Borough of Watchung' Affordable Housing Affirmative Marketing Plan. Landlords are responsible to pay income certification fees and affirmative marketing cost for re-rentals.

For information regarding future rental increases: Please refer to Section VIII C of this manual.

C. Terms and Conditions on Investor-Owned Multi-Family Rental Units

Table 3 Investor-Owned Terms & Conditions

Investor-Owned Multi-Family Unit Terms and Conditions of Loan	
Minimum Loan Amount	Per N.J.A.C. 5:93-5.2, the municipality may rehabilitate substandard units that require less than $8,000 of work, provided the municipal rehabilitation activity shall average at least $10,000 per unit.
Maximum Loan Amount	$17,000 per rental unit
Interest Rate	0% (No monthly payments)
Payment Terms	Owner pays 25% of rehab cost at construction agreement signing. 75% balance forgiven if in compliance with rental restrictions. Rental restrictions transfer with property. See restrictions below.
Mechanism for Securing Loan	Mortgage, Mortgage Note and Deed Restriction recorded against property

The ten-year affordability controls against the property will be recorded in a Deed Restriction. The property owner agrees to abide by the rental affordability controls for the life of the Deed Restriction. Additionally, the following conditions apply:

The assisted housing unit(s) must be occupied by and affordable to a household that is certified as an income eligible household as per either the latest Income Limits by Region, or in compliance with the municipality's Settlement Agreement and Court Order, whichever is applicable and as designated by unit in the Deed Restriction. The maximum permitted rent is determined by the Borough's Administrative Agent and is pursuant to UHAC and subject to annual adjustment. A copy of the income figures for 2018, and the methodology for going forward, until the reinstitution of COAH or another state entity performing this function is included in Appendix B of this document.

Throughout the ten year affordability controls, if a rental unit is vacant upon initial rental subsequent to rehabilitation, or if a renter-occupied unit is re-rented prior to the end of controls on affordability, the Deed Restriction shall require the unit to be rented to a low- or moderate-income household(as designated by unit in the Deed Restriction) at an affordable price and will be affirmatively marketed in accordance with the Borough of Watchung Affordable Housing Affirmative Marketing Plan by the Boroughs' current Administrative Agent at the rates and terms defined within that Agreement. Landlords are responsible to pay income certification fees and affirmative marketing costs for re-rentals.

The owner will execute a Mortgage, Mortgage Note and Deed Restriction, the latter which will guarantee the continued availability of the unit to income eligible households for the terms of the ten-year lien affordability period.

Throughout the ten-year deed restrictive period, the affordability terms do not expire even if the owner sells the property, transfers title to the property, dies, or rents to other than low or moderate-income renters, before the terms of the lien expire.

D. Special Needs Waivers for Higher Cost Rehabilitation Projects

In cases of housing rehabilitation costs exceeding the program maximum loan amounts listed in applicable Tables 1, 2 and 3 above:

- The Program will get confirmation of whether or not the homeowner can contribute personal funding.
- If needed, the Program will attempt to partner with other possible funding sources such as the Low Income Home Energy Assistance Program (LIHEAP)
- The Program reserves the right to make an exception and allow the expenditure of up to an additional $4,000 per unit to address code violations. The Borough will consider other situations for special needs waivers. Individual files will be reviewed on a case-by-case

basis. Upon Program and Borough approval, a Special Needs Funding Limit Waiver may be issued.

- If no viable options, the case will have to be terminated.

E. Use of Recaptured Program Funds

All recaptured funds will be deposited into a Watchung Borough affordable housing trust fund in accordance with N.J.A.C. 5:93-8.15

V. IMPLEMENTATION PROCESS

A. Application/Interview

For each prospective applicant, this process starts with a homeowner either submitting an online preliminary application or the Case Manager pre-qualifies the interested homeowner by phone, whichever is the homeowner's preference. The information is entered in the program applicant pool/waiting list. If the homeowner passes the preliminary criteria review, program information, guidelines, and an application package will be mailed or emailed to the applicant when their name is reached in the program's waiting list. Each prospective applicant is to complete the application and return it to the Case Manager, along with the required verification documents. Upon receipt of the completed application package, a case file will be opened for the applicant and a case file number will be assigned to the unit. The Case Manager will be available via a direct phone line to assist applicants during this and all other phases of the process. Additionally, as needed, a Case Manager will be available for face to face prescheduled appointments. Once a case is assigned a number, the cases are processed in the order of receipt of completed applications.

B. Eligibility Certification

To be eligible for assistance, households in each unit to be assisted must be determined to be income eligible. All adult members, 18 years of age and older, of both the owner household and tenant household (if any) must be fully certified as income-eligible before any assistance will be provided by the Program. The HRP will income qualify applicant, and when applicable tenant, households in accordance with N.J.A.C. 5:93-9 and the Uniform Housing Affordability Controls (UHAC) at N.J.A.C. 5:80-16.1 et seq., except for the asset test.

The following is a list of various types of wages, payments, rebates and credits. Those that are considered as part of the household's income are listed under Income. Those that are not considered as part of the household's income are listed under Not Income.

C. What is Considered Income

The following income sources are considered income and will be included in the income eligibility determination:

- Wages, salaries, tips, commissions
- Alimony
- Regularly scheduled overtime
- Pensions
- Social security
- Unemployment compensation (verify remaining eligible number of weeks)
- TANF (Temporary Assistance For Needy Families)
- Verified regular child support
- Disability
- Net income from business or real estate
- Interest income from assets such as savings, certificates of deposit, money market accounts, mutual funds, stocks, bonds
- Imputed interest (using a current average annual rate of two percent) from non-income producing assets, such as equity in real estate. Rent from real estate is considered income, after deduction of any mortgage payments, real estate taxes, property owner's insurance.
- Rent from real estate is considered income
- Any other forms of regular income reported to the Internal Revenue Service

D. What is Not Considered Income

The following income sources are not considered income and will not be included in the income eligibility determination:

- Rebates or credits received under low-income energy assistance programs
- Food stamps
- Payments received for foster care
- Relocation assistance benefits
- Income of live-in attendants
- Scholarships
- Student loans

- Personal property such as automobiles
- Lump-sum additions to assets such as inheritances, lottery winnings, gifts, insurance settlements
- Part-time income of dependents enrolled as full-time students
- Court ordered payments for alimony or child support paid to another household shall be deducted from gross annual income

E. How to Verify Income

To calculate income, the current gross income of the applicant is used to project that income over the next 12 months. Income verification documentation should include, but is not limited to the following for each and every member of a household who is 18 years of age or older:

1. Four current consecutive pay stubs, including bonuses, overtime or tips, or a letter from the employer stating the present annual income figure or if self-employed, a current Certified Profit & Loss Statement and Balance Sheet.

2. A signed copy of regular IRS Form 1040 (Tax computation form), 1040A or 1040EZ (as applicable) and state income tax returns filed for the last three years prior to the date of interview or notarized tax waiver letter for respective tax year(s)- A Form 1040 Tax Summary for the past three tax years can be requested from the local Internal Revenue Service Center or by calling 1-800-829-1040.

3. If applicable, a letter or appropriate reporting form verifying monthly benefits such as:

   - Social Security or SSI – Current award letter or computer printout letter
   - Unemployment – verification of Unemployment Benefits
   - Welfare -TANF current award letter
   - Disability - Worker's compensation letter or
   - Pension income (monthly or annually) – a pension letter

4. A letter or appropriate reporting form verifying any other sources of income claimed by the applicant, such as alimony or child support – copy of court order or recent original letters from the court (includes separation agreement or divorce papers) or education scholarship/stipends – current award letter;

5. Reports from the last two consecutive months that verify income from assets to be submitted by banks or other financial institutions managing savings and checking accounts (bank statements and passbooks), trust funds, money market accounts, certificate of deposit, stocks or bonds (In brokerage accounts – most recent statements

and/or in certificate form – photocopy of certificates), whole life insurance. Examples include copies of all interest and dividend statements for savings accounts, interest and non-interest bearing checking accounts, and investments;

6. Evidence or reports of income from directly held assets, such as real estate or businesses owned by any household member 18 years and older.

7. Interest in a corporation or partnership – Federal tax returns for each of the preceding three tax years.

8. Current reports of assets – Market Value Appraisal or Realtor Comparative Market Analysis and Bank/Mortgage Co. Statement indicating Current Mortgage Balance. For rental property attach copies of all leases.

F. Additional Income Verification Procedures

1. Student Income

Only full-time income of full-time students is included in the income calculation. A full-time student is a member of the household reported to the IRS as a dependent who is enrolled in a degree seeking program for 12 or more credit hours per semester; and part-time income is income earned on less than a 35-hour workweek.

2. Income from Real Estate

If real estate owned by an applicant for affordable housing is a rental property, the rent is considered income. After deduction of any mortgage payments, real estate taxes, property owner insurance and reasonable property management expenses as reported to the Internal Revenue Service, the remaining amount shall be counted as income.

If an applicant owns real estate with mortgage debt, which is not to be used as rental housing, the Program Case Manager should determine the imputed interest from the value of the property. The Program Case Manager should deduct outstanding mortgage debt from the documented market value established by a market value appraisal. Based on current money market rates, interest will be imputed on the determined value of the real estate.

G. Other Eligibility Requirements

Applicant to submit the following in the application package:

- Copy of current Homeowner's insurance declarations page (not the policy or receipt);
- Proof of flood insurance, if property is located in a flood zone;
- Copy of recorded deed to the property to be assisted;

- If deed co-holder resides at another location, provide proof of same (driver's license, etc);
- If widow or widower, copy of spouse's Death Certificate;
- Receipt for paid property taxes;
- Proof that all mortgage payments and, when applicable, Homeowner Association (HOA) Fees are paid current;
- Copy of any and all other liens recorded against the property;
- Personal identification (a copy of any of the following: Driver's License, Passport, Birth Certificate, Social Security Card, Adoption Papers, Alien Registration Card, etc.); and
- Original of signed Eligibility Release form.

Properties for sale are ineligible for program assistance as well as any property the homeowner plans to sell within the next two years.

H. Requirements of Property Taxes and Municipal Utilities Account Paid Current

All applicants' property tax and municipal utilities accounts must be paid current. The Program reserves the right to make an exception to the requirement of paid up municipal accounts. Individual files will be reviewed on a case-by-case basis. Upon approval by the appropriate municipal officials and the Program, a Special Needs Eligibility Requirements Waiver may be issued.

I. Sufficient Equity and Carrying Cost

Additionally, to be determined eligible, there must be sufficient equity in the home to cover the program lien. In other words, the market value of the house must be greater than the total of the existing liens and anticipated program lien combined. For the sake of this rule, the market value of the home will be calculated using the municipality's assessed value divided by the equalization ratio. All existing property liens (mortgage, home equity loan, etc.) are then deducted from the calculated house value to determine the current property equity. The Borough may consider a Special Needs Waiver approved by the municipality on a case-by-case basis for limited equity, but not for negative equity. Additionally, the applicant's income shall be sufficient to meet the carrying costs of the unit or the homeowner is to demonstrate how the unit's carrying costs are funded. This will be reviewed on a case-by-case basis.

J. House Conditions:

All areas of the house must be readily accessible, uncluttered, and clean. This is in anticipation of the Program Inspector and contractors needs of proper and sanitary access for inspections and construction work progress.

If there are any repairs or renovations currently being undertaken on the home by others or the homeowner or done within the last few years that require or required municipal permits, the work must be completed and the permits closed out prior to the homeowner applying to the Program.

K. Eligibility Scenarios of Multi-Family Structures

Several possibilities exist concerning the determination of eligibility in a multi-family structure.

Scenario 1. The Program Administrator determines that the owner is income eligible and the renters in each unit are income eligible. In this case, all of the units are eligible for rehabilitation.

Scenario 2. The Program Administrator determines that the owner is income eligible, but the renters are not. In this case, only the landlord's unit is eligible for rehabilitation. If a home improvement is undertaken which affects all the units in the house (e.g., replacement of a roof), the HRP will only cover a prorated percentage of the cost. For example, in a two-family home with units of approximately equal size, only 50% of the cost of roof replacement will be covered. Where units differ by more than 10% in size, the proration should be based on percentage of square footage within each unit compared to the total interior square footage of all other units in the structure. Shared common areas should not be counted in the denominator for the pro rata calculation.

Scenario 3. The Program Administrator determines that the owner is not income eligible, but the renters are. In this case, the rental units are eligible for rehab, but the owner's is not. If a rehab activity is undertaken which affects all of the units in the house (e.g., replacement of roof), the HRP will only cover a prorated percentage of the cost. For example, in a four-family home, only 75% of the cost of roof replacement would be covered. Where units differ in size, the proration is based on percentage of square footage.

If any of the conditions above apply to a particular applicant's case, CGP&H sends a letter that explicitly identifies which of the units is eligible for rehabilitation, as well as specifies any applicable percentage of the hard costs of rehabilitation between the Program and the homeowner. The homeowner's monetary contribution is to be paid prior to the start of construction at the preconstruction conference in the form of a money order or certified check made payable to the contractor. The payment is held by the Program until the work is satisfactorily completed, at which time the Program will release the payment to the contractor.

L. Eligibility Certification

After the Program Administrator has determined that the household is income eligible and meets all other eligible requirements, the Program Manager will complete and sign the Eligibility Certification. This certification is valid for six months starting from date of eligibility certification.

A Construction Agreement must be signed within this time period. If not, the Program Administrator must reevaluate the household's eligibility.

After the household is certified as income eligible, the Homeowner/Program Agreement will be executed between the owner and the program.

If an applicant is determined ineligible, for any reason, the Program will issue a Notice of Ineligibility explaining the reason for the ineligibility determination and case termination.

M. Housing Inspection/Substandard Certification/Work Write Up/Cost Estimate

The Program Inspector will perform a comprehensive inspection to determine what work items are necessary to bring the home up to code, as identified in section III C. Photos will be taken at the comprehensive inspection to document existing conditions. As a result of the comprehensive inspection, the Program Inspector will prepare a work write-up and cost estimate. All repairs needed to bring the home up to code will be identified. To the extent that the budget may permit, home weatherization will also be included. This work write-up will include a breakdown of each work item by category and by location in the house. The work write-up will contain information as to the scope of work and specifics on materials such as type, quantity and cost. A total cost estimate will be calculated for each housing unit. Improvements approved under the Program shall be based on the cost of mid-grade fixtures and materials. No upgrades from this standard shall be allowed. Only eligible rehab work will be funded by the Program. In the event that not all items can be accomplished due to program funding caps, the Program Inspector will establish a priority repair system which addresses the code violations before the non-code violations. The HRP's policy is to create Work Write-Ups and Cost Estimates that fall within the HRP funding caps. In unusual hardship cases and when the cost to correct all code violations exceeds the program funding limit, the HRP will seek the homeowner's monetary contribution. If the homeowner is unable to contribute funds or obtain funds from another funding source, the HRP will request additional funds from Watchung.

For houses built prior to 1978, refer to Section VII Lead Base Paint (LBP).

N. Contractor Selection

The homeowner, with the approval of the Program Inspector, will select the contractor. The Case Manager will provide the homeowner with a copy of the work write up and the Program Contractor List. The homeowner will complete the Work Write-Up Review Form indicating review and approval of the work write-up and advising of any contractors currently on the Program Contractor List that the homeowner does not wish to have notified of the availability of the bid package. If the homeowner wishes to solicit a bid from a contractor not currently on the Program Contractor List, the homeowner will provide the contractor's name, address and telephone

number on the Work Write-Up Review Form. Any contractors that have not been previously qualified are eligible to participate but must submit their qualifications as well as their bid in the bid package.

The Case Manager will notify at least three (3) currently active contractors that a bid package for the property is available. Each contractor must contact the Case Manager to obtain a full bid package and the contractor must submit a bid to the Case Manager by the submission deadline (usually within three (3) weeks of the date of the bid notification letter). All submitted bids will be opened and recorded by the Program Administrator at a meeting open to all interested parties.

The submitted bids will be reviewed by the homeowner and the Program Inspector. Generally, the lowest responsible bid from a qualified contractor will be chosen. If the homeowner selects a higher bid, he/she must pay the difference between the chosen and the lowest responsible bid.

The Case Manager will email the following documentation to the Borough Municipal Clerk:

- Bid Tabulation sheet of all bids received
- Awarded contractor bid sheet
- Contractor Award Checklist
- For each contractor's first award in a calendar year, will also include awarded contractor Business Registration Certificate (BRC) and W-9.

Contractor award is passed via a Resolution by Borough Council. The Borough will provide the Case Manager with a copy of the Resolution for placement in the case file.

O. Pre-Construction Conference/Contract Signing

The Program Inspector will conduct a pre-construction conference with the homeowner and contractor. Prior to the pre-construction conference the homeowner will be provided with copies of the loan documents and the Construction Agreement and the contractor will be provided with a copy of the Construction Agreement for review. At the time of the pre-construction conference, the scope of work will once again be reviewed. The homeowner and contractor responsibilities will also be reviewed, as well as the Program's construction procedures and program limitations. The homeowner and contractor will each sign the Construction Agreement and receive copies. The homeowner will sign and receive copies of the Mortgage and Mortgage Note in the amount of the HRP subsidy. For rental properties, the property owner will also sign the Deed Restriction (COAH form Appendix E-3).

If the homeowner is providing any funds for the rehabilitation of his/her home, those funds must be provided at the time of the pre-construction conference in the form of a certified check or money order made payable to the contractor. The check will be held by the Program and will be applied towards the contractor's first progress payment.

The contractor will be provided with information regarding the Lead-Based Paint Poisoning Prevention Act (4a.USC 483 1 (b)). The homeowner will be advised of the hazards of lead base paint in houses built prior to 1978 and provided with the EPA booklet Renovate Right. Both contractor and homeowner will each sign the respective Certifications. Additionally, for houses built prior to 1978, Section VII Lead Base Paint (LBP) applies.

Following the pre-construction conference, the Case Manager will provide the Borough with a copy of the Construction Agreement which includes an itemized price list of the work.

It is the contractor's responsibility to ensure all required permits are applied for prior to the start of construction and, if applicable, at the time of any change orders.

The construction permitting process is handled by the municipality's Construction office.

P. Initiate Borough Voucher

Upon issuance of the contractor award Resolution, the Borough will provide the Case Manager with a blanket purchase order to create two purchase orders for each case for the contractor to sign at the pre-construction conference at time of contract signing. The contractor's signed purchase orders will be held by the Case Manager until construction progress is sufficient to submit to the municipality.

The Borough voucher will be separated into two potential payments. The Program staff will match the payment request up with the Borough voucher issued at the pre-construction conference and adjust the payment amount as per the inspection results. Ultimately upon construction completion, the payments will equal the full voucher amount plus or minus any change orders.

Q. Progress Inspections

The Program Inspector will make the necessary inspections of the progress of property improvements. Inspections are necessary to ensure that the ongoing improvements coincide with the scope of work outlined in the work write-up. It is the contractor's responsibility to notify the Program Inspector when a minimum of 40% of the total contract work is completed. The Program Inspector will schedule the inspection with the homeowner, at which time the Program Inspector will also obtain verbal confirmation from the homeowner that the work is ready for inspection.

If work passes the satisfactory progress inspection, the Case Manager will follow the procedures spelled out in Section V subsection T *Payment Structure and Process* to process a contractor's progress payment request.

The Program Inspector will notify the contractor and the homeowner in writing of any work deficiencies discovered during the progress inspection. Work deficiencies must be corrected prior to the contractor's request for the next inspection.

For houses built prior to 1978, a work item marked EPA RRP Rule cannot be paid for until the contractor provides a post renovation report to the Program. Refer to Section VII Lead Base Paint (LBP) for the EPA regulation.

R. Change Orders

If it is determined during rehabilitation that a change from the original work write-up is required, a Program Change Order Authorization form must be completed and approved by the homeowner, the contractor, the Program and the Borough. The Case Manager will forward the executed change order to the Borough. Change orders must be approved by Council in most cases. If the change order work discovery is urgent, such as during roof tear off and cannot wait until the next Council meeting, it will be submitted for Borough's preliminary special needs approval prior to the next meeting.

The contractor will be notified by the Case Manager of the results, and no change order work should be undertaken by the contractor until he has received a copy of the fully executed Change Order Authorization or the contractor risks non-payment for the change order work.

S. Final Inspection

Prior to requesting a final inspection, it is the contractor's responsibility to:

- Properly close out all the permits and to provide proof of closed out permits to the Case Manager via the municipal Certificate of Approval;
- Deliver to the homeowner a complete release of all liens arising out of the Construction Agreement, a receipt in full covering all labor, materials and equipment for which a lien could be filed or a bond satisfactory to the owner indemnifying owner against any lien; and;
- Provide the homeowner with all applicable warranties for items installed and work completed during the course of the rehabilitation.

Once the contractor has provided the Case Manager with all required job closeout forms, the contractor will be responsible to request the Program's final inspection. The Program Inspector will schedule the final inspection with the homeowner, at which time the Program Inspector will also obtain verbal confirmation from the homeowner that the rehabilitation work has been completed and is ready for inspection. The Program Inspector will then conduct a final inspection to certify that the required property improvements are complete. The homeowner will be present during the final inspection and the contractor will be present if there are issues to resolve.

Only 100% completed line items will be inspected and considered for payment. If the work passes satisfactory final inspection, the Case Manager will follow the procedures spelled out in Section V subsection T. *Payment Structure and Process* to process the contractor's final payment request.

For houses built prior to 1978, a work item marked EPA RRP Rule cannot be paid for until the contractor provides a post renovation report to the program. Refer to Section VII Lead Base Paint (LBP) for the EPA regulation.

If the Program Inspector identifies any work deficiencies during the final inspection, the Program Inspector will notify the contractor and the homeowner of the deficiencies in writing and the value of said deficiencies will be deducted from the final payment request. Work deficiencies discovered during the final inspection will require the Program Inspector to conduct a subsequent inspection upon contractor's correction of deficiencies. The Rehabilitation Program reserves the right to hold the contractor responsible to pay the cost of any additional inspections beyond the final inspection at a rate of $350 per inspection for prematurely requesting the final inspection with the work not 100% completely done in a workman-like manner. Additional inspections are those in excess of the one progress inspection and the final inspection which are needed to inspect corrected deficiencies. The contractor must issue the failed final inspection penalty payment directly to CGP&H via a check prior to the Program Inspector scheduling and repeating the final inspection process. CGP&H will notify the municipality each time a penalty is levied.

The Program lien period will commence upon satisfactory completion of the final inspection. Photographs will be taken of the rehabilitated housing unit by the Program Inspector at the time of the satisfactory final inspection.

T. Payment Structure and Process

The Borough will issue all payments, which will be made according to the following schedule:

One progress payment (representing a minimum of 40% of total contract work completed) will be paid. Upon completion of one hundred percent (100%) of the rehabilitation work, the contractor is eligible for final payment of the contract price.

Upon a satisfactory program inspection, and confirmation from the Case Manager that all contractor's documents have been submitted according to program procedures, the Case Manager will submit to the Borough:

- Program's Request for Payment form with Owner's and Program's written approval
- The Borough voucher signed by the contractor and adjusted to match the current payment amount
- Copy of change order, if one occurred

The Borough retains the right to make payments to the contractor without homeowner approval should the homeowner become unavailable to sign the Program contractor payment form due to illness or absence. In such instance, the Program shall make reasonable attempts to contact the homeowner. If such efforts are not successful within a two-week period from the final inspection date, the Program shall advise the Borough, provide documentation of efforts to obtain homeowner approval, and may authorize contractor payment without homeowner sign-off, to not hold up payment rightfully due to the contractor.

The Case Manager is to submit the contractor payment request to the CFO and, if acceptable, the payment request will be placed on the upcoming Bill List agenda. The Borough will forward to the Case Manager a copy of the executed payment to the contractor for case file records.

Upon job completion, the combined Borough payments will total the Construction Agreement, including all applicable change order(s) if any, and minus owner contribution, if any. The combined Borough payments will also match the final Borough Voucher amount. Progress and final payments will be made payable to the contractor.

U. Standard Certification

A Certificate of Approval issued by the municipal construction official at the time the contractor closes out the rehabilitation construction permits, will confirm the scope of rehabilitation work has been completed and that the housing unit is now up to code standard. The contractor is to provide the Certificate of Approval to the Case Manager when requesting the final inspection. The Case Manager will ensure that a copy of the Certificate of Approval is placed in the case file.

V. Record Mortgage Documentation

At construction completion, the Case Manager will forward the executed mortgage to the Borough's Municipal Clerk for recording. The Borough will immediately file the mortgage with the County Clerk. For rental properties, the Deed Restriction will also be recorded.

W. File Closing

The Case Manager will close the homeowner's file after the final payment is made and the mortgage, and when applicable, Deed Restriction is/are returned from the County with recorded date, book and page.

The Case Manager will send the homeowner a case closeout letter explaining the warranty period, importance of program documents for personal record keeping, explaining the homeowner's responsibility to continue to maintain the home, providing the homeowner with a home maintenance checklist as guidance, thanking the owner for program participation, and encouraging him/her to recommend the program to other households in the community and, when applicable, reminding owner of the affordable housing rental requirements listed in the program lien documents and deed restriction.

X. Requests for Subordination or Program Loan Payoff

Watchung may agree to subordination of its lien if the mortgage company supplies an appraisal showing that the new loan plus the balance(s) on all unpaid loans (including the value of the rehabilitation assistance) does not exceed ninety-five (95%) of the appraised value of the unit. If the homeowner is simply refinancing their primary mortgage to a lower interest rate and not "cashing out" any equity, Watchung will subordinate up to 100% of the appraised value.

The fee to process subordination and program loan payoff requests will be paid by the homeowner directly to CGP&H at a rate of $175 per request.

VI. CONTRACTOR REQUIREMENTS AND RECRUITMENT

A. Marketing

The Program will coordinate with the Borough to advertise the availability of construction work on the Borough's website and display a contractor outreach poster and handouts in the municipal building, including the local construction office. Additionally, CGP&H will reach out to home improvement contractors registered with Consumer Affairs who are geographically near or in Watchung. If determined needed, additional outreach will be conducted in the local newspapers and through the posting of community notices. As necessary, the Program will advertise the availability of construction work by posting information at local building supply dealers. All interested contractors will have the opportunity to apply for inclusion on the Program Contractor List, which will be made available for the homeowner's use in selecting rehabilitation contractors. The contractor outreach material will also be posted on CGP&H's website.

B. Contractor Qualifications

To qualify, contractors must meet the following minimum requirements:

- Contractors must carry at least $1,000,000 in general liability insurance. The Contractor shall carry full workmen's compensation coverage including Employer's Liability limits of at least $500,000 and statutory state coverage for all his/her employees and those of his/her subcontractors engaged in program rehab work. The Contractor must provide the Case Manager with a certificate of insurance naming the Program as Certificate Holder, and naming the Municipality and CGP&H as additional insureds at time of Program job award; and
- At least three favorable references on the successful completion of similar work; and
- A reference of permit compliance from a municipal inspector (building inspector, code official, etc.); and
- The Contractor's State Business Registration Certificate; and
- Current Consumer Affairs Home Improvement Contractor license; and
- Applicable lead certifications for contractors working on houses built prior to 1978. As identified in the scope of work, the contractor must comply with the EPA Renovation, Repair and Painting (RRP) Rule regarding certification; and
- If claiming prior experience with local, state or federally funding housing rehabilitation programs, a record of satisfactory performance in a neighborhood rehabilitation program or other federal/state programs; and
- Appropriate licenses; e.g. plumbing, electrical.

Contractors must also complete a Contractor Qualification Form. The contractor's qualifications will be reviewed and the references cited will be checked by the Program Inspector before the contractor is awarded a job.

VII. Lead Based Paint (LBP):

For houses built prior to 1978, contractors must comply with the Environmental Protection Agency Renovation, Repair and Painting Rules (40 CFR Part 745) when any work item is marked with (EPA-RRP Rule) in the work specifications. The requirements are spelled out in the General Conditions of the work specifications

VIII. Rental Procedures:

Rental units are subject to the Uniform Housing Affordability Controls (UHAC) at N.J.A.C.5-80:26.1 et. seq. once the rental units are rehabilitated. In addition to the mortgage and mortgage note, the controls on affordability shall be in the form of a deed restriction.

- If a unit is vacant, upon initial rental subsequent to rehabilitation, or if a renter-occupied unit is re-rented prior to the end of controls on affordability, the deed restriction shall require the unit be rented to an income eligible household at an affordable rent and affirmatively marketed pursuant to UHAC.
- If a unit is renter-occupied, upon completion of the rehabilitation, the maximum rate of rent shall be the lesser of the current rent or the maximum permitted rent pursuant to UHAC.
- Rental Increases: See section VIII C, below.

The municipality's Administrative Agent will administer the rental affordability controls during the 10 year affordability period for each rental property assisted. Landlords are responsible to pay income certification fees for re-rentals.

A. Determining Initial Affordable Rents

The initial maximum affordable rent for a rehabilitated unit is determined by the program staff based on several NJ rules and regulations. The Administrative Agent will make every attempt to price initial rents to average fifty-two percent (52%) of the median income for the household size appropriate to the sized unit within each individual project (N.J.A.C. 5:80-26.3 (d)). Thirty percent (30%) (N.J.A.C. 5:80-26-12 (a)) of that figure is considered the "maximum base rent." Subtracted from the maximum base rent is the cost of all tenant-paid utilities as defined and calculated by the HUD Utilities Allowance figures (updated annually). The remainder becomes the maximum initial rent for that unit. The Housing Rehabilitation Program staff can provide potential applicants/landlords with a reasonable estimate of what the maximum base rent will be on their rental unit if they elect to participate in the program.

B. Pricing by Household Size

Initial rents are based on the number of legal bedrooms in each unit. Initial rents must adhere to the following rules.

Table 4 Initial Rental Pricing by Housing Size

Size of Unit	Household Size Used to Determined Max Rent
Studio/Efficiency	1
1 Bedroom	1.5
2 Bedrooms	3
3 Bedrooms	4.5
4 Bedrooms	6

- **A studio shall be affordable to a one-person household;**
- **A one-bedroom unit shall be affordable to a one- and one-half person household;**
- **A two-bedroom unit shall be affordable to a three-person household;**
- **A three-bedroom unit shall be affordable to a four- and one-half person household; and**
- **A four-bedroom unit shall be affordable to a six-person household.**

The above rules are only to be used for setting initial rents.

C. Determining Rent Increases

Rents for rehabilitated units may increase annually based on the standards in Appendix B, entitled "Approved Calculation of Annual Increases to Income Limits, Resale Prices and Rents" and only upon written notification from the Administrative Agent.

In addition, the Borough's Administrative Agent must be used by the Landlord to ensure that all appropriate affirmative marketing and all other affordable housing compliance procedures are followed and will continually oversee compliance for these affordable rental units throughout their restrictive term.

These increases must be filed with and approved by the Administrative Agent. Property managers or landlords who have charged less than the permissible increase may use the maximum allowable rent with the next tenant with permission of the Administrative Agent. Rents may not be increased more than once a year, may not be increased by more than one approved calculated increment at a time, and may not be increased at the time of new occupancy if this occurs less than one year from the last rental. No additional fees may be added to the approved rent without the express written approval of the Administrative Agent.

IX. MARKETING STRATEGY

In coordination with the Borough, the Program Administrator will employ a variety of proven strategies to advertise the program within Watchung to establish the Program's applicant pool/waiting list. The marketing strategy/plan possibilities include but are not limited to:

- Creation and distribution of Program homeowner outreach posters, flyers and handouts
- Place Program outreach material on the Borough's website
- Place Program outreach material on CGP&H's website
- Municipal E-newsletter and paper newsletter (if available)
- Appending announcements and/or flyers to other municipal mailings as they become available (tax, etc.) or direct mailing, if approved by the municipality
- Municipal email blasts and Twitter communication (if available)
- Program marketing will be distributed to local community organizations and major employers including religious organizations, civic groups, senior group, ethnic organizations, etc.
- Free local cable TV advertising (when available)
- Periodic Press releases
- Program group presentations to community organizations or at the Borough Municipal Building to prospective homeowners and even to local contractors
- Paid newspaper advertisements (last resort) when deemed necessary and appropriate
- The order of method used will be analyzed to implement the most effective combination of strategies. Extensive marketing efforts are essential for all successful housing rehabilitation programs to meet their productivity objectives.

Available rental units assisted via the HRP will be affirmatively marketed in accordance with the Borough of Watchung Affordable Housing Affirmative Marketing Plan.

X. MAINTENANCE OF RECORDS AND CLIENT FILES

A. Programmatic Recording

The Program files will include:

- The policies and procedures manual, which will also be updated when applicable.
- An applicant pool will be maintained by the Program staff to track intake of the people interested in the program and the corresponding outgoing application invites.
- A rehabilitation log will be maintained by the Program staff that depicts the status of all applications in progress.

B. Participant Record Keeping

The Program will be responsible for ensuring that individual files for each unit are established, maintained and then submitted to the municipality upon completion. Each completed file will contain a minimum of the following:

- Checklist
- Application form
- Tenant Application form (Rental Units Only) including rental lease
- Proof of ownership
- Income verification (for all households)
- Proof of currency of property tax and water/sewer accounts
- Proof of homeowner extended coverage/hazard insurance (Declaration Page)
- Proof that the municipal lien plus the total of other liens does not exceed the market value of the unit.
- Certification of Eligible Household or Notice of Ineligible Household (whichever is applicable)
- Homeowner/Program Agreement
- Certificate of Substandard
- Work Specifications/Cost Estimate aka Work Write-Up

- Bid Notice
- Contractor bids
- Bid Tabulation
- Construction Agreement
- Mortgage and Mortgage Note, and for rental properties, Deed Restriction
- Notice of Right of Rescission
- Homeowner Confirmation of Receipt of EPA Lead Information Pamphlet
- Contractor Confirmation of Receipt of Lead Paint Notice
- Copies of all required permits
- Change orders, if any
- Work progress and final inspection reports
- Copies of contractor payment documentation
- Photographs (Before and After)
- Close-out documents
- Certification of Approval

C. State Reporting

For each unit the following information must be retained to be reported annually:

- Street Address
- Block/Lot/Unit Number
- Owner/Renter
- Income: Low/Mod
- Final Inspection Date
- Funds expended on Hard Costs
- Funds Recaptured

- Major Systems Repaired
- Unit Below Code & Raised to Code
- Effective date of affordability controls
- Length of Affordability Controls (yrs.)
- Date Affordability Controls removed
- Reason for removal of Affordability Controls

The Program Administrator is responsible for entering each completed unit's data into the State's online CTM system.

D. Financial Recordkeeping

Financial recordkeeping is the responsibility of the Municipal Housing Liaison, with assistance from the Administrative Agent, as may be requested from time to time.

XI. HOUSING ADVISORY COMMITTEE AND APPEALS PROCESS

In homeowner/contractor disputes, as well as disputes with regard to staff decisions, a Housing Advisory Committee formed by the Borough will act as a mediator to resolve the differences. Homeowners involved in a dispute will be instructed to submit their concerns in writing. The homeowner may request a hearing conducted by the Housing Advisory Committee. All Housing Advisory Committee decisions are final.

If the reason for the mediation is due to the homeowner's refusal to pay the contractor and work has been done to work specification and to the satisfaction of the Program, it may authorize payment to the contractor directly. However, the Program will make a reasonable attempt to resolve the differences before taking this step.

Additionally, the Housing Advisory Committee may decide on cases that are not clearly determined via the Policy and Procedures Manual, requiring either a change to the Manual, a waiver approval or waiver denial. During this process, when discussing case specifics with and among Committee members, the confidentiality of the individual homeowner will be protected by use of case numbers rather than names.

XII. CONCLUSION

If the procedures described in this manual are followed, the Borough of Watchung' Housing Rehabilitation Program should operate smoothly and effectively. Where it is found that a new procedure will eliminate a recurring problem, that procedure may be incorporated into the program operation. In addition, this manual may be periodically revised to reflect changes in local, state and federal policies and regulations relative to the Housing Rehabilitation Program.

APPENDIX A - LIST OF PROGRAM FORMS

- Application Transmittal Letter
- Program Information Handout
- Application for Assistance- Homeowner
- Application for Assistance- Landlord (Investor)
- Application for Assistance- Tenant
- Eligibility Release Form
- Checklist
- Special Needs Waiver (Eligibility Requirements)
- Special Needs Waiver (Exceed Program Limit)
- Certification of Eligible Household
- Eligibility Determination Form
- Notification of Eligibility
- Notification of Ineligibility
- Homeowner/Program Agreement
- Certificate of Substandard
- Certificate of Substandard – Emergency Situation
- Letter: forward work write-up and contractor list to homeowner
- Work Write-Up Review form
- Request for Rehabilitation Bid
- Affidavit of Contractor
- Subcontractor Bid Sheet
- Bid Tabulation/Contractor Selection
- Construction Agreement
- Mortgage
- Mortgage Note – single family, multi family, investor versions
- Notice of Right of Rescission
- COAH Deed Restriction (when applicable)
- Homeowner Confirmation of Receipt of EPA Lead Information Pamphlet
- Contractor Confirmation of Receipt of Lead Paint Notice
- Notice to Proceed
- Contractor's Request for Final Inspection
- Change Order Authorization
- Certificate and Release
- Closeout Statement

APPENDIX B – Approved Calculation of Annual Increases to Income Limits, Resale Prices and Rents

Methodology for Calculating Regional Income Limits and Rental Increase:

Income limits for all units that are part of the municipality's Housing Element and Fair Share Plan and for which income limits are not already established through a federal program exempted from the Uniform Housing Affordability Controls pursuant to N.J.A.C. 5:80-26.1 shall be updated by the municipality annually within 30 days of the publication of determinations of median income by HUD as follows:

a. Regional income limits shall be established for the region that the municipality is located within, based on the median income by household size, which shall be established by a regional weighted average of the uncapped Section 8 income limits published by HUD. To compute this regional income limit, the HUD determination of median county income for a family of four is multiplied by the estimated households within the county according to the most recent decennial Census. The resulting product for each county within the housing region is summed. The sum is divided by the estimated total households from the most recent decennial Census in the municipality's housing region. This quotient represents the regional weighted average of median income for a household of four. The income limit for a moderate-income unit for a household of four shall be 80 percent of the regional weighted average median income for a family of four. The income limit for a low-income unit for a household of four shall be 50 percent of the HUD determination of the regional weighted average median income for a family of four. The income limit for a very low-income unit for a household of four shall be 30 percent of the regional weighted average median income for a family of four. These income limits shall be adjusted by household size based on multipliers used by HUD to adjust median income by household size. In no event shall the income limits be less than those for the previous year.

b. The income limits attached are the result of applying the percentages set forth in paragraph (a) above to HUD's determination of median income for the most recent year and shall be utilized until the municipality updates the income limits after HUD has published revised determinations of median income for the next fiscal year.

c. If at any time, COAH (or a successor administrative agency duly empowered by an amendment to the Fair Housing Act) begins to issue updated annual income limits and

rules for increasing sales prices and rent levels each year, said updated income limits and rules for increasing sales prices and rent levels each year may be used instead of the methodology set forth herein.

In establishing sale prices and rents of affordable housing units, the Administrative Agent shall follow the procedures set forth in UHAC, utilizing the regional income limits established pursuant to the process defined above:

The rent levels of very-low-, low- and moderate-income units may be increased annually based on the percentage increase in the Housing Consumer Price Index for the Northeast Urban Area, upon its publication for the prior calendar year. This increase shall not exceed nine percent in any one year. Rents for units constructed pursuant to low income housing tax credit regulations shall be indexed pursuant to the regulations governing low income housing.

Prepared by Affordable Housing Professionals of New Jersey (AHPNJ) - April 2018

2018 AFFORDABLE HOUSING REGIONAL INCOME LIMITS BY HOUSEHOLD SIZE

Income limits not officially adopted by the State of New Jersey. Contact your municipality to see if applicable in your jurisdiction. Additional information about AHPNJ income limits is posted on

		1 Person	*1.5 Person	2 Person	*3 Person	4 Person	*4.5 Person	5 Person	6 Person	7 Person	8+ Person	Max Increase Rents**	Max Increase Sales***	Regional Asset Limit****
Region 1	Median	$63,597	$68,140	$72,682	$81,767	$90,853	$94,487	$98,121	$105,389	$112,657	$119,926	2.2%	5.52%	$175,679
Bergen, Hudson,	Moderate	$50,878	$54,512	$58,146	$65,414	$72,682	$75,589	$78,497	$84,311	$90,126	$95,940			
Passaic and	Low	$31,798	$34,070	$36,341	$40,884	$45,426	$47,243	$49,060	$52,695	$56,329	$59,963			
Sussex	Very Low	$19,079	$20,442	$21,805	$24,530	$27,256	$28,346	$29,436	$31,617	$33,797	$35,978			
Region 2	Median	$66,755	$71,523	$76,291	$85,828	$95,364	$99,179	$102,993	$110,622	$118,252	$125,881	2.2%	1.22%	$182,955
	Moderate	$53,404	$57,218	$61,033	$68,662	$76,291	$79,343	$82,395	$88,498	$94,601	$100,705			
Essex, Morris,	Low	$33,377	$35,762	$38,146	$42,914	$47,682	$49,589	$51,497	$55,311	$59,126	$62,940			
Union and Warren	Very Low	$20,026	$21,457	$22,887	$25,748	$28,609	$29,754	$30,898	$33,187	$35,475	$37,764			
Region 3	Median	$75,530	$80,925	$86,320	$97,110	$107,900	$112,216	$116,532	$125,164	$133,796	$142,428	2.2%	2.37%	$205,458
Hunterdon,	Moderate	$60,424	$64,740	$69,056	$77,688	$86,320	$89,773	$93,226	$100,131	$107,037	$113,942			
Middlesex and	Low	$37,765	$40,463	$43,160	$48,555	$53,950	$56,108	$58,266	$62,582	$66,898	$71,214			
Somerset	Very Low	$22,659	$24,278	$25,896	$29,133	$32,370	$33,665	$34,960	$37,549	$40,139	$42,728			
Region 4	Median	$69,447	$74,407	$79,368	$89,289	$99,209	$103,178	$107,146	$115,083	$123,020	$130,956	2.2%	5.19%	$186,616
Mercer,	Moderate	$55,557	$59,526	$63,494	$71,431	$79,368	$82,542	$85,717	$92,066	$98,416	$104,765			
Monmouth and	Low	$34,723	$37,204	$39,684	$44,644	$49,605	$51,589	$53,573	$57,541	$61,510	$65,478			
Ocean	Very Low	$20,834	$22,322	$23,810	$26,787	$29,763	$30,953	$32,144	$34,525	$36,906	$39,287			
Region 5	Median	$61,180	$65,550	$69,920	$78,660	$87,400	$90,896	$94,392	$101,384	$108,376	$115,368	2.2%	5.05%	$161,977
Burlington,	Moderate	$48,944	$52,440	$55,936	$62,928	$69,920	$72,717	$75,514	$81,107	$86,701	$92,294			
Camden and	Low	$30,590	$32,775	$34,960	$39,330	$43,700	$45,448	$47,196	$50,692	$54,188	$57,684			
Gloucester	Very Low	$18,354	$19,665	$20,976	$23,598	$26,220	$27,269	$28,318	$30,415	$32,513	$34,610			
Region 6	Median	$51,085	$54,734	$58,383	$65,681	$72,979	$75,898	$78,817	$84,655	$90,494	$96,332	2.2%	0.00%	$136,680
Atlantic, Cape	Moderate	$40,868	$43,787	$46,706	$52,545	$58,383	$60,718	$63,054	$67,724	$72,395	$77,066			
May, Cumberland,	Low	$25,543	$27,367	$29,192	$32,840	$36,489	$37,949	$39,409	$42,328	$45,247	$48,166			
and Salem	Very Low	$15,326	$16,420	$17,515	$19,704	$21,894	$22,769	$23,645	$25,397	$27,148	$28,900			

Moderate income is between 80 and 50 percent of the median income. Low income is 50 percent or less of median income. Very low income is 30 percent or less of median income.

* These columns are for calculating the pricing for one, two and three bedroom sale and rental units as per N.J.A.C. 5:80-26.4(a).

**This column is used for calculating the pricing for rent increases for units (as previosuly calculated under N.J.A.C. 5:97-9.3). The increase for 2015 was 2.3%, the increase for 2016 was 1.1%, the increase for 2017 was 1.7%, and the increase for 2018 is 2.2% (Consumer price Index for All Urban Consumers (CPI-U): Regions by expenditure category and commodity and service group). Landlords who did not increase rents in 2015, 2016, or 2017 may increase rent by up to the applicable combined percentage from their last rental increase for that unit. In no case can rent for any particular apartment be increased more than one time per year.

*** This column is used for calculating the pricing for resale increases for units (as previously calculated under N.J.A.C. 5:97-9.3). The price of owner-occupied low and moderate income units may increase annually based on the percentage increase in the regional median income limit for each housing region. In no event shall the maximum resale price established by the administrative agent be lower than the last recorded purchase price.

Low income tax credit developments may increase based on the low income tax credit regulations.

**** The Regional Asset Limit is used in determining an applicant's eligibility for affordable housing pursuant to N.J.A.C. 5:80-26.16(b)3.

Note: Since the Regional Income Limits for Region 6 in 2017 were higher than the 2018 calculations, the 2017 income limits will remain in force for 2018 (as previously required by N.J.A.C. 5:97-9.2(c)).

Accessory Apartment Program Policies and Procedures Manual

Borough of Watchung

New Jersey

Accessory Apartment Policies and Procedures Manual

March, 28, 2019

101 Interchange Plaza, Suite 301
Cranbury, NJ 08512
609/664-2769 www.cgph.net

Table of Contents

Introduction 1
Method by which a new accessory unit will be created 2
Rehabilitating an existing accessory apartment 3
Basic qualifications for an accessory apartment 4
Approval of the accessory apartment construction permits 5
Documents and verifications required prior to closing 5
Approval of applicant verification documents by the borough attorney .. 7
Promissory notes and mortgages 8
Marketing of the accessory apartment program 10
Accessory apartment subsidy procedures 10
Budget 11

Exhibit I Section 28-401 General Zoning District Regulations 12

WATCHUNG BOROUGH ACCESSORY APARTMENT PROGRAM GUIDELINES

INTRODUCTION

This program will comply with the rules found in 5:97-6.8. As per 5:97-1.4 of the Substantive Rules of the New Jersey Council on Affordable Housing "Accessory apartment" is defined as a self-contained residential dwelling unit with a kitchen, sanitary facilities, sleeping quarters and a private entrance, which is created within an existing home, or through the conversion of an existing accessory structure on the same site, or by an addition to an existing home or accessory building, or by the construction of a new accessory structure on the same site. As required under 5:97-6.8 (b)2, the Borough will provide $30,000 (moderate unit) for an accessory apartment after the accessory unit has been restricted through deed covenant to moderate-income households for a period of ten (10) years. While the Borough code allows for both moderate and low income accessory apartment units, this program is only available to moderate income accessory apartments at this time. However, the Borough is offering through its affordability assistance program an additional $20,000 per-unit subsidy to assist in the conversion of a moderate-income accessory apartment to a low-income accessory apartment, subject to funding availability. The above payments do not apply to illegal units that become compliant under this program. After the restriction period, the unit will return to a legal, unconditional, and conforming use.

These Accessory Apartment Program Guidelines ("Guidelines") as outlined in this document supplement the Borough of Watchung's Administration of Affordable Units Operating Manual. This Accessory Apartment manual focuses specifically on the unique aspects of creating an Accessory unit. Accordingly, for any topics or areas of concern not covered in this specialized manual (such as rental increases, marketing, affirmative monitoring, income eligibility and much more), the reader should refer to the Borough's Administrative Agent Operating Manual for guidance on that subject, as the procedures are always the same unless otherwise noted.

METHOD BY WHICH A NEW ACCESSORY UNIT WILL BE CREATED

In compliance with current zoning in Watchung, accessory apartments are permitted in all districts, provided that the property on which the accessory apartment is proposed is a conforming lot which abuts and has direct driveway access to a County of Somerset road or a United States highway.

1. A public notice will be placed on the Borough's web site, in several prominent locations on the website to explain the Program. Potentially eligible homeowners will be encouraged to enter the program and will receive a $30,000 municipal subsidy to help create a unit and rent it to a moderate-income household for a period of ten (10) years.
2. Homeowners wishing to create a new accessory unit will be contacted within three (3) business days of their expression of interest in the program.
3. The applicant must agree to restrict the unit to moderate income households (according to program guidelines and funding award) through a deed covenant placed on the property for a period of at least ten (10) years.
4. A $30,000 economic incentive will be given to each newly constructed unit restricted for a moderate-income tenant for a period of ten (10) years, upon receipt of their certificate of occupancy from the Borough
5. Homeowners will go through the normal permitting, construction, and approval processes for all improvements and must receive a Certificate of Occupancy from the Municipality prior to receiving payment from the Borough. A hardship waiver of this prerequisite to the Borough's distribution of funds will be considered on a case by case basis.
6. Once the unit is made standard according to code regulations, the Watchung Borough Construction Official will issue a Certificate of Approval confirming that the scope of work has been completed and meets the requirements of the Municipal code and New Jersey rehabilitation Subcode. This document shall be kept in the program participant's file.
7. The Borough's Administrative Agent will affirmatively market the apartment as described in the Administrative Agent Manual to which these Accessory Apartment Guidelines are appended.

8. Once the unit is in full compliance with the Accessory Apartment Program Guidelines, as determined by the Administrative Agent, the unit will be deemed credit worthy, payment in full will be made by the Borough, and this unit will be made part of the next and subsequent annual compliance reports.

METHOD FOR CONVERTING AN EXISTING NON-PROGRAM ACCESSORY APARTMENT INTO AN AFFORDABLE UNIT

According to current zoning in Watchung, accessory apartments are permitted in all districts, provided that the property on which the accessory apartment is proposed is a conforming lot which abuts and has direct driveway access to a County of Somerset road or a United States highway (see Exhibit I at end of this document for more details). Illegal units either need to be torn down or converted into legal accessory apartments under this program. After compliance under the program rules for 10 years, all participating units will be considered legal and can be rented without income eligibility restrictions. No funding is required to be provided by the Borough for existing illegal units wanting to participate in this process.

REHABILITATING AN EXISTING ACCESSORY APARTMENT

As stated previously in this document, and according to 5:97-6.8 (b), accessory apartments which have been constructed prior to the municipal adoption of a municipal accessory apartment ordinance or are otherwise illegal may be eligible to address a fair share obligation if a municipality addresses the criteria listed in 5:97-6.8, except that no municipal subsidy shall be required and the Landlord must agree to contract directly with the Borough's Administrative Agent to assist them in affirmatively marketing the unit and to follow all UHAC regulations. In addition, if currently occupied, the occupant's income must be documented as below 80 percent (80%) of median income and the rent must be a permitted rent as determined by the Administrative Agent. If the existing Tenant is not income qualified, the ten-year period shall begin after that tenant vacates the unit. During the interim, the Landlord will be required to annually submit

evidence of occupancy via annual lease renewals, and notify the Administrative Agent (AA) immediately upon notification of an impending vacancy so that the AA can begin the re-rental process, as more fully explained in the Administrative Agent Operating Manual. If the existing unit does not participate in the program and continues to be an illegal structure, the Municipality may exercise any and all of its legal rights to require the owner to have the structure removed or dismantled, and/or exercise any and all legal remedies available to the municipality.

BASIC QUALIFICATIONS FOR AN ACCESSORY APARTMENT

1. Upon receiving an initial application from an applicant having the basic qualifications, the Administrative Agent will establish and keep a confidential file in the name of the applicant.
2. The applicant must agree to restrict the unit to moderate income households (according to program guidelines and funding award) through a deed covenant placed on the property for a period of at least ten (10) years.
3. When applicable, the applicant will be required to obtain from a licensed Septic Engineer verification that the existing (or proposed) septic system can adequately service the additional demand placed on the system by the proposed new rental unit at the owner/applicant's expense, as needed to satisfy the County.
4. Applicant may be required to obtain special permits or permissions, and comply with all necessary setback and parking requirements based on the specific zoning area within the Borough. Please see Article 28-400 of the Borough Code for more information.

APPROVAL OF THE ACCESSORY APARTMENT CONSTRUCTION PERMITS

1. Once an owner is approved for program participation, s/he will be required to submit plans to the Borough Zoning Officer if work is to be done on an existing unit, or if a new unit is to be constructed.
2. The Borough's Zoning Officer and Building Inspector will review new construction plans as required by the Planning Board, and approve new units per the Borough's standard procedures.

DOCUMENTS AND VERIFICATIONS REQUIRED PRIOR TO CLOSING

To schedule a closing for the execution of various program agreements and municipal subsidy documents, the following documents must be prepared and approved.

For Execution at the Closing

The Administrative Agent will oversee the execution of all necessary municipal agreements and municipal finance documents related to the accessory housing program. The Administrative Agent will be responsible for creating municipal lien documents, deed covenant and recording applicable instruments subject to municipal attorney review and approval.

Construction Code Official Approval Letter

Written approval for the project indicating project viability is required from the Borough's building inspection official.

Septic Engineer Approval Letter

Approval letter from the County stating that the proposed site can handle the accessory unit, from a septic perspective.

Deed

A copy of the recorded deed for the property.

Property Tax Verification

A certificate from the Borough tax collector indicating that tax payments are up to date.

Outstanding Mortgages & Liens

Disclosure and copies of all mortgages and liens.

Planning Board Approval

Borough Planning Board approval is required for the construction of the accessory apartment if the proposed project cannot meet the standards outlined in the Development Regulations Ordinance, or for conditional use approval in the Piedmont District. To be considered by the Board, the applicant must present the following documents:

1. A letter from the Administrative Agent declaring the applicant has agreed in writing to adhere to the conditions of the Accessory Apartment Program.
2. A letter from the Administrative Agent stating that the applicant has signed an agreement to deed restrict the apartment as a designated moderate-income household for a period of ten (10) years.
3. A drawing of the floor plans showing the location, size, and relationship of both the accessory apartment and the primary dwelling within the building or a drawing of an accessory building if it is used or will be used to establish the rental unit.

4. The required parking spaces are to be shown on a site development drawing.
5. Approval letter from the County stating that the proposed site can handle the accessory unit, from a septic perspective.
6. All other standard, municipal approvals from both the Planning Board and the construction office, if required.

Resolution from the Borough Council

A resolution from the Borough Council that approves the municipal subsidy after the following has occurred:

1. Borough Planning Board approval of the accessory apartment, if required.
2. A letter from the Administrative Agent stating that the applicant has met all the necessary requirements.

Certificate of Insurance

A certificate of insurance is required to establish that the Borough is protected against any loss up to the amount of the subsidy and naming the Borough as an additional insured until the deed restriction is removed.

Other Required Documents

Other legal documents and or resolutions that may be required by the Watchung Borough Committee and its legal counsel.

APPROVAL OF APPLICANT VERIFICATION DOCUMENTS BY THE BOROUGH ATTORNEY

After the Administrative Agent has obtained a resolution from the Borough Committee approving an accessory apartment subsidy, the Administrative Agent shall forward relevant documents relating to the application and applicant qualifications to the Borough's attorney for review.

When the Borough attorney has approved the documents, the Administrative Agent will contact the applicant and schedule a closing.

PROMISSORY NOTES AND MORTGAGES

Execution of a promissory note, mortgage and deed covenant is required for the closing of an accessory apartment subsidy. The form and content of the documents must be satisfactory to the Borough attorney. The documents will clearly specify the terms of the agreement and will include information about the appeals process.

A copy of the promissory note, mortgage, and deed covenant shall be provided for the homeowner for review in advance of closing. The Administrative Agent shall advise the homeowner to have his or her attorney approve the documents before they are executed.

Before the signing of the instruments, the Administrative Agent shall explain the program noncompliance exceptions under which the homeowner would have to repay the subsidy.

At a mutually-agreed upon time, date, and place the homeowner and the Administrative Agent shall meet for the execution of the instruments. A Notary Public shall be present to witness the signing of these documents. CGP&H has several Notary Publics who are capable of presiding over the Loan Closing.

The signed promissory note and deed covenant are to be recorded with the County Clerk by the Borough, with assistance from the Administrative Agent. All executed and recorded legal instruments shall be maintained by the Borough Clerk. The homeowner(s) shall be given copies of their fully executed documents. Copies of the promissory notes, mortgages and deed covenant shall be maintained by the Administrative Agent and transferred to the Borough at the completion of the Borough's contractual relationship with the Administrative Agent.

Selecting a General Contractor and Implementing the Improvement Project

Property owners shall proceed to the unit renovation stage in the same way that a Homeowner would do any other major home improvement project. Following receipt of a notice to proceed from the Borough's Administrative Agent, Homeowner will hire and pay their own contractor(s) to complete the work. Upon satisfactory completion of the work which is defined by approval of all outstanding permits and a certificate of occupancy from

the Borough, the Borough will then release full payment of the Borough's previously agreed to amount to the homeowner in one lump sum.

Upon completion of the work, the Program will only require proof of close out of all open municipal permits, a municipal certificate of approval, a complete release of all liens from the contractor's Construction Agreement, a receipt in full covering all labor, materials and equipment for which a lien could be filed; and the homeowner should confirm that the contractor has provided all applicable warranties for items installed and work completed.

Completion Schedule for Accessory Apartment

The homeowner and the Administrative Agent, with the advice of the Borough Construction Code Official, shall decide on a reasonable completion date for a project. However, all projects shall be completed within nine (9) months. Unforeseen causes of delay shall be communicated by the Homeowner to the Administrative Agent immediately.

Standard Certification A Certificate of Occupancy issued by the municipal construction official at the time the contractor closes out the rehabilitation construction permits, will confirm the scope of rehabilitation work has been completed and that the housing unit is now up to code standard. The contractor is to provide the Certificate of Approval to the Case Manager when requesting the final inspection. The Case Manager will ensure that a copy of the Certificate of Approval is placed in the case file.

Record Mortgage Documentation At construction completion, the Case Manager will forward the executed mortgage to the Borough for recording. The Borough will immediately file the mortgage and Deed Restriction with the County Clerk.

File Closing The Case Manager will close the homeowner's file after the final payment is made and the mortgage, and Deed Restriction is/are returned from the County with recorded date, book and page. A program letter will be sent to the Homeowner, congratulating them for completing this work, and kicking off marketing of the completed rental unit in accordance with the Borough's AA Manual.

MARKETING OF THE ACCESSORY APARTMENT PROGRAM

As necessary, the Administrative Agent will advertise the accessory apartment program within Watchung via the Borough's website, and through the distribution of fliers. Other methods of advertising to existing homeowners, such as including flyers in tax bills or other official municipal mailings will also be utilized when appropriate. Each potential applicant will receive an application and a detailed description of the program. After initial advertising and after everyone has been assigned a random number, all subsequent applications will be processed on a first come, first served basis, and all accessory apartment marketing procedures will follow the same procedures that are outlined in Watchung's Administrative Agent Manual to which this manual is appended.

ACCESSORY APARTMENT SUBSIDY PROCEDURES

As required under 5:97-6.8 (b)2, the Borough will provide $30,000 subsidy for an accessory apartment after the accessory unit has been restricted through deed covenant to moderate-income households for a period of ten (10) years and all documents have been duly recorded in the County's Clerk Office. The above payment does not apply to illegal units that become compliant under this program. After the restriction period, the unit will return to a legal, unconditional, and conforming use.

The terms of the deed covenant must require that any new owner within the restrictive period to be bound to these terms and must keep the apartment available and rented to an income certified low to moderate tenants for the remainder of the ten-year period.

BUDGET

The total budget for the program is expected to be $300,000, subject to revisions per the upcoming Spending Plan. The expectation is that one new unit will be created every year until 2023, when it is expected that two new units will be created every 12 months. In addition, there may be other illegal units discovered that will be converted to affordable units, without requiring any municipal subsidy (in lieu of the municipality otherwise requiring the illegal unit's removal). As demand for program funds increases, the Borough may elect to budget additional funds for this line item, if required to meet affordable housing obligations.

Exhibit I

Section 28-401 GENERAL ZONING DISTRICT REGULATIONS

AA. Low and Moderate Income Accessory Apartments.

I. Purpose. The purpose of this Ordinance is to address a portion of the Borough's Third Round affordable housing obligation consistent with the Order on Fairness and Preliminary Compliance Hearing and provides a realistic opportunity for the development of affordable housing units that will satisfy the Borough's affordable housing obligation under the New Jersey Supreme Court's Mount Laurel decisions.

2. Requirements. Accessory apartments, as that term is described herein and meeting the requirements of this Section 28-40 I.AA. shall be permitted in association with existing single-family residences as a permitted accessory use in all districts provided the following requirements are satisfied:

a. The accessory apartment shall be a self-contained residential dwelling unit with a kitchen. sanitary facilities, sleeping Quarters, and a private entrance, which is created within an existing single-family home, or through the conversion of an existing attached accessory structure on the same site, or by an addition to an existing single family home or accessory building on the same site.

b. The property on which the accessory apartment is proposed abuts and has direct driveway access to a County of Somerset road or a United States highway.

c. The property on which the accessory apartment is proposed is a conforming lot in terms of minimum required lot area, lot frontage, lot width and lot depth.

d. The accessory apartment shall meet the following requirements with respect to affordability:

(]) At the time of initial occupancy of the unit and for at least ten (10) years thereafter, the accessory apartment shall be rented only to a household which is either a low or a moderate income household.

(2) Rents of accessory apartments shall be affordable to low or moderate income households as applicable income limits.

(3) Prior to issuance of Certificate of Occupancy for the initial tenant of the accessory apartment. there shall be a recorded deed or declaration of

covenants and restrictions applied to the property running with the land that maintains the affordability of the accessory apartment for the minimum 10 year period. After expiration of the IO-year period the accessory apartment may be converted to a market-rate unit unless the affordability restriction is extended by mutual agreement of the Borough and property owner.

e. Accessory apartments shall have living/sleeping space, cooking facilities, a kitchen sink and complete sanitary facilities for the exclusive use of its occupants. It shall consist of no less than two (2) rooms, one (ll of which shall be a full bathroom.

f. The potable water supply and sewage disposal system for the accessory apartment shall be adequate as evidenced by the approval of the Borough Board of Health.

g. The net habitable floor area devoted to the accessory apartment shall not exceed twenty-five percent (25%) of the aggregate net habitable floor area within all buildings on the site, including both the principal single-family building on the site and all accessory buildings on the site.

h. In the case of an accessory apartment created illegally or without proper permits which the property owner desires to legitimize as an accessory apartment under this Section 28-401.AA, all of the requirements of this Ordinance shall apply.

l. The creation of the accessory apartment shall not create a non-conforming condition on the site regarding applicable zoning requirements (e.g., applicable building setbacks, building coverage, impervious coverage).

J. Off-street parking shall be provided for the occupants of the affordable accessory apartment.

k. There shall be no more than one (I) accessory apartment located on any one (1) lot.

3. Zoning Approval Procedure. Applicants for the creation of an accessory apartment shall submit for approval through the Borough's Zoning Permit approval process. The application shall include the forms required for a Borough Zoning Permit and all information necessary for the Zoning Officer to determine compliance with this Ordinance and other applicable zoning requirements (e.g., applicable building setbacks, building coverage, impervious coverage). Such information shall include, but may not be limited to, the following;

a. A plot plan (survey) indicating the location of the proposed construction and demonstrating conformity to the applicable bulk requirements of the zone.

b. A sketch of floor planes) showing the location, size and relationship of both the accessory apartment and the primary dwelling within the building or in another structure as to size and demonstrating compliance with the applicable requirements of this Ordinance

c. Elevations showing the modification of any exterior building facade to which changes are proposed.

d. The Zoning Permit for an application for an accessory apartment shall only be denied if the property is not in conformance with this Ordinance and other applicable zoning requirements. All denials shall be in writing with the reasons c1earlv stated.

4. Administration. The following designations are made to administer various components of the accessory apartment program:

a. The designated Administrative Agent shall administer the following portions of the accessory apartment program: implementing the Affirmative Marketing Plan adopted by the Borough: accepting applications from interested households: determining eligibility of households: conducting random selection of applicants for rental of restricted units as necessary: creating and maintaining a waiting list of applicant households: ensuring compliance with permissible rents and annual rental increases: establishing and maintain effective communication with owners: sending out annual mailings about restrictions including allowable annual rent increases: and providing annual activity reports.

b. The Borough Administrator shall administer the following portions of the accessory apartment program: administering the subsidy set forth herein: insuring that certificates of occupancy are obtained before occupancy: filing of deed restrictions: serving as the custodian of all legal documents: and satisfying other administrative requirements of the program.

c. In accordance with applicable affordable housing requirements, the Borough shall provide up to thirty thousand ($30,000.00) dollars to subsidize the creation of an accessory apartment conforming to the requirements of this Section 28-401.AA and applicable affordable housing requirements. The said subsidy may be in the form of a grant provided that the property owner shall enter into a written agreement with the Borough insuring that (i) the subsidy shall be used to create the accessory apartment and (ii) the accessory apartment shall meet the requirements of this Ordinance and applicable regulations.

Affordability Assistance Policies and Procedures Manual

Borough of Watchung

New Jersey

Affordability Assistance Policies and Procedures Manual

March, 28, 2019

101 Interchange Plaza, Suite 301
Cranbury, NJ 08512
609/664-2769 www.cgph.net

Table of Contents

Introduction 1

Types of Affordability Assistance 1

Watchung Annual Budget 1

Eligibility 2

Maximum Amount 2

Repayment Terms, Repayment Agreement & Security Instruments 2

ADMINISTRATION 2

First Month's Rent Program Procedure 3

Down Payment and/or Closing Cost Assistance Procedure 3

EXHIBITS:

EXHIBIT 1: Summary of Watchung Borough Affordability Assistance Program Terms

EXHIBIT 2: Affordability Assistance Application

Watchung Affordability Assistance Policies and Procedures Manual

Polices & Procedures Manual

Introduction

The purpose of this Manual is to describe the policies and procedures of the Affordability Assistance Program. This Manual describes the basic content and operation of the various affordable assistance program components. It has been prepared with a flexible format allowing for periodic updates of its sections, when required, due to revisions in regulations, terms, and/or procedures.

Where it is found that a new procedure may be more effective or can eliminate a recurring problem, that procedure may be incorporated into the program operation by amending this Operating Manual. In addition, this manual may be periodically revised to reflect changes in local, state, and federal policies and regulations relative to implementation of the affordable housing Programs described herein.

Types of Affordability Assistance

There are four types of affordability assistance listed below. The specifics of each type are summarized in Exhibit 1. No ongoing or monthly assistance options are currently available.

- ***First Month's Rent*** – When applicants of affordable rental housing move into an affordable rental unit, they experience financial hardship resulting from paying the security deposit and first month's rent at the same time. To address this hardship, Watchung Borough will pay for the first month's rent for renters moving into deed restricted affordable units. This assistance is a grant and does not need to be paid back. The Borough has elected to pay for the first month rent rather than the security deposit so the tenant will have an incentive to maintain the unit in order to receive the security deposit back when they move out. Due to timing issues related to when assistance is requested and when the check can be issued by Watchung, the tenant may pay the first month's rent and the assistance will be applied to a future month's rent payment.

- ***Create Additional Low Income Accessory Apartments***– Affordability assistance may be utilized to create additional low income accessory apartments by converting a moderate income accessory apartment into a low income unit. The affordability assistance will result in additional low-income units beyond what is required by state affordable housing rules. Watchung has determined the level of subsidy to be the following:
    - $20,000 to convert a moderate unit to a low-income unit

This subsidy figure should be evaluated annually to ensure it is sufficient to incentivize property owners.

- ***Emergency Energy Assistance*** – Funds acquisition and installation of Emergency electricity generators that will ensure the continued operation of supportive/special needs facilities and other affordable housing developments during prolonged power outages.

- ***Group Homes –*** Supports funding of new group home facilities within the Borough.

Watchung Annual Budget

The annual budget for the program and percentage spent on each type of assistance is summarized in Exhibit 1. In addition, if after at least 24 months of marketing the demand between the various programs is different than anticipated, the Borough reserves the right to move funds around within line items to meet the actual demand for these affordability assistance programs.

Eligibility

Applications submitted for affordability assistance will be provided on a first come-first-served basis according to the following criteria:

1. There are affordability assistance funds remaining in the budget for the year.
2. The applicant owns or rents a deed restricted affordable unit in Watchung Borough that they maintain as their primary residence.
3. The applicant has not received an affordability assistance grant in the past.
4. The applicant is income certified. Applicants applying for down payment assistance and first months rent assistance will have already been income certified.

Maximum Amount

The maximum amount of assistance that may be provided is in Exhibit 1.

Repayment Terms, Repayment Agreement & Security Instruments

The group home and accessory apartment assistance programs will have a deed restriction and note in favor of the municipality and executed by the Borough and the property owner. The First Month's Rent Program and Emergency Energy Assistance Program are grants and there is no additional deed restriction or repayment agreement.

ADMINISTRATION

The Administrative agent will be responsible for administering all affordability assistance programs. Questions about the Program should be directed the Administrative Agent.

CGP&H LLC
101 Interchange Plaza
Suite 301
Cranbury, NJ 08512

609-664-2769 phone
609-664-2786 fax
email: homes@cgph.net
website:www.affordablehomesnewjersey.com

First Month's Rent Program Procedure

1. Applicant submits application.
2. CGP&H reviews and processes application.
3. CGP&H notifies Borough and prepares resolution authorizing grant.
4. Borough adopts Resolution.
5. Borough sends assistance directly to landlord.
6. CGP&H records assistance on master reporting spreadsheet.

Exhibit 1: Summary of Watchung Affordability Assistance Terms

	OWNERSHIP	RENTAL		
	Emergency Energy Assistance	**First Month's Rent**	**Group Homes**	**Create Additional Low Income Rental Units**
Purpose	Funds energy acquisition and installation of emergency electricity generators that will ensure the continued operation of supportive or special needs homes and other affordable housing developments during prolonged power outages	Assist renters of affordable units by paying the first, second or third month's rent, dependent on timing of request.	Provides funding to support the creation of new group homes.	Converting moderate income accessory apartment units into low income units.
Maximum Amount	Up to $20,000 per project	Up to 1 month's rent	Up to $62,500 per bedroom	Up to $20,000 in additional assistance for a mod to low-income conversion
Deed Restriction and Terms	The assistance is a grant and does not need to be returned.	The assistance is a grant and does not need to be returned.	30 year deed restriction. Direct subsidy to landlord/developer; does not need to be repaid	10 year restriction. Direct subsidy to landlord/developer; does not need to repaid, in lieu of providing new low income units from prior moderate income units.
Monthly Budget Required	No	No	No	No
Justification Required	No	No	No	No
Additional Criteria	Priority to Special Needs/Supportive Housing facilities	Priority to very low-income households	Only entities licensed by the State of New Jersey are eligible to apply for funding	None
Assistance to:	Contractor	Landlord	Landlord	Landlord
Advertising	Administrative Agent will reach out to existing Special Needs/Supportive Housing facilities in the Town first, then will inform existing landlords via annual mailers.	Landlord & Administrative Agent will inform applicants at the time they apply.	Administrative Agent will conduct outreach to licensed group home providers	Administrative Agent will inform all eligible homeowners
Total Budget from Current Spending Plan is $805,455	$60,000	$45,545	$500,000	$200,000
General Eligibility Criteria	1. There are affordability assistance funds remaining in the budget for the year. 2. The applicant is currently purchasing, owns or rents a deed restricted affordable unit in Watchung Township 3. The applicant has not received an affordability assistance grant in the past. (Only one award per household is permitted. This requirement can be waived with justification.) 4. The applicant does not have sufficient resources to pay for the requested assistance themselves. 5. The applicant has demonstrated that they can pay housing expenses in future (mortgage/association, repairs, and utility assistance only).			

Exhibit 2

APPLICATION FOR AFFORDABILITY ASSISTANCE IN WATCHUNG BOROUGH

This application must be fully completed so that it can be accepted and processed. This application is not transferable. If you require assistance, please email info@cgph.net, or call CGP&H at **609-664-2769**. If your application is complete and you are approved to receive affordability assistance, you will be certified by CGP&H and notified by mail.

Applications submitted for affordability assistance will be provided on a first come-first-served basis according to the following criteria:

1. There are affordability assistance funds remaining in the budget for the year.
2. The applicant owns or rents a deed restricted affordable unit in Watchung Borough that they maintain as their primary residence.
3. The applicant has not received an affordability assistance grant in the past. (Only one award per household is permitted.)
4. The applicant is income certified. Applicants applying for down payment assistance and first month rent will have already been income certified.

Name: _____ Date:_____

1. Please indicate what type of assistance you are applying for (Choose one):

	First Month's Rent	• Up to one month's rent
	Conversion of Affordable Apartment	• Moderate to Low Income • Moderate to Very Low Income
	Emergency Energy Assistance	• Emergency electricity generators
	Group Home	• $62,500 per bedroom

2. $ Amount of Request (Please see above for maximum amounts): _____

CERTIFICATION

I hereby certify that all information concerning my family size, actual gross income as well as all other information contained herein is true and accurate to the best of my knowledge. I further understand that CGP&H and Watchung Borough are relying upon this information in order to determine whether I qualify for affordability assistance. I further certify that the copies of the documents attached to this application are true and accurate copies of the originals of such documents. I further certify that I intend to personally occupy the unit as my primary residence except for reasonable periods of vacations and illnesses. I understand that I cannot sublet or re-rent the unit.

I authorize CGP&H, Watchung Borough or their agents to check for accuracy on any and all statements and representations made in this application. This may include calls to employers to verify income, contact with banks, etc.

Applicant _____ Co-Applicant _____

Date _____ Date _____

Affirmative Marketing Plan Resolution

BOROUGH OF WATCHUNG
SOMERSET COUNTY, NEW JERSEY

RESOLUTION ADOPTING AN AFFRIMATIVE MARKETING PLAN FOR THE BOROUGH OF WATCHUNG

WHEREAS, in accordance with applicable Council on Affordable Housing ("COAH") regulations and the New Jersey Uniform Housing Affordability Controls ("UHAC") N.J.A.C. 5:80-26.,et seq., the Borough of Watchung is required to adopt by resolution an Affirmative Marketing Plan to ensure that all affordable housing units created, including those created by rehabilitation are affirmatively marketed to very low, low and moderate income households, particularly those living and/or working within Housing Region 3, the Housing Region encompassing the Borough of Watchung; and

NOW, THEREFORE, BE IT RESOLVED, that the Mayor and Council of the Borough of Watchung, County of Somerset, State of New Jersey, do hereby adopt the following Affirmative Marketing Plan:

Affirmative Marketing Plan

A. All affordable housing units in the Borough of Watchung shall be marketed in accordance with the provisions herein unless otherwise provided in N.J.A.C. 5:93-1, et seq. This Affirmative Marketing Plan shall apply to all developments that contain or will contain very low, low or moderate-income units, including those that are part of the Borough's prior round Fair Share Plan and its current Fair Share Plan, and those that may be constructed in future developments not yet anticipated by the Fair Share Plan.

B. The Affirmative Marketing Plan shall be implemented by an Administrative Agent designated by and/or under contract to the Borough of Watchung. All the costs of advertising and affirmatively marketing affordable housing units shall be borne by the developers/sellers/owners of the affordable unit(s). The one exception to this is that the cost of affirmatively marketing the Accessory Apartment Program may be borne by the Borough, at the Borough's discretion.

C. In implementing the Affirmative Marketing Plan, the Administrative Agent, acting on behalf of the Borough, shall undertake all the following strategies:
   1. Review, approve and ensure that the developers/sellers/owners publish at least one advertisement in a newspaper of general circulation within the housing region.
   2. Broadcast of one advertisement by a radio or television station broadcasting throughout the housing region.
   3. At least one additional regional marketing strategy using one of the other sources listed below at Sec. E of this plan.

D. The Affirmative Marketing Plan is a regional marketing strategy 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 housing units which are being marketed by a developer or sponsor of affordable housing. The Affirmative Marketing Plan is also intended to target those potentially eligible persons who are least likely to apply for affordable units in that region. It is a continuing program that directs all marketing activities toward Housing Region 3 in which the Borough is located and covers the entire period of deed restriction for each restricted housing unit.

E. The Affirmative Marketing Plan is a continuing program intended to be followed throughout the entire period of restrictions and shall meet the following requirements:

1. All newspaper articles, announcements and requests for applications for very low, low, and moderate-income units shall appear in the Courier News, the Home News Tribune and the Echoes-Sentinel.

   The primary marketing shall take the form of at least one press release and a paid display advertisement in the above newspapers during the first week of the marketing program and subsequently utilizing internet advertisements each month thereafter until all available units have been leased. The developer/owner shall disseminate all public service announcements and pay for display advertisements. The developer/owner shall provide proof of publication to the Administrative Agent. All press releases and advertisements must be approved in advance by the Borough's Administrative Agent.

   Advertisements will also be placed on the following websites:
   Watchung Borough - http://www.watchungnj.gov/
   New Jersey Housing Resource Center (NJHRC) - http://www.njhrc.gov

1. The advertisement shall include a description of the:

   i. Street address(es) of the units;
   ii. Directions to the units;
   iii. Range of prices for the units;
   iv. Number of bedrooms in the affordable units (bedroom mix);
   v. Maximum income permitted to qualify for the units;
   vi. Location of applications;
   vii. Business hours when interested households may obtain an application;
   viii. Application fees, if any;
   ix. Number of units currently available; and
   x. Anticipated dates of availability.

2. Newspaper advertisements, announcements and information on where to request applications for very low, low, and moderate-income housing shall appear in at least three locally oriented weekly newspapers within the region, one of which shall be circulated primarily within Somerset County and the other two of which shall be circulated primarily outside of Somerset County but within the housing region.

3. Advertisements will be broadcast on the following regional cable television station: Borough Cable TV Optimum Channel 15

4. Applications shall be mailed or emailed by the Administrative Agent to the prospective applications upon request. However, when on-line preliminary applications are utilized, if prospective applicants do not have internet access they will be given a phone number to call the Administrative Agent, who will then enter all pre-application information online during the phone call. Locations of applications, brochures, and flyers to affirmatively market the program are listed in attached Appendix II, and will also be made available on the Borough's website. Also, information on how to apply shall be made available at the developer's sales/rental office and shall be mailed or emailed to prospective applicants upon request.

5. The Administrative Agent shall develop, maintain and regularly update a list of community contact person(s) and/or organizations(s) in Somerset, Hunterdon, and Middlesex Counties that will aid in the affirmative marketing program with particular emphasis on contacts that will reach out to groups that are least likely to apply for housing within the region, including major regional employers. Please see Appendix I for a complete list.

   i. Quarterly information shall be sent to each of the following agencies with a request for publication in their journals and for circulation among their members:

      Middlesex County Board of Realtors
      Hunterdon/Somerset Association of Realtors
      North Central Jersey Association of Realtors
      Delaware Valley Council of Churches
      Somerset County Office on Human Services

   ii. Quarterly information shall be sent to the administrators of each of the following agencies in each of the counties and requests to post same shall be sent to the administrators of each of the following agencies within the counties of Somerset, Hunterdon, and Middlesex:

      Welfare or Social Service Board
      Rental Assistance Office (local office of DCA)
      Offices on Aging or Division of Senior Services
      Housing Authority
      Community Action Agencies
      Community Development Departments

   iii. Quarterly information shall be sent to the chief personnel administrators of all the major employers within the region as listed in attached Appendix I in accordance with the Region 3 Affirmative Marketing Plan.

iv. Quarterly information and copies of any press releases and advertisements of the availability of very low, low and moderate-income housing shall be sent to the following additional community and regional organizations:

Fair Share Housing Center (510 Park Boulevard, Cherry Hill, NJ 08002)

New Jersey State Conference of the NAACP (4326 Harbor Beach Blvd. #775, Brigantine, NJ 08203)

The Latino Action Network (P.O. Box 943, Freehold, NJ 07728)

Supportive Housing Association (185 Valley Street, South Orange, NJ 07079)

NORWESCAP (350 Marshall St., Phillipsburg, NJ, 08865)

Central Jersey Housing Resource Center (600 First Ave, Suite 3, Raritan, NJ, 08869)

v. The Administrative Agent will also provide specific direct notice to the following community and regional organizations whenever affordable housing units become available in the Borough to the organizations including, but not limited to those listed below (see Appendix I for full list):

Fair Share Housing Center (510 Park Boulevard, Cherry Hill, NJ 08002)

New Jersey State Conference of the NAACP (4326 Harbor Beach Blvd. #775, Brigantine, NJ 08203)

The Latino Action Network (P.O. Box 943, Freehold, NJ 07728)

Supportive Housing Association (185 Valley Street, South Orange, NJ, 07079

NORWESCAP (350 Marshall St., Phillipsburg, NJ, 08865)

Central Jersey Housing Resource Center (600 First Ave, Suite 3, Raritan, NJ, 08869)

6. A random selection method to select occupants of very low, low and moderate-income housing will be used by the Borough's Administrative Agent in conformance with N.J.A.C. 5:80-26.16(l).

7. The Affirmative Marketing Plan shall provide a regional preference for all households that live and/or work in Housing Region 3 comprised of Hunterdon, Middlesex, and Somerset Counties.

8. The Administrative Agent shall administer the Affirmative Marketing Plan. The Administrative Agent has the responsibility to income qualify very low, low and moderate income households; to place income eligible households in very low, low and moderate income units upon initial occupancy;; to continue to qualify households for re-occupancy of units as they become vacant during the period of affordability controls; to assist with outreach to very low, low and moderate income households; and to enforce the terms of the deed restriction and mortgage loan as per N.J.A.C. 5:80-26.1, et seq.

9. Whenever appropriate, the Administrative Agent shall provide or direct qualified very low, low and moderate-income applicants to counseling services on subjects such as budgeting, credit issues, mortgage qualifications, rental lease requirements and landlord/tenant law and shall develop, maintain and update a list of entities and lenders willing and able to perform such services.

10. All developers/owners of very low, low and moderate-income housing units shall be required to undertake and pay the costs of the marketing of the affordable units in their respective developments, subject to the direction and supervision of the Administrative Agent. The implementation of the Affirmative Marketing Plan for a development that includes affordable housing shall commence at least 120 days before the issuance of either a temporary or permanent certificate of occupancy.

11. The implementation of the Affirmative Marketing Plan shall continue until all very low, low and moderate-income housing units are initially occupied and for as long as affordable units exist that remain deed restricted and for which the occupancy or re-occupancy of units continues to be necessary. Please note that in addition to complying with this Borough-wide Affirmative Marketing Plan that the Administrative Agent shall also review and approve a separate Affirmative Marketing Plan for every new affordable development in Watchung that is subject to N.J.A.C. 5:80-26.1 et seq. That document shall be completed by the owner/developer and will be compliant with the Borough's Affirmative Marketing Plan as presented herein, and incorporate development specific details and permitted options, all subject to the Administrative Agent's review and approval. The development specific affirmative marketing plans will use the standard form for Region 3, which is attached hereto as Appendix III.

12. The Administrative Agent shall provide the Municipal Housing Liaison with the information required to comply with monitoring and reporting requirements pursuant to N.J.A.C.5:80-26-1, et seq. and the Order granting the Borough a Final Judgment of Compliance and Repose.

BE IT FURTHER RESOLVED that the appropriate Borough officials and professionals are authorized to take all actions required to implement the terms of this Resolution.

BE IT FURTHER RESOLVED that this Resolution shall take effect pursuant to law.

APPROVED this _____ day of ____, 2019.

ATTEST:

_____

Michelle DeRocco, Borough Clerk

Affordable Housing Administrative Agent Policies and Procedures Manual

Borough of Watchung

Affordable Housing Administrative Agent

Policies & Procedures Manual

MARCH 2019

Administration of Affordable Units

Community Grants, Planning & Housing
101 Interchange Plaza, Suite 301
Cranbury, NJ 08512
609-664-2769
www.cgph.net
www.AffordableHomesNewJersey.com

Borough of Watchung Administration of Affordable Units Operating Manual

Executive Summary 1

I. INTRODUCTION 2

A. What is Affordable Housing? 2

B. Who Qualifies for Affordable Housing? 3

C. Equal Housing Opportunity 3

II. CREATION OF NEW UNITS 4

A. Review Project Requirements 4

B. New Purchase Units 4

1. Initial Pricing and Bedroom Distribution of Purchase Units 4
2. Upgrades from Builder 6
3. Deed Restriction 6
4. Earnest Money (Deposit) for Ownership Properties 6

C. New Rental Units 6

1. Initial Pricing and Bedroom Distribution of Rental Units 6
2. Mandatory and Optional fees 7
3. Deed Restriction 7
4. Application Fees 7
5. Security Deposit 8
6. Tenant Selection Criteria 8

D. Project Monitoring 8

III. Marketing of Units, Waiting List, and Matching Households to Available Units 9

A. Preliminary Application 9

B. Random Selection and Waiting List Priority 9

C. Property Questionnaire 10

1. Private Outreach 11

2. Public Outreach 13
D. Determining Preliminary Eligibility 13
1. Regional Preference 13
2. Determining Household Composition 14
3. Maximum Income Limits 14
4. Minimum Income Requirements 14
5. Minimum Down Payment (Ownership Only) 15
6. Regional Asset Limit 16
7. Minimum Credit Score 18
8. Separated Applicants 18
E. Annual Updates 18
F. Full Application 18
G. Removal from the Waiting List 19
H. Income Certified Applicants on the Waiting List 19
IV. Determining Income Eligibility 20
A. What is Considered Income 20
B. Proof of Income and Other Supporting Documents 23
C. Final Eligibility Determinations 24
D. Misrepresentation of Information in Application 25
E. Changes to Income and/or Household Composition after Submittal 25
V. Ownership Program 26
A. Selling an Affordable Home 26
1. Request an Intent to Sell Package 26
2. Calculate the MRSP (Maximum Restricted Sales Price) 26
3. Start Affirmative Marketing Process 26
B. Buying an Affordable Home 27
1. Preliminary Application and Prescreen 27
2. Income Certification 27

3. Mortgage Provider 27
4. Down Payment 27
5. Separated Spouses 28
6. Cosigners on Deeds and/or Mortgages Are Not Permitted 28
C. Purchase Agreement and Contracts For Sale 28
1. MRSP and "Extras" 28
2. Accepting and Rejecting Offers 29
3. Good Faith Deposit/Earnest Money 29
4. Purchase Agreement and Income Certification 29
D. Attorneys 30
E. Realtors 31
F. Coordination of Closing 31
1. Required Legal Documents 31
2. Resale of Affordable Units: Requirement for a Market Rate Appraisal 31
3. Closing Fees 32
4. Closing Checklist 32
G. Refinance Requests 33
H. Annual Mailing 34
I. Report that Owner is Not Living in the Unit and/or Renting Unit 34
J. Non-payment of Condominium/Homeowner Association Dues, Taxes, Mortgages, and Foreclosure 34
K. Waivers 35
1. Request to Rent Affordable Unit 35
2. Request to Sell to a Higher Income Household 35
L. Requests for Improvements 36
M. Transfer of Ownership to Non-Income Certified Owner 36
N. Enforcement 36
VI. Rental Program 37

A. Filling Affordable Rental Vacancy 37
1. Landlord Notifies of Vacancy 37
2. Calculating the Maximum Rent at Vacancy 37
3. Referring Applicants to Landlord 37
4. Income Certification and Signing the Lease 38
B. Lease Renewals 38
C. Adding Additional Household Members to the Lease 38
D. Income Designation of Units Are Fixed 38
E. Evictions 39
F. Enforcement 39
VII. Appeals 40
VIII. Enforcement 41
A. Written Notice 41
B. Penalties 41
C. Sheriff Sale 42
GLOSSARY 44
Appendix A: Annual Information Update 50

Executive Summary

This **Operating Manual**, prepared for Borough of Watchung hereafter referred to as "Municipality", (1) sets forth the policies and procedures for placing eligible individuals and families into the Municipality's affordable units and (2) provides instructions for working with developers, owners and landlords as new affordable units become available. This document is designed to ensure compliance with the State's Uniform Housing Affordability Controls ("**UHAC**") (N.J.A.C. 5:80-26.1 et seq.) and with the Municipality's Affordable Housing Ordinance, its Affirmative Marketing Plan if applicable, and other local laws and requirements. In addition to being a valuable tool for the Municipality's Administrative Agent and Municipal Housing Liaison as we implement Affordable Housing in the Municipality, it will also be a resource for other Affordable Housing professionals and interested members of the public to understand the intricacies of implementing a program such as this.

This manual details the tasks involved in the day-to-day administration of Affordable Housing units under the direct control and oversight of the Municipality. This document covers how new units are created and priced and how units are marketed to prospective applicants. Other information includes the following: waiting list and random selection procedures; required and permitted preferences; procedures for determining income eligibility; resale by income-eligible owners of affordable property to other eligible buyers; process for property managers to fill affordable rental vacancies; refinancing and mortgage modification procedures; waivers of program requirements. The administrative steps outlined in this manual are the thread that holds the fabric of the entire program together, setting out the fundamental obligations and responsibilities of the program administrators.

The **Glossary** at the end of this Operating Manual provides definitions of terms, abbreviations and acronyms used throughout the Operating Manual.

I. INTRODUCTION

The purpose of this manual is to describe the policies and procedures used to create Affordable Housing units in the Municipality and fill them with income-eligible families.

The policies outlined in this manual are derived from UHAC (N.J.A.C. 5:80-26.1 et seq.) This manual does not include all provisions of UHAC, and UHAC is a companion document to this manual. Instead, this manual highlights instances where additional guidance is provided by the New Jersey Department of Community Affairs' staff or by local ordinance. The manual also provides additional clarification and direction on items that are not in UHAC in order to ensure fairness to applicants, owners, and renters.

A. What is Affordable Housing?

Affordable Housing, unlike market-rate housing, has affordability controls establishing initial set prices and rents, and then controlling annual increases for many years. For example, new units that fall under these controls will be restricted for at least 30 years. The New Jersey Affordable Housing rules consider housing to be "affordable" if the household[1] expends approximately 28% or less of the household's gross income on housing costs. See footnote below and Glossary for definition of "**Household**." Affordable Housing is priced to be affordable to households earning up to 80% of the area median income for the region in which the Affordable Housing is located.

An Affordable Housing unit for the purposes of this manual can be specifically defined herein as "a housing unit proposed or created pursuant to the [Fair Housing] Act, credited pursuant to N.J.A.C. 5:97-4, and/or funded through an affordable trust fund." ("**Affordable Unit**").

The Affordable Units referenced in this manual are not the same as public housing units that are funded largely by governmental programs such as those administered by the U.S. Department of Housing and Urban Development ("**HUD**") programs and that are owned, operated and managed by a public housing authority ("**PHA**"). As defined by HUD, "public housing was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. Public housing

[1] In accordance with US Department of Housing and Urban Development ("**HUD**") definitions and UHAC practice, "**household**" references the number of persons in the unit and not the size of the unit. See for example, HUD's definition of household as "[o]ne or more persons occupying a housing unit" -- in other words, the number of persons in the home. HUD website accessed June 13, 2016. http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/library/glossary/, HUD accessed June 13, 2016. See also, UHAC regulation N.J.A.C. 5:80-26.4, "In determining the initial rents and initial sales prices for compliance with the Affordability Average requirements for restricted units … the following standards shall be used: 1. A studio shall be affordable to a one-person household**.**" (Emphasis added).

comes in all sizes and types, from scattered single-family houses to high rise apartments for elderly families. There are approximately 1.2 million households [in the US] living in public housing units[.]"[2] Some municipalities create their own PHAs which operate and manage public housing within the municipality.

B. Who Qualifies for Affordable Housing?

To be eligible for Affordable Housing in New Jersey, a household's income must be below the established income limit for the region in which the Affordable Housing is located. There are three eligibility levels: very low, low, and moderate. A moderate-income household is classified as earning less than 80 percent of the area median income. A low-income household is classified as earning less than 50 percent of area median income, and a very low-income household is classified as earning less than 30 percent of median income. See Glossary for definitions of "**Low- Income Household"** and "**Very Low-Income Household**". There are different median incomes in each of the six Affordable Housing regions shown in Figure 1 below, with the Borough of Watchung located in Region 3. The income limits are adjusted annually.

Figure 1: Affordable Housing Regions

Regions	Counties
1	Bergen, Hudson, Passaic, Sussex
2	Essex, Morris, Union, Warren
3	Hunterdon, Middlesex, Somerset
4	Mercer, Monmouth, Ocean
5	Burlington, Camden, Gloucester
6	Atlantic, Cape May, Cumberland, Salem

C. Equal Housing Opportunity

Title VIII of the Civil Rights Act of 1968 (the "**Fair Housing Act**"), as amended, prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex, familial status (including children under the age of 18 living with parents or legal custodians, pregnant women, and people securing custody of children under the age of 18), and disability.

[2] http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph, US HUD Website, accessed June 7, 2016.

The New Jersey Law Against Discrimination ("**LAD**") prohibits discrimination when selling or renting property. The law covers owners, agents, employees and brokers and makes it unlawful to refuse to rent, show or sell property based on a person's race, creed, color, national origin, nationality, ancestry, marital status, domestic partnership or civil union status, familial status, affectional or sexual orientation, gender identity or expression, sex, or mental and physical disability, including AIDS and HIV-related illness. In addition, the LAD prohibits discrimination in the housing context based on one's source of lawful income or rent subsidy.

II. CREATION OF NEW UNITS

This manual applies to UHAC eligible units whether for rent or for purchase, 100 percent affordable developments, market-to-affordable projects, gut-rehab projects, and other innovative Affordable Housing mechanisms. It does not apply to projects exempt from UHAC including low income housing tax credit projects and group homes. (See UHAC for a full list of exempt programs.)

A. Review Project Requirements

When a new project is planned, the administrative agent designated by the Municipality for the administration of Affordable Units (the "**Administrative Agent**") will gather the information outlined in Figure 2. The first step is to review development approvals and/or developer agreements, the Housing Element and Fair Share Plan, and the municipal Affordable Housing Ordinance including its Affirmative Marketing Requirements if applicable.

B. New Purchase Units

1. Initial Pricing and Bedroom Distribution of Purchase Units

The Administrative Agent will determine the initial pricing stratification in compliance with UHAC[3]. The pricing calculation will take into consideration costs that exist at that time including such factors as the mortgage rate, tax rate, equalization ratio, condominium/homeowner association fee, and Private Mortgage Insurance ("**PMI**"). PMI must be included in the pricing calculation even if a new development will provide financing that will not require PMI. This will ensure that the price is affordable at future sales when PMI will be required. The maximum restricted sales price ("**MRSP**") will be affected by mortgage interest rates when an affordable Unit is initially priced. At resale,

[3] Under UHAC, the maximum sales price of restricted ownership units within each affordable development "shall be affordable to households earning no more than 70 percent of median income" (hereafter "**Maximum Restricted Sales Price**").

the prevailing mortgage interest rate will be used to determine the affordability of that particular unit to the applicant household.

Figure 2: New Development Checklist

CGP&H

New Development Checklist

CONTACT INFORMATION

Development Name: _____

Contact Person: _____ Email: _____

Address: STREET _____ CITY _____ STATE _____ ZIP CODE _____

Phone: (office)_____ (mobile)_____ (fax)_____

GENERAL INFORMATION

Funding Source of Units *(to determine if exempt from UHAC)*: _____

Affordable Housing Requirements Stipulated: *Circle either "Yes" or "No" and provide explanation*		
Development Approval &/or Developer's Agreement	Yes / No	
Fair Share Plan	Yes / No	
Local Ordinance	Yes / No	

Affordable Units Phasing Requirements: _____

Property Type *(circle one)*: **RENTAL** or **SALE** Anticipated date first unit ready: _____

Location of Affordable Units in Project: _____

Number of **Market** Units: _____

Number of **Affordable** Units: _____

Is there a **Regional Preference**? _____

Are any units **Age Restricted** (55+)? _____

Requirements for **Deposit**: _____

Provide number of units in each category

Income Distribution Requirements		**Bedroom Requirements**	
Very Low:		Studio/1br:	
Low:		2 Bedroom:	
Moderate:		3 Bedroom:	

Parking Details: _____

OWNERSHIP ONLY

Tax Rate: _____ Equalization Rate: _____

Condo/Homeowner Association Dues: _____

Special Financing Provided by Developer? Yes No

If yes, explain: _____

Policy on Upgrades: _____

Incorporation Documentation Provided:

[ ] Master Deed

[ ] Declaration of Covenants

[ ] Other: _____

RENTAL ONLY

Utilities Included in Rent: *(check all that apply)*

[ ] Water [ ] Electric [ ] Sewer [ ] Trash

(for the following utilities, if no, list type)

[ ] Heat *type:*_____

[ ] Cooking *type:*_____

[ ] Hot Water *type:*_____

Pets Policy:

Application Fee: _____

Mandatory Fees: _____

Optional Fees: _____

Rental Very Low Income Requirement (13% of units at 30% AMI or 10% at 35% AMI)

© 2016, CGP&H, LLC. All rights reserved.

2. Upgrades from Builder

The builder may offer buyers of new Affordable Units the opportunity to purchase upgrades such as granite countertops or hardwood flooring at additional cost. If upgrades are offered, the following guidelines apply:

a. These upgrades must be optional. The buyer must be able to choose NOT to purchase the upgrades and be able to buy the base home at or below the MRSP.
b. The sale price of the home will be at or below the MRSP without the cost of the upgrades.
c. All future sales will be based on the sale price without the upgrades. In other words, the buyer will not be able to recoup the cost of the upgrades at the next sale.
d. The buyer cannot finance more than the MRSP. As a result, the buyer will not be able to finance the cost of the upgrades.

3. Deed Restriction

Affordable Units created under this program will be deed restricted as affordable for a period of at least 30 years and thereafter until the municipality takes action to release the affordability controls. All legal instruments to secure the affordability will be modeled after the applicable instruments published in the UHAC Appendices. When there is a Master Deed, one restrictive covenant will be filed for all Affordable Units but the affordability control period start date for each unit begins with the date that each particular unit is initially occupied. This should be filed in advance of the initial Affordable Housing closing for each project or unit.

A market-rate appraisal will be required to calculate the repayment amount on the affordable Recapture Mortgage Note. (This amount is the difference between the market appraisal and the affordable sale price and is due at the first non-exempt sale at the end of the control period.) The developer is responsible for providing the market rate appraisal. One appraisal can be used for similar unit types (all one bedrooms that are the same models, for example) if the appraisal is less than six months old. If the buyer's mortgage company completes a market-rate appraisal, that appraisal can be used instead. (See additional discussion in Section V.)

4. Earnest Money (Deposit) for Ownership Properties

The Affordable Housing rules do not specify a minimum or a maximum amount that a buyer must put down on a property when the Purchase Agreement and/or Contract of Sale is executed. However, while not required, a down payment is recommended because banks will almost never lend without a 5% minimum contribution.

C. New Rental Units

1. Initial Pricing and Bedroom Distribution of Rental Units

Rents will be set according to the pricing guidelines outlined in UHAC. In order to comply with 2008 amendments to the Fair Housing Act, 13 percent of all affordable rental units in a project will be priced at 30 percent of median income (N.J.S.A. 52:27D-329.1.) (This requirement is more stringent than the UHAC guidelines which stipulate that at least 10 percent of all

Affordable Units in the development be affordable to households earning no more than 35 percent of median.) In all cases, the more stringent of the two requirements will prevail.

2. Mandatory and Optional fees

If the landlord charges a *MANDATORY* fee for rental units such as an amenity fee or association fee, this fee will be subtracted from the permitted maximum rent. *At no time should the rent plus required fees exceed the maximum rent allowed.* (Utility allowances are factored into the initial pricing and are not considered mandatory or optional fee. See above.)

The developer may require that all renters purchase *rental insurance*. The rental insurance cost is not considered a mandatory fee and will not be included in the initial rental calculation or part of the minimum income calculation.

The landlord may charge optional fees to tenants. However, the landlord is not permitted to charge affordable tenants these fees and waive them for market units. *For example, if parking is included in the rent for market units, the landlord cannot charge affordable tenants for parking*. Example of optional fees include:

- Optional parking fee
- Optional amenity fee
- Optional pet fee
- Optional month-to-month fee

The Administrative Agent will review and approve all leases to determine that the rent plus required fees do not exceed the maximum rent allowed.

3. Deed Restriction

Affordable Units created under this program will be deed restricted as affordable for a period of at least 30 years and thereafter until the Township takes action to release the affordability controls. All legal instruments to secure the affordability will be modeled after the applicable instruments published in UHAC.

The rental deed restriction will list the income level designation as well as the bedroom size of each Affordable Unit. The units cannot be "swapped" during the control period. *For example, after the deed restriction is filed, the affordable designation of the unit cannot be changed from a Low-Income to a Moderate-Income unit*. Moreover, it is important to note that the prevailing regulations (UHAC) do not require annual recertification, and therefore while the unit remains as a Low/Moderate-Income unit during the term of the deed restriction, the income of the current tenant is no longer relevant following initial eligibility. The same rules relating to initial eligibility certification and no annual recertifications will continue to apply to each subsequent tenant throughout the duration of the deed restriction.

4. Application Fees

Affordable units are "private" market units (as opposed to public housing units) where rents are set (and deed restricted as to time) to be affordable to very low, low, and moderate income persons. Although deed restricted, the units still are under the "control" of the private

owner/landlord, with oversight by the Administrative Agent. Accordingly, other than the set rent and deed restriction requirement, the landlord may establish its own non-discriminatory legal criteria for tenant selection. Such tenant selection criteria must be the same in renting Affordable Units as for leasing market rate units. With respect to the landlord's tenant selection criteria, the Administrative Agent's responsibility is to ensure that (1) the criteria for the Affordable Units is consistent with the market-rate criteria, and (2) the application fee is deemed to be reasonable.

The landlord may choose to collect an application fee from households interested in applying for Affordable Housing. UHAC rules limit the application fee to 5 percent of the monthly rent of the applicable rental unit.

After the household passes the landlord's tenant selection criteria, the landlord *may* choose to collect an additional fee from the applicant to process the Affordable Housing application. Landlords may choose to implement this optional fee so only serious applicants move through the income certification process. If this optional fee is collected, the following rules apply:

- The fee cannot be higher than one month's rent.
- If the applicant is income-certified and rents the unit, the fee will be applied to the first month rent and/or down payment.
- If the applicant is income certified and they choose not to rent the unit, the landlord is not required to return the fee.
- If the applicant is determined to not be income eligible, the landlord must return the fee.

5. Security Deposit

Security deposits for Affordable Units are governed by New Jersey Landlord-Tenant regulations. The requirements are the same for Affordable Units as they are for market-rate units.

6. Tenant Selection Criteria

As explained in Section 4 above, the landlord is permitted to set tenant selection criteria and screen applicants on criteria such as credit score and criminal history, subject to approval by the Administrative Agent. All tenant selection criteria must comply with all New Jersey landlord tenant laws and the landlord is required to provide the Administrative Agent with a written copy of its tenant selection criteria. The tenant selection criteria must be applied uniformly to all applicants, and the landlord cannot impose stricter criteria on affordable tenants than market-rate tenants.

D. Project Monitoring

All new units will be added to the online New Jersey Council on Affordable Housing ("**COAH**") Tracking and Monitoring ("**CTM**") system after the initial sale or initial rental. (In the event, that the CTM system is discontinued or not accepting new monitoring information, all unit information will be compiled and maintained by the Administration Agent.)

III. Marketing of Units, Waiting List, and Matching Households to Available Units

The following section describes the steps that will be taken to identify very low, low, and moderate income families that may be interested in renting and purchasing Affordable Units created by the Municipality. All marketing initiatives must comply with the Affirmative Marketing rules established by UHAC, as presently set out in NJAC 5:80-26.15 and in accordance with any additional Affirmative Marketing Plan developed by the Municipality.

Development-specific Affirmative Marketing Plans would outline required marketing, including paid advertising that must be conducted before a random selection is completed. (See Random Selection and Waiting List Priority in Section B, below.)

While the waiting list is open, Affirmative Marketing will continue in the form of listing of units on NJHRC.gov, affordablehomesnewjersey.com, and/or quarterly mailings to community groups, major employers, and government agencies in the New Jersey Affordable Housing region where the Municipality is located. If the waiting list is ever closed because of the long length of the list, paid advertising as outlined in the Affirmative Marketing Plan will be required to reopen the waiting list.

A. Preliminary Application

All households that wish to be considered for Affordable Housing must submit a preliminary application. Households will be encouraged to submit their preliminary application online. For those applicants who do not have internet access, the Administrative Agent will work with interested applicants by phone and mail. The preliminary application will include questions about household income and its composition in order to determine preliminary eligibility. Please note that preliminary eligibility is based solely on self-reported information by the applicant and is in no way a guarantee of eligibility.

If the applicant indicates that their total household income is below the moderate income limit for their family size, they will be eligible for placement in the applicant pool. The Administrative Agent will also set a minimum income that is required to be added to the waiting list. (See *Minimum Income Requirements* in this Chapter.) Applicants will be required to provide written documentation of their income at the time of the full income certification as discussed in *Chapter IV*.

B. Random Selection and Waiting List Priority

For new projects and when random selection is utilized, the Administrative Agent will assign random numbers to each applicant through a computerized random number generator thereby creating a waiting list.

After the list of applications submitted during the initial lottery period is exhausted, the priority of preliminary applications is established by the date that the household submits their preliminary application ("**Interest Date**").

A separate waiting list will be kept for ownership versus rental units, resulting in a total of two waiting lists for the Municipality. Households waiting for age-restricted and family rental units will be part of the same waiting list. Likewise, households waiting for age-restricted and family ownership units will be part of the same waiting list. In filling an age-restricted property, households that do not meet the age requirements will be skipped.

When brand new Affordable Units become available for rent or sale in a new development, a lottery will be conducted UNLESS there are households on the existing waiting list with lottery numbers that have not been contacted. In these cases:

- Those applicants with lottery numbers will be contacted first.
- Households that submitted a preliminary application after the last lottery (and do not have lottery numbers) will be included in the next lottery if it is required to fill the units.
- Affirmative Marketing will be required before this lottery is held since these are new Affordable Units and the public must be made aware of the new Affordable Housing opportunity.

As an example, if a new housing opportunity arises that will create 150 new Affordable Units and the existing waiting list has only 50 applicants on it (who hold numbers 1 to 50), a new lottery will be held with Affirmative Marketing. If an additional 50 applications are submitted as a result of this marketing effort, then these "new" applications will be assigned numbers 51 to 100 on the waiting list.

The household with the highest lottery number (or oldest Interest Date) may not always be the next person contacted for a specific available unit because of factors impacting waiting list priority. In addition to age-restricted requirements already discussed, these factors include the number of persons in the household, household income level, households with a person with physical disabilities, veterans preference and regional preference as may be established in the Municipal Affordable Housing Ordinance. The Borough of Watchung has selected to use a regional preference and not to use a veterans preference, which appears in the Borough of Watchung's Affordable Housing Ordinance. Each of these six waiting list priority factors are further described in *Figure 3*.

C. Property Questionnaire

When an applicant becomes eligible to be offered an Affordable Unit, they will be asked to complete a Property Questionnaire. The Property Questionnaire will assess whether they continue to meet the income requirements and whether they remain interested in purchasing or renting a specific unit or unit type.

In order to match households to available units as quickly as possible, the Administrative Agent will choose whether to limit the outreach to the next group of applicants on the waiting list (private outreach) or outreach to all eligible households (public outreach), as discussed in the following section.

1. Private Outreach

When there is a long waiting list, the Administrative Agent will only outreach to a limited group of applicants who are next on the waiting list. This approach is typically taken with rental projects and new ownership units.

The Administrative Agent will invite approximately five to 10 households that meet the eligibility requirements to complete a Property Questionnaire for each available unit. Waiting list priority will be established by the factors outlined in *Figure 3*.

Households will have 24 hours to request to visit the unit at some future, mutually agreed upon time. If they request to visit, they will then be prompted to update a simple Property Questionnaire. If they do not want to pursue the unit or even if they do not respond at all, they will **not** be removed from the waiting list and will be notified of the next available vacancy.

The interested household will be referred to the landlord/developer to view the unit(s) and pay the application fee, if required. New ownership developments may require a mortgage preapproval be submitted prior to viewing the home. If more than one household qualifies and is interested, the household with the highest priority (lottery number or Interest Date) will be offered the unit.

Figure 3: Additional Factors Impacting Waiting List Priority

1. Age-Restricted	Only households that meet the age-restricted requirements will be offered age-restricted units. See Glossary for definition of "**Age-Restricted Units.**"
2. Regional Preference	Municipalities may choose to give preference to households that live or work in the local Affordable Housing region. Watchung has elected to give preference to households that live or work in the local Affordable Housing region, such regional preference shall be established by ordinance. In such instance, applicants who indicate that they live or work in the Affordable Housing region will be contacted before those outside the region. Once those applicants are exhausted, applicants outside the region will be contacted. See Glossary for definition of "**Regional Preference**."
3. Household Size (Number of Members)	Whenever possible, there will be at least one person for each bedroom. If the waiting list is exhausted and there are no households with a person for each bedroom, units will be offered to smaller sized households that do not have a person for each bedroom. An applicant household cannot be required to take an Affordable Unit with a greater number of bedrooms as long as overcrowding is not a factor. (A maximum of two people are permitted per bedroom.) A household can be eligible for more than one unit category.
4. Maximum Income Limit and Minimum Income	Only households that are under the income limit of the Affordable Unit AND meet the minimum income requirements will qualify to apply for the next Affordable Unit. See *Figure 5* for a full discussion of minimum income requirements.
5. Fully Accessible Units	A household with a person with physical disabilities will get preference on the waiting list for accessible units because of the very limited number of handicapped accessible units. Applicants must provide a letter from their doctor stating what kind of accommodation they require as a result of their disability.
6. Veterans Preference	The Municipality and developer may enter into an agreement to provide preference to very low, low, and moderate income veterans who served in time of war or other emergency, as defined in section 1 of P.L.1963, c. 171 (C.54:4-8.10), of up to 50 percent of the affordable units in that particular project. If applicable, veterans who apply within 90 days of the initial marketing period shall receive preference for the rental of the agreed-upon percentage of affordable units. After the first 90 days of the initial 120-day marketing period, if any of those units subject to the preference remain available, then applicants from the general public shall be considered for occupancy. See Glossary for definition of "**Veterans Preference**."

2. Public Outreach

The Administrative Agent will contact all eligible households for a specific unit when the waiting list is short or when there are several properties available. Public outreach is typically conducted for the resale of existing units. It allows the Administrative Agent to move through the waiting list as quickly as possible.

When the Administrative Agent is notified of a pending rental vacancy or the intent of the owner of a single-family unit to sell, the Administrative Agent then will set a deadline by which all applicants that have indicated an interest in this development or in the Municipality must return a Property Questionnaire. Waiting list priority will be established by the factors outlined in *Figure* 3. Interested households will be provided the contact information of the owner/seller to be provided an opportunity to view the home. If more than one household qualifies and is interested, the household with the highest priority number will be offered the unit first.

If the unit is still available after this initial outreach, the Administrative Agent will contact households not previously contacted in the first outreach such as smaller-sized households and out-of-region households (if applicable.) If the home still does not have a buyer, the Administrative Agent will open the listing up to all household sizes.

Households will not be removed from the waiting list if they do not choose to purchase a unit they are offered during public outreach.

D. Determining Preliminary Eligibility

The Administrative Agent will review the Property Questionnaire to determine whether the applicant meets or continues to meet the requirements to rent or purchase the unit. All information will be verified during the full application process. The following sections describe the factors that will be reviewed to determine preliminary eligibility as well as final eligibility during the full income certification process.

1. Regional Preference

Should a municipality determine that households that live or work within the Municipality's Affordable Housing Region are to be given Regional Preference in being contacted, such Regional Preference shall be set out in the municipality's Affordable Housing Ordinance. Upon the adoption of such an ordinance, the Administrative Agent will confirm that the household either lives or works within the region. If they no longer live or work within the region, they will remain on the waiting list for consideration after all in-region applicants have been considered. The Borough of Watchung does have a regional preference.

2. Determining Household Composition

The household is composed of all permanent members of the household, and the composition will determine both the size of the unit needed by the household and the maximum income limit of that household. Some household members may be considered in the bedroom calculation who are not counted in the maximum income calculation as show in *Figure 4*. If applicant's divorce decree states that both parents share legal and residential custody but the former spouse has primary custody for school purposes, the child may be included in the applicant's household when determining household size during the income certification process.

Figure 4: Determining Household Size (Number of Members)

	Maximum Household Income Limit	**Bedroom Size Calculation**
Foster Children	Do not count in household (do not include foster care income either)	Count
Live in Health Aid or Nanny *(This must be a paid position and proof of contract with caregiver is required)*	Do not count (Must provide proof that person is hired)	Count
Child Whose Primary Residence is Not the Applicant Household	Do not count unless custody is 50/50 (see narrative)	Count
Unborn Child	Count (Cannot ask for documentation because of privacy)	Count
Child Being adopted	Count	Count
Full time college student not living at home *(Full time student is a member of the household reported to the IRS as a dependent who is enrolled in a degree seeking program for 12 or more credit hours per semester)*	Count (Do not count any part time income earned where part time is any income earned on less than a 35 hour work week)	Count

3. Maximum Income Limits

The Administrative Agent will confirm that the household's income reported on the Property Questionnaire falls under state mandated maximum income limit for the unit for which they are applying. Maximum income limits are provided annually by the State for each of the six Affordable Housing regions. See Appendix A for updated maximum income limits.

4. Minimum Income Requirements

Unlike maximum income limits, the State does not set minimum income limits. Instead, the State provides different income-to-housing expense ratios for rental and purchase units and different standards for age-restricted homes. The purpose of these ratios is to provide guidelines so applicants will be able to sustain their monthly housing expenses in the Affordable Units.

Evaluating minimum income requirements is complicated because the permitted ratio of monthly income that can be spent on housing expenses varies for different unit types and waivers are permitted. *Figure 5* details the minimum income ratios that will be utilized at each stage of the outreach process as well as during the full income certification. Since waivers from

UHAC are allowed (see below), outreach is extended to households that do not quite meet the minimum income requirements. *For example, UHAC stipulates that households must not pay more than 33 percent of their monthly income for housing expenses if they are purchasing a home unless they meet a waiver requirement. When a specific home is for sale, outreach is expanded to all households whose housing expenses are under 35 percent instead of 33 percent. At the time of income certification, the exact percentage and whether they meet a waiver requirement is confirmed.*

Precise waiver requirement standards are not stipulated in UHAC, and *Figure 5* provides guidance when evaluating waiver requests. The State permits the Administrative Agent to give waivers to households to purchase a unit when their existing monthly housing expenses exceed 33 percent of their monthly income under the following conditions:

- The household can provide evidence that they have completed a HUD-certified home budgeting course; and
- The household obtains a firm mortgage loan commitment at the higher housing expense percentage of income level from a licensed financial institution.

Likewise, rental waivers may be given under the circumstances described below, and the household must receive a budgeting counseling class.

- The household can document that the housing expense of the Affordable Unit is less than the housing expenses of their current housing; or
- The household currently pays more in rent and the proposed rent will reduce the household's housing costs; or
- The household has consistently paid more than 35 percent (40 percent for households eligible for Age-Restricted Units) of eligible monthly income for rent in the past and has proven its ability to pay; or
- The household is currently in substandard or overcrowded living conditions;
- The household documents the existence of assets, with which the household proposes to supplement the rent payments; or
- The household documents proposed third party assistance from an outside source such as a family member in a form acceptable to the Administrative Agent and the Owner of the unit. (This includes applicants with a Section 8 Voucher.)

When reviewing a waiver request, the Administrative Agent may take into consideration whether the applicant is receiving other assistance such as SNAP Benefits (Food Stamps).

5. Minimum Down Payment (Ownership Only)

For all purchase units, the Administrative Agent will review how much the applicant self-reports as having available for a down payment. If the down payment is less than 5% of the purchase price, the applicant will be advised that they may not be able to obtain a mortgage to purchase the home because most banks require at least a 5% down payment.

6. Regional Asset Limit

If an applicant owns a home without a mortgage, the value of the home must be less than the Regional Asset Limit set by the State annually. See Appendix A for updated regional asset limit. An appraisal or listing with real estate agent is required to verify value.

This Regional Asset Limit test does not apply to:

- Properties with a mortgage even if the applicant's equity exceeds the asset limit;
- Cash or other assets; and
- Applicants whose property taxes and fees on the property are more than 38 percent of the household's income.

Figure 5: Minimum Income Calculations [1]

RENTALS *Monthly Housing Expense Calculation is rent + utilities not included in rent – monthly rental Assistance (if accepted by landlord)*		
	Family Units	**Age-Restricted Units**
To Submit Preliminary Application	Any household with income over **$8,000**/year	Any household with income over **$8,000**/year
To Be Invited To Submit Property Questionnaire	**37%** of income toward housing expenses **45%** of income toward housing expenses with rental waiver[2]	**42%** of income toward housing expenses **45%** of income toward housing expenses with rental waiver[2]
To Be Invited To Submit Full Application	**37%** of income toward housing expenses **45%** of income toward housing expenses with rental waiver[2]	**42%** of income toward housing expenses **45%** of income toward housing expenses with rental waiver[2]
To Be Income Certified To Rent Unit	**35%** of income toward housing expenses **45%** of income toward housing expenses with rental waiver[2] If applicant meets minimum income requirement with rent only, case manager will review utility allowance [3]	**40%** of income toward housing expenses **45%** of income toward housing expenses with rental waiver[2] If applicant meets minimum income requirement with rent only, case manager will review utility allowance[3]
UHAC Requirement (Without Waiver)	**35%** of income toward Housing Expenses	**40%** of income toward housing expenses
OWNERSHIP *Monthly Housing Expense Calculation is monthly mortgage cost +HOA fee + property tax + insurance*		
	Family and Age-Restricted Units	
To Submit Preliminary Application	Any household with income over **$8,000**/year. No minimum down payment required.	
To Be Invited To Submit Property Questionnaire	**35%** of income toward housing expenses No minimum down payment required	
To Be Invited To Submit Full Application	**35%** of income toward housing expenses **5%** minimum down payment required (no loans or grants)	
To Be Income Certified To Purchase Unit	**33%** of income toward housing expenses **35%** of income toward housing expenses with ownership waiver[2]	
UHAC Requirement (Without Waiver)	**33%** of income toward housing expenses	

[1] Minimum income and percentages may be adjusted as needed to administer the program. Minimum income should not restrict eligible applicants and is designed to prevent applicants who do not have enough income from being added to the waiting list. All minimum income requirements will be clearly posted on the Administrative Agent's website.
[2]Rental and Purchase waiver requirements are explained in the *Minimum Income* Section of this Chapter (see Section 4).
[3]The utility allowance review will determine whether the applicant will be able to afford the monthly expenses. This is sometimes required because the new utility allowance greatly exceeds the original utility pricing or their household's actual utility costs may be less because of energy improvements.

7. Minimum Credit Score

For all purchase units, the Administrative Agent will review the self-reported credit score of the applicants when determining preliminary eligibility. The Administrative Agent will determine the minimum determined credit score (such as 600) based on the current credit requirements of banks, and the same standard will be applied to all applicants.

There will be no minimum credit score for applicants paying cash for their homes since they do not need to qualify for a mortgage.

Applicants for rental units will be advised of the minimum credit score required by the landlord. As stated above, Affordable Units are "private" market units where rents are set, and while deed restricted as to time, they are still under the "control" of the private owner/landlord, with oversight by the Administrative Agent. Accordingly, other than the set rent and deed restriction requirement, the landlord may establish its own non-discriminatory legal criteria for tenant selection. Such tenant selection criteria must be the same as (and not more stringent than) the selection criteria for leasing market rate units.

8. Separated Applicants

Separated applicants who have not finalized their divorce settlement agreement cannot purchase an affordable home until the spouse signs a form stating that they are releasing any claim right or interest in the affordable home being purchased. If the spouse refuses to sign the release, the applicant can request a judge to require the spouse to sign the form.

In order to calculate the household income of separated applicants at the time of the full income certification for both rental and sale properties, the applicant will need to provide a settlement agreement, divorce decree, or a division of assets signed by both parties.

E. Annual Updates

In order to keep the waiting list current, households will be asked to update their contact and other qualifying information on the waiting list annually. Households that do not update their information will be removed from the waiting list.

F. Full Application

Households will be invited to submit a full application to purchase or rent an affordable unit in order for the Administrative Agent to determine the income eligibility of the household. Applicants will have seven (7) days to submit the income application and seven (7) day extensions are permitted for a total of two weeks (14 days). Once the full application is received, the Administrative Agent will complete a determination of the household's eligibility within seven days.

G. Removal from the Waiting List

Applicants on the waiting list for Affordable Housing can be removed from the list for any of the following reasons:

1. The applicant's income exceeds the income guidelines;
2. The applicant does not have the minimum income to purchase or rent any units in the portfolio;
3. The applicant owns an asset that exceeds the Regional Asset limit;
4. The applicant requests to be removed;
5. The applicant submits fraudulent information during the income certification process;
6. The applicant fails to submit the complete application on time (this includes failure to provide documentation needed to verify income and other required documents);
7. The applicant fails to respond to an inquiry in a timely manner;
8. The applicant does not cooperate or is abusive with staff, property managers, or the sellers of Affordable Units;
9. The applicant does not meet the credit requirements or other tenant selection criteria required by the landlord;
10. The applicant is unable to secure a mortgage;
11. The applicant does not attend a budgeting/home buyer counseling class if such is required (e.g., for a waiver);
12. The applicant does not respond to requests to purchase or rent a unit;
13. The applicant does not submit an annual update; or
14. The applicant has been approved to rent or purchase a unit in the Municipality.

Applicants who are removed from the waiting list may reapply. If approved to rent or purchase a unit in the Municipality, they may reapply for other opportunities in the Municipality.

H. Income Certified Applicants on the Waiting List

Under certain circumstances, an applicant may be fully income certified but they do not proceed with the purchase or renting of the unit. In this case, the applicant will resume their original position on the waiting list. They will be contacted in the same priority outlined in this Chapter. In other words, being fully income certified will not result in any priority on the waiting list over other applicants. If the applicant does not sign a contract or lease within six months of the income certifications, the certification will expire.

IV. Determining Income Eligibility

To be eligible for consideration for an Affordable Unit, a household must be determined to be income eligible. This income eligibility is modeled after the US Department of Housing and Urban Development's process known as Part 5. This system for determining eligibility is to sum the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period.

A. What is Considered Income

Figures 6 and 7 detail what sources of income are included in the income calculation and what sources of income are excluded as a source of income.

Figure 6: Income Sources Counted in Income Eligibility

Sources Considered Income	Description of Income Source
1. Income from wages, salaries, tips, etc.	The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips, and bonuses and other compensation for personal services.
2. Business Income	The net income from the operation of a business or profession.
3. Interest & Dividend Income	Interest, dividends, and other net income of any kind from real or personal property. Assets not earning a verifiable income shall have an annual imputed interest income using a current, average annual savings interest rate. (Use average daily balance of bank accounts for the calculations).
4. Retirement & Insurance Income	The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in #14 of Income Exclusions).
5. Unemployment & Disability Income	Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay (except as provided in #3 of Income Exclusions).
6. Welfare Assistance	Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program.
7. Alimony, Child Support, & Gift Income	Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling. (Child support is not counted as income if it is not being paid even though there is a court order.)
8. Armed Forces Income	All regular pay, special day and allowances of a member of the Armed Forces (except Armed Forces Hostile Fire Pay as stipulated in the Sources Not Considered Income Exclusions).
9. Rental Income From Real Estate	Rental income from real estate. Only the mortgage interest payment, insurance, taxes, and management expenses can be a deductible expense. (Mortgage principal payments cannot be deducted.) If the applicant owns real estate and does not receive rental income, the Administrative Agent may determine the fair market rent of the property to determine the potential rental income for the purposes of the application. If actual rent is less than fair market rent, the Administrative Agent shall impute a fair market rent unless rent control applies.
10. Imputed Interest from non-income producing assets such as real estate	Imputed interest is calculated on the equity of the asset. This applies to the equity of all non-income producing assets.
11. Property or Money Given Away in last 2 yrs	A percentage of the value of such assets based on the current passbook savings rate, as determined by HUD. Value of property will be based on tax assessment records using the following ratio: (land + improvements)/ equalization ratio.

Only child support and alimony paid to another household by the applicant can be deducted from a household's income. Court ordered payments which are paid for alimony or child support to another household, whether or not it is being paid regularly, shall be excluded from income for purposes of determining income eligibility.

Figure 7: Income Sources NOT Counted in Income Eligibility (Per HUD Regulations)

Sources Not Considered Income	Description of Income Exclusions
1. Income of Children	Income from employment of children (including foster children) under 18 years.
2. Foster Care Payments	Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone).
3. Inheritance and Insurance Income	Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property.
4. Medical Expense Reimbursements	Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
5. Income of Live-in Aides	Income of a live-in aide (as defined in 24 CFR 5.403).
6. Disabled Persons	Certain increases in income of a disabled member of qualified families residing in HUD funded HOME-assisted housing or receiving HOME tenant-based rental assistance (24 CFR 5.671(a)). [4]
7. Student Financial Aid	The full amount of student financial assistance paid directly to the student or to the educational institution.
8. Armed Forces Hostile Fire Pay	The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
9. Self-Sufficiency Program Income	• Amounts received under training programs funded by HUD. • Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS). • Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program. • Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed $200 per month) received by a resident for performing a service for a public housing authority ("PHA") or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the

[4] The HUD funded HOME Investment Partnerships Program ("**HOME**") provides formula grants to States and localities that communities use - often in partnership with local nonprofit groups - to fund a wide range of activities including building, buying, and/or rehabilitating Affordable Housing for rent or homeownership or providing direct rental assistance to low-income people. HOME is the largest Federal block grant to state and local governments designed exclusively to create Affordable Housing for Low-Income Households.

Sources Not Considered Income	Description of Income Exclusions
	same period of time. • Incremental earnings and benefits inuring to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and any such amounts are excluded only for the period during which the family member participates in the employment training program.
10. Gifts	Temporary, nonrecurring, or sporadic income (including gifts).
11. Reparations	Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.
12. Income from Full-time Students	Part time income of non-head of household persons enrolled as full time student. HOWEVER, all income from the head of household will be included even if he/she is a full time student.
13. Adoption Assistance Payments	Adoption assistance payments in excess of $480 per adopted child.
14. Social Security & SSI Income	Deferred periodic amounts from SSI and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts.
15. Property Tax Refunds	Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit.
16. Home Care Assistance	Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep this developmentally disabled family member at home.
17. Other Federal Exclusions	Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions of 24 CFR 5.609(c) apply, including: • The value of the allotment made under the Food Stamp Act of 1977; • Payments received under the Domestic Volunteer Service Act of 1973 (employment through VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions); • Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program; • Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the Federal work study program or under the Bureau of Indian Affairs student assistance programs; • Payments received from programs funded under Title V of the Older Americans Act of 1985 (Green Thumb, Senior Aides, Older American Community Service Employment Program); • Earned income tax credit refund payments received, including advanced earned income credit payments; • The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990; • Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, veterans employment programs, state job training programs and career intern programs, AmeriCorps); • Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990; • Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a

Sources Not Considered Income	Description of Income Exclusions
	crime against the applicant under the Victims of Crime Act; and • Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998.
18. Rental Assistance / Gifts For Housing Expenses	Sporadic or reoccurring gifts for housing expenses from family, friends, or community groups.
19. Repayment of Loan	Sporadic or reoccurring payments that are repayment of a loan from to the household.

B. Proof of Income and Other Supporting Documents

Extensive supporting documents are required to document the household's income and other qualifying criteria. The full list of required supporting documentation is provided in *Figure 8*.

During the course of the income certification, applicants may be required to submit additional documentation to establish the household composition and income. While it is impossible to list all examples of additional documentation, some examples of additional documentation are described below. The Administrative Agent may require that documentation is notarized.

- Private mortgage documentation (bank statement of party lending the money, letter with terms of private mortgage);
- Proof of gift for down payment (bank statement of party gifting the money, letter with terms of private mortgage);
- Proof of rental assistance from family, friend, or community group;
- Death Certificate of spouse when applicant is a recent widow or widower;
- Notarized letter from employer explaining overtime that will be offered to employee;
- Itemized explanation of deposits in bank accounts;
- If there are other household members that appear to be living in the household now but are not part of the household as it was when applying for housing, the applicant will have to provide a notarized letter explaining the current and existing household composition;
- If there is someone listed on the applicant's bank statement that is not included in their household applying for Affordable Housing, the applicant will be required to show proof that the person does not reside with the applicant; and

Notarized letter regarding withdrawal from 401K accounts or pensions (For example, if funds were withdrawn last year, will the applicant be making a withdrawal this year?)

Figure 8: Required Supporting Documents

Identification
□ Personal photo identification: Driver's License, passport, or State ID
Income Related Documents – Provide All That Apply
□ Employment Income: 4 most recent consecutive pay stubs for all employed household members □ Social Security: Most recent award letter □ Temporary Assistance for Needy Families (TANF): Voucher or other verification □ Pension: Letter from pension fund setting forth outlays and benefits received □ Child Support: Current statement from NJ child support website, court order or notarized letter re: child support status □ Alimony: Current statement from NJ website or notarized letter regarding alimony support status □ Military Pay: Verification of military pay □ Workers' Compensation: Statement showing benefits □ Unemployment Benefits: Statement showing benefits □ Self Employed or Own Business: Year to date profit & loss statement (not required if submitting K-1 with taxes) □ 1099 for Independent Contractors (Profit and loss statements are not permitted)
Bank Statements & Other Accounts (Including JOINT ACCOUNTS)
□ Checking Account: All pages of statements for the last 6 consecutive months □ Savings Account Statements Including CD's: All pages of statements for the last 6 consecutive months □ Other Account Statements: Most recent statement for other assets such as retirement accounts, 401k's, stocks, bonds, & trusts
Tax Returns
□ Federal Tax Return: All pages of 1040 Federal Tax Return for the past 3 consecutive years (copies of signed returns to validate the copy) □ State Tax Return: All pages for the past 3 consecutive years □ Notarized tax waiver letter if unable to provide taxes
If Applicant Owns A Home, Condo, And/ Or Rental Property, The Following Is Required
□ Current mortgage statement □ Investment property lease agreement (if applicable) □ Current year tax assessment record □ Real estate listing if this property is for sale □ Contract with the realtor listing property if property is for sale □ Foreclosure notice (LIS PENDENS, etc.) if the property is in foreclosure
Other
□ Divorce Decree: All pages of divorce decree & settlement agreement □ Full Time Student Over 18: School schedule to document full time status □ Section 8: Voucher **(RENTAL ONLY)** □ Mortgage Preapproval **(OWNERSHIP ONLY)**

C. Final Eligibility Determinations

After the household's annual income and composition is determined and verified, the Administrative Agent will make the final eligibility determination. Requirements related to household composition, Regional Asset Limit, down payments, etc. outlined in *Chapter III* will also be verified.

Households determined to be eligible will receive an eligibility letter notifying them of their eligibility determination, in writing. When a household is determined ineligible, an internal peer review of the income certification will be completed by the Administrative Agent. If the peer review confirms the ineligibility determination, the household will be notified in writing

and advised that it may submit additional proof and request that the decision be reconsidered by the Administrative Agent. Such request for reconsideration shall be made by the applicant within five (5) business days of receipt of notice of denial of ineligibility. If an applicant for affordable housing is again determined to be ineligible by the Administrative Agent, then the Municipal Housing Liaison (see Chapter 7) will attempt to mediate the decision or policy to the satisfaction of all parties. Any situation that the Municipal Housing Liaison is unable to resolve will be forwarded to the New Jersey Mortgage and Finance Agency ("**Agency**") (or its successor) for further appeal and review. The determination of the Agency (or its successor) shall be a final administrative action (i.e., decision) subject to review of the courts.

D. Misrepresentation of Information in Application

When the applicant submits their full application, the applicant certifies that all information provided in the application is complete and true as to the entire household. If the applicant makes false statements or provides fraudulent documentation, the applicant will be determined ineligible immediately. They may reapply for Affordable Housing but they will lose their position on the waiting list.

E. Changes to Income and/or Household Composition after Submittal

Prior to the certification process and a determination of eligibility, a household may supplement its application. Once the full application has been submitted with the applicant certifying that all information is complete and true, the applicant enters the Eligibility Period. During this one to two-week timeframe during which the household's eligibility is being reviewed, the applicant is not permitted to change the employment status of any household member in order to become eligible for Affordable Housing nor change the household composition from what is listed on the application. *For example, the applicant cannot add a member to their household, subtract a member, quit a job, or get a new job, or a raise during the Eligibility Period*. See Glossary for definition of "**Eligibility Period**". If the applicant does make changes during this Eligibility Period, the household will be determined ineligible and lose their position on the waiting list. However, the applicant may reapply with their new income and/or household composition and will be assigned a new position on the waiting list.

V. Ownership Program

At each purchase, Affordable Housing documents are executed that restrict units as Affordable Units. The process of finding a buyer is explained in depth in *Chapter III*. In addition, the buyer must be income certified as outlined in *Chapter IV* and information about establishing new ownership projects is also included in *Chapter II*.

The following outlines the process of selling and purchasing an affordable home.

A. Selling an Affordable Home

1. Request an Intent to Sell Package

When an owner wants to sell its affordable home, the first step is to request an Intent-To-Sell package. The owner, as "**Seller**", cannot start the process of selling its home until it makes this request and receives the package from the Administrative Agent.

2. Calculate the MRSP (Maximum Restricted Sales Price)

The Administrative Agent will calculate the MRSP of the affordable home based on the last sale price and the last sale date. The annual increase issued by the State of New Jersey is applied for each year the owner has owned the home. See Appendix A for updated maximum restricted sales price annual increase. However, there is no increase if the owner has owned the home for less than a year. *For example, if an owner purchased an affordable home in March 2015 and requested to sell the home in January 2016, the MRSP is the price the owner paid for the home.*

In addition, if the owner requests to sell their home and the state has not released the annual increase for that year yet, no annual increase for the current year will be applied. *For example, if an owner requests to sell their home in February 2015, and the 2015 increase has not been released, the MRSP will not include an increase for 2015.*

The Administrative Agent will prepare the Intent to Sell Package and send it to the Seller. This package will include:

- Form for the owner to sign and return, formally requesting to sell home;
- The MRSP of the unit;
- An overview of the process of selling an affordable home in this program;
- Blank Purchase Agreement;
- Summary of fees charged by the Administrative Agent/Municipality related to selling of the affordable home;
- Request for digital photographs to be utilized in the marketing of the home; and
- Request for additional information about the home to be utilized in marketing the home such as recent renovations and unit amenities.

3. Start Affirmative Marketing Process

When the Administrative Agent receives the signed Intent to Sell Form back, it will begin the process of looking for a buyer for the unit. This process is outlined in *Chapter III* of this manual. The Administrative Agent will refer interested buyers directly to the Seller. The Seller

will be responsible for showing the home to interested buyers. These buyers will be pre-screened by the Administrative Agent. However, since they will not be income certified, the Seller CANNOT enter into a contract with the buyer until the buyer is income certified by the Administrative Agent. When a household decides to purchase the affordable home, the buyer will be sent a full income certification application. (See the *Purchase Agreements and Contracts* later in this Chapter.)

B. Buying an Affordable Home

1. Preliminary Application and Prescreen

In order to be considered to purchase an affordable home, interested buyers must submit a preliminary application. The process outlined in *Chapter III* will be followed even if the Seller has found a buyer interested in purchasing the property. The unit must be affirmatively marketed to other eligible households on the waiting list first.

2. Income Certification

When a household would like to purchase the home, it will notify the Administrative Agent, and if it is next on the waiting list, it will be invited to submit a full application. The income certification process is described in detail in *Chapter IV*. A mortgage pre-approval must be submitted with the application as well as proof that the buyer has the recommended minimum down payment if required by the bank or provided at buyer's option. Buyers will be advised that they will also be responsible for closing costs, but they will not be required to show proof of funds at the time of the income certification. Closing costs cannot be added to their mortgage principal because the buyer can only finance 95 percent of the MRSP of the home.

3. Mortgage Provider

The Administrative Agent will provide prospective buyers with a list of mortgage companies that have financed deed restricted Affordable Units recently. If the prospective buyer chooses to utilize a different lender, the Administrative Agent will provide the lender copies of the Affordable Housing documents for their review after the buyer is income certified.

A buyer may borrow money to purchase the home from a friend or family member (sometimes referred to as a "*Private Mortgage*".) To proceed with the application, the Administrative Agent will require proof that the lending party has the funds (bank statement of the party who is lending the money, for example) and a notarized letter signed by both parties with the terms of the loan (monthly payment, interest, etc.). If the money is a gift, this should be noted in the letter. The lending party in a Private Mortgage situation MAY NOT be on the deed to the Affordable Unit.

4. Down Payment

In order to encourage homeowner investment and a sense of direct involvement in the homeownership process, it is strongly recommended that the buyer provide 5 percent of the purchase price as down payment. In addition, as a practical matter, applicants are highly unlikely to receive a mortgage without at least a 5% down payment. The funds may be provided

as a gift (e.g., from a family member or friend) if the funds do not have to be repaid, and proof of the gift must be provided at the time of income certification (see above).

Some municipalities offer a down payment assistance grant program. In such cases, the minimum down payment requirement is governed by specific program requirements. The Administrative Agent will maintain a list of down payment assistance programs that may become available and provide program information to buyers.

5. Separated Spouses

Separated applicants who have not finalized their divorce settlement agreement cannot purchase an affordable home until the spouse signs a form stating that they are releasing any claim right or interest in the affordable home being purchased. If the spouse refuses to sign the release, the applicant can request a judge to require the spouse to sign the from.

6. Cosigners on Deeds and/or Mortgages Are Not Permitted

If a buyer for Affordable Housing cannot obtain a mortgage, a family member or friend CANNOT obtain a mortgage and allow the affordable buyer to reside in the home. Anyone on the deed and/or mortgage is considered part of the buyer's household and must be included in the income certification and must reside in the home as its primary residence.

However, not all household members are required to be on the mortgage and/or deed. *For example, if a household is composed of the buyer and its roommate, both the buyer and the roommate will be included in the income certification. The roommate is not required to be on the deed or the mortgage.*

C. Purchase Agreement and Contracts For Sale

As the buyer and seller enter into negotiations, the purchase agreement is an "internal", not legally binding, COAH generated document between them to establish and ensure that the unit will be affordable to the buyer. It stipulates such terms as the MRSP of the unit, the agreed upon purchase price, the amount of good faith deposit, and the items to be included in the sale price of the unit ("**Purchase Agreement**"). All these terms are then set out in the contract for sale. Typically, the Purchase Agreement is signed after the buyer has been income certified, however under certain circumstances the Purchase Agreement may be amended and signed after the income certification process (see Section 4 below).

The contract for sale is a legal contract between the buyer and seller, finalizing the negotiations between buyer and seller and setting out all material terms of the transaction ("**Contract for Sale**"). The Contract for Sale can only be executed after the household is income certified.

Copies of both the Purchase Agreement and Contract for Sale should be sent to the Administrative Agent immediately upon execution.

1. MRSP and "Extras"

The Purchase Agreement includes a section for the Seller to list items that may be sold separately at a price agreed upon by the buyer and seller. The price to be paid for items of personal property shall not be used as a mechanism to avoid or circumvent the limitations on

the resale price of the unit itself. The personal property for sale cannot become a contingency of the house sale. If this separate transaction occurs, it cannot be incorporated into the Mortgage or Contract of Sale.

These "extras" do not include items of property that are permanently affixed to the unit such as countertops and flooring or were part of the original sale. These permanently affixed items are to be included in the MRSP and no additional compensation is permitted to the owner. As stated in UHAC, N.J.A.C. 5:80-26.9: "Upon the resale of a restricted unit, all items of property that are permanently affixed to the unit or were included when the unit was initially restricted (for example, refrigerator, range, washer, dryer, dishwasher, wall-to-wall carpeting) shall be included in the maximum allowable resale price."

2. Accepting and Rejecting Offers

The Seller of the home must accept offers from the next buyer on the waiting list whose income is certified and who offers to purchase the home for the MRSP. The Seller cannot reject an offer at the MRSP from the first eligible person on the waiting list for any reason such as the buyer not making a cash purchase. In the contract, the Seller can include a requirement that the buyer be able to close in a reasonable amount of time, such as two months.

Buyers may make offers at less than the MRSP. The seller may choose to accept such an offer but is not required to accept such lower offers.

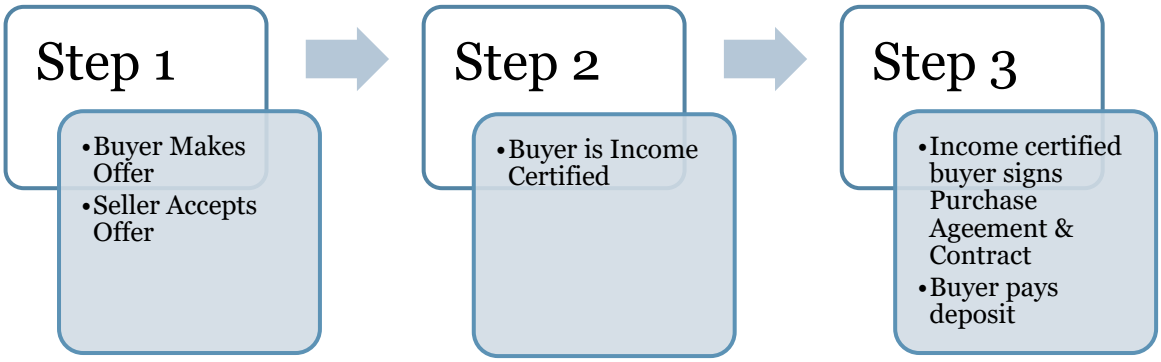
3. Good Faith Deposit/Earnest Money

It is not required, but the seller may choose to collect a good faith deposit or earnest money at the time the Purchase Agreement is signed.

4. Purchase Agreement and Income Certification

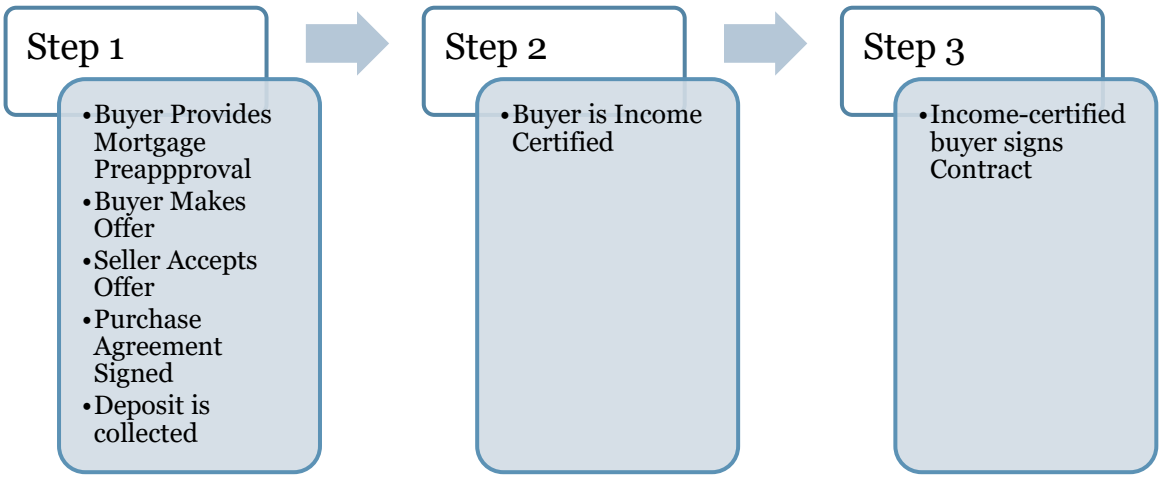
The Purchase Agreement is typically signed only after the household is income certified. (*See Figure 9 below.)* Under this process, the Purchase Agreement clearly states that only an income certified household may sign a purchase agreement. See Glossary for definition of "**Certified Household**". This process will be utilized for most resales, and it is the most effective process for selling homes if there is not a high demand for the home.

Figure 9: Purchase Agreement Signed After Income Certification



However, under certain circumstances, the Administrative Agent may amend the Purchase Agreement to permit a buyer who is not yet income certified to sign the Purchase Agreement. These circumstances include new developments where demand is very high for the units. Under this approach, as shown *Figure 10,* the Purchase Agreement will clearly state that the Purchase Agreement is contingent on the income certification by the Administrative Agent of the buyer as a Low or Moderate-Income household and, in the event that the household is determined not to be income eligible or does not submit a complete application, then the Purchase Agreement is invalid.

Figure 10: Purchase Agreement with Non-Income Certified Buyer



D. Attorneys

New Jersey does not require that attorneys participate in real estate transactions. However, while not a requirement, it is recommended that both the buyer and seller hire an attorney to draft the contract and represent them during the transaction.

E. Realtors

A realtor is not required for the sale of the affordable home because the Administrative Agent will refer interested buyers from the waiting list. However, some Sellers may choose to hire a realtor to conduct additional marketing and show the home. This is permitted under the following circumstances:

- The Seller provides the realtor's contact information to the Administrative Agent so that the Administrative Agent can inform the realtor of the MRSP, preliminary application, income certification process, and other Affordable Housing requirements;
- All interested buyers referred by the realtor, must submit a preliminary application and will be contacted following the process outlined in Chapter III; and
- Any realtor fee is subtracted from the MRSP. In no circumstances will the price of the home exceed the MRSP.

F. Coordination of Closing

After the home goes under contract, the Administrative Agent will maintain regular contact with the buyer, seller, and/or their attorneys as well as the mortgage provider. The Administrative Agent will answer questions about the Affordable Housing documents and assist to resolve any issues that arise before closing.

1. Required Legal Documents

The Administrative Agent will prepare the Affordable Housing documents summarized in *Figure 11*. If 95/5 is currently being used, we will continue to use 95/5 for resales. However, in all other cases, we will use Round III deed restrictions.

2. Resale of Affordable Units: Requirement for a Market Rate Appraisal

A market rate appraisal will be required to calculate the repayment amount on the affordable Recapture Mortgage Note. (This amount is the difference between the market appraisal and the affordable sale price and is due at the first non-exempt sale at the end of the control period. The repayment amount is paid to the Municipality.)

For new units, the developer is responsible for providing the market rate appraisal. If the buyer's mortgage company completes a market-rate appraisal, that appraisal can be used instead.

For resales, the buyer must provide the market rate appraisal. If the buyer's mortgage company will not be completing a market rate appraisal or it is a cash deal, the buyer must pay for a market rate appraisal. *This buyer will be notified of this requirement as soon as the Purchase Agreement is signed because the unit cannot close without the market appraisal.*

Figure 11: Legal Documents for Ownership Units

	No Master Deed	Master Deed
Not a 95/5 Unit	◆ Deed "A" o Certification "J" o Recapture Note "L" (DCA), "N" (Municipality), or "P" (Agency) ◆ Recapture Mortgage "M" (DCA), "O" (Municipality), or "Q" (Agency)	◆ Deed "D" ◆ Restrictive Covenant "C-1" o Certification "J" o Recapture Note "L" (DCA), "N" (Municipality), "P" (Agency) ◆ Recapture Mortgage "M" (DCA), "O" (Municipality), or "Q" (Agency)
95/5 Unit	◆ Deed "B" o Certification "J" o Recapture Note "G" ◆ Recapture Mortgage "H"	◆ Deed "D" ◆ Restrictive Covenant "C-2" o Certification "J" o Recapture Note "G" ◆ Recapture Mortgage "H"
o Must be filed with Administrative Agent / Municipality ◆ Must be recorded with County		
95/5 Unit: Existing projects (generally completed before 2004) are considered 95/5 units and the Legal Instruments for 95/5 units will be utilized.		

3. Closing Fees

If applicable, required closing fees paid by the Seller are due at the time of closing and must be included on the Settlement Statement. The fee cannot be waived.

The only exception is if the unit is bank owned as the result of a foreclosure action and the lenders (such as FHA, Fannie Mae, or Freddie Mac) are statutorily prevented from paying closing fees.

4. Closing Checklist

At the closing, the Administrative Agent will review the Affordable Housing rules with buyer including the following:

- When the unit is sold in the future, the owner must contact the Administrative Agent. The unit cannot be sold for more than the MRSP, and it must be sold to an income Certified Household;
- All refinancing, including lines of credits, secured by the Affordable Unit, must be approved in advance and in writing by the Administrative Agent. The total amount of all debt may not exceed 95 percent of the MRSP of the home;
- The Affordable Unit must be the owner's primary residence;

- No renting of this unit is permitted except on a short-term hardship basis as approved in advance and in writing by the Administrative Agent (see Waiver section for more information); and

Improvements made to the unit will not increase the MRSP. However, as permitted under UHAC (N.J.A.C. 5:80-26.9), an owner "may apply to the Administrative Agent to increase MRSP for the unit on the basis of capital improvements made since the purchase of the unit. Eligible capital improvements shall be those that render the unit suitable for a larger household or that add an additional bathroom [additional bedroom, cost of central air conditioning … see N.J.S.A. 5:80-26.12]. In no event shall the MRSP or an improved housing unit exceed the limits of affordability for the larger household."

Prior to closing, the Administrative Agent will obtain a copy of the Closing Disclosure for the Affordable Housing file that is executed at closing between the buyer and seller to confirm that:

- The sale price listed on the Closing Disclosure does not exceed the MRSP; and
- The buyer has not financed more than 95 percent of the sale price and that the buyer is not receiving cash back at closing.

Following closing, the Administrative Agent will obtain one original set of documents and distribute the copies as follows:

- Original of Mortgage, deed, discharges and Restrictive Covenant (if applicable) to the attorney or title company that handled the closing for recording.
- Copy of all documents is provided to the buyer.
- Original of Mortgage Note and copies of all other documents are kept by the Administrative Agent for the Affordable Housing file.

G. Refinance Requests

Affordable home owners are permitted to refinance their mortgages or incur some form of additional debt on their home, such as a home equity loan. The owner must notify the Administrative Agent who will review the request to confirm that the total debt is not more than 95 percent of the current MRSP. If the total debt exceeds 95 percent of the MRSP, the request will be denied. If the request is under 95 percent, the request will be approved.

Reverse mortgages are not prohibited by UHAC. However, lenders have historically not approved reverse mortgages on deed restricted affordable properties because of the refinance limits. Any requests for reverse mortgages should be carefully reviewed to ensure that there is no way the loan amount will exceed 95 percent of the MRSP.

If there is a fee to review the refinance request, the refinance review will not be started until the fee is submitted via certified check or money order.

As clearly stated in the Restrictive Covenant, the owner is forbidden from refinancing or taking an equity loan, a secured letter of credit, or any other mortgage obligation or other debt without advanced, written approval from the Administrative Agent.

H. Annual Mailing

The Administrative Agent will send a mailing to each of the affordable owners annually. This newsletter will provide the owner with information about how to get in touch with the Administrative Agent if they want to sell their home or refinance their mortgage. It will also remind them of other important Affordable Housing requirements.

The envelope will be marked "do not forward", and if it is returned by the post office, the Administrative Agent will follow-up with the owner to determine if the owner is no longer living in the home.

I. Report that Owner is Not Living in the Unit and/or Renting Unit

When the Administrative Agent obtains indications that an owner is not living in the unit, the Administrative Agent will investigate the allegation. The Administrative Agent will gather as many details as possible such as how long the owner has not been living in the unit; if anyone else is living there (i.e. renters); and if there is anyone else that will corroborate the allegations.

The Administrative Agent will also contact the Municipal Division of Tax Collection to determine where the tax bills are being sent. If they are sent to a different address than the property address on file with the Administrative Agent, then this is an indication that the owner is leasing the Affordable Unit.

The Administrative Agent will send a letter to the owner asking that it call the Administrative Agent within seven days. If the letter is returned, this will also suggest that the owner is not living in the unit. If the owner receives the letter and calls the Administrative Agent, the Administrative Agent will ask the owner about the allegations and request that they provide proof of residency, including copies of their driver's license and utility bills. The Administrative Agent may also determine it is necessary to do an address search on the owner.

If it is determined that the owner is not living in the home, the enforcement provisions outlined in *Chapter VIII* will apply.

J. Non-payment of Condominium/Homeowner Association Dues, Taxes, Mortgages, and Foreclosure

When the Administrative Agent receives a report that the owner is falling behind in home owner association dues, taxes, and/or mortgage payments, it will immediately reach out to the owner. The purpose of this outreach is to:

- Educate the owner on the risks of not paying their condominium or homeowner association dues, taxes, and/or mortgage payments;
- Determine whether the owner has experienced a temporary or permanent loss of income;
- Recommend that they contact their condominium/homeowner association and/or mortgage company to see if they can set-up a repayment plan;
- Refer them to foreclosure prevention resources; and

- Advise them of the MRSP of their home if they are interested in selling the home before they become further behind.

The Administrative Agent will track the status of the unit and coordinate closely with the Municipality through its Tax Collection and/or Assessor's Office, as well as its Corporation Counsel, in order to be updated as to any water and sewer fees that are in arrears and any foreclosures on Affordable Units. Additionally, the Administrative Agent will notify the Municipal Corporation Counsel if it becomes aware that the home is in foreclosure or a lien has been placed on the unit by the condominium/homeowner association.

All deed restrictions must clearly specify that the affordability controls remain in effect despite the entry and enforcement of any judgment of foreclosure.

K. Waivers

The Administrative Agent has authority to grant waivers from some of the Affordable Housing rules. The Administrative Agent will complete a waiver request form for each request it receives outlining the details of the request and its decision to approve or deny the request.

1. Request to Rent Affordable Unit

Requests to rent a unit will only be approved on a temporary basis if the owner will be required to leave the area for a temporary period of time, such as military deployment. Each request will be reviewed by the Administrative Agent (as permitted by UHAC) based on the specific circumstances of the request. *Another example of where a request for waiver possibly would be approved is where the owner needs to go to another area to care for a sick relative for a short period (such as three months or less). A request for a waiver in order to move to another city to "try out" a new job for six months most likely would <u>not</u> be a basis for an approval.*

The Administrative Agent will determine the maximum rent based on the initial affordability pricing of the unit, and will select the tenant through Affirmative Marketing and random selection.

Other requests to rent units will be denied. These include requests from owners who would like to rent their home because they are unable to sell the unit for the full MRSP.

2. Request to Sell to a Higher Income Household

After an Affordable Unit has been for sale for over 90 days, the owner may request that it be sold to someone in a higher income level. The first factor the Administrative Agent will consider in reviewing these requests is how long it takes to sell a similar Affordable Unit in the current housing market. It is not unusual for an Affordable Unit to be offered for sale for six months or more before a qualified buyer is found. The waiver request will not be considered until the Affordable Unit has exceeded the "typical" time period it takes to sell a home under current market conditions.

Next, the Administrative Agent will review the sale price of the Affordable Unit. The inability to sell a unit for the MRSP shall not, in and of itself, be considered an appropriate reason for granting a waiver. The Administrative Agent will review the sale price of recent, comparable

affordable homes and determine if the owner should consider lowering the price. The condition of the unit and whether the Seller has consented to show the Affordable Unit to interested applicants will be factored into this analysis.

If the home has been for sale longer than other Affordable Units typically take to sell with the sale price comparable to other sales, and the owner has shown the Affordable Unit to interested buyers, the waiver may be approved. This waiver will only apply to this sale, and the original income restriction will remain for future sales.

L. Requests for Improvements

The Administrative Agent will review requests to increase the MRSP of the Affordable Unit on the basis of capital improvements. Eligible capital improvements shall be an increase in the number of bedrooms.

Owners may make other improvements to their Affordable Units, and they are not required to request approval from the Administrative Agent. This includes improvements such as new countertops or flooring that do not increase the MRSP.

M. Transfer of Ownership to Non-Income Certified Owner

Under the following circumstances, ownership of an Affordable Unit can be transferred to another owner without the new owner being income certified. These circumstances include:

- Transfer of ownership between husband and wife;
- The transfer of ownership between former spouses ordered as a result of a judicial decree of divorce or judicial separation, but not including sales to third parties; or
  The transfer of ownership through an executor's deed to a Class A beneficiary (father, mother, grandparents, descendants, spouses, and, generally, civil union partners, or domestic partners).

This waiver will only apply to this sale, and the original income restriction will remain for future sales.

N. Enforcement

The guidelines for the enforcement of the affordable rules are outlined in *Chapter VIII*.

VI. Rental Program

The following is an overview of the process of filling a rental vacancy. See *New Rental Units* in *Chapter II* for a discussion of allowable fees and landlord-tenant selection criteria and *Chapter III* for a full discussion of management of the waiting list.

A. Filling Affordable Rental Vacancy

1. Landlord Notifies of Vacancy

Landlords will notify the Administrative Agent when there will be a vacancy. Because of the Affirmative Marketing and income certification requirements, landlords will be advised that it may take up to two months to find a qualified tenant and longer if there is not high demand for a unit.

2. Calculating the Maximum Rent at Vacancy

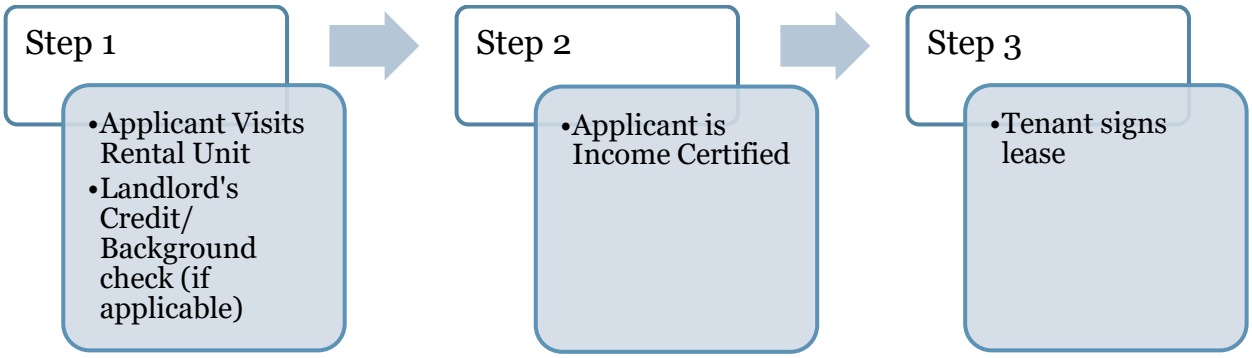
The Administrative Agent will determine the Maximum Rent that can be charged to the new tenant. This will be based on initial rent when the first tenant occupied the unit and the annual increases permitted by the State. See Appendix A for updated maximum annual rent increase. (Annual rental increases will be calculated even if the landlord did not take all permitted annual increases for the previous tenant.) At the landlord's discretion, the landlord can choose to rent the unit for less than the Maximum Rent determined by the Administrative Agent.

3. Referring Applicants to Landlord

The Affirmative Marketing process is outlined in *Chapter III* of this manual. After the next household on the waiting list passes the Administrative Agent's preliminary screen, the applicant is referred to the landlord to see the unit. If the applicant wants to rent the unit, they will complete the landlord's application and pay any required landlord fees. (See *New Rental Units* in *Chapter II* for discussion of fees and landlord-tenant selection criteria.)

If the landlord approves the applicant, the landlord will notify the Administrative Agent and the Administrative Agent will invite the applicant to submit a full application (*Figure 12)*.

Figure 12: Rental Income Certification Process



4. Income Certification and Signing the Lease

After the applicant is fully income certified, the landlord will be notified that they may execute a lease with a tenant. *Co-signers* are permitted if allowed by landlord. Applicants who are separated and do not have settlement agreements are permitted to rent an Affordable Unit. However, in order to calculate the household income at the time of the full income certification, the applicant will need to provide a division of assets signed by both parties.

A copy of the executed lease must be sent to Administrative Agent.

B. Lease Renewals

The Administrative Agent will calculate the allowable maximum rent each year (please see Appendix A entitled "Methodology for Calculating Regional Income Limits and Rental Increases"). The Administrative Agent will advise the landlord what the maximum amount of rent is and request the copy of the executed lease for the file. And, unlike some forms of Public Housing, the tenant's right to tenancy at the allowable rent does not vary with any increases or decreases in the tenant's income.

If the landlord chooses not to take the annual increase, the landlord may not take a larger increase the following year. *For example, if the landlord does not take the 2015 increase in 2015, they may not take the 2015 and 2016 increase the following year if the current tenant does not move out.*

Month-to-month leases are permitted. Additional fees for month-to-month leases are considered "optional fees." See discussion of optional fees in *Chapter II*.

Income certification of tenants is NOT required at the time of lease renewal. Upon leasing an Affordable Unit to a new tenant, the landlord will be permitted to lease at the allowable rent level permitted at that time.

C. Adding Additional Household Members to the Lease

The household composition of the rental household may change over time. The Affordable Housing rules do not prohibit the tenant from changing the number of household members on the lease following occupancy. However, all changes to the lease must be approved by the landlord.

However, an applicant cannot change their household composition after they submit the full application or immediately after they are income certified. The household members on the new tenant's lease must match the household members listed on the income certification. This is to prevent applicants from changing their household composition in order to qualify for an Affordable Unit.

D. Income Designation of Units Are Fixed

The income designation and pricing tier of units are fixed and cannot be changed during the affordability period for any reason. F*or example, if Unit 301 is a 3 bedroom Low-Income Unit and unit 201 is a 3 bedroom Moderate-Income unit, the landlord CANNOT change Unit 201 into the Low- Income unit and unit 301 into the Moderate-Income unit.*

E. Evictions

If the affordable tenant fails to pay rent or violates the terms of the lease, the landlord may take action as permitted by New Jersey Landlord Tenant laws.

F. Enforcement

The guidelines for the enforcement of the rental rules are outlined in *Chapter VIII*.

VII. Appeals

If an applicant for affordable housing is determined to be ineligible by the Administrative Agent, the applicant may submit additional proof and request reconsideration. Such request for reconsideration shall be made by the applicant within five (5) business days of receipt of notice of denial of ineligibility.

If a policy or decision regarding this program is appealed by an outside party, the Municipal Housing Liaison (a position established by Municipal Ordinance) will attempt to mediate the decision or policy to the satisfaction of all parties. Any situations that the Municipal Housing Liaison is unable to resolve will be forwarded to the Executive Director of the Agency (or its successor) for review or to the Superior Court of New Jersey, Somerset County.

VIII. Enforcement

The Municipality's Affordable Housing Ordinance provides specific guidelines in the event of breach of any of the guidelines governing the Affordable Units by an owner, developer, or tenant. Please refer to Municipality's Ordinance for the complete list of enforcement activities upon the occurrence of a breach of any of the regulations governing the affordable unit by an owner, developer or tenant. Some of these remedies may include, but are not limited to:

- Foreclosure;
- Tenant eviction;
- Municipal fines;
- A requirement for household recertification;
- Acceleration of all sums due under a mortgage;
- Recoupment of any funds from a sale in violation of the regulations;
- Injunctive relief to prevent further violation of the regulations; and
- Entry on the premises.

A. Written Notice

In accordance with the Municipality's Affordable Housing Ordinance, the Municipality will provide written notice of a violation to a household, developer or tenant of an Affordable Unit advising them of the violation and the related penalty for the violation. If the violation is not corrected within sixty (60) days after the written notice, the Municipality may take the actions outlined in this Chapter.

B. Penalties

The Municipality may file a court action pursuant to N.J.S.A. 2A:58-11 alleging a violation, or violations, of the regulations governing the Affordable Unit. If the owner, developer, or tenant is found by the court to have violated any provision of the regulations governing Affordable Units, the owner, developer, or tenant shall be subject to one or more of the following penalties, at the discretion of the court:

- A fine of not more than $2,500 or imprisonment for a period not to exceed 90 days, or both. Each day that the violation continues or exists shall be considered a separate and specific violation of these provisions and not as a continuing offense;
- In the case of an owner who has rented his or her very low, low, or moderate income unit in violation of the regulations governing Affordable Units, payment into the Municipality's Affordable Housing Trust Fund of the gross amount of rent illegally collected; and
- In the case of an owner who has rented his or her very low, low, or moderate income unit in violation of the regulations governing Affordable Units, payment of an innocent tenant's reasonable relocation costs, as determined by the court.

The Municipality may file a court action in the Superior Court seeking a judgment, which would result in the termination of the owner's equity or other interest in the Affordable Unit, in the nature of a mortgage foreclosure. Any judgment shall be enforceable as if the same were a

judgment of default of the first purchase money mortgage and shall constitute a lien against the low- and moderate-income unit.

C. Sheriff Sale

Such judgment shall be enforceable, at the option of the Municipality, by means of an execution sale by the Sheriff, at which time the very low, low, or moderate income unit of the violating owner shall be sold at a sale price which is not less than the amount necessary to satisfy and pay off any first purchase money mortgage and prior liens and the costs of the enforcement proceedings incurred by the Municipality fully, including attorneys' fees. The violating owner shall have the right to possession terminated as well as the title conveyed pursuant to the Sheriff's sale.

The proceeds of the Sheriff's sale shall first be applied to satisfy the first purchase money mortgage lien and any prior liens upon the very low, low, or moderate income unit. The excess, if any, shall be applied to reimburse the Municipality for any and all costs and expenses incurred in connection with either the court action resulting in the judgment of violation or the Sheriff's sale. In the event that the proceeds from the Sheriff's sale are insufficient to reimburse the Municipality in full as aforesaid, the violating owner shall be personally responsible for and to the extent of such deficiency, in addition to any and all costs incurred by the Municipality in connection with collecting such deficiency. In the event that a surplus remains after satisfying all of the above, such surplus, if any, shall be placed in escrow by the Municipality for the owner and shall be held in such escrow for a maximum period of two years or until such earlier time as the owner shall make a claim with the municipality for such. Failure of the owner to claim such balance within the two-year period shall automatically result in a forfeiture of such balance to the Affordable Housing Trust as established by the Municipality. Any interest accrued or earned on such balance while being held in escrow shall belong to and shall be paid to the municipality, whether such balance shall be paid to the owner or forfeited to the municipality.

Foreclosure by the municipality due to violation of the regulations governing Affordable Units shall not extinguish the restrictions of the regulations governing Affordable Units as the same apply to the very low, low, or moderate income unit. Title shall be conveyed to the purchaser at the Sheriff's sale, subject to the restrictions and provisions of the regulations governing the Affordable Unit.

The owner determined to be in violation of the provisions of this plan and from whom title and possession were taken by means of the Sheriff's sale shall not be entitled to any right of redemption.

If there are no bidders at the Sheriff's sale, or if insufficient amounts are bid to satisfy the first purchase money mortgage and any prior liens, the municipality may acquire title to the very low, low, or moderate income unit by satisfying the first purchase money mortgage and any prior liens and crediting the violating owner with an amount equal to the difference between the first purchase money mortgage and any prior liens and costs of the enforcement proceedings, including legal fees and the MRSP for which the very low, low, or moderate income unit could have been sold under the terms of the regulations governing Affordable Units. This excess shall

be treated in the same manner as the excess which would have been realized from an actual sale as previously described.

Failure of the very low, low, or moderate income unit to be either sold at the Sheriff's sale or acquired by the municipality shall obligate the owner to accept an offer to purchase from any qualified purchaser which may be referred to the owner by the municipality, with such offer to purchase being equal to the MRSP of the very low, low, or moderate income unit as permitted by the regulations governing Affordable Units.

The owner shall remain fully obligated, responsible, and liable for complying with the terms and restrictions governing Affordable Units until such time as title is conveyed from the owner.

In the event that any provision in this Manual differs from the terms or penalties identified in the most current Affordable Housing Ordinance, then the Affordable Housing Ordinance (as may be from time to time modified, amended and/or revised by relevant New Jersey State laws and/or regulations) shall prevail. The invalidity or nonenforceability of any provision of this Manual in any respect shall not affect the validity or enforceability of any other provision of this Manual in any other respect.

GLOSSARY

"**Administrative Agent"** means the entity responsible for the administration of Affordable Units in accordance with the Municipality's Affordable Housing Ordinance and as defined and with the responsibilities specified at N.J.A.C. 5:96, N.J.A.C. 5:97 and N.J.A.C. 5:80-26.1 et seq., as may be amended and supplemented.

"**Affirmative marketing**" means a regional marketing strategy designed to attract buyers and/or renters of Affordable Units pursuant to N.J.A.C. 5:80-26.15.

"**Affordable**" means a sales price or rent within the means of a very low, low- or moderate-income household as defined in N.J.A.C. 5:97-9; in the case of an ownership unit, that the sales price for the unit conforms to the standards set forth in N.J.A.C. 5:80-26.6, as may be amended and supplemented, and in the case of a rental unit, that the rent for the unit conforms to the standards set forth in N.J.A.C. 5:80-26.12, as may be amended and supplemented.

"**Affordable housing**" means housing units restricted to income-eligible very-low, low and moderate income households."

"**Affordable Housing Development**" means a development included in the Housing Element and Fair Share Plan, and includes but is not limited to, an inclusionary development, a municipal construction project or a one-hundred-percent Affordable Housing development.

"**Affordable Housing Unit**" for the purposes of this manual means a housing unit proposed or created pursuant to the Fair Housing Act, for which credits are obtained pursuant to COAH regulations, and/or funded through an affordable housing trust fund.

"**Affordability Average**" means the average percentage of median income at which new restricted units in an Affordable Housing development are affordable to very low, low- and moderate-income households.

"**Agency**" means the New Jersey Housing and Mortgage Finance Agency established by P.L. 1983, c. 530 (N.J.S.A. 55:14K-1, et seq.).

"**Age-Restricted Unit**" means a housing unit designed to meet the needs of, and exclusively for, the residents of an age-restricted segment of the population such that: 1) all the residents of the development wherein the unit is situated are 62 years of age or older; or 2) at least 80 percent of the units are occupied by one person who is 55 years of age or older; or 3) the development has been designated by the Secretary of the U.S. Department of Housing and Urban Development as "housing for older persons" as defined in Section 807(b)(2) of the Fair Housing Act, 42 U.S.C. § 3607.

"**Application**" means both the Preliminary Application and the Full Application submitted by an interested renter or potential homeowner for Affordable Units in the Municipality.

- "**Preliminary Application**" means the initial application submitted by all households that wish to express their interest in and be considered for Affordable Housing. This

Preliminary Application includes information about household income and composition in order to determine preliminary eligibility.

- "**Full Application**" means once an Affordable Unit appropriate for the Household (either to rent or buy) has been identified and the Household is nearing or next on the waiting list, the Household will be asked to submit a full application which requires that the income and household composition be updated and verified. The Administrative Agent will make a determination of the Household's eligibility.

"**Certified Household**" means a Household that has been certified by an Administrative Agent as A Very Low, Low-Income or Moderate-Income Household.

"**Closing Disclosure Form**" means the form which in October 2015 replaced the commonly used HUD-1 Settlement Statement for residential real estate closings. The Closing Disclosure Form provides details about the mortgage loan selected by the buyer which includes the loan terms, projected monthly payments, and how much the buyer will pay in fees and other costs to obtain the mortgage ("closing costs").

The lender is required to provide the Closing Disclosure Form to the buyer at least three business days before the closing on the mortgage loan. The Administrative Agent will review the Closing Disclosure Form to confirm that the sale price does not exceed the MRSP and that the buyer is not receiving cash back at closing.

"**COAH**" means the Council on Affordable Housing, or successor agency, which is in, but not of the Department of Community Affairs of the State of New Jersey, that was established under the New Jersey Fair Housing Act "to have primary jurisdiction for the administration of housing obligations in accordance with sound regional planning considerations in this State" N.J.S.A. 52:27D-304 (a).

"**Contract for Sale**" means a legally binding agreement between a buyer and seller for the sale or transfer of real estate. See also, "**Purchase Agreement**".

"**CTM**" means the online COAH Tracking and Monitoring system to which new units are added after initial sale or initial rental.

"**DCA**" means the State of New Jersey Department of Community Affairs.

"**Developer**" means any person, partnership, association, company or corporation that is the legal or beneficial owner or owners of a lot or any land proposed to be included in a proposed development, including the holder of an option to contract to purchase, or other person having an enforceable proprietary interest in such land.

"**Development**" means the division of a parcel of land into two or more parcels, the construction, reconstruction, conversion, structural alteration, relocation, or enlargement of any use or change in the use of any building or other structure, or of any mining, excavation or landfill, and any use or change in the use of any building or other structure, or land or extension of use of land, for which permission may be required pursuant to N.J.S.A. 40:55D-1, et seq.

"**Eligibility Period**" means once the Full Application for an Affordable Unit has been submitted with the applicant certifying that all information is complete and true, the applicant enters the Eligibility Period. During this one to two-week time frame, as the Household's eligibility is being reviewed, the applicant is not permitted to change the employment status of any Household member in order to become eligible for Affordable Housing nor change the Household composition from what is listed on the Full Application. *For example, the applicant cannot add a member to their Household, subtract a member, quit a job, or get a new job, or a raise during the Eligibility Period.* If the applicant does make changes during this Eligibility Period, the Household will be determined ineligible and lose their position on the waiting list. However, the applicant may reapply with their new income and/or Household composition and will be assigned a new position on the waiting list.

"**Fair Housing Act**" means the Fair Housing Act of 1985, P.L. 1985, c. 222 (N.J.S.A. 52:27D-301 et seq.)

"**Full Application**" (see "**Application"**).

"**Housing Authority**" means the Public Housing Agency which manages and operates publicly assisted units in the Municipality.

"**Affordable Housing Ordinance**" means that chapter or section of the municipal ordinance (the rules, regulations and codes enacted by a local government) addressing local affordable housing programs and procedures, as may be amended and supplemented.

"**HOME Program"** means the HUD funded HOME Investment Partnerships Program that provides formula grants to States and localities that communities use - often in partnership with local nonprofit groups - to fund a wide range of activities including building, buying, and/or rehabilitating Affordable Housing for rent or homeownership or providing direct rental assistance to low-income people. HOME is the largest Federal block grant to state and local governments designed exclusively to create Affordable Housing for Low-Income Households.

"**Household**" means, in accordance with HUD definitions and UHAC practice, the number of persons in the Affordable unit and not the size of the Affordable unit. See for example, HUD's definition of household as "[o]ne or more persons occupying a housing unit" -- in other words, the number of persons in the home. HUD website accessed 6/13/2016. http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/library/glossary/See also UHAC regulation N.J.A.C. 5:80-26.4, "In determining the initial rents and initial sales prices for compliance with the affordability average requirements for restricted units … the following standards shall be used: 1. A studio shall be affordable to a one-person household."

"**Housing Region**" means a geographic area, determined by COAH, of no less than two and no more than four contiguous, whole counties, which exhibits significant social, economic, and income similarities and which constitutes, to the greatest extent practicable, a Primary Metropolitan Statistical Area (PMSA), as last defined by the United States Census Bureau.

"HUD" means the US Department of Housing and Urban Development. **"Interest Date"** means the date on which a Household submits its Preliminary Application thereby establishing its place on the priority list for consideration of Affordable Units.

"**LAD**" means the New Jersey Law Against Discrimination, N.J.S.A. 10:5-1 et seq., prohibits, among other discriminatory actions, discrimination when selling or renting property.

"**Low-income Household**" means a household with a total gross annual household income equal to 50 percent or less of the median household income for the housing region.

"**Low-income unit**" means a restricted unit that is affordable to a low-income household.

"**Market-rate units"** means housing not restricted to very low, low- and moderate-income households that may sell or rent at any price.

"**Maximum Restricted Sales Price**" or "**MSRP**" means the maximum sales price of restricted ownership units within each affordable development upon resale of the Affordable Unit in accordance with N.J.A.C. 5:80-26.3(e) which states that such units "shall be affordable to households earning no more than 70 percent of median income. Each affordable development must achieve an affordability average of 55 percent for restricted ownership units. See Glossary for definition of "**Affordability Average.**" In achieving this Affordability Average, moderate-income ownership units must be available for at least three different prices for each bedroom type, and low-income ownership units must be available for at least two different prices for each bedroom type." *For example, a two-bedroom moderate income unit originally sold for $85,000 and another exactly similar unit originally sold for $105,000. There always will be a disparate MSRP for resales of these two units. Both moderate income units are priced differently to reach different income levels of moderate income households.*

"**Median income**" means the median income by household size for the applicable housing region as adopted annually by COAH or a successor entity approved by the Court.

"**Moderate-income household**" means a household with a total gross annual household income in excess of 50 percent but less than 80 percent of the median household income for the housing region.

"**Moderate-income unit**" means a restricted unit that is affordable to a moderate-income household.

"**Municipal Housing Liaison**" means a position established by ordinance of the Municipality where the individual as a part time or full time employee of the Municipality is responsible for the oversight and administration of the Affordable Housing program for the Municipality

"**PHA**" means Public Housing Authority. See below for definition.

"**PMI**" means private mortgage insurance. PMI is a type of mortgage insurance used with conventional loans. Like other kinds of mortgage insurance, PMI protects the lender (not the homebuyer) if the homebuyer stops making payments on the loan. PMI is arranged by the

lender and provided by private insurance companies. PMI is usually required when the homebuyer has a conventional loan and makes a down payment of less than 20 percent of the home's purchase price. PMI also is usually required when a homeowner is refinancing with a conventional loan and the owner's equity is less than 20 percent of the value of the home. http://www.consumerfinance.gov/, US Consumer Financial Protection Bureau, accessed August 10, 2016.

"**Preliminary Application**" (see "**Application**").

"**Public Housing**" "**Public Housing Authority**" means those public housing units which are funded largely by governmental programs such as those administered by HUD programs which are owned, operated and managed by a public housing authority ("**PHA**"). As defined by HUD, "public housing was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. Public housing comes in all sizes and types, from scattered single family houses to high rise apartments for elderly families. There are approximately 1.2 million households [in the US] living in public housing units [.]" http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph, HUD Website, accessed June 7, 2016.

"**Purchase Agreement**" means a not legally binding, "internal" COAH generated document between a buyer and seller of residential real estate to establish and ensure that the Affordable Unit will be affordable to the buyer. It stipulates such terms as the Maximum Restricted Sale Price (or Maximum Permitted Resale Price) of the unit, the agreed upon purchase price, the amount of good faith deposit, and the items to be included in the sale price of the unit. (See "Contract of Sale").

"**Random selection process**" means a process by which currently income-eligible households are selected for placement in Affordable Units such that no preference is given to one applicant over another except for purposes of matching household income and size with an appropriately priced and sized Affordable Unit (e.g., by lottery).

"**Redevelopment Plan**" means a plan adopted by the Municipality for the redevelopment or rehabilitation of all or any part of a redevelopment area, or area in need of rehabilitation, pursuant to the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq.

"**Regional Asset Limit**" means the maximum housing value in each housing region affordable to a four-person household with an income at 80 percent of the regional median as defined by duly adopted Regional Income Limits published annually by COAH or a successor entity.

If a Household (seeking to be certified for an Affordable Unit) owns a primary residence (with no mortgage on the property) valued at or above the regional asset limit as published annually by COAH, a Certificate of Eligibility will be denied unless the Applicant's existing monthly housing costs (including principal, interest, taxes homeowner and private mortgage insurance, and condominium and homeowner association frees as applicable) exceed 38 percent of the household's eligible monthly income. N.J.A.C. 5:80-26.16(b)(3).

"**Regional Preference**" means that in accordance with UHAC, municipalities may wish to give preference to applicant households that live or work in their COAH housing region. If so, the municipality must state this preference as part of its affordable housing ordinance. This preference cannot be limited to families that live or work in the host municipality – if preference is given, it must be given to all households that live or work in their COAH housing region. COAH divides New Jersey's 21 counties into six housing regions as outlined on COAH's Annual Regional Income Limits Chart.

"**Rent**" means the gross monthly cost of a rental unit to the tenant, including the rent paid to the landlord, as well as an allowance for tenant-paid utilities computed in accordance with allowances published by DCA for its Section 8 program. In assisted living residences, rent does not include charges for food and services.

"**Restricted Unit**" means a dwelling unit, whether a rental unit or an ownership unit, that is subject to the affordability controls of N.J.A.C. 5:80-26.1, as amended and supplemented, but does not include a market-rate unit financed under the Urban Homeownership Recovery Program ("UHORP") or the Market Oriented Neighborhood Investment program ("MONI") of the Agency.

"**UHAC**" means the Uniform Housing Affordability Controls adopted by the State of New Jersey and set forth in N.J.A.C. 5:80-26.1, et seq.

"**Very Low-Income Household**" means a household with a total gross annual household income equal to 30 percent or less of the median household income for the applicable housing region.

"**Very Low-Income Unit**" means a restricted unit that is affordable to a very low-income household.

"Veterans Preference" means the municipality and Developer or residential development owner may enter into an agreement to provide a preference for affordable housing to very low, low and moderate income veterans who served in time of war or other emergency, as defined in section 1 of P.L.1963, c. 171 (C.54:4-8.10), of up to 50 percent of the affordable units in that particular project. This provision is in accordance with N.J.S.A. 52:27D-311 (j). This preference shall be established in the applicant selection process for available affordable units so that applicants who are veterans who served in time of war or other emergency, as referenced in this subsection, and who apply within 90 days of the initial marketing period shall receive preference for the rental of the agreed-upon percentage of affordable units. After the first 90 days of the initial 120-day marketing period, if any of those units subject to the preference remain available, then applicants from the general public shall be considered for occupancy. After the 120 –day marketing period, veterans will continue to get preference over non-veterans, as the units become available, whenever the percentage of preference-occupied units falls below the agreed upon percentage.

Appendix A: Annual Information Update

The following information is subject to change annually:

- Regional Maximum Income Limits
- Regional Asset Limits
- Annual Maximum Restricted Sale Price Increase
- Annual Maximum Rental Increase Amount

In order to keep this manual current, Appendix A will be revised annually with updated numbers upon their general availability. See next page for the most recent information.

Methodology for Calculating Regional Income Limits and Rental Increase:

Income limits for all units that are part of the municipality's Housing Element and Fair Share Plan and for which income limits are not already established through a federal program exempted from the Uniform Housing Affordability Controls pursuant to N.J.A.C. 5:80-26.1 shall be updated by the municipality annually within 30 days of the publication of determinations of median income by HUD as follows:

a. Regional income limits shall be established for the region that the municipality is located within, based on the median income by household size, which shall be established by a regional weighted average of the uncapped Section 8 income limits published by HUD. To compute this regional income limit, the HUD determination of median county income for a family of four is multiplied by the estimated households within the county according to the most recent decennial Census. The resulting product for each county within the housing region is summed. The sum is divided by the estimated total households from the most recent decennial Census in the municipality's housing region. This quotient represents the regional weighted average of median income for a household of four. The income limit for a moderate-income unit for a household of four shall be 80 percent of the regional weighted average median income for a family of four. The income limit for a low-income unit for a household of four shall be 50 percent of the HUD determination of the regional weighted average median income for a family of four. The income limit for a very low-income unit for a household of four shall be 30 percent of the regional weighted average median income for a family of four. These income limits shall be adjusted by household size based on multipliers used by HUD to adjust median income by household size. In no event shall the income limits be less than those for the previous year.

b. The income limits attached hereto as Exhibit B are the result of applying the percentages set forth in paragraph (a) above to HUD's determination of median income for the current year and shall be utilized until the municipality updates the income limits after HUD has published revised determinations of median income for the next fiscal year.

c. The Regional Asset Limit used in determining an applicant's eligibility for affordable housing pursuant to N.J.A.C. 5:80-26.16(b)3 shall be calculated by the Municipality annually by taking the percentage increase of the income limits calculated pursuant to paragraph (a) above over the previous year's income limits, and applying the same percentage increase to the Regional Asset Limit from the prior year. In no event shall the Regional Asset Limit be less than that for the previous year.

In establishing sale prices and rents of affordable housing units, the administrative agent shall follow the procedures set forth in UHAC, utilizing the regional income limits established pursuant to the process defined above:

a. The resale prices of owner-occupied low- and moderate-income units may increase annually based on the percentage increase in the regional median income limit for each housing region determined pursuant to the process outlined above. In no event shall the maximum resale price established by the administrative agent be lower than the last recorded purchase price.

b. The rent levels of very-low-, low- and moderate-income units may be increased annually based on the percentage increase in the Housing Consumer Price Index for the Northeast Urban Area, upon its publication for the prior calendar year. This increase shall not exceed nine percent in any one year. Rents for units constructed pursuant to low income housing tax credit regulations shall be indexed pursuant to the regulations governing low income housing tax credits.

Annual Information Update - Last Revised 03-2019

Region 3 Maximum Income Limits

Hunterdon, Middlesex and Somerset

Household Size	Very-Low Income	Low Income	Moderate Income	Median Income
1 Person	$22,659	$37,765	$60,424	$75,530
1.5 Person*	$24,278	$40,463	$64,740	$80,925
2 Person	$25,896	$43,160	$69,056	$86,320
3 Person*	$29,133	$48,555	$77,688	$97,110
4 Person	$32,370	$53,950	$86,320	$107,900
4.5 Person*	$33,665	$56,108	$89,773	$112,216
5 Person	$34,960	$58,266	$93,226	$116,532
6 Person	$37,549	$62,582	$100,131	$125,164
7 Person	$40,139	$66,898	$107,037	$133,796
8+ Person	$42,728	$71,214	$113,942	$142,428

* These columns are for calculating the pricing for one, two and three bedroom sale and rental units as per N.J.A.C. 5:80-26.4(a).

Region 3 Regional Asset Limit:

$205,458

Region 3 Maximum Restricted Sale Price Increase:

2.20%

Region 3 Maximum Rental Increase:

2.37%

Enable Inc. (Life Skills Resource Center) Group Home Documentation

Department of Community Affairs
Council on Affordable Housing
Supportive and Special Needs Housing Survey

Municipality: Watchung Boro

County: Somerset

Sponsor: _____

Developer: _____

Block: 50.02 Lot: 4

Street Address: 166 Johnston Drive Extension

Facility Name: Enable, Inc.

Section 1: Type of Facility:

- ☑ Licensed Group Home
- ☐ Transitional facility for the homeless (not eligible for credit as affordable housing after June 2, 2008)
- ☐ Residential health care facility (licensed by NJ Dept. of Community Affairs or DHSS)
- ☐ Permanent supportive housing
- ☐ Supportive shared housing
- ☐ Other – Please Specify: _____

Section 2: Sources and amount of funding committed to the project :

- ☐ Capital Application Funding Unit $_____
- ☐ HMFA Special Needs Housing Trust $_____
- ☐ Balanced Housing – Amount $_____
- ☐ HUD – Amount $_____ Program_____
- ☐ Federal Home Loan Bank – Amount $_____
- ☐ Farmers Home Administration – Amount $_____
- ☐ Development fees – Amount $_____
- ☐ Bank financing – Amount $_____
- ☐ Other – Amount $_____ Program_____

- ☐ For proposed projects, please submit a pro forma
- ☐ Municipal resolution to commit funding, if applicable
- ☐ Award letter/financing commitment (proposed new construction projects only)

Section 3: For all facilities other than permanent supportive housing:

Total # of bedrooms reserved for:

Very low-income clients/households	____
Low-income clients/households	3
Moderate-income clients/households	____
Market-income clients/households	____

Section 4: For permanent supportive housing:

Total # of units _____, including:

# of very low-income units	____
# of low-income units	____
# of moderate-income units	____
# of market-income units	____

Section 5:

Length of Controls: _____ years

Effective Date of Controls: _____

Expiration Date of Controls: _____

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

Section 6:

☐ CO Date: _____

For licensed facilities, indicate licensing agency:

☑ DDD ☐ DMHS ☐ DHSS ☐ DCA ☐ DCF

☐ Other _____

Initial License Date: _____

Current License Date: 2018-2019

Section 7:

Has the project received project-based rental assistance? ☐ Yes ☑ No; Length of commitment: _____ years

Other operating subsidy sources: _____; Length of commitment: _____ years

Is the subsidy renewable? ☐ Yes ☐ No

Section 8: The following verification is attached:

- ☐ Copy of deed restriction or mortgage and/or mortgage note with deed restriction (30-year minimum, HUD, FHA, FHLB, UHAC deed restriction, etc.)
- ☐ Copy of Capital Application Funding Unit (CAFU) or DHS Capital Application Letter (20 year minimum, no deed restriction required)

Section 9:

Residents 18 yrs or older? ☑ Yes ☐ No

Population Served (describe): Individuals w/ Intellectual / developmental disabilities

Age-restricted? ☐ Yes ☑ No

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

Section 10: Affirmative Marketing Strategy (check all that apply):

- ☑ DDD/DMHS/DHSS waiting list
- ☐ Affirmative Marketing Plan approved by the Council's xecutive Director

CERTIFICATIONS

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

Certified by: Lisa Coccia — Project Administrator — Date 3/21/19

Certified by: Thomas C. Atkins — Municipal Housing Liaison — Date 3-28-19

License No. GH468A

State of New Jersey

Department of Human Services

Office of Licensing

LICENSE

ENABLE, INC.

13 Roszel Rd.
Suite B110
Princeton, NJ 08540

Having met the requirements of the New Jersey Statute, P.L. 1977, c. 448, and the regulations of this Department, is hereby licensed as a

Group Home Developmental Disability

for 4 individuals

at

166 JOHNSTON DRIVE EXTENSION
WATCHUNG, NJ 07069

This License is effective from 07/31/2018 to 07/31/2019

Carole Johnson, Commissioner, Department of Human Services

L.F

Life Skills Resource Center

Loeser Avenue
P.O. Box 935
Somerville, NJ 08876
908-927-1110 • FAX 908-927-1113

June 20, 2006

Laureen B. Fellin, RMC
Municipal Clerk/Administrator
Borough of Watchung
15 Mountain Boulevard
Watchung, New Jersey 07069-6399

Dear Ms. Fellin:

Enclosed is the completed Council on Affordable Housing (COAH) Alternative Living Arrangement Survey, which you requested for Life Skills Group Home located at 166 Johnston Drive Extension.

Should you have any questions or require additional information, please feel free to contact me at 908-927-1110.

Sincerely,

Patricia Kalmback McNally

Patricia Kalmback McNally
Business Administrator

Enclosures

RECEIVED
JUN 21 2006
BOROUGH OF WATCHUNG

d: CF 6/27/06

offering specialized programs and services to the individual with autism

COMMUNITY RESIDENTIAL FACILITY FUNDING PROGRAM
STATE OF NEW JERSEY - DEPARTMENT OF HUMAN SERVICES
DIVISION OF DEVELOPMENTAL DISABILITIES

ANNEX A - PROJECT SUMMARY

1. This Agreement commences on 11/5/93 and expires on 11/5/2013

2. Legal Name of Agency: The Life Skills Resource Center Inc.

3. Agency Address (Including P.O. Box, City, State, Zip Code, County):
   1013-1017 Kennedy Blvd.
   Manville, NJ 08835

4. Date of Agency Incorporation: July 16, 1992

5. Federal I.D. Number: 22-3185118

6. Project Location (Street, Address, City, State, County):
   166 Johnston Drive Extention
   Watchung, NJ 07060

7. Project Scope:

X	Purchase		Land		Existing Building/s
X	Renovation		Expansion of Existing Facility		
	New Construction		Equipment		

8. The Project Period commences on 11/5/93 and expires on 2/5/94

9. Project Director:
   Name: Jeffrey Markowitz
   Address: 1013-1017 Kennedy Blvd.
   Manville, NJ 08835
   Phone: 908-704-0500

10. Agency Officer authorized to sign this and other documents:
   Name: Jeffrey Markowitz
   Address: 1013-1017 Kennedy Blvd.
   Manville, NJ 08835
   Phone: 908-704-0500

11. Persons to whom Notices shall be directed:

a) Agency
Name: Jeffrey Markowitz
Address: 1013-1017 Kennedy Blvd.
Manville, NJ 08835

b) Department
Name: Linda A. Suchovic
Address: Capital Center, CN 726
Trenton, NJ 08625

COMMUNITY RESIDENTIAL FACILITY FUNDED PROGRAM
STATE OF NEW JERSEY - DEPARTMENT OF HUMAN SERVICES
DIVISION OF DEVELOPMENTAL DISABILITIES

ANNEX A - ATTACHMENT A: DUTIES AND RESPONSIBILITIES OF PROJECT DIRECTO

The Project Director of Jeffrey Markowitz is responsible for:

(1) reporting the progress of the construction and related work to the Department through the Program Development Unit, DDD;

(2) paying all contractor's and other bills as appropriate;

(3) submitting the invoices to the State for payment as per the Schedule in Annex C of this Agreement;

(4) verifying that the work is completed as approved by the Department.

COMMUNITY RESIDENTIAL FACILITY FUNDING PROGRAM
STATE OF NEW JERSEY - DEPARTMENT OF HUMAN SERVICES
DIVISION OF DEVELOPMENTAL DISABILITIES

ANNEX B - PROJECT BUDGET: PURCHASE AND RENOVATION

1. PROJECT COSTS:	PROJECT TOTAL	AGREEMENT AMT.	AGENCY AMT.	BASIS*
A. Purchase of Facility				
1) Purchase Price	$ 235,000	$ 235,000	$ 0	contract
2) Closing costs, including legal fees, studies & survey	$ 4,050	$ 4,050	$ 0	atty. es & bills
B. Architect	$	$	$	
C. Appliances	$ 875	$ 875	$	written estimate
D. Carpeting	$ 3,387.70	$ 3,387.70	$ 0	written estimate
E. Renovations, including general contract, fire alarm/detection & equipment	$ 34,648	$ 34,648	$ 0	written estimate
F. Other	$	$	$	
G. Total Project cost	$ 277,960.70	$ 277,960.70	$ 0	

2. AGREEMENT CEILING: $ 277,960.70

3. SOURCES OF FUNDS TO SUPPORT PROJECT (use additional sheet if necessary):

state appropriated funds

*List the basis for each element of the Project Cost - e.g., architect's estimate, contractor's estimate, agency estimate, consultant's estimate, purchase price.

COMMUNITY RESIDENTIAL FACILITY FUNDING PROGRAM
STATE OF NEW JERSEY - DEPARTMENT OF HUMAN SERVICES
DIVISION OF DEVELOPMENTAL DISABILITIES

ANNEX C - PROJECT PROGRESS AND PAYMENT : PURCHASE AND RENOVATION

1. Reports and Inspections.

   A. The Agency will report Project progress and expenditures as requested, but not less frequently than monthly, to the Department through the Program Development Unit, Division of Developmental Disabilities.

   B. The Department will make periodic site inspections as necessary. At minimum, the following inspections will be made:

      1. site inspection prior to purchase of facility

      2. renovation inspection at 50% completion

      3. final inspection upon completion of Project, prior to final payment of capital funds.

2. Payment of Capital Funds by the Department to the Agency

   A. Upon commencement of the Agreement, the Department will make an initial payment of the following budgeted costs as specified:

	AMOUNT TO BE PAID	% OF BUDGETED AMT (PER ANNEX B
1. Purchase of facility	$ 235,000	$ 100%
2. Closing costs	$ 4,050	$ 100%
3. Architect	$	$
4. Appliances	$ 875	$ 100%
5. Carpeting	$ 3,387.70	$ 100%
6. Renovations	$ 5,197.20	$ 15%
7. Other	$	$
TOTAL TO BE PAID	$ 248,509.90	

B. Subsequently, upon receipt from the Agency of billings and written verification of the percentage of the project completed to date, the Department will pay renovations costs as follows:

	% OF PROJECT COMPLETED	% OF BUDGETED RENOVATIONS AMOUNT (PER ANNEX B) TO BE PAID	DOLLAR A TO BE PA
1.	50%	30%	10,394.4
2.	100%	45%	15,591.6

An adjustment based on actual costs may be made in the second payment to compensate for any previous over or underpayment made based on estimated costs.

C. Subsequent to the final inspection required in 1B3 above, the Department will pay the remainder of the documented approved Project costs up to, but not to exceed, the Agreement Ceiling.

ANNEX D - DESCRIPTION OF SERVICES TO BE DELIVERED IN FACILITY

The Agency shall maintain the Facility as a licensed community residence for the Developmentally Disabled housing 4 persons. The facility shall provide food, shelter and personal guidance for Developmentally Disabled persons who require assistance, temporarily or permanently, in order to live independently in the community.

PROMISSORY NOTE

$ 277,960.70 November 5, 1993

In accordance with the terms of a Funding Agreement for Construction Purchase, or Purchase and Renovation of Community-Based Facilities dated _____, 1993, The Life Skills Resource Center Inc.

promises to pay on demand to the order of the State of New Jersey, Department of Human Services, two hundred seventy seven thousand nine hundred sixty and 70/xx (277,960.70)

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

BY: _____ L.S.
Authorized Agency Representative

NAME: Jeffrey Markowitz

TITLE: President & Executive Director

AGENCY: The Life Skills Resource Center Inc.

ADDRESS: 1013 Kennedy Blvd.
Manville, NJ 08835

Linda A. Arcadu

LINDA A. ARCADU
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires July 23, 1996

Point at Watchung (Crystal Ridge) Documentation

Property: Property Address	Development Address	Unit Number	Property Type	# of Years in Initial Afford. Period
Income Level: Low **(20 records)**				
Number of Bedrooms: 1 **(4 records)**				
9007 Summit Way	The Point at Watchung	9007	Apartment	30
8007 Summit Way	The Point at Watchung	8007	Apartment	30
7007 Summit Way	The Point at Watchung	6007	Apartment	30
6007 Crystal Ridge Drive	The Point at Watchung	6007	Apartment	30
Number of Bedrooms: 2 **(12 records)**				
10102 Crystal Ridge Drive	The Point at Watchung	10102	Apartment	30
9102 Summit Way	The Point at Watchung	9102	Apartment	30
8103 Summit Way	The Point at Watchung	8103	Apartment	30
8102 Summit Way	The Point at Watchung	8102	Apartment	30
7103 Summit Club Court	The Point at Watchung	7103	Apartment	30
7102 Summit Club Court	The Point at Watchung	7102	Apartment	30
6103 Crystal Ridge Drive	The Point at Watchung	6103	Apartment	30
6102 Crystal Ridge Drive	The Point at Watchung	6102	Apartment	30
5103 Emerald Drive	The Point at Watchung	5103	Apartment	30
5102 Emerald Drive	The Point at Watchung	5102	Apartment	30
4103 Club Court	The Point at Watchung	4103	Apartment	30
4102 Club Court	The Point at Watchung	4102	Apartment	30
Number of Bedrooms: 3 **(4 records)**				
9006 Summit Way	The Point at Watchung	9006	Apartment	30
8006 Summit Way	The Point at Watchung	8006	Apartment	30
7006 Summit Way	The Point at Watchung	7006	Apartment	30
6006 Crystal Ridge Drive	The Point at Watchung	6006	Apartment	30
Income Level: Moderate **(20 records)**				
Number of Bedrooms: 1 **(4 records)**				
14107 Crystal Ridge Drive	The Point at Watchung	14107	Apartment	30
12107 Crystal Ridge Drive	The Point at Watchung	12107	Apartment	30
11007 Crystal Ridge Drive	The Point at Watchung	11007	Apartment	30
10007 Crystal Ridge Drive	The Point at Watchung	10007	Apartment	30
Number of Bedrooms: 2 **(12 records)**				
15103 Diamond Court	The Point at Watchung	15103	Apartment	30
15102 Diamond Court	The Point at Watchung	15102	Apartment	30
14003 Crystal Ridge Drive	The Point at Watchung	14003	Apartment	30
14002 Crystal Ridge Drive	The Point at Watchung	14002	Apartment	30

Property: Property Address	Development Address	Unit Number	Property Type	# of Years in Initial Afford. Period
13103 Diamond Court	The Point at Watchung	13103	Apartment	30
13102 Diamond Court	The Point at Watchung	13102	Apartment	30
12003 Crystal Ridge Drive	The Point at Watchung	12003	Apartment	30
12002 Crystal Ridge Drive	The Point at Watchung	12002	Apartment	30
11103 Crystal Ridge Drive	The Point at Watchung	11103	Apartment	30
11102 Crystal Ridge Drive	The Point at Watchung	11102	Apartment	30
10103 Crystal Ridge Drive	The Point at Watchung	10103	Apartment	30
9103 Summit Way	The Point at Watchung	9103	Apartment	30
Number of Bedrooms: 3 **(4 records)**				
14106 Crystal Ridge Drive	The Point at Watchung	14106	Apartment	30
12106 Crystal Ridge Drive	The Point at Watchung	12106	Apartment	30
11006 Crystal Ridge Drive	The Point at Watchung	11006	Apartment	30
10006 Crystal Ridge Drive	The Point at Watchung	10006	Apartment	30
Grand Totals (40 records)				

(2) updated May 2006

A TRUE COPY

5p70 chg JB

(156)

MANDATORY DEED RESTRICTION FOR RENTAL PROJECTS

record and return:
216785
GENERAL LAND ABSTRACT CO
2 RESEARCH WAY
PRINCETON NJ 08540

Deed Restriction

To Rental Property
With Covenants Restricting Rentals, Conveyance and Improvements And Requiring Notice of Foreclosure and Bankruptcy

THIS DEED RESTRICTION, entered into as of this 14th day of August, 2006, by and between the New Jersey Housing & Mortgage Finance Agency ("Administrative Agent"), or its successor, acting on behalf of The Borough of Watchung ("Municipality"), with offices at 637 South Clinton Avenue, P.O. Box 18550, Trenton, New Jersey 08650-2085, and MGD Holdings Watch, LLC, a New York limited liability company having offices at c/o Ginsburg Properties, Inc., 245 Saw Mill River Road, 2nd Floor, Hawthorne, New York 10532, the developer/sponsor (the "Owner") of a residential low- or moderate-income rental project (the "Project"):

BRETT A. RADI COUNTY CLERK
SOMERSET COUNTY, NJ
2006 AUG 22 11:00:14 AM
BK:5932 PG:616-621
INSTRUMENT # 2006055212

WITNESSETH

Article 1. Consideration

In consideration of benefits and/or right to develop received by the Owner from the Municipality regarding this rental Project, the Owner hereby agrees to abide by the covenants, terms and conditions set forth in this Deed restriction, with respect to the land and improvements more specifically described in Article 2, hereof (the Property).

Article 2. Description of Property

2006055212

The Property consists of all of the land, and a portion of the improvements thereon, that is located in the municipality of Watchung, County of Somerset, State of New Jersey, and described more specifically as Block No. 56.01, Lot No. 2.01, and known by the street address:

Crystal Ridge Club
One Crystal Ridge Drive
Watchung, New Jersey

And more specifically designated as: See Schedule A attached hereto and made a part hereof

Article 3. Affordable Housing Covenants

The following covenants (the "Covenants") shall run with the land for the period of time (the "Control Period"), determined separately with respect for each dwelling unit, commencing on April 29, 2002, the

date on which the first certified household occupied the unit, and shall and expire as determined under the Uniform Controls, as defined below.

In accordance with N.J.A.C. 5:80-26.5, each restricted unit shall remain subject to the requirements of this subchapter, the "Control Period," until the municipality in which the unit is located elects to release the unit from such requirements. Prior to such a municipal election, a restricted unit must remain subject to the requirements of this subchapter for a period of at least 30 years; provided, however, that:

1. Units located in high-poverty census tracts shall remain subject to these affordability requirements for a period of at least 10 years; and
2. Any unit that, prior to December 20, 2004, received substantive certification from COAH, was part of a judgment of compliance from a court of competent jurisdiction or became subject to a grant agreement or other contract with either the State or a political subdivision thereof, shall have its control period governed by said grant of substantive certification, judgment or grant or contract.

A. Sale and use of the Property is governed by regulations known as the Uniform Housing Affordability Controls, which are found in New Jersey Administrative Code at Title 5, chapter 80, subchapter 26 (N.J.A.C. 5:80-26.1, *et seq*, the "Uniform Controls").

B. The Property shall be used solely for the purpose of providing rental dwelling units for low- or moderate-income households, and no commitment for any such dwelling unit shall be given or implied, without exception, to any person who has not been certified for that unit in writing by the Administrative Agent. So long as any dwelling unit remains within its Control Period, sale of the Property must be expressly subject to these Deed Restrictions, deeds of conveyance must have these Deed Restrictions appended thereto, and no sale of the Property shall be lawful, unless approved in advance and in writing by the Administrative Agent.

C. No improvements may be made to the Property that would affect the bedroom configuration of any of its dwelling units, and any improvements to the Property must be approved in advance and in writing by the Administrative Agent.

D. The Owner shall notify the Administrative Agent and the Municipality of any foreclosure actions filed with respect to the Property within five (5) business days of service upon Owner.

E. The Owner shall notify the Administrative Agent and the Municipality within three (3) business days of the filing of any petition for protection from creditors or reorganization filed by or on behalf of the Owner.

Article 4. Remedies for Breach of Affordable Housing Covenants

A breach of the Covenants will cause irreparable harm to the Administrative Agent, to the Municipality and to the public, in light of the public policies set forth in the New Jersey Fair Housing Act, the Uniform Housing Affordability Control rules found at N.J.A.C. 5:80-26, and the obligation for the provision of low and moderate-income housing.

A. In the event of a threatened breach of any of the Covenants by the Owner, or any successor in interest of the Property, the Administrative Agent and the Municipality shall have all remedies provided at law or equity, including the right to seek injunctive relief or specific performance.

B. Upon the occurrence of a breach of any Covenants by the Grantee, or any successor in interest or other owner of the Property, the Administrative Agent and the Municipality shall have all

remedies provided at law or equity including but not limited to forfeiture, foreclosure, acceleration of all sums due under any mortgage, recouping of any funds from a sale in violation of the Covenants, diverting of rent proceeds from illegal rentals, injunctive relief to prevent further violation of said Covenants, entry on the premises, those provided under Title 5, Chapter 80, Subchapter 26 of the New Jersey Administrative Code and specific performance.

updated May 2006

SCHEDULE A
AFFORDABLE APARTMENTS AT CRYSTAL RIDGE CLUB

ADDRESS	# OF BEDROOMS	LOW/MODERATE
4102 Club Court	2	Low
4103 Club Court	2	Low
5102 Emerald Drive	2	Low
5103 Emerald Drive	2	Low
6006 Crystal Ridge Drive	3	Low
6007 Crystal Ridge Drive	1	Low
6102 Crystal Ridge Drive	2	Low
6103 Crystal Ridge Drive	2	Low
7006 Summit Way	3	Low
7007 Summit Way	1	Low
7102 Summit Way	2	Low
7103 Summit Way	2	Low
8006 Summit Way	3	Low
8007 Summit Way	1	Low
8102 Summit Way	2	Low
8103 Summit Way	2	Low
9006 Summit Way	3	Low
9007 Summit Way	1	Low
9102 Summit Way	2	Low
9103 Summit Way	2	Moderate
10006 Crystal Ridge Drive	3	Moderate
10007 Crystal Ridge Drive	1	Moderate
10102 Crystal Ridge Drive	2	Low
10103 Crystal Ridge Drive	2	Moderate
11006 Crystal Ridge Drive	3	Moderate
11007 Crystal Ridge Drive	1	Moderate
11102 Crystal Ridge Drive	2	Moderate
11103 Crystal Ridge Drive	2	Moderate
12002 Crystal Ridge Drive	2	Moderate
12003 Crystal Ridge Drive	2	Moderate
12106 Crystal Ridge Drive	3	Moderate
12107 Crystal Ridge Drive	1	Moderate
13102 Diamond Court	2	Moderate
13103 Diamond Court	2	Moderate
14002 Crystal Ridge Drive	2	Moderate
14003 Crystal Ridge Drive	2	Moderate
14106 Crystal Ridge Drive	3	Moderate
14107 Crystal Ridge Drive	1	Moderate
15102 Diamond Court	2	Moderate
15103 Diamond Court	2	Moderate

updated May 2006

IN WITNESS WHEREOF, the Administrative Agent and the Owner have executed this Deed Restriction in triplicate as of the date first above written.

NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY
BY: Marge DellaVecchia
Name:
Title: Exec. Director

MGD HOLDINGS WATCH, LLC
By: MGD Properties, LLC
Its Sole Member

By:
Name: Martin Ginsburg
Title: Manager

APPROVED BY THE BOROUGH OF WATCHUNG, [Municipality]

BY:
Name: Albert S. Ellis
Title: MAYOR

ACKNOWLEDGEMENTS

On this the 7th day of August, 2006 before me came Marge DellaVecchia, to me known and known to me to be the Administrative Agent for The Borough of Watchung [Municipality], who states that (s)he has signed said Agreement on behalf of said Municipality for the purposes stated therein.

Melinda J. Sciarrotta
NOTARY PUBLIC

Melinda J. Sciarrotta
A Notary Public of New Jersey
My Commission Expires 3/24/2009

On this the 7th day of August, 2006 before me came Martin Ginsburg, to me known and known to me to be the manager of MGD Properties, LLC, the sole member of MGD Holdings Watch, LLC, the Owner of the Property, who states that (s)he has signed said Agreement for the purposes stated therein.

ELISE J. KESSLER
Notary Public, State of New York
No. 02KE4859820
Qualified in Westchester County
Commission Expires April 28, 2010

NOTARY PUBLIC

On this the 14th day of August, 2006 before me came Albert S. Ellis known and known to me to be MAYOR of The Borough of Watchung, the Municipality identified as such in the foregoing Agreement, who states that (s)he is duly authorized to execute said Agreement on behalf of said Municipality, and that (s)he has so executed the foregoing Agreement for the purposes stated therein

Michelle DeRocco
NOTARY PUBLIC

MICHELLE DeROCCO
A Notary Public of New Jersey
My Commission Expires: June 11, 2008

BRETT A. RADI
SOMERSET COUNTY CLERK
20 GROVE STREET
P.O. BOX 3000
SOMERVILLE, NJ 08876-1262

****

Recorded: 08/22/2006 11:00:14 AM

Book: OPR 5932 Page: 616-621

Instrument No.: 2006055212

AGTDEED 6 PGS $70.00

Recorder: BALLIROJ

****

DO NOT DISCARD

2006055212

Lakeside Villas at Watchung Documentation
(Schmidt Circle)

Up $43 cleo

Prepared by: Richard P. Kmiecek Esq

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
HOUSING AFFORDABILITY SERVICE
637 South Clinton Avenue
P.O. Box 18550
Trenton, NJ 08650-2085

MANDATORY DEED FORM FOR OWNERSHIP UNITS
Deed

DEED-RESTRICTED AFFORDABLE HOUSING UNIT WITH RESTRICTIONS ON RESALE AND REFINANCING

To State Regulated Property
With Covenants Restricting Conveyance
And Mortgage Debt

This DEED is made on this day **October 1, 2012** by and between

Grete Machin, Executrix for the Estate of Sigfried Jorgensen a/k/a Frida Jorgensen, (Grantor) whose address is **15 Schmidt Circle, Watchung, NJ 07069** and

Lynn Ferguson, unmarried (Grantee), whose address about to become **15 Schmidt Circle, Watchung, NJ 07069**.

Article 1. Consideration and Conveyance

In return for payment to the Grantor by the Grantee of **One Hundred Twelve Thousand, Four Hundred Ninety Nine Dollars, ($112,499.00)**, the receipt of which is hereby acknowledged by the Grantor, the Grantor hereby grants and conveys to the Grantee all of the land and improvements thereon as is more specifically described in Article 2, hereof (the Property).

Article 2. Description of Property

The Property consists of all of the land, and improvements thereon, that is located in the municipality of **Watchung Borough**, County of **Somerset**, State of New Jersey, and described more specifically as Block No. **4001**, Lot No **4**, Qualifier **C0015**, and known by the street address:

15 Schmidt Circle
Watchung, NJ 07069

Schedule A attached hereto.

Being the same premises conveyed to **Morten Jorgensen** and **Frida Jorgensen,** husband and wife, herein by Deed from **JDN Properties, III, LLC** dated **March 14, 2008**, and recorded on **April 23, 2008**, in Deed Book **6126**, Page **2293**, in the Clerk/Registrar's office of **Somerset** County.

Morten Jorgensen died December 28, 2011 leaving his sole surviving tenant by the entirety Sigfried Jorgensen a/k/a Frida Jorgensen, his wife.

Sigfried Jorgensen a/k/a Frida Jorgensen died February 6, 2012 as probated in the Somerset County Surrogate's Office Docket Number 12-00240.

2012056769

BRETT A. RODI COUNTY CLERK
SOMERSET COUNTY NJ
2012 OCT 12 09:51:17 AM
BK 6567 PG 617-617
CONS: $112,499.00 EXEMPT: A
NJ XFER FEE: $112.50
INSTRUMENT # 2012056769

Unofficial Copy

File No. PLS-1197OR

LEGAL DESCRIPTION

Unit No. 15, in Building No. D, in Villa Domenico, an Adult Community at Watchung, Inc. Condominium together with an undivided 2.38% percentage interest in the common elements appurtenant thereto as amended from time to time in accordance with and subject to the terms, limitations, conditions, covenants, restrictions, and other provisions of the Master Deed and Declaration of Restrictions and Protective Covenants of Villa Domenico, an Adult Community at Watchung, Inc. Condominium dated October 25, 2005 and recorded on October 28, 2005 in the Office of the Clerk of Somerset County in Deed Book 5819, page 3161 et seq. and as amended.

Non Official Document

RTF-1 (Rev. 7/14/10)
MUST SUBMIT IN DUPLICATE

STATE OF NEW JERSEY

AFFIDAVIT OF CONSIDERATION FOR USE BY SELLER

(Chapter 49, **P.L.**1968, as amended through Chapter 33, **P.L.** 2006) (**N.J.S.A.** 46:15-5 et seq.)

BEFORE COMPLETING THIS AFFIDAVIT, PLEASE READ THE INSTRUCTIONS ON THE REVERSE SIDE OF THIS FORM.

STATE OF NEW JERSEY }SS.

COUNTY Somerset County Municipal Code 1821

MUNICIPALITY OF PROPERTY LOCATION Watchung

FOR RECORDER'S USE ONLY
Consideration $ 112499.00
RTF paid by seller $ 112.50
Date 10/12/12 By CA

*Use symbol "C" to indicate that fee is exclusively for county use.

(1) PARTY OR LEGAL REPRESENTATIVE *(Instructions #3 and #4 on reverse side)*

Deponent, Grete Machin, Executrix (Name), being duly sworn according to law upon his/her oath, deposes and says that he/she is the Grantor (Grantor, Legal Representative, Corporate Officer, Officer of Title Company, Lending Institution, etc.) in a deed dated October 1, 2012 transferring real property identified as Block number 4001 Lot number 4 C0015 located at 15 Schmidt Circle (Street Address, Town) and annexed thereto.

(2) CONSIDERATION $ 112,499.00 *(Instructions #1 and #5 on reverse side)* ☐ no prior mortgage to which property is subject.

(3) Property transferred is Class 4A 4B 4C (circle one). If property transferred is Class 4A, calculation in Section 3A below is required.

(3A) **REQUIRED CALCULATION OF EQUALIZED VALUATION FOR ALL CLASS 4A (COMMERCIAL) PROPERTY TRANSACTIONS:** *(Instructions #5A and #7 on reverse side)*

Total Assessed Valuation ÷ Director's Ratio = Equalized Assessed Valuation

$_____ ÷ _____% = $_____

If Director's Ratio is less than 100%, the equalized valuation will be an amount greater than the assessed value. If Director's Ratio is equal to or in excess of 100%, the assessed value will be equal to the equalized valuation.

(4) FULL EXEMPTION FROM FEE *(Instruction #8 on reverse side)*
Deponent states that this deed transaction is fully exempt from the Realty Transfer Fee imposed by **C.** 49, **P.L.** 1968, as amended through **C.** 66, **P.L.** 2004, for the following reason(s). Mere reference to exemption symbol is insufficient. Explain in detail.

(5) PARTIAL EXEMPTION FROM FEE *(Instruction #9 on reverse side)*
NOTE: All boxes below apply to grantor(s) *only*. **ALL BOXES IN APPROPRIATE CATEGORY MUST BE CHECKED**. Failure to do so will void claim for partial exemption. Deponent claims that this deed transaction is exempt from State portions of the Basic, Supplemental, and General Purpose Fees, as applicable, imposed by **C.** 176, **P.L.** 1975, **C.** 113, **P.L.** 2004, and **C.** 66, **P.L.** 2004 for the following reason(s):

A. **SENIOR CITIZEN** Grantor(s) ☐ 62 years of age or over.* *(Instruction #9 on reverse side for A or B)*
B. **BLIND PERSON** Grantor(s) ☐ legally blind or; *
DISABLED PERSON Grantor(s) ☐ permanently and totally disabled ☐ receiving disability payments ☐ not gainfully employed*

Senior citizens, blind persons, or disabled persons must also meet **all of the following** criteria:
☐ Owned and occupied by grantor(s) at time of sale. ☐ Resident of State of New Jersey.
☐ One or two-family residential premises. ☐ Owners as joint tenants must all qualify.

*IN CASE OF HUSBAND AND WIFE, PARTNERS IN A CIVIL UNION COUPLE, ONLY ONE GRANTOR NEED QUALIFY IF TENANTS BY THE ENTIRETY.

C. **LOW AND MODERATE INCOME HOUSING** *(Instruction #9 on reverse side)*
☒ Affordable according to H.U.D. standards. ☒ Reserved for occupancy.
☒ Meets income requirements of region. ☒ Subject to resale controls.

(6) NEW CONSTRUCTION *(Instructions #2, #10, #12 on reverse side)*
☐ Entirely new improvement. ☐ Not previously occupied.
☐ Not previously used for any purpose. ☐ **"NEW CONSTRUCTION"** printed clearly at top of first page of the deed.

(7) RELATED LEGAL ENTITIES TO LEGAL ENTITIES *(Instructions #5, #12, #14 on reverse side)*
☐ No prior mortgage assumed or to which property is subject at time of sale.
☐ No contributions to capital by either grantor or grantee legal entity.
☐ No stock or money exchanged by or between grantor or grantee legal entities.

(8) Deponent makes this Affidavit to induce county clerk or register of deeds to record the deed and accept the fee submitted herewith in accordance with the provisions of Chapter 49, **P.L.** 1968, as amended through Chapter 33, **P.L.** 2006.

Subscribed and sworn to before me this 1 day of October, 2012

RICHARD P. KRUEGER, ESQ.
ATTORNEY AT LAW
STATE OF NEW JERSEY

Grete Machin Executrix
Signature of Deponent

Grete Machin Executrix of the Estate of Sister Friada Jorgensen aka Frida Jorgensen (DECEASED)
Grantor Name

68 GLEN EAGLES DR. WATCHUNG NJ 07069
Deponent Address

68 Glen Eagles Dr. Watchung, NJ 07069
Grantor Address at Time of Sale

XXX-XXX- 958
Last three digits in Grantor's Social Security Number

Name/Company of Settlement Officer

FOR OFFICIAL USE ONLY
Instrument Number____ County Somerset
Deed Number____ Book____ Page____
Deed Dated 10/1/12 Date Recorded 10/12/12

County recording officers shall forward one copy of each RTF-1 form when Section 3A is completed to:

STATE OF NEW JERSEY
PO BOX 251
TRENTON, NJ 08695-0251
ATTENTION: REALTY TRANSFER FEE UNIT

The Director of the Division of Taxation in the Department of the Treasury has prescribed this form as required by law, and it may not be altered or amended without prior approval of the Director. For information on the Realty Transfer Fee or to print a copy of this Affidavit, visit the Division's website at: **www.state.nj.us/treasury/taxation/lpt/localtax.shtml.**

GIT/REP-3
(5-12)

State of New Jersey

SELLER'S RESIDENCY CERTIFICATION/EXEMPTION

(C.55, P.L. 2004)

(Please Print or Type)

SELLER(S) INFORMATION (See Instructions, Page 2)

Names(s)

Grete Machin, Executrix of the Estate of Sigfried Jorgensen, a/k/a Frida Jorgensen

Current Resident Address:

Street 68 Glen Eagles Drive

City, Town, Post Office	State	Zip Code
Watchung	NJ	07069

PROPERTY INFORMATION (Brief Property Description)

Block(s)	Lot(s)	Qualifier
4001	4	C0015

Street Address:
15 Schmidt Circle

City, Town, Post Office	State	Zip Code
Watchung	NJ	07069

Seller's Percentage of Ownership	Consideration	Closing Date
100%	$112,499.00	10/1/2012

SELLER ASSURANCES (Check the Appropriate Box) (Boxes 2 through 10 apply to Residents and Non-residents)

1. ☑ I am a resident taxpayer (individual, estate, or trust) of the State of New Jersey pursuant to N.J.S.A. 54A:1-1 et seq. and will file a resident gross income tax return and pay any applicable taxes on any gain or income from the disposition of this property.
2. ☐ The real property being sold or transferred is used exclusively as my principal residence within the meaning of section 121 of the federal Internal Revenue Code of 1986, 26 U.S.C. s. 121.
3. ☐ I am a mortgagor conveying the mortgaged property to a mortgagee in foreclosure or in a transfer in lieu of foreclosure with no additional consideration.
4. ☐ Seller, transferor or transferee is an agency or authority of the United States of America, an agency or authority of the State of New Jersey, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, or a private mortgage insurance company.
5. ☐ Seller is not an individual, estate or trust and as such not required to make an estimated payment pursuant to N.J.S.A.54A:1-1 et seq.
6. ☐ The total consideration for the property is $1,000 or less and as such, the seller is not required to make an estimated payment pursuant to N.J.S.A. 54A:5-1-1 et seq.
7. ☐ The gain from the sale will not be recognized for Federal income tax purposes under I.R.C. Section 721, 1031, 1033 or is a cemetery plot. (CIRCLE THE APPLICABLE SECTION). If such section does not ultimately apply to this transaction, the seller acknowledges the obligation to file a New Jersey income tax return for the year of the sale (see instructions).

   ☐ No non-like kind property received.
8. ☐ Transfer by an executor or administrator of a decedent to a devisee or heir to effect distribution of the decedent's estate in accordance with the provisions of the decedent's will or the intestate laws of this state.
9. ☐ The property being sold is subject to a short sale instituted by the mortgagee, whereby the seller has agreed not to receive any proceeds from the sale and the mortgagee will receive all proceeds paying off an agreed amount of the mortgage.
10. ☐ The deed being recorded is a deed dated prior to the effective date of P.L. 2004, c. 55 (August 1, 2004), and was previously unrecorded.

SELLER(S) DECLARATION

The undersigned understands that this declaration and its contents may be disclosed or provided to the New Jersey Division of Taxation and that any false statement contained herein could be punished by fine, imprisonment, or both. I furthermore declare that I have examined this declaration and, to the best of my knowledge and belief, it is true, correct and complete. By checking this box ☐ I certify that the Power of Attorney to represent the seller(s) has been previously recorded or is being recorded simultaneously with the deed to which this form is attached.

10/1/2012
Date

Grete Machin executrix
Signature
(Seller) Please indicate if Power of Attorney or Attorney in Fact

Date

Signature
(Seller) Please indicate if Power of Attorney or Attorney in Fact

UNOFFICIAL DOCUMENT

Article 3. Grantor's Covenant

The Grantor hereby covenants and affirms that Grantor has taken no action to encumber the Property. This promise is called a "covenant as to grantor's act" (N.J.S.A. 46:4-6). This promise means that the Grantor has not allowed anyone else to obtain any legal rights which affect the property (such as by making a mortgage or allowing a judgment to be entered against the Grantor.)

Article 4. Affordable Housing Covenants

Sale and use of the Property is governed by regulations known as the Uniform Housing Affordability Controls, which are found in New Jersey Administrative Code at Title 5, chapter 80, subchapter 26 (N.J.A.C. 5:80-26.1, *et seq*, the "Regulations") and any amendments, changes or supplements thereto. Consistent with the Regulations, the following covenants (the "Covenants") shall run with the land for the period of time commencing upon the earlier of (a) the date hereof or (b) the prior commencement of the "Control Period", as that term is defined in the Regulations, and terminating upon the expiration of the Control Period as provided in the Regulations.

In accordance with N.J.A.C. 5:80-26.5, each restricted unit shall remain subject to the requirements of this subchapter, the "Control Period," until the municipality in which the unit is located elects to release the unit from such requirements. Prior to such a municipal election, a restricted unit must remain subject to the requirements of this subchapter for a period of at least 30 years; provided, however, that units located in high-poverty census tracts shall remain subject to these affordability requirements for a period of at least 10 years;

A. The Property may be conveyed only to a household who has been approved in advance and in writing by the Housing Affordability Service of the New Jersey Housing and Mortgage Finance Agency, or other administrative agent appointed under the Regulations (hereinafter, collectively, the "Administrative Agent").

B. No sale of the Property shall be lawful, unless approved in advance and in writing by the Administrative Agent, and no sale shall be for a consideration greater than maximum permitted price ("Maximum Resale Price", or "MRP") as determined by the Administrative Agent.

C. No refinancing, equity loan, secured letter of credit, or any other mortgage obligation or other debt (collectively, "Debt") secured by the Property, may be incurred except as approved in advance and in writing by the Administrative Agent. At no time shall the Administrative Agent approve any such Debt, if incurring the Debt would make the total of all such Debt exceed Ninety-Five Percent (95%) of the applicable MRP.

D. The owner of the Property shall at all times maintain the Property as his or her principal place of residence.

E. Except as set forth in F, below, at no time shall the owner of the Property lease or rent the Property to any person or persons, except on a short-term hardship basis as approved in advance and in writing by the Administrative Agent.

F. If the Property is a two-family home, the owner shall lease the rental unit only to income-certified low-income households approved in writing by the Administrative Agent, shall charge rent no greater than the maximum permitted rent as determined by the Administrative Agent, and shall submit for written approval of the Administrative Agent copies of all proposed leases prior to having them signed by any proposed tenant.

G. No improvements may be made to the Property that would affect its bedroom configuration, and in any event, no improvement made to the Property will be taken into consideration to increase the MRP, except for improvements approved in advance and in writing by the Administrative Agent.

UNOFFICIAL DRAFT

Article 5. Remedies for Breach of Affordable Housing Covenants

A breach of the Covenants will cause irreparable harm to the Administrative Agent and to the public, in light of the public policies set forth in the New Jersey Fair Housing Act, the Uniform Housing Affordability Control rules found at N.J.A.C. 5:80-26, and the obligation for the provision of low and moderate-income housing. Accordingly, and as set forth in N.J.A.C. 5:80-26.10A(b):

A. In the event of a threatened breach of any of the Covenants by the Grantee, or any successor in interest or other owner of the Property, the Administrative Agent shall have all remedies provided at law or equity, including the right to seek injunctive relief or specific performance.

B. Upon the occurrence of a breach of any Covenants by the Grantee, or any successor in interest or other owner of the Property, the Administrative Agent shall have all remedies provided at law or equity including but not limited to forfeiture, foreclosure, acceleration of all sums due under any mortgage, recouping of any funds from a sale in violation of the Covenants, diverting of rent proceeds from illegal rentals, injunctive relief to prevent further violation of said Covenants, entry on the premises, those provided under Title 5, Chapter 80, Subchapter 26 of the New Jersey Administrative Code and specific performance.

EXECUTION BY GRANTOR

Signed by the Grantor on the date hereof. If the Grantor is a corporation, this Deed is signed by a corporate officer who has authority to (a) convey all interests of the corporation that are conveyed by this Deed, and (b) to bind the corporation with respect to all matters dealt with herein.

Richard P. Krueger
Signed, sealed and delivered in the presence of or attested by:

Grete Machin, executrix for estate of Sigfried Jorgensen f/k/a Frida Jorgensen [seal]

Peter Machin [seal]
Grete Machin, Executrix for Estate of Sigfried Jorgensen a/k/a Frida Jorgensen

_____ [seal]

_____ [seal]

CERTIFICATE OF ACKNOWLEDGEMENT BY INDIVIDUAL

State of New Jersey, County of UNION

I am either (check one) ____ a Notary Public or ✓ an ATTORNEY AT LAW OF NJ an officer authorized to take acknowledgements and proofs in the state of New Jersey. I sign this acknowledgement below to certify that it was executed before me. On this the 1 day of October, 2012 Grete Machin appeared before me in person. *(If more than one person appears, the words "this person" shall include all persons named who appeared before the officer making this acknowledgement).* I am satisfied that this person is the person named in and who signed this Deed.

This person also acknowledged that the full and actual consideration paid or to be paid for the transfer of title to realty evidenced by this Deed, as such consideration is defined in P.L. 1968, c. 49, sec. 1(c), is $ 112,499.00.

Officer's signature: Sign above, and print stamp or type name below

RICHARD P. KRUEGER, ESQ.
ATTORNEY AT LAW
STATE OF NEW JERSEY

Record + Return to:

O' CONNELL & SUSSMAN, LLC
ATTORNEYS AT LAW
P.O. BOX 644, 51 MAIN ST.
BLAIRSTOWN, NJ 07825

Unofficial Document

BRETT A. RADI
SOMERSET COUNTY CLERK
20 GROVE STREET
P.O. BOX 3000
SOMERVILLE, NJ 08876-1262

****

Recorded:	**10/12/2012 09:51:17 AM**
Book:	**OPR 6567 Page: 617-623**
Instrument No.:	**2012056769**
	DEED 7 PGS $93.00
CONSIDERATION:	**$112,499.00**
EXEMPTION:	**A**
NJ REALTY XFER FEE:	**$112.50**
Recorder:	**HECKMAN**

****

DO NOT DISCARD

2012056769

Brett A. Radi, County Clerk
Electronically Recorded Somerset County NJ
2017 Aug 15 11:54:10 AM
BK: 6982 PG: 2432- 2438
Instrument # 2017032909
Fee: $ 103.00 Doc Type: DEED
CONS: $114017.00 EXEMPT: A
NJ XFER FEE: $114.50

SOMERSET COUNTY

DOCUMENT COVER SHEET

HON. BRETT A. RADI
SOMERSET COUNTY CLERK
PO BOX 3000
20 GROVE STREET
SOMERVILLE, NJ 08876

WWW.CO.SOMERSET.NJ.US

(Official Use Only)

DATE OF DOCUMENT: 2017-08-11	TYPE OF DOCUMENT: DEED
FIRST PARTY *(Grantor, Mortgagor, Seller or Assignor)*	SECOND PARTY *(Grantee, Mortgagee, Buyer, Assignee)*
ROGER P. SEIDEL	JOYCE MARSH
ADDITIONAL PARTIES:	
LAST WILL; TESTAMENT OF JOHANNA D. SEIDEL	

THE FOLLOWING SECTION IS REQUIRED FOR DEEDS ONLY

MUNICIPALITY:	Watchung	MAILING ADDRESS OF GRANTEE:
BLOCK:	4001	18 Schmidt Circle Watchung, NJ 07069
LOT:	4 C0018	
CONSIDERATION:	114017.00	

THE FOLLOWING SECTION IS FOR ORIGINAL MORTGAGE BOOKING & PAGING INFORMATION FOR ASSIGNMENTS, RELEASES, SATISFACTIONS, DISCHARGES & OTHER ORIGINAL MORTGAGE AGREEMENTS ONLY

BOOK	PAGE	INSTRUMENT #	DOCUMENT TYPE
			DEED

DO NOT REMOVE THIS PAGE
THIS DOCUMENT COVER SHEET IS PART OF THE SOMERSET COUNTY FILING RECORD
RETAIN THIS PAGE FOR FUTURE REFERENCE

UNOFFICIAL DOCUMENT

Denise Pappas McGuire
Prepared by:

2447513-NWK

Record and Return: ACT # 161
FIRST AMERICAN TITLE INSURANCE CO.
50 MILESTONE ROAD
BUILDING 200, SUITE 150
EAST WINDSOR, NJ 08520

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
HOUSING AFFORDABILITY SERVICE
637 South Clinton Avenue
P.O. Box 18550
Trenton, NJ 08650-2085

MANDATORY DEED FORM FOR OWNERSHIP UNITS
Deed

DEED-RESTRICTED AFFORDABLE HOUSING UNIT WITH RESTRICTIONS ON RESALE AND REFINANCING

To State Regulated Property
With Covenants Restricting Conveyance
And Mortgage Debt

This DEED is made on this day **August 11, 2017** by and between

Roger P. Seidel, Executor under the Last Will and Testament of Johanna D. Seidel (Grantor) whose address is **18 Schmidt Circle, Watchung, NJ 07069** and

Joyce Marsh, Unmarried (Grantee), whose address about to become **18 Schmidt Circle, Watchung, NJ, 07069**.

Article 1. Consideration and Conveyance

In return for payment to the Grantor by the Grantee of **One Hundred Fourteen Thousand, Seventeen Dollars, ($114,017.00)**, the receipt of which is hereby acknowledged by the Grantor, the Grantor hereby grants and conveys to the Grantee all of the land and improvements thereon as is more specifically described in Article 2, hereof (the Property).

Article 2. Description of Property

The Property consists of all of the land, and improvements thereon, that is located in the municipality of **Watchung Borough**, County of **Somerset**, State of New Jersey, and described more specifically as Block No. **4001**, Lot No **4**, Qualifier **C0018**, and known by the street address:

18 Schmidt Circle
Watchung, NJ 07069

Schedule A attached hereto.

Being the same premises conveyed to **Albert Seidel and Johanna Seidel, husband and wife**, herein by Deed from **JDN Properties III, LLC** dated **April 16, 2008** and recorded on **April 22, 2008** in Deed Book **6126**, page **608** in the office of the Clerk of **Somerset** County.

Note: **Albert Seidel** died **July 12, 2013** leaving **Johanna D. Seidel** as survivor to a tenancy by the entirety.

Note: **Johanna D. Seidel** died Testate a resident of Somerset County on **June 23, 2015** which estate was duly probated in the Somerset County Surrogate's Office under **Docket # 15-00970**. Letters Testamentary were issued to **Roger P. Seidel** on **July 8, 2015**.

UNOFFICIAL DOCUMENT

Unofficial Document

SCHEDULE A
LEGAL DESCRIPTION

Commitment No.: 3472-2447513-NWK

Real property in the Borough of Watchung, County of Somerset, State of New Jersey:

Unit No. 18, in Building No. D, in Villa Domenico, an Adult Community at Watchung, Inc. Condominium together with an undivided 2.38% percentage interest in the common elements appurtenant thereto as amended from time to time, in accordance with and subject to the terms, limitations, conditions, covenants, restrictions, and other provisions of the Master Deed and Declaration of Restrictive and Protective Covenants of Villa Domenico, an Adult Community at Watchung, Inc. Condominium dated October 25, 2005 and recorded on October 28, 2005 in the Office of the Clerk of Somerset County in Deed Book 5819, Page 3161 et seq. and as amended.

NOTE FOR INFORMATION ONLY: Being Lot(s) 4 Qual C0018, Block 4001 Tax Map of the Borough of Watchung, County of Somerset

Article 3. Grantor's Covenant

The Grantor hereby covenants and affirms that Grantor has taken no action to encumber the Property. This promise is called a "covenant as to grantor's act" (N.J.S.A. 46:4-6). This promise means that the Grantor has not allowed anyone else to obtain any legal rights which affect the property (such as by making a mortgage or allowing a judgment to be entered against the Grantor.)

Article 4. Affordable Housing Covenants

Sale and use of the Property is governed by regulations known as the Uniform Housing Affordability Controls, which are found in New Jersey Administrative Code at Title 5, chapter 80, subchapter 26 (N.J.A.C. 5:80-26.1, *et seq*, the "Regulations") and any amendments, changes or supplements thereto. Consistent with the Regulations, the following covenants (the "Covenants") shall run with the land for the period of time commencing upon the earlier of (a) the date hereof or (b) the prior commencement of the "Control Period", as that term is defined in the Regulations, and terminating upon the expiration of the Control Period as provided in the Regulations.

In accordance with N.J.A.C. 5:80-26.5, each restricted unit shall remain subject to the requirements of this subchapter, the "Control Period," until the municipality in which the unit is located elects to release the unit from such requirements. Prior to such a municipal election, a restricted unit must remain subject to the requirements of this subchapter for a period of at least 30 years; provided, however, that units located in high-poverty census tracts shall remain subject to these affordability requirements for a period of at least 10 years;

A. The Property may be conveyed only to a household who has been approved in advance and in writing by the Housing Affordability Service of the New Jersey Housing and Mortgage Finance Agency, or other administrative agent appointed under the Regulations (hereinafter, collectively, the "Administrative Agent").

B. No sale of the Property shall be lawful, unless approved in advance and in writing by the Administrative Agent, and no sale shall be for a consideration greater than maximum permitted price ("Maximum Resale Price", or "MRP") as determined by the Administrative Agent.

C. No refinancing, equity loan, secured letter of credit, or any other mortgage obligation or other debt (collectively, "Debt") secured by the Property, may be incurred except as approved in advance and in writing by the Administrative Agent. At no time shall the Administrative Agent approve any such Debt, if incurring the Debt would make the total of all such Debt exceed Ninety-Five Percent (95%) of the applicable MRP.

D. The owner of the Property shall at all times maintain the Property as his or her principal place of residence.

E. Except as set forth in F, below, at no time shall the owner of the Property lease or rent the Property to any person or persons, except on a short-term hardship basis as approved in advance and in writing by the Administrative Agent.

F. If the Property is a two-family home, the owner shall lease the rental unit only to income-certified low-income households approved in writing by the Administrative Agent, shall charge rent no greater than the maximum permitted rent as determined by the Administrative Agent, and shall submit for written approval of the Administrative Agent copies of all proposed leases prior to having them signed by any proposed tenant.

G. No improvements may be made to the Property that would affect its bedroom configuration, and in any event, no improvement made to the Property will be taken into consideration to increase the MRP, except for improvements approved in advance and in writing by the Administrative Agent.

UNOFFICIAL DOCUMENT

GIT/REP-3
(9-2015)

State of New Jersey

SELLER'S RESIDENCY CERTIFICATION/EXEMPTION

(Please Print or Type)

SELLER'S INFORMATION

Name(s)
Roger P. Seidel, Executor under the Last Will and Testament of Johanna D. Seidel

Current Street Address
106 Brookdale Rd.

City, Town, Post Office Box	State	Zip Code
Watchung	NJ	07069

PROPERTY INFORMATION

Block(s)	Lot(s)	Qualifier
4001	4	C0018

Street Address
18 Schmidt Circle

City, Town, Post Office Box	State	Zip Code
Watchung	NJ	07069

Seller's Percentage of Ownership	Total Consideration	Owner's Share of Consideration	Closing Date
100%	$114,017.00	$114,017.00	8/11/2017

SELLER'S ASSURANCES (Check the Appropriate Box) (Boxes 2 through 14 apply to Residents and Nonresidents)

1. ☐ Seller is a resident taxpayer (individual, estate, or trust) of the State of New Jersey pursuant to the New Jersey Gross Income Tax Act, will file a resident gross income tax return, and will pay any applicable taxes on any gain or income from the disposition of this property.
2. ☐ The real property sold or transferred is used exclusively as a principal residence as defined in 26 U.S. Code section 121.
3. ☐ Seller is a mortgagor conveying the mortgaged property to a mortgagee in foreclosure or in a transfer in lieu of foreclosure with no additional consideration.
4. ☐ Seller, transferor, or transferee is an agency or authority of the United States of America, an agency or authority of the State of New Jersey, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, or a private mortgage insurance company.
5. ☐ Seller is not an individual, estate, or trust and is not required to make an estimated gross income tax payment.
6. ☐ The total consideration for the property is $1,000 or less so the seller is not required to make an estimated income tax payment.
7. ☐ The gain from the sale is not recognized for federal income tax purposes under 26 U.S. Code section 721, 1031, or 1033 (CIRCLE THE APPLICABLE SECTION). If the indicated section does not ultimately apply to this transaction, the seller acknowledges the obligation to file a New Jersey income tax return for the year of the sale and report the recognized gain.
   ☐ Seller did not receive non-like kind property.
8. ☒ The real property is being transferred by an executor or administrator of a decedent to a devisee or heir to effect distribution of the decedent's estate in accordance with the provisions of the decedent's will or the intestate laws of this State.
9. ☐ The real property being sold is subject to a short sale instituted by the mortgagee, whereby the seller agreed not to receive any proceeds from the sale and the mortgagee will receive all proceeds paying off an agreed amount of the mortgage.
10. ☐ The deed is dated prior to August 1, 2004, and was not previously recorded.
11. ☐ The real property is being transferred under a relocation company transaction where a trustee of the relocation company buys the property from the seller and then sells the house to a third party buyer for the same price.
12. ☐ The real property is being transferred between spouses or incident to a divorce decree or property settlement agreement under 26 U.S. Code section 1041.
13. ☐ The property transferred is a cemetery plot.
14. ☐ The seller is not receiving net proceeds from the sale. Net proceeds from the sale means the net amount due to the seller on the settlement sheet.

SELLER'S DECLARATION

The undersigned understands that this declaration and its contents may be disclosed or provided to the New Jersey Division of Taxation and that any false statement contained herein may be punished by fine, imprisonment, or both. I furthermore declare that I have examined this declaration and, to the best of my knowledge and belief, it is true, correct and complete. By checking this box ☐ I certify that a Power of Attorney to represent the seller(s) has been previously recorded or is being recorded simultaneously with the deed to which this form is attached.

8/10/17
Date

Signature
(Seller) Please indicate if Power of Attorney or Attorney in Fact

Date

Signature
(Seller) Please indicate if Power of Attorney or Attorney in Fact

RTF-1 (Rev. 7/14/10)
MUST SUBMIT IN DUPLICATE

STATE OF NEW JERSEY

AFFIDAVIT OF CONSIDERATION FOR USE BY SELLER

(Chapter 49, P.L.1968, as amended through Chapter 33, P.L. 2006) (N.J.S.A. 46:15-5 et seq.)

BEFORE COMPLETING THIS AFFIDAVIT, PLEASE READ THE INSTRUCTIONS ON THE REVERSE SIDE OF THIS FORM.

STATE OF NEW JERSEY }SS.

COUNTY Somerset County Municipal Code 1821

MUNICIPALITY OF PROPERTY LOCATION Watchung Boro

FOR RECORDER'S USE ONLY
Consideration $ 114,017.00
RTF paid by seller $ 114.50
Date 8/15/17 By SNP

*Use symbol "C" to indicate that fee is exclusively for county use.

(1) PARTY OR LEGAL REPRESENTATIVE *(Instructions #3 and #4 on reverse side)*

Deponent, Roger P. Seidel (Name), being duly sworn according to law upon his/her oath, deposes and says that he/she is the Executor (Grantor, Legal Representative, Corporate Officer, Officer of Title Company, Lending Institution, etc.) in a deed dated August 11, 2017 transferring real property identified as Block number 4001 Lot number 4 C0018 located at 18 Schmidt Circle, Watchung, NJ 07069 (Street Address, Town) and annexed thereto.

(2) CONSIDERATION $ 114,017.00 *(Instructions #1 and #5 on reverse side)* ☐ no prior mortgage to which property is subject.

(3) Property transferred is Class 4A 4B 4C (circle one). If property transferred is Class 4A, calculation in Section 3A below is required.

(3A) **REQUIRED CALCULATION OF EQUALIZED VALUATION FOR ALL CLASS 4A (COMMERCIAL) PROPERTY TRANSACTIONS:** *(Instructions #5A and #7 on reverse side)*

Total Assessed Valuation ÷ Director's Ratio = Equalized Assessed Valuation

$_____ ÷ _____ % = $ _____

If Director's Ratio is less than 100%, the equalized valuation will be an amount greater than the assessed value. If Director's Ratio is equal to or in excess of 100%, the assessed value will be equal to the equalized valuation.

(4) FULL EXEMPTION FROM FEE *(Instruction #9 on reverse side)*
Deponent states that this deed transaction is fully exempt from the Realty Transfer Fee imposed by C. 49, P.L. 1968, as amended through C. 66, P.L. 2004, for the following reason(s). Mere reference to exemption symbol is insufficient. Explain in detail.

(5) PARTIAL EXEMPTION FROM FEE *(Instruction #9 on reverse side)*
NOTE: All boxes below apply to grantor(s) *only*. **ALL BOXES IN APPROPRIATE CATEGORY MUST BE CHECKED**. Failure to do so will void claim for partial exemption. Deponent claims that this deed transaction is exempt from State portions of the Basic, Supplemental, and General Purpose Fees, as applicable, imposed by C. 176, P.L. 1975, C. 113, P.L. 2004, and C. 66, P.L. 2004 for the following reason(s):

A. **SENIOR CITIZEN** Grantor(s) ☐ 62 years of age or over.* *(Instruction #9 on reverse side for A or B)*
B. **BLIND PERSON** Grantor(s) ☐ legally blind or,*
DISABLED PERSON Grantor(s) ☐ permanently and totally disabled ☐ receiving disability payments ☐ not gainfully employed*

Senior citizens, blind persons, or disabled persons must also meet all of the following criteria:
☐ Owned and occupied by grantor(s) at time of sale. ☐ Resident of State of New Jersey.
☐ One or two-family residential premises. ☐ Owners as joint tenants must all qualify.

*IN CASE OF HUSBAND AND WIFE, PARTNERS IN A CIVIL UNION COUPLE, ONLY ONE GRANTOR NEED QUALIFY IF TENANTS BY THE ENTIRETY.

C. **LOW AND MODERATE INCOME HOUSING** *(Instruction #9 on reverse side)*
☒ Affordable according to H.U.D. standards. ☒ Reserved for occupancy.
☒ Meets income requirements of region. ☒ Subject to resale controls.

(6) NEW CONSTRUCTION *(Instructions #2, #10, #12 on reverse side)*
☐ Entirely new improvement. ☐ Not previously occupied.
☐ Not previously used for any purpose. ☐ **"NEW CONSTRUCTION"** printed clearly at top of first page of the deed.

(7) RELATED LEGAL ENTITIES TO LEGAL ENTITIES *(Instructions #5, #12, #14 on reverse side)*
☐ No prior mortgage assumed or to which property is subject at time of sale.
☐ No contributions to capital by either grantor or grantee legal entity.
☐ No stock or money exchanged by or between grantor or grantee legal entities.

(8) Deponent makes this Affidavit to induce county clerk or register of deeds to record the deed and accept the fee submitted herewith in accordance with the provisions of Chapter 49, P.L. 1968, as amended through Chapter 33, P.L. 2006.

Subscribed and sworn to before me this 10th day of August, 2017

Denise Pappas Magnusen
DENISE PAPPAS MAGNUSEN
ATTORNEY AT LAW
STATE OF NEW JERSEY

Signature of Deponent

Roger P. Seidel, Executor
Grantor Name
106 Brookdale Rd.
Watchung, NJ 07069
Grantor Address at Time of Sale

106 Brookdale Rd.
Watchung, NJ 07069
Deponent Address

xxx-xxx-682
Last three digits in Grantor's Social Security Number

Name/Company of Settlement Officer

FOR OFFICIAL USE ONLY
Instrument Number ____ County Somerset
Deed Number ____ Book ____ Page ____
Deed Dated ____ Date Recorded 8/15/17

County recording officers shall forward one copy of each RTF-1 form when Section 3A is completed to:

STATE OF NEW JERSEY
PO BOX 251
TRENTON, NJ 08695-0251
ATTENTION: REALTY TRANSFER FEE UNIT

The Director of the Division of Taxation in the Department of the Treasury has prescribed this form as required by law, and it may not be altered or amended without prior approval of the Director. For information on the Realty Transfer Fee or to print a copy of this Affidavit, visit the Division's website at: **www.state.nj.us/treasury/taxation/lpt/localtax.shtml.**

Article 5. Remedies for Breach of Affordable Housing Covenants

A breach of the Covenants will cause irreparable harm to the Administrative Agent and to the public, in light of the public policies set forth in the New Jersey Fair Housing Act, the Uniform Housing Affordability Control rules found at N.J.A.C. 5:80-26, and the obligation for the provision of low and moderate-income housing. Accordingly, and as set forth in N.J.A.C. 5:80-26.10A(b):

A. In the event of a threatened breach of any of the Covenants by the Grantee, or any successor in interest or other owner of the Property, the Administrative Agent shall have all remedies provided at law or equity, including the right to seek injunctive relief or specific performance.

B. Upon the occurrence of a breach of any Covenants by the Grantee, or any successor in interest or other owner of the Property, the Administrative Agent shall have all remedies provided at law or equity including but not limited to forfeiture, foreclosure, acceleration of all sums due under any mortgage, recouping of any funds from a sale in violation of the Covenants, diverting of rent proceeds from illegal rentals, injunctive relief to prevent further violation of said Covenants, entry on the premises, those provided under Title 5, Chapter 80, Subchapter 26 of the New Jersey Administrative Code and specific performance.

EXECUTION BY GRANTOR

Signed by the Grantor on the date hereof. If the Grantor is a corporation, this Deed is signed by a corporate officer who has authority to (a) convey all interests of the corporation that are conveyed by this Deed, and (b) to bind the corporation with respect to all matters dealt with herein.

Denise Pappas Magnusen

Signed, sealed and delivered in the presence of or attested by:

[seal]

ROGER P. SEIDEL
EXECUTOR OF THE
ESTATE OF
JOHANNA SEIDEL

[seal]

[seal]

[seal]

CERTIFICATE OF ACKNOWLEDGEMENT BY INDIVIDUAL

State of New Jersey, County of MORRIS

I am either (check one) ____ a Notary Public or ✓ a _____, an officer authorized to take acknowledgements and proofs in the state of New Jersey. I sign this acknowledgement below to certify that it was executed before me. On this the 10th day of August, 2017 Roger P. Seidel, Executor appeared before me in person. *(If more than one person appears, the words "this person" shall include all persons named who appeared before the officer making this acknowledgement).* I am satisfied that this person is the person named in and who signed this Deed.

This person also acknowledged that the full and actual consideration paid or to be paid for the transfer of title to realty evidenced by this Deed, as such consideration is defined in P.L. 1968, c. 49, sec. 1(c), is $ 114,017.00.

Denise Pappas Magnusen

Officer's signature. Sign above, and print stamp or type name below

DENISE PAPPAS MAGNUSEN
ATTORNEY AT LAW
STATE OF NEW JERSEY

UNOFFICIAL COPY

RECORD & RETURN TO:
DAVID E. FINCH, ESQ.
991 ROUTE 22 WEST, Suite 200
BRIDGEWATER, NJ 08807

PREPARED BY:
MARK L. BREITMAN
Attorney at Law of NJ

8p $110.- ck one

NEW CONSTRUCTION

CORRECTIVE DEED

MANDATORY DEED FORM FOR OWNERSHIP UNITS SUBJECT TO RESTRICTIVE COVENANT REQUIRED BY SECTION 5:80-26.5(d)

To State Regulated Property
Subject To Restrictive Covenant Limiting Conveyance
And Mortgage Debt

THIS DEED is made as of the 18 day of April, 2007 by and between

JDN PROPERTIES III, LLC of 216 North Avenue East, Cranford, New Jersey 07016

(Grantor)

AND

FILOMENA POCCHIA-MATTEO, whose address is about to be 23 Schmidt Circle, Watchung, New Jersey 07060

(Grantee)

Article 1. Consideration and Conveyance

In return for payment to the Grantor by the Grantee of **ONE HUNDRED FORTY-THREE THOUSAND EIGHT HUNDRED EIGHTY-FIVE AND 00/100 ($143,885.00) DOLLARS,** the receipt of which is hereby acknowledged by the Grantor, the Grantor hereby grants and conveys to the Grantee all of the real property as is more specifically described in Article 2, hereof (the Property).

Article 2. Description of Property

The Property consists of all of the land, and improvements thereon, or the percentage interest therein, that is located in the municipality of **WATCHUNG,** County of **SOMERSET,** State of New Jersey, and described more specifically as Block No. **4001** Lot **No. 4 C0023,** and known by the street address: **23 SCHMIDT CIRCLE, WATCHUNG, NJ 07069**

As more particularly Unit No. 23 in Building No. C, in Villa Domenico, an Adult Community at Watchung, Inc. Condominium together with an undivided 2.38 percentage interest in the common elements appurtenant thereto as amended from time to time, in accordance with and subject to the terms, limitations, conditions, covenants, restrictions, and other provisions of the Master Deed and Declaration of Restrictive and Protective Covenants of Villa Domenico, an Adult Community at Watchung, Inc. Condominium dated October 24, 2005 and recorded on October 28, 2005 in the Office of the Clerk

UNOFFICIAL DOCUMENT

2007026793

BRETT A. RADI COUNTY CLERK
SOMERSET COUNTY, NJ
2007 MAY 07 03:23:57 PM
BK:6022 PG:3289-3297
CONS:$143,885.00 EXEMPT: N
NJ XFER FEE:$0.00
INSTRUMENT # 2007026793

of Somerset County in Deed Book 5819, Page 3161 et seq. All the terms and conditions of the Master Deed are incorporated herein by reference as if set forth herein by length and we agree to be bound by the terms and conditions set forth therein.

THIS DEED IS BEING RE-RECORDED TO INCLUDE THE AFFORDABLE HOUSING CLAUSE, WHICH WAS INADVERTENTLY OMITTED FROM THE ORIGINAL DEED DATED JANUARY 24, 2007 AND RECORDED IN THE SOMERSET COUNTY CLERK'S OFFICE ON FEBRUARY 13, 2007, IN DEED BOOK 5993 AT PAGE 2676.

Article 3. Grantor's Covenant

The Grantor hereby covenants and affirms that Grantor has taken no action to encumber the Property.

Article 4. Affordable Housing Covenants and Remedies

Sale and use of the Property is governed by the Declaration Of Covenants, Conditions And Restrictions Implementing Affordable Housing Controls On State Regulated Property that was filed against the Property as Exhibit 1G to the Master Deed dated October 24, 2005 and recorded on October 28, 2005 in **Deed Book 5819 pages 3161 through 3311** in the offices of the Clerk, County of **SOMERSET and** also the Restrictive Covenants recorded in book 5932 at page 1678 (the "Restrictions), and is subject to all remedies set forth in the Restrictions. The covenants are restated generally as follows.

Article I. Affordable Housing Covenants

This sale and use of this Affordable Unit is subject to this Declaration and is governed by regulations governing controls on affordability, which are found in New Jersey Administrative Code at Title 5, chapter 93, subchapter 9 (N.J.A.C. 5:93-9.1, *et seq)*, and chapter 80, subchapter 26 (NJ.A.C 5:80-26.1, *et seq)* (the "Regulations"). Consistent with the Regulations, the following covenants (the "Covenants") shall run with the land, for this Affordable Unit, for the period of time commencing upon the earlier of (a) the date hereof or (b) the prior commencement of the "Control Period", as that term is defined in the Regulations, and terminating upon the expiration of the Control Period as provided in the Regulations which is agreed to be 30 years.

A. The Affordable Unit may be conveyed only to a household who has been approved in advance and in writing by the Housing Affordability Service of the New Jersey Department of Community Affairs, or other administrative agent appointed under the Regulations (hereinafter, collectively, the ("Administrative Agent").

B. No sale of the Affordable Unit shall be lawful, unless approved in advance and in writing by the Administrative Agent, and no sale shall be for a consideration greater than maximum permitted price ("Maximum Resale Price", or "MRP") as determined by the Administrative Agent.

C. No refinancing, equity loan, secured letter of credit, or any other mortgage obligation or other debt (collectively, "Debt") secured by the Affordable Unit, may be incurred except as approved in advance and in writing by the Administrative Agent. At no time shall the Administrative Agent approve any such Debt, if incurring the Debt would make the total of all such Debt exceed Ninety-Five Percent (95%) of the applicable MRP.

D. The owner of the Affordable Unit shall at all times maintain the

UNOFFICIAL COPY

Affordable Unit as his or her principal place of residence.

E. Except as set forth in F, below, at no time shall the owner of the Affordable Unit lease or rent the Affordable Unit to any person or persons, except on a short-term hardship basis as approved in advance and in writing by the Administrative Agent.

F. If the Affordable Unit is a two-family home, the owner shall lease the rental unit only to income-certified low-income households approved in writing by the Administrative Agent, shall charge rent no greater than the maximum permitted rent as determined by the Administrative Agent, and shall submit for written approval of the Administrative Agent copies of all proposed leases prior to having them signed by any proposed tenant.

G. No improvements may be made to the Affordable Unit that would affect its bedroom configuration, and in any event, no improvement made to the Affordable Unit will be taken into consideration to increase the MRP, except for improvements approved in advance and in writing by the Administrative Agent. H. The affordable housing covenants, declarations and restrictions implemented by this Declaration and by incorporation, N.J.A.C. 5:80-26.1 *et seq.,* shall remain in effect despite the entry and enforcement of any judgment of foreclosure with respect to the Affordable Unit so long as the Affordable Unit remains subject to the affordability controls being implemented by this Declaration.

H. In accordance with N.J.A.C. 5:80-26.5, each restricted unit shall remain subject to the requirements of this subchapter, the "Control Period," until the municipality in which the unit is located elects to release the unit from such requirements. Prior to such a municipal election, a restricted unit must remain subject to the requirements of this subchapter for a period of at least 30 years; provided, however, that units located in high-poverty census tracts shall remain subject to these affordability requirements for a period of at least 10 years;

Article II. Remedies for Breach of Affordable Housing Covenants

A breach of the Covenants will cause irreparable harm to the Administrative Agent and to the public, in light of the public policies set forth in the New Jersey Fair Housing Act, the Uniform Housing Affordability Control rules found at N.J.A.C. 5:80-26, and the obligation for the provision of low and moderate-income housing. Accordingly, and as set forth in N.J.A.C. 5:80-26.10A(b):

A. In the event of a threatened breach of any of the Covenants by the Grantee, or any successor in interest or other owner of the Affordable Unit, the Administrative Agent shall have all remedies provided at law or equity, including the right to seek injunctive relief or specific performance.

B. Upon the occurrence of a breach of any Covenants by the Grantee, or any successor in interest or other owner of the Property, the Administrative Agent shall have all remedies provided at law or equity including but not limited to forfeiture, foreclosure, acceleration of all sums due under any mortgage, recouping of any funds from a sale in violation of the Covenants, diverting of rent proceeds from illegal rentals, injunctive relief to prevent further violation of said Covenants, entry on the premises, those provided under Title 5, Chapter 80, Subchapter 26 of the New Jersey Administrative Code and specific performance.

Article 5. Age Restriction

Occupancy of any Residential Unit shall be restricted to persons of the age 62 years or over, provided, however, that (1) a person of the age 62 years or over may occupy a residential unit as a permanent resident with another permanent resident, regardless of the age of the other permanent resident(s),

UNOFFICIAL COPY

Unofficial Document

Schedule A

The property is located in the Borough of Watchung, County of Somerset and State of New Jersey and is legally described as:

Unit No. 23, in Building No. C, in Villa Domenico, an Adult Community at Watchung, Inc. Condominium together with an undivided 2.38 percentage interest in the common elements appurtenant thereto as amended from time to time, in accordance with and subject to the terms, limitations, conditions, covenants, restrictions, and other provisions of the Master Deed and Declaration of Restrictive and Protective Covenants of Villa Domenico, an Adult Community at Watchung, Inc. Condominium dated October 24, 2005 and recorded on October 28, 2005 in the Office of the Clerk of Somerset

Being also known as Block No. 4001, Lot No. 4, C0023, on the tax map of the Borough of Watchung.

MUST SUBMIT IN DUPLICATE
NC1645 - Affidavit of Consideration
RTF-1 (Rev. 8/11/2006) P10/06

STATE OF NEW JERSEY

AFFIDAVIT OF CONSIDERATION FOR USE BY SELLER

(Chapter 49, P.L. 1968, as amended through Chapter 33, P.L. 2006) (N.J.S.A. 46:15-5 et seq.)

BEFORE COMPLETING THIS AFFIDAVIT, PLEASE READ THE INSTRUCTIONS ON THE REVERSE SIDE OF THIS FORM.

STATE OF NEW JERSEY } SS.
COUNTY OF: UNION

County Municipal Code: 1821

Municipality of Property Location: WATCHUNG

FOR RECORDER'S USE ONLY
Consideration $ 143,885.00
RTF paid by seller $ exempt †
Date 5-7-07 By SMW

† Use symbol "C" to indicate that fee is exclusively for county use.

(1) PARTY OR LEGAL REPRESENTATIVE *(See Instructions 3 and 4 attached)*
Deponent, JOSEPH D. NATALE (Name), being duly sworn according to law upon his/her oath deposes and says that he/she is the MANAGING MEMBER (State whether Grantor, Grantee, Legal Representative, Corporate Officer, Officer of Title Co., Lending Institution, etc.) in a deed dated 1/24/07 transferring real property identified as Block No. 4001 Lot No. 4 C0023 located at 23 SCHMIDT CIRCLE, WATCHUNG, NJ 07069 (Street Address, Town) and annexed thereto.

(2) CONSIDERATION: $ 143,855.00 *(See Instructions 1 and 5)*

(3) Property transferred is Class 4A 4B 4C (circle one). If Class 4A, calculation in Section 3A is required.

(3A) **REQUIRED CALCULATION OF EQUALIZED ASSESSED VALUATION FOR ALL CLASS 4A COMMERCIAL PROPERTY TRANSACTIONS:** *(See Instructions 5A and 7)*

Total Assessed Valuation ÷ Director's Ratio = Equalized Valuation

$ _____ ÷ _____ % = $ _____

If Director's Ratio is less than 100%, the equalized valuation will be an amount greater than the assessed value. If Director's Ratio is equal to or in excess of 100%, the assessed value will be equal to the equalized value.

(4) FULL EXEMPTION FROM FEE: *(See Instruction 8)*
Deponent states that this deed transaction is fully exempt from the Realty Transfer Fee imposed by C. 49, P.L. 1968, as amended through C. 66, P.L. 2004, for the following reason(s). Mere reference to the exemption symbol is insufficient. Explain in detail. **(d) Which confirms or corrects a Deed previously recorded.**

(5) PARTIAL EXEMPTION FROM FEE: *(See Instruction 9)* **NOTE:** *All boxes below apply to grantor(s)* only.
ALL BOXES IN APPROPRIATE CATEGORY MUST BE CHECKED. *Failure to do so will void claim for partial exemption.*
Deponent claims that this deed transaction is exempt from the State's portion of the Basic Fee, Supplemental Fee and General Purpose Fee, as applicable, imposed by C. 176, P.L. 1975, C. 113, P.L. 2004 and C. 66, P.L. 2004 for the following reason(s): _____

A. SENIOR CITIZEN *(See Instruction 9)*
- ☐ Grantor(s) 62 years of age or over.*
- ☐ One- or two-family residential premises.
- ☐ Resident of the State of New Jersey.
- ☑ Owned and occupied by grantor(s) at time of sale.
- ☐ Owners as joint tenants must all qualify.

B. BLIND *(See Instruction 9)*
- ☐ Grantor(s) legally blind.*
- ☐ One- or two-family residential premises.
- ☐ Owned and occupied by grantor(s) at time of sale.
- ☐ Owners as joint tenants must all qualify.
- ☐ Resident of the State of New Jersey.

DISABLED *(See Instruction 9)*
- ☐ Grantor(s) permanently and totally disabled.*
- ☐ Receiving disability payments.*
- ☐ Not gainfully employed.*
- ☐ One- or two-family residential premises.
- ☐ Owned and occupied by grantor(s) at time of sale.
- ☐ Owners as joint tenants must all qualify.
- ☐ Resident of the State of New Jersey.

*** IN THE CASE OF HUSBAND AND WIFE, ONLY ONE GRANTOR NEED QUALIFY IF OWNED AS TENANTS BY THE ENTIRETY.**

C. LOW AND MODERATE INCOME HOUSING *(See Instruction 9)*
- ☐ Affordable according to HUD standards.
- ☐ Meets income requirements of region.
- ☐ Reserved for occupancy.
- ☐ Subject to resale controls.

(6) NEW CONSTRUCTION *(See Instructions 2, 10 and 12)*
- ☐ Entirely new improvement.
- ☐ Not previously used for any purpose.
- ☐ Not previously occupied.
- ☐ "NEW CONSTRUCTION" printed clearly at the top of the first page of the deed.

(7) Deponent makes this Affidavit to induce the County Clerk or Register of Deeds to record the deed and accept the fee submitted herewith in accordance with the provisions of Chapter 49, P.L. 1968, as amended through Chapter 33, P.L. 2006.

Subscribed and sworn to before me this Sixteenth day of April, 20 07

Notary Public
MARK L. BREITMAN, ESQUIRE
AN ATTORNEY AT LAW OF NJ

Signature of Deponent
216 NORTH AVENUE EAST
CRANFORD, NJ 07016
Deponent Address

JOSEPH D. NATALE, Managing Member
Grantor Name
216 NORTH AVENUE EAST
CRANFORD, NJ 07016
Grantor Address at Time of Sale

MARK L. BREITMAN, ESQUIRE
Name/Company of Settlement Officer

This form is prescribed by the Director, Division of Taxation in the Department of the Treasury, as required by law, and may not be altered or amended without the prior approval of the Director. For information on the Realty Transfer Fee or to print a copy of this Affidavit, visit the Division of Taxation website at www.state.nj.us/treasury/taxation/lpt/localtax.htm.

FOR OFFICIAL USE ONLY
Instrument Number _____ County Somerset
Deed Number _____ Book _____ Page _____
Deed Dated 4-16-07 Date Recorded 5-7-07

County Recording Officers shall forward one copy of each Affidavit of Consideration for Use by Seller when Section 3A is completed.
State of New Jersey – Division of Taxation, P.O. Box 251, Trenton, NJ 08695-0251, Attention: Realty Transfer Fee Unit

State of New Jersey

Waiver of Seller's Filing Requirement

of GIT/REP Forms and Payment for Corrected Deed with No Consideration

(C.55, P.L. 2004)

(Please Print or Type)

OWNER(S) INFORMATION:

Name(s) FILOMENA POCCHIA-MATTEO

Current Resident Address 23 SCHMIDT CIRCLE

City, Town, Post Office WATCHUNG State NJ Zip Code 07060

PROPERTY INFORMATION (Brief Property Description):

Block(s) 4001 Lot(s) 4 C-0023 Qualifier

Street Address 23 SCHMIDT CIRCLE

City, Town, Post Office WATCHUNG State NJ Zip Code 07060

OWNER(S) DECLARATION:

The undersigned is (are) the title owner(s) of the real property identified under the "Property Information" section above. By presenting this declaration fully completed and signed by me (us), I (we) represent that the deed to which this form is attached is for corrective or confirmatory purposes only. In other words, the deed needs to be recorded or re-recorded solely due to a typographical, clerical, property description or other scrivener error or omission and there is no consideration for the corrective or confirmatory deed. The county recording officer will accept this form for recording along with such deed. The recording officer may also, however, continue to accept the GIT/REP-4 form with the Division's raised seal in lieu of the GIT/REP-4A.

This waiver form may be presented to the appropriate county recording officer for recording along with the deed of the owner as identified in the information above. Accordingly, the county recording officer is hereby authorized to accept this waiver form in lieu of any other GIT/REP form without any further payment of any tax on estimated income gain pursuant to P.L. 2004, c. 55.

APRIL , 2007
Date

Filomena Pocchia-Matteo
Signature FILOMENA POCCHIA-MATTEO
(Owner) Please indicate if Power of Attorney or Attorney in Fact

4/30/07
Date

Signature
(Owner) Please indicate if Power of Attorney or Attorney in Fact

Powered by HotDocs®

Printed by ALL-STATE LEGAL®
A Division of ALL-STATE International, Inc.
www.aslegal.com 800.222.0510

UNOFFICIAL DOCUMENT

SPECIFIC POWER OF ATTORNEY

I, the above named Grantee, do hereby irrevocably name, make, appoint, constitute and confirm, JDN Properties, III, LLC, a limited liability company of the State of New Jersey, whose main address is 216 North Avenue East, Cranford, New Jersey 07106, and its successors and assigns, my true and lawful attorney-in-fact for me for those specific and limited purposes as set forth in Paragraph 14 of the Master Deed for Villa Domenico, an Adult Community at Watchung, Inc. and for me and in my name, place and stead, execute any such amendment(s) to the said Master Deed and other instrument(s) necessary to effect the purposes set forth in the Master Deed with the same force and effect as though I was present and acting for myself and I hereby ratify and confirm all that my said attorney-in-fact shall due by virtue hereof. This Power of Attorney shall not be affected by the fact that I might become incompetent hereafter, but shall remain in full force and effect. This power of attorney shall expire on the later of 10 years from the date hereof or upon the transfer of the last unit within the condominium referenced herein.

IN WITNESS WHEREOF, I hereunto set my hand this 24th day of January, 2007.

Filomena Pocchia Matteo

FILOMENA POCCHIA-MATTEO

STATE OF NEW JERSEY:

SS:

COUNTY OF UNION:

Be it remembered that on this 24th Day of January, 2007, before me, the subscriber, an Attorney at Law of New Jersey, personally appeared FILOMENA POCCHIA-MATTEO, who I am satisfied is the person named in and who executed the within instrument and thereupon acknowledged that the instrument was signed, sealed and delivered as a voluntary act and deed for the uses and purposes therein expressed.

David S Finch

DAVID FINCH
Attorney At Law of the State of NJ

UNOFFICIAL DOCUMENT

and/or with a person nineteen (19) years of age of over who is not involved in secondary school; and (2) any person who was permitted to and did occupy a residential unit after the death of such age-qualified person. The residential units in the aggregate are intended to be "62 or Over Housing", so as to qualify as "housing for older persons, within the meaning of the "Fair Housing Act". Exceptions to these age restrictions may be granted in particular cases by the Developer or the Association in accordance with, and including, but not limited to, Paragraph 11 and its subparts of the Master Deed.

No occupancy of any residential unit shall be permitted, begin or continue if such occupancy violates the provisions of the Master Deed or results in the loss of the Residential Units "62 or over" housing for older persons exception under the Fair Housing Act. No person may transfer, sell, give lease, assign, grant, buy, rent or occupy any residential unit, unless and until such person receives the approval of the Developer or the Association, as the case may be in accordance with the terms and conditions of the Master Deed.

Being also known as Block No. 4001, Lot No. 4, C0023, on the tax map of the Borough of Watchung.

This Deed has been signed and attested to by the appropriate officers of the GRANTOR and the corporate seal of the GRANTOR is affixed.

WITNESS: **JDN PROPERTIES III, LLC**

By:

MARK L. BREITMAN **JOSEPH D. NATALE**
Attorney at Law of New Jersey **Managing Member**

STATE OF NEW JERSEY:
SS:
COUNTY OF UNION:

I certify that on this 16 day of April, 2007, **JOSEPH D. NATALE**, who is authorized on behalf of the Limited Liability Company as the managing member named in the foregoing instrument personally appeared before me and acknowledged under oath, to my satisfaction, that he signed, and delivered this instrument as the managing member of the named limited liability company, and that this instrument is the voluntary act and deed of the limited liability company authorized by its membership. The Witness also acknowledges that the full and actual consideration paid or to be paid for the transfer of title to realty evidenced by this Deed, as such consideration is defined in P.L. 1968, c. 49, sec.1 (c), is **ONE HUNDRED FORTY-THREE THOUSAND EIGHT HUNDRED EIGHTY-FIVE AND 00/100 ($143,885.00) DOLLARS.**

MARK L. BREITMAN
Attorney at Law of New Jersey

UNOFFICIAL COPY

Unofficial Document

BRETT A. RADI
SOMERSET COUNTY CLERK
20 GROVE STREET
P.O. BOX 3000
SOMERVILLE, NJ 08876-1262

****

Recorded:	**05/07/2007 03:23:57 PM**
Book:	**OPR 6022 Page: 3289-3297**
Instrument No.:	**2007026793**
	DEED 9 PGS $110.00
CONSIDERATION:	**$143,885.00**
EXEMPTION:	**N**
Recorder:	**WESTERVELT**

****

DO NOT DISCARD

2007026793

8p 110-CK
TAW

R+R
TO

MARK L. BREITMAN
ATTORNEY AT LAW
OAKDALE PLAZA - SUITE 3
260 ROUTE 34
MATAWAN, NEW JERSEY 07747

NEW CONSTRUCTION

Prepared By:

Mark L. Breitman, Esq.

Unofficial Copy

MANDATORY DEED FORM FOR OWNERSHIP UNITS SUBJECT TO RESTRICTIVE COVENANT REQUIRED BY SECTION 5:80-26.5(d)

To State Regulated Property Subject To Restrictive Covenant Limiting Conveyance And Mortgage Debt

THIS DEED is made as of the 15th day of September, 2006 by and between

JDN PROPERTIES III, LLC of 216 North Avenue East, Cranford, New Jersey 07016 (Grantor)

AND

ERMA VENTOLA, whose address is about to be 30 Schmidt Circle, Watchung, New Jersey 07060 (Grantee)

Article 1. Consideration and Conveyance

In return for payment to the Grantor by the Grantee of **SEVENTY-THREE THOUSAND FIVE HUNDRED NINETY-THREE AND 00/100 ($73,593.00) DOLLARS,** the receipt of which is hereby acknowledged by the Grantor, the Grantor hereby grants and conveys to the Grantee all of the real property as is more specifically described in Article 2, hereof (the Property).

Article 2. Description of Property

The Property consists of all of the land, and improvements thereon, or the percentage interest therein, that is located in the municipality of **WATCHUNG,** County of **SOMERSET,** State of New Jersey, and described more specifically as Block No. **40.01** Lot **No. 4 C0030,** and known by the street address: **30 SCHMIDT CIRCLE, WATCHUNG, NJ 07069.**

As more particularly Unit No. 30 in Building No. B, in Villa Domenico, an Adult Community at Watchung, Inc. Condominium together with an undivided 2.38 percentage interest in the common elements appurtenant thereto as amended from time to time, in accordance with and subject to the terms, limitations, conditions, covenants, restrictions, and other provisions of the Master Deed and Declaration of Restrictive and Protective Covenants of

2006063058

BRETT A. RADI COUNTY CLERK
SOMERSET COUNTY, NJ
2006 SEP 25 10:48:17 AM
BK:5944 PG:2619-2627
CONS:$73,593.00 EXEMPT: D
NJ XFER FEE:$296.00
INSTRUMENT # 2006063058

Villa Domenico, an Adult Community at Watchung, Inc. Condominium dated October 24, 2005 and recorded on October 28, 2005 in the Office of the Clerk of Somerset County in Deed Book 5819, Page 3161 et seq. All the terms and conditions of the Master Deed are incorporated herein by reference as if set forth herein by length and we agree to be bound by the terms and conditions set forth therein.

Article 3. Grantor's Covenant

The Grantor hereby covenants and affirms that Grantor has taken no action to encumber the Property.

Article 4. Affordable Housing Covenants and Remedies

Sale and use of the Property is governed by the Declaration Of Covenants, Conditions And Restrictions Implementing Affordable Housing Controls On State Regulated Property that was filed against the Property as Exhibit 1G to the Master Deed dated October 24, 2005 and recorded on October 28, 2005 in **Deed Book 5819 pages 3161 through 3311** in the offices of the Clerk, County of **SOMERSET and** also the Restrictive Covenants recorded in book 5932 at page 1678 (the "Restrictions), and is subject to all remedies set forth in the Restrictions. The convenants are restated generally as follows:

Article I. Affordable Housing Covenants

This sale and use of this Affordable Unit is subject to this Declaration and is governed by regulations governing controls on affordability, which are found in New Jersey Administrative Code at Title 5, chapter 93, subchapter 9 (N.J.A.C. 5:93-9.1, *et seq)*, and chapter 80, subchapter 26 (NJ.A.C 5:80-26.1, *et seq)* (the "Regulations")- Consistent with the Regulations, the following covenants (the "Covenants") shall run with the land, for this Affordable Unit, for the period of time commencing upon the earlier of (a) the date hereof or (b) the prior commencement of the "Control Period", as that term is defined in the Regulations, and terminating upon the expiration of the Control Period as provided in the Regulations which is agreed to be 30 years.

A. The Affordable Unit may be conveyed only to a household who has been approved in advance and in writing by the Housing Affordability Service of the New Jersey Department of Community Affairs, or other administrative agent appointed under the Regulations (hereinafter, collectively, the ("Administrative Agent").

B. No sale of the Affordable Unit shall be lawful, unless approved in advance and in writing by the Administrative Agent, and no sale shall be for a consideration greater than maximum permitted price ("Maximum Resale Price", or "MRP") as determined by the Administrative Agent.

C. No refinancing, equity loan, secured letter of credit, or any other mortgage obligation or other debt (collectively, "Debt") secured by the Affordable Unit, may be incurred except as approved in advance and in writing by the Administrative Agent. At no time shall the Administrative Agent approve any such Debt, if incurring the Debt would make the total of all such Debt exceed Ninety-Five Percent (95%) of the applicable MRP.

D. The owner of the Affordable Unit shall at all times maintain the Affordable Unit as his or her principal place of residence.

E. Except as set forth in F, below, at no time shall the owner of the Affordable Unit lease or rent the Affordable Unit to any person or persons, except on a short-term hardship basis as approved in

advance and in writing by the Administrative Agent.

E. If the Affordable Unit is a two-family home, the owner shall lease the rental unit only to income-certified low-income households approved in writing by the Administrative Agent, shall charge rent no greater than the maximum permitted rent as determined by the Administrative Agent, and shall submit for written approval of the Administrative Agent copies of all proposed leases prior to having them signed by any proposed tenant.

G. No improvements may be made to the Affordable Unit that would affect its bedroom configuration, and in any event, no improvement made to the Affordable Unit will be taken into consideration to increase the MRP, except for improvements approved in advance and in writing by the Administrative Agent. H. The affordable housing covenants, declarations and restrictions implemented by this Declaration and by incorporation, N.J.A.C. 5:80-26.1 *et seq.,* shall remain in effect despite the entry and enforcement of any judgment of foreclosure with respect to the Affordable Unit so long as the Affordable Unit remains subject to the affordability controls being implemented by this Declaration.

H. In accordance with N.J.A.C. 5:80-26.5, each restricted unit shall remain subject to the requirements of this subchapter, the "Control Period," until the municipality in which the unit is located elects to release the unit from such requirements. Prior to such a municipal election, a restricted unit must remain subject to the requirements of this subchapter for a period of at least 30 years; provided, however, that units located in high-poverty census tracts shall remain subject to these affordability requirements for a period of at least 10 years;

Article II. Remedies for Breach of Affordable Housing Covenants

A breach of the Covenants will cause irreparable harm to the Administrative Agent and to the public, in light of the public policies set forth in the New Jersey Fair Housing Act, the Uniform Housing Affordability Control rules found at N.J.A.C. 5:80-26, and the obligation for the provision of low and moderate-income housing. Accordingly, and as set forth in N.J.A.C. 5:80-26.10A(b):

A. In the event of a threatened breach of any of the Covenants by the Grantee, or any successor in interest or other owner of the Affordable Unit, the Administrative Agent shall have all remedies provided at law or equity, including the right to seek injunctive relief or specific performance.

B. Upon the occurrence of a breach of any Covenants by the Grantee, or any successor in interest or other owner of the Property, the Administrative Agent shall have all remedies provided at law or equity including but not limited to forfeiture, foreclosure, acceleration of all sums due under any mortgage, recouping of any funds from a sale in violation of the Covenants, diverting of rent proceeds from illegal rentals, injunctive relief to prevent further violation of said Covenants, entry on the premises, those provided under Title 5, Chapter 80, Subchapter 26 of the New Jersey Administrative Code and specific performance.

Article 5. Age Restriction

Occupancy of any Residential Unit shall be restricted to persons of the age 62 years or over, provided, however, that (1) a person of the age 62 years or over may occupy a residential unit as a permanent resident with another permanent resident, regardless of the age of the other permanent resident(s), and/or with a person nineteen (19) years of age of over who is not involved in secondary school; and (2) any person who was permitted to and did occupy a

UNOFFICIAL DOCUMENT

Unofficial Document

COMMONWEALTH LAND TITLE INSURANCE COMPANY OF NEW JERSEY

TITLE INSURANCE COMMITMENT
SCHEDULE B SECTION I

File Number: **M-9605-H**

SCHEDULE C
LEGAL DESCRIPTION

All that certain Lot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the **Borough of Watchung, County of Somerset State of New Jersey**:

Known as and designated as Unit No.C-0030 situate in Villa Domenico An Adult Community At Watchung, Inc., a condominium, established in accordance with the N.J.S.A. 46:8b-1, et seq., together with an undivided 2.38% interest in the General Common elements of said condominium appurtenant to the aforesaid unit in accordance with and subject ot the terms, conditions, covenants, restrictions, reservations easements, lien as for assessments, and other provisions as set forth in the current Master Deed of Villa Domenico, a condominium, dated May 6, 1999, revised to July 13,2001, as prepared by Fisk Associates, Middlesex, New Jersey. The Master Deed for Villa Domenico, An Adult Community At Watchung, Inc. was recorded in the Somerset County Clerk's Office on October 28, 2005 in Deed Book 5819, Page 3161.
The above description is made by Fisk Associates, PA dated August 31, 2006.

NOTE: Being Lot(s) 4, Block 4001, Tax Map of the **Borough** of **Watchung**, County of **Somerset**.

NOTE: Lot and Block shown for informational purposes only.

Printed by ALL-STATE LEGAL®
A Division of ALL-STATE International, Inc.
www.aslegal.com 800.222.0510

STATE OF NEW JERSEY

AFFIDAVIT OF CONSIDERATION FOR USE BY SELLER

(Chapter 49, P.L. 1968; as amended by through Chapter 66, P.L. 2004)
To be recorded with deed pursuant to Chapter 49, P.L. 1968 as amended by Chapter 308, P.L. 1991 (N.J.S.A. 46:15-5 et seq.)
BEFORE COMPLETING THIS AFFIDAVIT, PLEASE READ THE INSTRUCTIONS ON THE REVERSE SIDE OF THIS FORM.

STATE OF NEW JERSEY
COUNTY OF UNION } SS.

FOR RECORDER'S USE ONLY
Consideration $ 73,595.00
RTF paid by seller $ 296.00 (D) *
Date 9-25-06 By DH

* Use symbol "C" to indicate that fee is exclusively for county use.

(1) PARTY OR LEGAL REPRESENTATIVE *(See Instructions #3, 4 and 5 attached)*
Deponent, JOSEPH D. NATALE, MANAGING MEMBER (Name), being duly sworn according to law upon his/her oath deposes and says that he/she is the GRANTOR (State whether Grantor, Grantee, Legal Representative, Corporate Officer, Officer of Title Co., Lending Institution, etc.) in a deed dated 9/15/06 transferring real property identified as Block No. 4001 Lot No. 4 C0030 located at 30 SCHMIDT CIRCLE, WATCHUNG, NJ 07069 (Street Address, Municipality, County) and annexed hereto.

(2) CONSIDERATION *(See Instruction #6)*
Deponent states that, with respect to deed hereto annexed, the actual amount of money and the monetary value of any other thing of value constituting the entire compensation paid or to be paid for the transfer of title to the lands, tenements or other realty, including the remaining amount of any prior mortgage to which the transfer is subject or which is to be assumed and agreed to be paid by the grantee and any other lien or encumbrance thereon not paid, satisfied or removed in connection with the transfer of title is $ 73,595.00

(3) FULL EXEMPTION FROM FEE
Deponent states that this deed transaction is fully exempt from the Realty Transfer Fee imposed by c. 49, P.L. 1968, as amended through c. 66, P.L. 2004 for the following reason(s). Explain in detail. (See Instruction #7.) Mere reference to exemption symbol is not sufficient. _____

(4) PARTIAL EXEMPTION FROM FEE NOTE: *All boxes below apply to grantor(s) only. ALL BOXES IN APPROPRIATE CATEGORY* **MUST BE CHECKED**. *Failure to do so will void claim for partial exemption. (See Instructions #8 and #9.)*

Deponent claims that this deed transaction is exempt from the State portion of the Basic fee imposed by c. 176, P.L. 1975; c. 113, P.L. 2004; and c. 66, P.L. 2004 for the following reason(s): _____

A. SENIOR CITIZEN *(See Instruction #8)*
- [ ] Grantor(s) 62 years of age or over.*
- [ ] One- or two-family residential premises.
- [ ] Resident of the State of New Jersey.
- [ ] Owned and occupied by grantor(s) at time of sale.
- [ ] Owners as joint tenants must all qualify.

B. BLIND *(See Instruction #8)*
- [ ] Grantor(s) legally blind.*
- [ ] One- or two-family residential premises.
- [ ] Owned and occupied by grantor(s) at time of sale.
- [ ] Owners as joint tenants must all qualify.
- [ ] Resident of the State of New Jersey.

DISABLED *(See Instruction #8)*
- [ ] Grantor(s) permanently and totally disabled.*
- [ ] Receiving disability payments.*
- [ ] Not gainfully employed.*
- [ ] One- or two-family residential premises.
- [ ] Owned and occupied by grantor(s) at time of sale.
- [ ] Owners as joint tenants must all qualify.
- [ ] Resident of the State of New Jersey.

*** IN THE CASE OF HUSBAND AND WIFE, ONLY ONE GRANTOR NEED QUALIFY IF OWNED AS TENANTS BY THE ENTIRETY**

C. LOW AND MODERATE INCOME HOUSING *(See Instruction #8)*
- [X] Affordable according to HUD standards.
- [X] Meets income requirements of region.
- [X] Reserved for occupancy.
- [X] Subject to resale controls.

(5) NEW CONSTRUCTION *(See Instruction #9) – Affidavit must be executed by Grantor*
- [X] Entirely new improvement.
- [X] Not previously used for any purpose.
- [X] Not previously occupied.
- [X] "NEW CONSTRUCTION" printed clearly at the top of the first page of the deed.

Deponent makes this Affidavit to induce the County Clerk or Register of Deeds to record the deed and accept the fee submitted herewith in accordance with the provisions of c. 49, P.L. 1968, as amended through c. 66, P.L. 2004.

Subscribed and sworn to before me this Fifteenth day of September, 2006

Notary Public
MARK L. BREITMAN, ESQUIRE

Signature of Deponent
216 NORTH AVENUE EAST
CRANFORD, NJ 07016
Address of Deponent

Name of Grantor
JOSEPH D. NATALE
Address of Grantor at Time of Sale
216 NORTH AVENUE EAST
CRANFORD, NJ 07016
Name/Company of Settlement Officer

FOR OFFICIAL USE ONLY
Instrument Number _____ County Somerset
Deed Number _____ Book _____ Page _____
Deed Dated 9-15-06 Date Recorded 9-25-06

This form is prescribed by the Director, Division of Taxation in the Department of the Treasury, as required by law, and may not be altered or amended without the approval of the Director.

GIT/REP-3
(6-05)

1

State of New Jersey
SELLER'S RESIDENCY CERTIFICATION/EXEMPTION
(C.55, P.L. 2004)

(Please Print or Type)

SELLER(S) INFORMATION (See Instructions Page 2)

Name(s)
JDN PROPERTIES, III, LLC

Current Resident Address:
Street: 216 NORTH AVENUE EAST

City, Town, Post Office	State	Zip Code
CRANFORD	NJ	07016

PROPERTY INFORMATION (Brief Property Description)

Block(s)	Lot(s)	Qualifier
4001	4	

Street Address:
31 SCHMIDT CIRCLE

City, Town, Post Office	State	Zip Code
WATCHUNG	NJ	07060

Seller's Percentage of Ownership	Consideration	Closing Date
100%	$73,593.00	9/15/2006

SELLER ASSURANCES (Check the Appropriate Box)

1. ☐ I am a resident taxpayer (individual, estate, or trust) of the State of New Jersey pursuant to N.J.S.A. 54A:1-1 et seq. and will file a resident gross income tax return and pay any applicable taxes on any gain or income from the disposition of this property.
2. ☐ The real property being sold or transferred is used exclusively as my principal residence within the meaning of section 121 of the federal Internal Revenue Code of 1986, 26 U.S.C. s. 121.
3. ☐ I am a mortgagor conveying the mortgaged property to a mortgagee in foreclosure or in a transfer in lieu of foreclosure with no additional consideration.
4. ☐ Seller, transferor or transferee is an agency or authority of the United States of America, an agency or authority of the State of New Jersey, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, or a private mortgage insurance company.
5. ☒ Seller is not an individual, estate or trust and as such not required to make an estimated payment pursuant to N.J.S.A.54A:1-1 et seq.
6. ☐ The total consideration for the property is $1,000 or less and as such, the seller is not required to make an estimated payment pursuant to N.J.S.A. 54A:5-1-1 et seq.
7. ☐ The gain from the sale will not be recognized for Federal income tax purposes under I.R.C. Section 721, 1031, 1033 or is a cemetery plot. (CIRCLE THE APPLICABLE SECTION). If such section does not ultimately apply to this transaction, the seller acknowledges the obligation to file a New Jersey income tax return for the year of the sale.
8. ☐ Transfer by an executor or administrator of a decedent to a devisee or heir to effect distribution of the decedent's estate in accordance with the provisions of the decedent's will or the intestate laws of this state.

SELLER(S) DECLARATION

The undersigned understands that this declaration and its contents may be disclosed or provided to the New Jersey Division of Taxation and that any false statement contained herein could be punished by fine, imprisonment, or both. I furthermore declare that I have examined this declaration and, to the best of my knowledge and belief, it is true, correct and complete.

9/15/2006
Date

Signature
(Seller) Please indicate if Power of Attorney or Attorney in Fact

Date

Signature
(Seller) Please indicate if Power of Attorney or Attorney in Fact

Unofficial Document

SPECIFIC POWER OF ATTORNEY

I, the above named Grantee, do hereby irrevocably name, make, appoint, constitute and confirm, JDN Properties III, LLC, a limited liability company of the State of New Jersey, whose main address is 216 North Avenue East, Cranford, New Jersey 07106, and its successors and assigns, my true and lawful Attorney-In-Fact for me for those specific and limited purposes as set forth in Paragraph 14 of the Master Deed for Villa Domenico, an Adult Community at Watchung, Inc. and for me and in my name, place and stead, execute any such amendment(s) to the said Master Deed and other instrument(s) necessary to effect the purposes set forth in the Master Deed with the same force and effect as though I was present and acting for myself and I hereby ratify and confirm all that my said Attorney-In-Fact shall do by virtue hereof.

This Power of Attorney shall not be affected by the fact that I might become incompetent hereafter, but shall remain in full force and effect.

This Power of Attorney shall expire on the later of 10 years from the date hereof or upon the transfer of the last unit within the condominium referenced herein.

IN WITNESS WHEREOF, I hereunto set my hand as of this 15th day of September, 2006.

MARK L. BREITMAN
Attorney at Law of NJ

ERMA VENTOLA
GRANTEE

STATE OF NEW JERSEY:
SS:
COUNTY OF UNION:

Be it remembered that on this 15th day of September, 2006, before

UNOFFICIAL COPY

residential unit after the death of such age-qualified person. The residential units in the aggregate are intended to be "62 or Over Housing", so as to qualify as "housing for older persons, within the meaning of the "Fair Housing Act". Exceptions to these age restrictions may be granted in particular cases by the Developer or the Association in accordance with, and including, but not limited to, Paragraph 11 and its subparts of the Master Deed.

No occupancy of any residential unit shall be permitted, begin or continue if such occupancy violates the provisions of the Master Deed or results in the loss of the Residential Units "62 or over" housing for older persons exception under the Fair Housing Act. No person may transfer, sell, give lease, assign, grant, buy, rent or occupy any residential unit, unless and until such person receives the approval of the Developer or the Association, as the case may be in accordance with the terms and conditions of the Master Deed.

Being also known as Block No. 40.01, Lot No. 4, C0030, on the tax map of the Borough of Watchung.

This Deed has been signed and attested to by the appropriate officers of the GRANTOR and the corporate seal of the GRANTOR is affixed.

WITNESS: **JDN PROPERTIES III, LLC**

By:

ANTHONY D. NATALE
Attorney at Law of New Jersey

JOSEPH D. NATALE
Managing Member

STATE OF NEW JERSEY:
SS:
COUNTY OF UNION:

I certify that on this 15th day of September, 2006, **JOSEPH D. NATALE**, who is authorized on behalf of the Limited Liability Company as the managing member named in the foregoing instrument personally appeared before me and acknowledged under oath, to my satisfaction, that he signed, and delivered this instrument as the managing member of the named limited liability company, and that this instrument is the voluntary act and deed of the limited liability company authorized by its membership. The Witness also acknowledges that the full and actual consideration paid or to be paid for the transfer of title to realty evidenced by this Deed, as such consideration is defined in P.L. 1968, c. 49, sec.1 (c), is **SEVENTY-THREE THOUSAND FIVE HUNDRED NINETY-THREE AND 00/100 ($73,593.00) DOLLARS.**

ANTHONY D. NATALE
Attorney at Law of NJ

UNOFFICIAL COPY

Unofficial Document

BRETT A. RADI
SOMERSET COUNTY CLERK
20 GROVE STREET
P.O. BOX 3000
SOMERVILLE, NJ 08876-1262

****

Recorded:	09/25/2006 10:48:17 AM
Book:	OPR 5944 Page: 2619-2627
Instrument No.:	2006063058
	DEED 9 PGS $110.00
CONSIDERATION:	$73,593.00
EXEMPTION:	D
NJ REALTY XFER FEE:	$296.00
Recorder:	HAJDUNEMET

****

DO NOT DISCARD

2006063058

8 pp 110.00 CR-AK

NEW CONSTRUCTION

Prepared By:

Mark L. Breitman, Esq.

MANDATORY DEED FORM FOR OWNERSHIP UNITS SUBJECT TO RESTRICTIVE COVENANT REQUIRED BY SECTION 5:80-26.5(d)

To State Regulated Property
Subject To Restrictive Covenant Limiting Conveyance
And Mortgage Debt

THIS DEED is made as of the 15th day of September, 2006 by and between

JDN PROPERTIES III, LLC of 216 North Avenue East, Cranford, New Jersey 07016

(Grantor)

AND

MODESTINE DE ROSA, whose address is about to be 31 Schmidt Circle, Watchung, New Jersey 07069

(Grantee)

Article 1. Consideration and Conveyance

In return for payment to the Grantor by the Grantee of **SEVENTY-THREE THOUSAND FIVE HUNDRED NINETY-THREE AND 00/100 ($73,593.00) DOLLARS,** the receipt of which is hereby acknowledged by the Grantor, the Grantor hereby grants and conveys to the Grantee all of the real property as is more specifically described in Article 2, hereof (the Property).

Article 2. Description of Property

The Property consists of all of the land, and improvements thereon, or the percentage interest therein, that is located in the municipality of **WATCHUNG,** County of **SOMERSET,** State of New Jersey, and described more specifically as Block No. **40.01** Lot **No. 4 C0031,** and known by the street address: **31 SCHMIDT CIRCLE, WATCHUNG, NJ 07069**

As more particularly Unit No. 31 in Building No. B, in Villa Domenico, an Adult Community at Watchung, Inc. Condominium together with an undivided 2.38 percentage interest in the common elements appurtenant thereto as amended from time to time, in accordance with and subject to the terms, limitations, conditions, covenants, restrictions, and other provisions of

Unofficial Document

2006079417

BRETT A. RADI COUNTY CLERK
SOMERSET COUNTY, NJ
2006 DEC 06 03:34:42 PM
BK:5971 PG:2085-2093
CONS:$73,593.00 EXEMPT: D
NJ XFER FEE:$296.00
INSTRUMENT # 2006079417

the Master Deed and Declaration of Restrictive and Protective Covenants of Villa Domenico, an Adult Community at Watchung, Inc. Condominium dated October 24, 2005 and recorded on October 28, 2005 in the Office of the Clerk of Somerset County in Deed Book 5819, Page 3161 et seq. All the terms and conditions of the Master Deed are incorporated herein by reference as if set forth herein by length and we agree to be bound by the terms and conditions set forth therein.

Article 3. Grantor's Covenant

The Grantor hereby covenants and affirms that Grantor has taken no action to encumber the Property.

Article 4. Affordable Housing Covenants and Remedies

Sale and use of the Property is governed by the Declaration Of Covenants, Conditions And Restrictions Implementing Affordable Housing Controls On State Regulated Property that was filed against the Property as Exhibit 1G to the Master Deed dated October 24, 2005 and recorded on October 28, 2005 in **Deed Book 5819 pages 3161 through 3311** in the offices of the Clerk, County of **SOMERSET and** also the Restrictive Covenants recorded in book 5932 at page 1678 (the "Restrictions), and is subject to all remedies set forth in the Restrictions. The covenants are restated generally as follows:

Article 1. Affordable Housing Covenants

This sale and use of this Affordable Unit is subject to this Declaration and is governed by regulations governing controls on affordability, which are found in New Jersey Administrative Code at Title 5, chapter 93, subchapter 9 (N.J.A.C. 5:93-9.1, *et seq)*, and chapter 80, subchapter 26 (NJ.A.C 5:80-26.1, *et seq)* (the "Regulations")- Consistent with the Regulations, the following covenants (the "Covenants") shall run with the land, for this Affordable Unit, for the period of time commencing upon the earlier of (a) the date hereof or (b) the prior commencement of the "Control Period", as that term is defined in the Regulations, and terminating upon the expiration of the Control Period as provided in the Regulations which is agreed to be 30 years.

A. The Affordable Unit may be conveyed only to a household who has been approved in advance and in writing by the Housing Affordability Service of the New Jersey Department of Community Affairs, or other administrative agent appointed under the Regulations (hereinafter, collectively, the ("Administrative Agent")).

B. No sale of the Affordable Unit shall be lawful, unless approved in advance and in writing by the Administrative Agent, and no sale shall be for a consideration greater than maximum permitted price ("Maximum Resale Price", or "MRP") as determined by the Administrative Agent.

C. No refinancing, equity loan, secured letter of credit, or any other mortgage obligation or other debt (collectively, "Debt") secured by the Affordable Unit, may be incurred except as approved in advance and in writing by the Administrative Agent. At no time shall the Administrative Agent approve any such Debt, if incurring the Debt would make the total of all such Debt exceed Ninety-Five Percent (95%) of the applicable MRP.

D. The owner of the Affordable Unit shall at all times maintain the Affordable Unit as his or her principal place of residence.

E. Except as set forth in F, below, at no time shall the owner of the Affordable Unit lease or rent the Affordable Unit to any person or

persons, except on a short-term hardship basis as approved in advance and in writing by the Administrative Agent.

F. If the Affordable Unit is a two-family home, the owner shall lease the rental unit only to income-certified low-income households approved in writing by the Administrative Agent, shall charge rent no greater than the maximum permitted rent as determined by the Administrative Agent, and shall submit for written approval of the Administrative Agent copies of all proposed leases prior to having them signed by any proposed tenant.

G. No improvements may be made to the Affordable Unit that would affect its bedroom configuration, and in any event, no improvement made to the Affordable Unit will be taken into consideration to increase the MRP, except for improvements approved in advance and in writing by the Administrative Agent. H. The affordable housing covenants, declarations and restrictions implemented by this Declaration and by incorporation, N.J.A.C. 5:80-26.1 *et seq.*, shall remain in effect despite the entry and enforcement of any judgment of foreclosure with respect to the Affordable Unit so long as the Affordable Unit remains subject to the affordability controls being implemented by this Declaration.

H. In accordance with N.J.A.C. 5:80-26.5, each restricted unit shall remain subject to the requirements of this subchapter, the "Control Period," until the municipality in which the unit is located elects to release the unit from such requirements. Prior to such a municipal election, a restricted unit must remain subject to the requirements of this subchapter for a period of at least 30 years; provided, however, that units located in high-poverty census tracts shall remain subject to these affordability requirements for a period of at least 10 years;

Article II. Remedies for Breach of Affordable Housing Covenants

A breach of the Covenants will cause irreparable harm to the Administrative Agent and to the public, in light of the public policies set forth in the New Jersey Fair Housing Act, the Uniform Housing Affordability Control rules found at N.J.A.C. 5:80-26, and the obligation for the provision of low and moderate-income housing. Accordingly, and as set forth in N.J.A.C. 5:80-26.10A(b):

A. In the event of a threatened breach of any of the Covenants by the Grantee, or any successor in interest or other owner of the Affordable Unit, the Administrative Agent shall have all remedies provided at law or equity, including the right to seek injunctive relief or specific performance.

B. Upon the occurrence of a breach of any Covenants by the Grantee, or any successor in interest or other owner of the Property, the Administrative Agent shall have all remedies provided at law or equity including but not limited to forfeiture, foreclosure, acceleration of all sums due under any mortgage, recouping of any funds from a sale in violation of the Covenants, diverting of rent proceeds from illegal rentals, injunctive relief to prevent further violation of said Covenants, entry on the premises, those provided under Title 5, Chapter 80, Subchapter 26 of the New Jersey Administrative Code and specific performance.

Article 5. Age Restriction

Occupancy of any Residential Unit shall be restricted to persons of the age 62 years or over, provided, however, that (1) a person of the age 62 years or over may occupy a residential unit as a permanent resident with another permanent resident, regardless of the age of the other permanent resident(s), and/or with a person nineteen (19) years of age of over who is not involved in

MUST SUBMIT IN DUPLICATE
RTF-1 (Rev. 8/11/06)

STATE OF NEW JERSEY
AFFIDAVIT OF CONSIDERATION FOR USE BY SELLER
(Chapter 49, **P.L.**1968, as amended through Chapter 33, **P.L.** 2006) (**N.J.S.A.** 46:15-5 et seq.)
BEFORE COMPLETING THIS AFFIDAVIT, PLEASE READ THE INSTRUCTIONS ON THE REVERSE SIDE OF THIS FORM.

STATE OF NEW JERSEY
COUNTY UNION } SS. County Municipal Code 1821

FOR RECORDER'S USE ONLY
Consideration $ 73,593.00
RTF paid by seller $ 296.00
Date 12-6-06 By

MUNICIPALITY OF PROPERTY LOCATION WATCHUNG

*Use symbol "C" to indicate that fee is exclusively for county use.

(1) PARTY OR LEGAL REPRESENTATIVE (*See Instructions # 3 and #4 on reverse side*)

Deponent, JOSEPH D. NATALE (Name), being duly sworn according to law upon his/her oath, deposes and says that he/she is the MANAGING MEMBER (Grantor, Legal Representative, Corporate Officer, Officer of Title Co., Lending Institution, etc.) in a deed dated 9/15/06 transferring real property identified as Block number 40.01 Lot number 4C0031 located at 31 SCHMIDT CIRCLE, WATCHUNG, NJ 07069 (Street Address, Town) and annexed thereto.

(2) CONSIDERATION $ 73,593.00 (*See Instructions #1 and #5 on reverse side*)

(3) Property transferred is Class 4A 4B 4C. (circle one) If Class 4A, calculation in Section 3A is required.

(3A) **REQUIRED CALCULATION OF EQUALIZED ASSESSED VALUATION FOR ALL CLASS 4A COMMERCIAL PROPERTY TRANSACTIONS:** (*See Instructions #5A and 7 on reverse side*)
Total Assessed Valuation ÷ Director's Ratio = Equalized Valuation

$____ ÷ ____ % = $____

If Director's Ratio is less than 100%, the equalized valuation will be an amount greater than the assessed value. If Director's Ratio is equal to or in excess of 100%, the assessed value will be equal to the equalized value.

(4) FULL EXEMPTION FROM FEE (*See Instruction #8 on reverse side*)
Deponent states that this deed transaction is fully exempt from the Realty Transfer Fee imposed by **C.** 49, **P.L.** 1968, as amended through **C.** 66, **P.L.** 2004, for the following reason(s). Mere reference to exemption symbol is insufficient. Explain in detail.

(5) PARTIAL EXEMPTION FROM FEE (*See Instruction #9 on reverse side*)
NOTE: All boxes below apply to grantor(s) *only*. **ALL BOXES IN APPROPRIATE CATEGORY MUST BE CHECKED**. Failure to do so will void claim for partial exemption. Deponent claims that this deed transaction is exempt from State portions of the Basic Fee, Supplemental Fee, and General Purpose Fee, as applicable, imposed by **C.** 176, **P.L.** 1975, **C.** 113, **P.L.** 2004 and **C.** 66, **P.L.** 2004 for the following reason(s):

A. **SENIOR CITIZEN** Grantor(s) ☐ 62 years of age or over.* (*See Instruction #9 on reverse side for A or B*)
B. **BLIND PERSON** Grantor(s) ☐ legally blind or; *
DISABLED PERSON Grantor(s) ☐ permanently and totally disabled ☐ - Receiving disability payments ☐ Not gainfully employed*

Senior citizens, blind or disabled persons must also meet **all** of the following criteria.

☐ Owned and occupied by grantor(s) at time of sale. ☐ Resident of the State of New Jersey.
☐ One or two-family residential premises. ☐ Owners as joint tenants must all qualify.

*IN THE CASE OF HUSBAND AND WIFE, ONLY ONE GRANTOR NEEDS TO QUALIFY IF OWNED AS TENANTS BY THE ENTIRETY.

C. **LOW AND MODERATE INCOME HOUSING** (*See Instruction #9 on reverse side*)
☐ Affordable according to H.U.D. standards. ☐ Reserved for occupancy.
☐ Meets income requirements of region. ☐ Subject to resale controls.

(6) NEW CONSTRUCTION (*See Instructions #2, #10 and # 12 on reverse side*)
☒ Entirely new improvement. ☒ Not previously occupied.
☒ Not previously used for any purpose. ☒ "**NEW CONSTRUCTION**" printed clearly at the top of the first page of the deed.

(7) Deponent makes this Affidavit to induce county clerk or register of deeds to record the deed and accept the fee submitted herewith in accordance with the provisions of Chapter 49, **P.L.** 1968, as amended through Chapter 33, **P.L.** 2006.

Subscribed and sworn to before me
this 15 day of September, 2006

MARK L. BREITMAN
AN ATTORNEY AT LAW OF N.J.

Signature of Deponent
216 NORTH AVENUE EAST
CRANFORD, NJ 07016
Deponent Address

JOSEPH D. NATALE
Grantor Name
216 NORTH AVENUE EAST
07016
Grantor Address at Time of Sale

MARK L. BREITMAN, ESQUIRE
Name/Company of Settlement Officer

FOR OFFICIAL USE ONLY
Instrument Number____ County Somerset
Deed Number____ Book____ Page____
Deed Dated 9-15-06 Date Recorded 12-6-06

County Recording Officers shall forward one copy of each Affidavit of Consideration for Use by Seller when Section 3A is completed.

STATE OF NEW JERSEY- DIVISION OF TAXATION
PO BOX 251
TRENTON, NJ 08695-0251
ATTENTION: REALTY TRANSFER FEE UNIT

The Director of the Division of Taxation in the Department of the Treasury has prescribed this form as required by law, and may not be altered or amended without prior approval of the Director. For information on the Realty Transfer Fee or to print a copy of this Affidavit, visit the Division of Taxation website at: **www.state.nj.us/treasury/taxation/lpt/localtax.htm**.

GIT/REP-3
(3-06)

State of New Jersey

SELLER'S RESIDENCY CERTIFICATION/EXEMPTION

(C.55, P.L. 2004)

(Please Print or Type)

SELLER(S) INFORMATION (See Instructions, Page 2)

Name(s): JDW Properties III, LLC

Current Resident Address:

Street: 216 North Ave East

City, Town, Post Office: Cranford, State: NJ Zip Code: 07016

PROPERTY INFORMATION (Brief Property Description)

Block(s): 40.01 Lot(s): 4 Qualifier: C0031

Street Address: 31 Schmidt Circle

City, Town, Post Office: Watchung State: NJ Zip Code: 07069

Seller's Percentage of Ownership: 100% Consideration: $73,593.00 Closing Date: 9/15/06

SELLER ASSURANCES (Check the Appropriate Box) (Boxes 2 through 8 apply to NON-residents)

1. ☐ I am a resident taxpayer (individual, estate, or trust) of the State of New Jersey pursuant to N.J.S.A. 54A:1-1 et seq. and will file a resident gross income tax return and pay any applicable taxes on any gain or income from the disposition of this property.
2. ☐ The real property being sold or transferred is used exclusively as my principal residence within the meaning of section 121 of the federal Internal Revenue Code of 1986, 26 U.S.C. s. 121.
3. ☐ I am a mortgagor conveying the mortgaged property to a mortgagee in foreclosure or in a transfer in lieu of foreclosure with no additional consideration.
4. ☐ Seller, transferor or transferee is an agency or authority of the United States of America, an agency or authority of the State of New Jersey, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, or a private mortgage insurance company.
5. ☒ Seller is not an individual, estate or trust and as such not required to make an estimated payment pursuant to N.J.S.A.54A:1-1 et seq.
6. ☐ The total consideration for the property is $1,000 or less and as such, the seller is not required to make an estimated payment pursuant to N.J.S.A. 54A:5-1-1 et seq.
7. ☐ The gain from the sale will not be recognized for Federal income tax purposes under I.R.C. Section 721, 1031, 1033 or is a cemetery plot. (CIRCLE THE APPLICABLE SECTION). If such section does not ultimately apply to this transaction, the seller acknowledges the obligation to file a New Jersey income tax return for the year of the sale.
8. ☐ Transfer by an executor or administrator of a decedent to a devisee or heir to effect distribution of the decedent's estate in accordance with the provisions of the decedent's will or the intestate laws of this state.

SELLER(S) DECLARATION

The undersigned understands that this declaration and its contents may be disclosed or provided to the New Jersey Division of Taxation and that any false statement contained herein could be punished by fine, imprisonment, or both. I furthermore declare that I have examined this declaration and, to the best of my knowledge and belief, it is true, correct and complete.

9/15/06
Date

Signature
(Seller) Please indicate if Power of Attorney or Attorney in Fact

Date

Signature
(Seller) Please indicate if Power of Attorney or Attorney in Fact

PAID SEPARATELY

UNOFFICIAL COPY

SPECIFIC POWER OF ATTORNEY

I, the above named Grantee, do hereby irrevocably name, make, appoint, constitute and confirm, JDN Properties III, LLC, a limited liability company of the State of New Jersey, whose main address is 216 North Avenue East, Cranford, New Jersey 07106, and its successors and assigns, my true and lawful Attorney-In-Fact for me for those specific and limited purposes as set forth in Paragraph 14 of the Master Deed for Villa Domenico, an Adult Community at Watchung, Inc. and for me and in my name, place and stead, execute any such amendment(s) to the said Master Deed and other instrument(s) necessary to effect the purposes set forth in the Master Deed with the same force and effect as though I was present and acting for myself and I hereby ratify and confirm all that my said Attorney-In-Fact shall do by virtue hereof.

This Power of Attorney shall not be affected by the fact that I might become incompetent hereafter, but shall remain in full force and effect.

This Power of Attorney shall expire on the later of 10 years from the date hereof or upon the transfer of the last unit within the condominium referenced herein.

IN WITNESS WHEREOF, I hereunto set my hand as of this 15th day of September, 2006.

ROBERT A. WEISS Attorney at Law of NJ	MODESTINE DE ROSA GRANTEE

STATE OF NEW JERSEY:

SS:

COUNTY OF UNION:

Be it remembered that on this 15th day of September, 2006, before

me the subscriber, an Attorney at Law of New Jersey, personally appeared MODESTINE DE ROSA, who I am satisfied are the persons named in and who executed the within instrument and thereupon acknowledged that the instrument was signed, sealed and delivered as a voluntary act and deed for the uses and purposes therein expressed.

ROBERT A. WEISS, ESQUIRE
ATTORNEY AT LAW OF NJ

Record and Return to:

ROBERT A. WEISS, ESQ.
2571 MORRIS AVENUE
UNION, NJ 07083

Unofficial Document

secondary school; and (2) any person who was permitted to and did occupy a residential unit after the death of such age-qualified person. The residential units in the aggregate are intended to be "62 or Over Housing", so as to qualify as "housing for older persons, within the meaning of the "Fair Housing Act". Exceptions to these age restrictions may be granted in particular cases by the Developer or the Association in accordance with, and including, but not limited to, Paragraph 11 and its subparts of the Master Deed.

No occupancy of any residential unit shall be permitted, begin or continue if such occupancy violates the provisions of the Master Deed or results in the loss of the Residential Units "62 or over" housing for older persons exception under the Fair Housing Act. No person may transfer, sell, give lease, assign, grant, buy, rent or occupy any residential unit, unless and until such person receives the approval of the Developer or the Association, as the case may be in accordance with the terms and conditions of the Master Deed.

Being also known as Block No. 40.01, Lot No. 4, C0031, on the tax map of the Borough of Watchung.

This Deed has been signed and attested to by the appropriate officers of the GRANTOR and the corporate seal of the GRANTOR is affixed.

WITNESS: **JDN PROPERTIES III, LLC**

By:_____

MARK L. BREITMAN **JOSEPH D. NATALE**
Attorney at Law of New Jersey **Managing Member**

STATE OF NEW JERSEY:
SS:
COUNTY OF UNION:

I certify that on this 15th day of September, 2006, **JOSEPH D. NATALE**, who is authorized on behalf of the Limited Liability Company as the managing member named in the foregoing instrument personally appeared before me and acknowledged under oath, to my satisfaction, that he signed, and delivered this instrument as the managing member of the named limited liability company, and that this instrument is the voluntary act and deed of the limited liability company authorized by its membership. The Witness also acknowledges that the full and actual consideration paid or to be paid for the transfer of title to realty evidenced by this Deed, as such consideration is defined in P.L. 1968, c. 49, sec.1 (c), is SEVENTY-THREE THOUSAND FIVE HUNDRED NINETY-THREE AND 00/100 ($73,593.00) DOLLARS.

Mark L. Breitman
Attorney at Law of NJ

UNOFFICIAL COPY

Unofficial Document

BRETT A. RADI
SOMERSET COUNTY CLERK
20 GROVE STREET
P.O. BOX 3000
SOMERVILLE, NJ 08876-1262

****

Recorded:	**12/06/2006 03:34:42 PM**
Book:	**OPR 5971 Page: 2085-2093**
Instrument No.:	**2006079417**
	DEED 9 PGS $110.00
CONSIDERATION:	**$73,593.00**
EXEMPTION:	**D**
NJ REALTY XFER FEE:	**$296.00**
Recorder:	**LEONARDI**

****

DO NOT DISCARD

2006079417

9P123

Prepared by:
BRIAN T. GRACE
ATTORNEY AT LAW
OF THE STATE OF NEW JERSEY

HOUSING AFFORDABILITY SERVICE
NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
637 South Clinton Avenue
P.O. Box 18550
Trenton, NJ 08650-2085

MANDATORY DEED FORM FOR OWNERSHIP UNITS
Deed

DEED-RESTRICTED AFFORDABLE HOUSING UNIT WITH RESTRICTIONS ON RESALE AND REFINANCING

To State Regulated Property
With Covenants Restricting Conveyance
And Mortgage Debt

This DEED is made on this day **November 3, 2010** by and between

Patricia Zebro and John G. Corsen IV, (husband and wife) & Rose V. Coffey,
Joint Tenants with the Right of Survivorship, (Grantor) whose address is 32 Schmidt Circle, Watchung, NJ 07069

and

Valerie B. Garay (A single woman), (Grantee), whose address about to become 32 Schmidt Circle, Watchung, NJ 07069.

Article 1. Consideration and Conveyance

In return for payment to the Grantor by the Grantee of **One Hundred Sixty Two Thousand, Two Hundred Seventy Four Dollars, ($162,274.00)**, the receipt of which is hereby acknowledged by the Grantor, the Grantor hereby grants and conveys to the Grantee all of the land and improvements thereon as is more specifically described in Article 2, hereof (the Property).

Article 2. Description of Property

The Property consists of all of the land, and improvements thereon, that is located in the municipality of **Watchung Borough**, County of **Somerset**, State of New Jersey, and described more specifically as Block No. **4001** Lot No **4**, and known by the street address:

C0092

32 Schmidt Circle
Watchung NJ 07069

Schedule A attached hereto.

Being the same premises conveyed to **Patricia A. Zebro and Rose V. Coffey, Joint Tenants with the Right of Survivorship** by Deed from **JDN Properties III, LLC**, dated **September 15, 2006** and recorded on **November 28, 2006** in Deed Book **05967** page **03828** in the office of the Clerk of **Somerset** County.

Article 3. Grantor's Covenant

The Grantor hereby covenants and affirms that Grantor has taken no action to encumber the Property. This promise is called a "covenant as to grantor's act" (N.J.S.A. 46:4-6). This promise means that the Grantor has not allowed anyone else to obtain any legal rights which affect the property (such as by making a mortgage or allowing a judgment to be entered against the Grantor.)

2010054906

BRETT A. RADI COUNTY CLERK
SOMERSET COUNTY, NJ
2010 NOV 18 11:39:41 AM
BK:6373 PG:2631-2640
CONS:$162,274.00 EXEMPT: A
NJ XFER FEE:$181.25
INSTRUMENT # 2010054906

Unofficial Document

Title No. - RM-64297

SCHEDULE A-4
DESCRIPTION

ALL that certain tract, lot and parcel of land lying and being in the Borough of Watchung, County of Somerset and State of New Jersey, being more particularly described as follows:

KNOWN and designated as Unit No. C-0032 Building B situate in Villa Domenico, an Adult Community at Watchung, a condominium, established in accordance with the N.J.S.A. 46:8b-1, et seq., together with an undivided 2.38% interest in the General Common elements of said condominium appurtenant to the aforesaid unit in accordance with and subject to the terms, conditions, covenants, restrictions, reservations, easements, lien as for assessments, and other provisions as set forth in the current Master Deed of Villa Domenico An Adult Community at Watchung, a condominium, dated May 6, 1999 and revised to July 13, 2001 and recorded October 28, 2005 in the Office of the Somerset Clerk/Register in Deed Book 5819, Page 3161, as same may now or hereafter be lawfully amended.

Note For Information Only:
The land referred to in this Commitment is commonly known as Lot(s) 4, C0032, Block 4001; Lot(s) BLDG B, on the Tax Map, Borough of Watchung, in the County of Somerset.

Unofficial Document

RTF-1 (Rev. 7/14/10)
MUST SUBMIT IN DUPLICATE

STATE OF NEW JERSEY

AFFIDAVIT OF CONSIDERATION FOR USE BY SELLER

(Chapter 49, **P.L.**1968, as amended through Chapter 33, **P.L.** 2006) (**N.J.S.A.** 46:15-5 et seq.)

BEFORE COMPLETING THIS AFFIDAVIT, PLEASE READ THE INSTRUCTIONS ON THE REVERSE SIDE OF THIS FORM.

STATE OF NEW JERSEY
} SS.
COUNTY Warren — County Municipal Code 1820

FOR RECORDER'S USE ONLY	
Consideration	$ 162,274.00
RTF paid by seller	$ 1,381.25 A
Date 11/18/2010	By

MUNICIPALITY OF PROPERTY LOCATION Warren Twp.

*Use symbol "C" to indicate that fee is exclusively for county use.

(1) PARTY OR LEGAL REPRESENTATIVE *(Instructions #3 and #4 on reverse side)*

Deponent, Patricia Zebro & John Corsen IV (Name), being duly sworn according to law upon his/her oath, deposes and says that he/she is the Grantor (Grantor, Legal Representative, Corporate Officer, Officer of Title Company, Lending Institution, etc.) in a deed dated November 3, 2010 transferring real property identified as Block number 4801 Lot number 4 located at 32 Schmidt Circle, Watchung, NJ 07069 (Street Address, Town) and annexed thereto.

(2) CONSIDERATION $ 162,274.00 *(Instructions #1 and #5 on reverse side)* ☐ no prior mortgage to which property is subject.

(3) Property transferred is Class 4A 4B 4C (circle one). If property transferred is Class 4A, calculation in Section 3A below is required.

(3A) **REQUIRED CALCULATION OF EQUALIZED VALUATION FOR ALL CLASS 4A (COMMERCIAL) PROPERTY TRANSACTIONS:** *(Instructions #5A and #7 on reverse side)*

Total Assessed Valuation ÷ Director's Ratio = Equalized Assessed Valuation

$ _____ ÷ _____ % = $ _____

If Director's Ratio is less than 100%, the equalized valuation will be an amount greater than the assessed value. If Director's Ratio is equal to or in excess of 100%, the assessed value will be equal to the equalized valuation.

(4) FULL EXEMPTION FROM FEE *(Instruction #8 on reverse side)*
Deponent states that this deed transaction is fully exempt from the Realty Transfer Fee imposed by **C.** 49, **P.L.** 1968, as amended through **C.** 66, **P.L.** 2004, for the following reason(s). Mere reference to exemption symbol is insufficient. Explain in detail.

(5) PARTIAL EXEMPTION FROM FEE *(Instruction #9 on reverse side)*
NOTE: All boxes below apply to grantor(s) *only*. **ALL BOXES IN APPROPRIATE CATEGORY MUST BE CHECKED**. Failure to do so will void claim for partial exemption. Deponent claims that this deed transaction is exempt from State portions of the Basic, Supplemental, and General Purpose Fees, as applicable, imposed by **C.** 176, **P.L.** 1975, **C.** 113, **P.L.** 2004, and **C.** 66, **P.L.** 2004 for the following reason(s):

A. **SENIOR CITIZEN** Grantor(s) ☐ 62 years of age or over.* *(Instruction #9 on reverse side for A or B)*
B. { **BLIND PERSON** Grantor(s) ☐ legally blind or;
DISABLED PERSON Grantor(s) ☐ permanently and totally disabled ☐ receiving disability payments ☐ not gainfully employed*

Senior citizens, blind persons, or disabled persons must also meet **all of the following** criteria:
☐ Owned and occupied by grantor(s) at time of sale. ☐ Resident of State of New Jersey.
☐ One or two-family residential premises. ☐ Owners as joint tenants must all qualify.

*IN CASE OF HUSBAND AND WIFE, PARTNERS IN A CIVIL UNION COUPLE, ONLY ONE GRANTOR NEED QUALIFY IF TENANTS BY THE ENTIRETY.

C. **LOW AND MODERATE INCOME HOUSING** *(Instruction #9 on reverse side)*
☒ Affordable according to H.U.D. standards. ☐ Reserved for occupancy.
☒ Meets income requirements of region. ☒ Subject to resale controls.

(6) NEW CONSTRUCTION *(Instructions #2, #10, #12 on reverse side)*
☐ Entirely new improvement. ☐ Not previously occupied.
☐ Not previously used for any purpose. ☐ **"NEW CONSTRUCTION"** printed clearly at top of first page of the deed.

(7) RELATED LEGAL ENTITIES TO LEGAL ENTITIES *(Instructions #5, #12, #14 on reverse side)*
☐ No prior mortgage assumed or to which property is subject at time of sale.
☐ No contributions to capital by either grantor or grantee legal entity.
☐ No stock or money exchanged by or between grantor or grantee legal entities.

(8) Deponent makes this Affidavit to induce county clerk or register of deeds to record the deed and accept the fee submitted herewith in accordance with the provisions of Chapter 49, **P.L.** 1968, as amended through Chapter 33, **P.L.** 2006.

Subscribed and sworn to before me this 3 day of Nov. 2010

BRIAN T. GRACE
ATTORNEY AT LAW
OF THE STATE OF NEW JERSEY

Signature of Deponent: Patricia Zebro
Deponent Address: John Corsen
Last three digits in Grantor's Social Security Number: XXX-XXX-9244

Grantor Name: Patricia Zebro
Grantor Address at Time of Sale: 32 Schmidt Circle, Watchung NJ 07069
Name/Company of Settlement Officer:

FOR OFFICIAL USE ONLY	
Instrument Number 2010054906	County Somerset
Deed Number	Book 6373 Page 2631
Deed Dated 11/3/2010	Date Recorded 11/18/2010

County recording officers shall forward one copy of each RTF-1 form when Section 3A is completed to:

STATE OF NEW JERSEY
PO BOX 251
TRENTON, NJ 08695-0251
ATTENTION: REALTY TRANSFER FEE UNIT

The Director of the Division of Taxation in the Department of the Treasury has prescribed this form as required by law, and it may not be altered or amended without prior approval of the Director. For information on the Realty Transfer Fee or to print a copy of this Affidavit, visit the Division's website at: **www.state.nj.us/treasury/taxation/lpt/localtax.shtml.**

GIT/REP-3
(12-07)

State of New Jersey

SELLER'S RESIDENCY CERTIFICATION/EXEMPTION

(C.55, P.L. 2004)

(Please Print or Type)

SELLER(S) INFORMATION (See Instructions, Page 2)

Name(s)
Rose V. Coffey

Current Resident Address:
Street: c/o Dana Silva, 612 Crescent Drive

City, Town, Post Office	State	Zip Code
Bound Brook	NJ	08805

PROPERTY INFORMATION (Brief Property Description)

Block(s)	Lot(s)	Qualifier
4001	4	

Street Address:
32 Schmidt Circle

City, Town, Post Office	State	Zip Code
Watchung	NJ	07069

Seller's Percentage of Ownership	Consideration	Closing Date
50%	$162,274.00	11/3/2010

SELLER ASSURANCES (Check the Appropriate Box) (Boxes 2 through 8 apply to NON-residents)

1. ☐ I am a resident taxpayer (individual, estate, or trust) of the State of New Jersey pursuant to N.J.S.A. 54A:1-1 et seq. and will file a resident gross income tax return and pay any applicable taxes on any gain or income from the disposition of this property.
2. ☒ The real property being sold or transferred is used exclusively as my principal residence within the meaning of section 121 of the federal Internal Revenue Code of 1986, 26 U.S.C. s. 121.
3. ☐ I am a mortgagor conveying the mortgaged property to a mortgagee in foreclosure or in a transfer in lieu of foreclosure with no additional consideration.
4. ☐ Seller, transferor or transferee is an agency or authority of the United States of America, an agency or authority of the State of New Jersey, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, or a private mortgage insurance company.
5. ☐ Seller is not an individual, estate or trust and as such not required to make an estimated payment pursuant to N.J.S.A.54A:1-1 et seq.
6. ☐ The total consideration for the property is $1,000 or less and as such, the seller is not required to make an estimated payment pursuant to N.J.S.A. 54A:5-1-1 et seq.
7. ☐ The gain from the sale will not be recognized for Federal income tax purposes under I.R.C. Section 721, 1031, 1033 or is a cemetery plot. (CIRCLE THE APPLICABLE SECTION). If such section does not ultimately apply to this transaction, the seller acknowledges the obligation to file a New Jersey income tax return for the year of the sale (see instructions).

   ☐ No non-like kind property received.
8. ☐ Transfer by an executor or administrator of a decedent to a devisee or heir to effect distribution of the decedent's estate in accordance with the provisions of the decedent's will or the intestate laws of this state.

SELLER(S) DECLARATION

The undersigned understands that this declaration and its contents may be disclosed or provided to the New Jersey Division of Taxation and that any false statement contained herein could be punished by fine, imprisonment, or both. I furthermore declare that I have examined this declaration and, to the best of my knowledge and belief, it is true, correct and complete.

11/3/10
Date

Rose Coffey
Signature
(Seller) Please indicate if Power of Attorney or Attorney in Fact

11/3/10
Date

Signature
(Seller) Please indicate if Power of Attorney or Attorney in Fact

UNOFFICIAL COPY

GIT/REP-3
(12-07)

State of New Jersey

SELLER'S RESIDENCY CERTIFICATION/EXEMPTION

(C.55, P.L. 2004)

(Please Print or Type)

SELLER(S) INFORMATION (See Instructions, Page 2)

Name(s)
Patricia Zebro & John Corsen IV, husband and wife

Current Resident Address:
Street: c/o Dana Silva, 612 Crescent Drive

City, Town, Post Office	State	Zip Code
Bound Brook	NJ	08805

PROPERTY INFORMATION (Brief Property Description)

Block(s)	Lot(s)	Qualifier
4001	4	

Street Address:
32 Schmidt Circle

City, Town, Post Office	State	Zip Code
Watchung	NJ	07069

Seller's Percentage of Ownership	Consideration	Closing Date
50%	$162,274.00	11/3/2010

SELLER ASSURANCES (Check the Appropriate Box) (Boxes 2 through 8 apply to NON-residents)

1. ☐ I am a resident taxpayer (individual, estate, or trust) of the State of New Jersey pursuant to N.J.S.A. 54A:1-1 et seq. and will file a resident gross income tax return and pay any applicable taxes on any gain or income from the disposition of this property.
2. ☒ The real property being sold or transferred is used exclusively as my principal residence within the meaning of section 121 of the federal Internal Revenue Code of 1986, 26 U.S.C. s. 121.
3. ☐ I am a mortgagor conveying the mortgaged property to a mortgagee in foreclosure or in a transfer in lieu of foreclosure with no additional consideration.
4. ☐ Seller, transferor or transferee is an agency or authority of the United States of America, an agency or authority of the State of New Jersey, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, or a private mortgage insurance company.
5. ☐ Seller is not an individual, estate or trust and as such not required to make an estimated payment pursuant to N.J.S.A.54A:1-1 et seq.
6. ☐ The total consideration for the property is $1,000 or less and as such, the seller is not required to make an estimated payment pursuant to N.J.S.A. 54A:5-1-1 et seq.
7. ☐ The gain from the sale will not be recognized for Federal income tax purposes under I.R.C. Section 721, 1031, 1033 or is a cemetery plot. (CIRCLE THE APPLICABLE SECTION). If such section does not ultimately apply to this transaction, the seller acknowledges the obligation to file a New Jersey income tax return for the year of the sale (see instructions).

   ☐ No non-like kind property received.
8. ☐ Transfer by an executor or administrator of a decedent to a devisee or heir to effect distribution of the decedent's estate in accordance with the provisions of the decedent's will or the intestate laws of this state.

SELLER(S) DECLARATION

The undersigned understands that this declaration and its contents may be disclosed or provided to the New Jersey Division of Taxation and that any false statement contained herein could be punished by fine, imprisonment, or both. I furthermore declare that I have examined this declaration and, to the best of my knowledge and belief, it is true, correct and complete.

11/3/10
Date

Signature
(Seller) Please indicate if Power of Attorney or Attorney in Fact

11/3/10
Date

Signature
(Seller) Please indicate if Power of Attorney or Attorney in Fact

DO NOT RECORD

UNOFFICIAL DOCUMENT

CERTIFICATION OF PURCHASER OF COMPLIANCE WITH THE AGE RESTRICTION REQUIREMENTS OF THE HOUSING FOR OLDER PERSONS EXCEPTION FROM THE FEDERAL FAIR HOUSING AMENDMENTS ACT OF 1988

I (we) by signing as grantees below hereby certify that the property known as 32 Schmidt Circle, Watchung, NJ 07060 commonly described as Lot(s) 4, C0032, Block 4001; Lot(s) BLDG B, on the Tax Map, Borough of Watchung, in the County of Somerset in the community known as Villa Domenico, an Adult Community at Watchung will be occupied by a person of an age to ensure compliance with the "housing for older person" exception from the Fair Housing Amendments Act of 1988", Pub.L. 100-430 (42 U.S.C. ss.3601 et seq.) as set forth in section 100.301 of Title 24, Code of Federal Regulations.

I (we) hereby certify that this addendum will be recorded in the County of Somerset as part of the deed for the property described above.

The property as described in this addendum is a resale or a transfer by operation of law. A "resale" is defined for the purposes of this certification as the sale of a dwelling unit within an age restricted community, other than the initial sale of the unit made by the developer.

By: Valerie Garay

(All grantees must sign and be acknowledged)

Valerie Garay

STATE OF NEW JERSEY:

COUNTY OF: Monmouth

BE IT REMEMBERED that on the 3rd day of November 2010 before me, the subscriber, the undersigned authority personally appeared the persons named above as grantees who, being by me duly sworn on his oath certifies and makes proof to my satisfaction that he/she/they are the purchaser of the property described above; that the execution as well as the making of this Certification has been duly authorized.

By notary or attorney at law

MARK A. STEINBERG
Attorney at Law of N.J.

Grantees:

Valerie Garay

For County Clerk Use Only

Date Filed

Date Recorded

Page

Article 4. Affordable Housing Covenants

Sale and use of the Property is governed by regulations known as the Uniform Housing Affordability Controls, which are found in New Jersey Administrative Code at Title 5, chapter 80, subchapter 26 (N.J.A.C. 5:80-26.1, *et seq*, the "Regulations") and any amendments, changes or supplements thereto. Consistent with the Regulations, the following covenants (the "Covenants") shall run with the land for the period of time commencing upon the earlier of (a) the date hereof or (b) the prior commencement of the "Control Period", as that term is defined in the Regulations, and terminating upon the expiration of the Control Period as provided in the Regulations.

In accordance with N.J.A.C. 5:80-26.5, each restricted unit shall remain subject to the requirements of this subchapter, the "Control Period," until the municipality in which the unit is located elects to release the unit from such requirements. Prior to such a municipal election, a restricted unit must remain subject to the requirements of this subchapter for a period of at least 30 years; provided, however, that units located in high-poverty census tracts shall remain subject to these affordability requirements for a period of at least 10 years;

A. The Property may be conveyed only to a household who has been approved in advance and in writing by the Housing Affordability Service of the New Jersey Housing and Mortgage Finance Agency, or other administrative agent appointed under the Regulations (hereinafter, collectively, the "Administrative Agent").

B. No sale of the Property shall be lawful, unless approved in advance and in writing by the Administrative Agent, and no sale shall be for a consideration greater than maximum permitted price ("Maximum Resale Price", or "MRP") as determined by the Administrative Agent.

C. No refinancing, equity loan, secured letter of credit, or any other mortgage obligation or other debt (collectively, "Debt") secured by the Property, may be incurred except as approved in advance and in writing by the Administrative Agent. At no time shall the Administrative Agent approve any such Debt, if incurring the Debt would make the total of all such Debt exceed Ninety-Five Percent (95%) of the applicable MRP.

D. The owner of the Property shall at all times maintain the Property as his or her principal place of residence.

E. Except as set forth in F, below, at no time shall the owner of the Property lease or rent the Property to any person or persons, except on a short-term hardship basis as approved in advance and in writing by the Administrative Agent.

F. If the Property is a two-family home, the owner shall lease the rental unit only to income-certified low-income households approved in writing by the Administrative Agent, shall charge rent no greater than the maximum permitted rent as determined by the Administrative Agent, and shall submit for written approval of the Administrative Agent copies of all proposed leases prior to having them signed by any proposed tenant.

G. No improvements may be made to the Property that would affect its bedroom configuration, and in any event, no improvement made to the Property will be taken into consideration to increase the MRP, except for improvements approved in advance and in writing by the Administrative Agent.

Article 5. Remedies for Breach of Affordable Housing Covenants

A breach of the Covenants will cause irreparable harm to the Administrative Agent and to the public, in light of the public policies set forth in the New Jersey Fair Housing Act, the Uniform Housing Affordability Control rules found at N.J.A.C. 5:80-26, and the obligation for the provision of low and moderate-income housing. Accordingly, and as set forth in N.J.A.C. 5:80-26.10A(b):

A. In the event of a threatened breach of any of the Covenants by the Grantee, or any successor in interest or other owner of the Property, the Administrative Agent shall have all remedies provided at law or equity, including the right to seek injunctive relief or specific performance.

UNOFFICIAL DOCUMENT

SPECIFIC POWER OF ATTORNEY

I, the above named Grantee, do hereby irrevocably name, make, appoint, constitute and confirm JDN Properties, III, LLC, a Limited Liability Company of the State of New Jersey, whose main address is 216 North Avenue East, Cranford, New Jersey 07106, and its successors and assigns, my true and lawful Attorney-In-Fact for me for those specific and limited purposes as set forth in Paragraph 14 of the Master Deed for Villa Domenico, an Adult Community at Watchung, Inc. and for me and in my name, place and stead, execute any such amendment(s) to the said Master Deed and other instruments(s) necessary to effect the purposes set forth in the Master Deed with the same force and effect as though I was present and acting for myself and I hereby ratify and confirm all that my said Attorney-In-Fact shall do by virtue hereof.

This Power of Attorney shall not be affected by the fact that I might become incompetent hereafter, but shall remain in full force and effect.

This Power of Attorney shall expire on the later of 10 years from the date hereof or upon the transfer of the last unit within the condominium referenced herein.

IN WITNESS WHEREOF, I hereunto set my hand as of this 3rd day of November, 2010

MARK A. STEINBERG
Attorney at Law of New Jersey

VALERIE GARAY
Grantee

UNOFFICIAL DOCUMENT

B. Upon the occurrence of a breach of any Covenants by the Grantee, or any successor in interest or other owner of the Property, the Administrative Agent shall have all remedies provided at law or equity including but not limited to forfeiture, foreclosure, acceleration of all sums due under any mortgage, recouping of any funds from a sale in violation of the Covenants, diverting of rent proceeds from illegal rentals, injunctive relief to prevent further violation of said Covenants, entry on the premises, those provided under Title 5, Chapter 80, Subchapter 26 of the New Jersey Administrative Code and specific performance.

EXECUTION BY GRANTOR

Signed by the Grantor on the date hereof. If the Grantor is a corporation, this Deed is signed by a corporate officer who has authority to (a) convey all interests of the corporation that are conveyed by this Deed, and (b) to bind the corporation with respect to all matters dealt with herein.

Brian T. Grace

Signed, sealed and delivered in the presence of or attested by:

Patricia Zebro [seal]

John G. Corsen IV [seal]

Rose V. Coffey [seal]

[seal]

CERTIFICATE OF ACKNOWLEDGEMENT BY INDIVIDUAL

State of New Jersey, County of Warren

I am either (check one) ____ a Notary Public or ____ an attorney at law officer authorized to take acknowledgements and proofs in the state of New Jersey. I sign this acknowledgement below to certify that it was executed before me. On this the 3rd day of November, 2010 this person appeared before me in person. *(If more than one person appears, the words "this person" shall include all persons named who appeared before the officer making this acknowledgement).* I am satisfied that this person is the person named in and who signed this Deed.

This person also acknowledged that the full and actual consideration paid or to be paid for the transfer of title to realty evidenced by this Deed, as such consideration is defined in P.L. 1968, c. 49, sec. 1(c), is $ 162,274.00.

Officer's signature: Sign above, and print stamp or type name below

R/R

LAW OFFICES
MARK A. STEINBERG
2300 STATE HIGHWAY 66
P.O. BOX 925
NEPTUNE, NJ 07754-0925

UNOFFICIAL DOCUMENT

Unofficial Document

BRETT A. RADI
SOMERSET COUNTY CLERK
20 GROVE STREET
P.O. BOX 3000
SOMERVILLE, NJ 08876-1262

****

Recorded:	**11/18/2010 11:39:41 AM**
Book:	**OPR 6373 Page: 2631-2640**
Instrument No.:	**2010054906**
	DEED 10 PGS $123.00
CONSIDERATION:	**$162,274.00**
EXEMPTION:	**A**
NJ REALTY XFER FEE:	**$181.25**
Recorder:	**BRIONES**

****

DO NOT DISCARD

2010054906

SOMERSET COUNTY

DOCUMENT COVER SHEET

HON. BRETT A. RADI
SOMERSET COUNTY CLERK
PO BOX 3000
20 GROVE STREET
SOMERVILLE, NJ 08876

WWW.CO.SOMERSET.NJ.US

INSTRUMENT # 2018046636

BOOK: 7089 PAGE: 2490-2498

DATE OF DOCUMENT: December 11, 2018	TYPE OF DOCUMENT: Deed
FIRST PARTY (*Grantor, Mortgagor, Seller or Assignor*)	SECOND PARTY (*Grantee, Mortgagee, Buyer, Assignee*)
Teresa Kleinmeyer, Single, by her Attorney in Fact Janine Rizzon	Michael R. Lippe, Single
ADDITIONAL PARTIES:	

THE FOLLOWING SECTION IS REQUIRED FOR DEEDS ONLY	
MUNICIPALITY: Borough of Watchung	MAILING ADDRESS OF GRANTEE: 39 Schmidt Circle, Watchung, NJ 07069
BLOCK: 4001	
LOT: 4 Qualifier C0039	
CONSIDERATION: $ 123,062.00	

THE FOLLOWING SECTION IS FOR ORIGINAL MORTGAGE BOOKING & PAGING INFORMATION FOR ASSIGNMENTS, RELEASES, SATISFACTIONS, DISCHARGES & OTHER ORIGINAL MORTGAGE AGREEMENTS ONLY			
BOOK	PAGE	INSTRUMENT #	DOCUMENT TYPE

DO NOT REMOVE THIS PAGE
THIS DOCUMENT COVER SHEET IS PART OF THE SOMERSET COUNTY FILING RECORD
RETAIN THIS PAGE FOR FUTURE REFERENCE

UNOFFICIAL DOCUMENT

3P.

R/R TO
ACRE'S LAND TITLE AGENCY, INC.
PO Box 769
Millburn, NJ 07041
Case No. 316298

Prepared by:
Cynthia J. Lambo, Esquire

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
Housing Affordability Service
637 South Clinton Avenue
P.O. Box 18550
Trenton, NJ 08650-2085

MANDATORY DEED FORM FOR OWNERSHIP UNITS
DEED

DEED-RESTRICTED AFFORDABLE HOUSING UNIT WITH RESTRICTIONS ON RESALE AND REFINANCING

To State Regulated Property
With Covenants Restricting Conveyance
And Mortgage Debt

This DEED is made on this day ~~December 12, 2018~~ 11th and delivered on December 12, 2018 by and between

Teresa Kleinmeyer, Single by her Attorney in Fact Janine Rizzon (Grantor) whose address is **39 Schmidt Circle, Watchung, NJ 07069** and

Michael R. Lippe, Single (Grantee), whose address is about to become **39 Schmidt Circle, Watchung, NJ 07069**.

Article 1. Consideration and Conveyance

In return for payment to the Grantor by the Grantee of **One Hundred Twenty Three Thousand Sixty Two Dollars, ($123,062.00)**, the receipt of which is hereby acknowledged by the Grantor, the Grantor hereby grants and conveys to the Grantee all of the land and improvements thereon as in more specifically described in Article 2, hereof (the Property).

Article 2. Description of Property

The Property consists of all of the land, and improvements thereon, that is located in the municipality of **Watchung Borough**, County of **Somerset**, State of New Jersey, and described more specifically as Block No. **4001**, Lot No. **4**, Qualifier **C0039**, and known by the street address:

39 Schmidt Circle
Watchung, NJ 07069

Schedule A attached hereto.

Being the same premises conveyed to Teresa Kleinmeyer by the following two Deeds:

(1) Deed from JDN Properties III, L.L.C., dated May 8, 2006, recorded May 17, 2006 in the Somerset County Clerk/Register's Office in Deed Book 5894, Page 1564;

(2) Deed from JDN Properties III, L.L.C., dated May 17, 2006, recorded August 30, 2006 in the Somerset County Clerk/Register's Office in Deed Book 5935, Page 2097.

Article 3. Grantor's Covenant

The Grantor hereby covenants and affirms that Grantor has taken no action to encumber the Property. This promise is called a "covenant as to grantor's act" (N.J.S.A. 46:4-6). This promise means that the Grantor has not allowed anyone else to obtain any legal rights which affect the

UNOFFICIAL COPY

property (such as by making a mortgage or allowing a judgment to be entered against the Grantor.)

Article 4. Affordable Housing Covenants

Sale and use of the Property is governed by regulations known as the Uniform Housing Affordability Controls, which are found in New Jersey Administrative Code at Title 5, chapter 80, subchapter 26 (N.J.A.C. 5:80-26.1, *et seq*, the "Regulations") and any amendments, changes or supplements thereto. Consistent with the Regulations, the following covenants (the "Covenants") shall run with the land for the period of time commencing upon the earlier of (a) the date hereof or (b) the prior commencement of the "Control Period", as that term is defined in the Regulations, and terminating upon the expiration of the Control Period as provided in the Regulations.

In accordance with N.J.A.C. 5:80-26.5, each restricted unit shall remain subject to the requirements of this subchapter, the "Control Period," until the municipality in which the unit is located elects to release the unit from such requirements. Prior to such a municipal election, a restricted unit must remain subject to the requirements of this subchapter for a period of at least 30 years; provided, however, that units located in high-poverty census tracts shall remain subject to these affordability requirements for a period of at least 10 years;

A. The Property may be conveyed only to a household who has been approved in advance and in writing by the Housing Affordability Service of the New Jersey Housing and Mortgage Finance Agency, or other administrative agent appointed under the Regulations (hereinafter, collectively, the "Administrative Agent").

B. No sale of the Property shall be lawful, unless approved in advance and in writing by the Administrative Agent, and no sale shall be for a consideration greater than maximum permitted price ("Maximum Resale Price", or "MRP") as determined by the Administrative Agent.

C. No refinancing, equity loan, secured letter of credit, or any other mortgage obligation or other debt (collectively, "Debt") secured by the Property, may be incurred except as approved in advance and in writing by the Administrative Agent. At no time shall the Administrative Agent approve any such Debt, if incurring the Debt would make the total of all such Debt exceed Ninety-Five Percent (95%) of the applicable MRP.

D. The owner of the Property shall at all times maintain the Property as his or her principal place of residence.

E. Except as set forth in F, below, at no time shall the owner of the Property lease or rent the Property to any person or persons, except on a short-term hardship basis as approved in advance and in writing by the Administrative Agent.

F. If the Property is a two-family home, the owner shall lease the rental unit only to income-certified low-income households approved in writing by the Administrative Agent, shall charge rent no greater than the maximum permitted rent as determined by the Administrative Agent, and shall submit for written approval of the Administrative Agent copies of all proposed leases prior to having them signed by any proposed tenant.

G. No improvements may be made to the Property that would affect its bedroom configuration, and in any event, no improvement made to the Property will be taken into consideration to increase the MRP, except for improvements approved in advance and in writing by the Administrative Agent.

Article 5. Remedies for Breach of Affordable Housing Covenants

A breach of the Covenants will cause irreparable harm to the Administrative Agent and to the public, in light of the public policies set forth in the New Jersey Fair Housing Act, the Uniform Housing Affordability Control rules found at N.J.A.C. 5:80-26, and the obligation for the provision of low and moderate-income housing. Accordingly, and as set forth in N.J.A.C. 5:80-26.10A(b):

Unofficial Document

TITLE INSURANCE COMMITMENT

Issued by **Acres Land Title Agency, Inc.**

AGENT FOR WFG NATIONAL TITLE INSURANCE COMPANY

Commitment Number: 316298

SCHEDULE A

LEGAL DESCRIPTION

All that certain Lot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Watchung in the County of Somerset, State of NJ:

Known as and designated as Unit No. 39 in Building A situated in Villa Domenico, an Adult Community at Watchung, a condominium, established in accordance with the N.J.S.A. 46:8b-1, et seq., together with an undivided 2.38% interest in the General Common elements of said condominium appurtenant to the aforesaid unit in accordance with and subject to the terms, conditions, covenants, restrictions, reservations easements, lien as for assessments, and other provisions as set forth in the current Master Deed of Villa Domenico, an Adult Community at Watchung Condominium, dated October 24, 2005, recorded October 28, 2005, in the Office of the Somerset Clerk/Register in Deed Book 5819, Page 3161, Amended in Deed Book 5883, page 1398; Deed Book 6191, Page 1708 and Deed Book 6237, Page 1071 as same may now or hereafter be lawfully amended.

NOTE FOR INFORMATIONAL PURPOSES ONLY: Being known and designated as Lot 4, **Block** 4001, **Qualifier** C0039 on the Tax Map in the Borough of Watchung in the County of Somerset, State of NJ

Unofficial Document

RTF-1 (Rev. 7/14/10)
MUST SUBMIT IN DUPLICATE

STATE OF NEW JERSEY

AFFIDAVIT OF CONSIDERATION FOR USE BY SELLER

(Chapter 49, **P.L.**1968, as amended through Chapter 33, **P.L.** 2006) (**N.J.S.A.** 46:15-5 et seq.)

BEFORE COMPLETING THIS AFFIDAVIT, PLEASE READ THE INSTRUCTIONS ON THE REVERSE SIDE OF THIS FORM.

STATE OF NEW JERSEY
} SS.
COUNTY Somerset County Municipal Code 1821

FOR RECORDER'S USE ONLY
Consideration $ 123,062.00
RTF paid by seller $ 123.50
Date 12/17/18 By JA

MUNICIPALITY OF PROPERTY LOCATION Watchung

*Use symbol "C" to indicate that fee is exclusively for county use.

(1) PARTY OR LEGAL REPRESENTATIVE *(Instructions #3 and #4 on reverse side)*

Deponent, Teresa Kleinmeyer (Name), being duly sworn according to law upon his/her oath, deposes and says that he/she is the Grantor (Grantor, Legal Representative, Corporate Officer, Officer of Title Company, Lending Institution, etc.) in a deed dated December 12, 2018 transferring real property identified as Block number 4001 Lot number 4 C0039 located at 39 Schmidt Circle, Watchung (Street Address, Town) and annexed thereto.

(2) CONSIDERATION $ 123,062.00 *(Instructions #1 and #5 on reverse side)* [X] no prior mortgage to which property is subject.

(3) Property transferred is Class 4A 4B 4C (circle one). If property transferred is Class 4A, calculation in Section 3A below is required.

(3A) **REQUIRED CALCULATION OF EQUALIZED VALUATION FOR ALL CLASS 4A (COMMERCIAL) PROPERTY TRANSACTIONS:** *(Instructions #5A and #7 on reverse side)*

Total Assessed Valuation ÷ Director's Ratio = Equalized Assessed Valuation

$ _____ ÷ _____ % = $ _____

If Director's Ratio is less than 100%, the equalized valuation will be an amount greater than the assessed value. If Director's Ratio is equal to or in excess of 100%, the assessed value will be equal to the equalized valuation.

(4) FULL EXEMPTION FROM FEE *(Instruction #8 on reverse side)*

Deponent states that this deed transaction is fully exempt from the Realty Transfer Fee imposed by **C.** 49, **P.L.** 1968, as amended through **C.** 66, **P.L.** 2004, for the following reason(s). Mere reference to exemption symbol is insufficient. Explain in detail.

(5) PARTIAL EXEMPTION FROM FEE *(Instruction #9 on reverse side)*

NOTE: All boxes below apply to grantor(s) *only*. **ALL BOXES IN APPROPRIATE CATEGORY MUST BE CHECKED**. Failure to do so will void claim for partial exemption. Deponent claims that this deed transaction is exempt from State portions of the Basic, Supplemental, and General Purpose Fees, as applicable, imposed by **C.** 176, **P.L.** 1975, **C.** 113, **P.L.** 2004, and **C.** 66, **P.L.** 2004 for the following reason(s):

A. **SENIOR CITIZEN** Grantor(s) [X] 62 years of age or over.* *(Instruction #9 on reverse side for A or B)*

B. **BLIND PERSON** Grantor(s) [ ] legally blind or; *

DISABLED PERSON Grantor(s) [ ] permanently and totally disabled [ ] receiving disability payments [ ] not gainfully employed*

Senior citizens, blind persons, or disabled persons must also meet **all of the following** criteria:
[X] Owned and occupied by grantor(s) at time of sale. [X] Resident of State of New Jersey.
[X] One or two-family residential premises. [X] Owners as joint tenants must all qualify.

*IN CASE OF HUSBAND AND WIFE, PARTNERS IN A CIVIL UNION COUPLE, ONLY ONE GRANTOR NEED QUALIFY IF TENANTS BY THE ENTIRETY.

C. **LOW AND MODERATE INCOME HOUSING** *(Instruction #9 on reverse side)*
[X] Affordable according to H.U.D. standards. [X] Reserved for occupancy.
[X] Meets income requirements of region. [X] Subject to resale controls.

(6) NEW CONSTRUCTION *(Instructions #2, #10, #12 on reverse side)*

[ ] Entirely new improvement. [ ] Not previously occupied.
[ ] Not previously used for any purpose. [ ] **"NEW CONSTRUCTION"** printed clearly at top of first page of the deed.

(7) RELATED LEGAL ENTITIES TO LEGAL ENTITIES *(Instructions #5, #12, #14 on reverse side)*

[X] No prior mortgage assumed or to which property is subject at time of sale.
[X] No contributions to capital by either grantor or grantee legal entity.
[X] No stock or money exchanged by or between grantor or grantee legal entities.

(8) Deponent makes this Affidavit to induce county clerk or register of deeds to record the deed and accept the fee submitted herewith in accordance with the provisions of Chapter 49, **P.L.** 1968, as amended through Chapter 33, **P.L.** 2006.

Subscribed and sworn to before me this 11th day of December, 2018

CYNTHIA J. LAMBO
ATTORNEY AT LAW OF THE STATE OF NEW JERSEY

Signature of Deponent: Janine Rizzon
POA for Seller (Janine Rizzon)

830 Robin Rd Hillsborough, NJ
Deponent Address

XXX-XXX-169
Last three digits in Grantor's Social Security Number

Teresa Kleinmeyer
Grantor Name

39 Schmidt Circle Watchung, NJ
Grantor Address at Time of Sale

A Absolute Escrow
Name/Company of Settlement Officer

FOR OFFICIAL USE ONLY
Instrument Number _____ County Somerset
Deed Number _____ Book _____ Page _____
Deed Dated 12/12/18 Date Recorded 12/17/18

County recording officers shall forward one copy of each RTF-1 form when Section 3A is completed to:

STATE OF NEW JERSEY
PO BOX 251
TRENTON, NJ 08695-0251
ATTENTION: REALTY TRANSFER FEE UNIT

The Director of the Division of Taxation in the Department of the Treasury has prescribed this form as required by law, and it may not be altered or amended without prior approval of the Director. For information on the Realty Transfer Fee or to print a copy of this Affidavit, visit the Division's website at: **www.state.nj.us/treasury/taxation/lpt/localtax.shtml**.

GIT/REP-3
(9-2015)

State of New Jersey

SELLER'S RESIDENCY CERTIFICATION/EXEMPTION

(Please Print or Type)

SELLER'S INFORMATION

Name(s)
Teresa Kleinmeyer by her Attorney in Fact Janine Rizzon

Current Street Address
830 Robin Road

City, Town, Post Office Box	State	Zip Code
Hillsborough,	NJ	08844

PROPERTY INFORMATION

Block(s)	Lot(s)	Qualifier
4001	4	C0039

Street Address
39 Schmidt Circle

City, Town, Post Office Box	State	Zip Code
Watchung	NJ	07069

Seller's Percentage of Ownership	Total Consideration	Owner's Share of Consideration	Closing Date
100%	$123,062.00	100% ($123,062.00)	12/12/2018

SELLER'S ASSURANCES (Check the Appropriate Box) (Boxes 2 through 14 apply to Residents and Nonresidents)

1. ☐ Seller is a resident taxpayer (individual, estate, or trust) of the State of New Jersey pursuant to the New Jersey Gross Income Tax Act, will file a resident gross income tax return, and will pay any applicable taxes on any gain or income from the disposition of this property.
2. ☒ The real property sold or transferred is used exclusively as a principal residence as defined in 26 U.S. Code section 121.
3. ☐ Seller is a mortgagor conveying the mortgaged property to a mortgagee in foreclosure or in a transfer in lieu of foreclosure with no additional consideration.
4. ☐ Seller, transferor, or transferee is an agency or authority of the United States of America, an agency or authority of the State of New Jersey, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, or a private mortgage insurance company.
5. ☐ Seller is not an individual, estate, or trust and is not required to make an estimated gross income tax payment.
6. ☐ The total consideration for the property is $1,000 or less so the seller is not required to make an estimated income tax payment.
7. ☐ The gain from the sale is not recognized for federal income tax purposes under 26 U.S. Code section 721, 1031, or 1033 (CIRCLE THE APPLICABLE SECTION). If the indicated section does not ultimately apply to this transaction, the seller acknowledges the obligation to file a New Jersey income tax return for the year of the sale and report the recognized gain.
   ☐ Seller did not receive non-like kind property.
8. ☐ The real property is being transferred by an executor or administrator of a decedent to a devisee or heir to effect distribution of the decedent's estate in accordance with the provisions of the decedent's will or the intestate laws of this State.
9. ☐ The real property being sold is subject to a short sale instituted by the mortgagee, whereby the seller agreed not to receive any proceeds from the sale and the mortgagee will receive all proceeds paying off an agreed amount of the mortgage.
10. ☐ The deed is dated prior to August 1, 2004, and was not previously recorded.
11. ☐ The real property is being transferred under a relocation company transaction where a trustee of the relocation company buys the property from the seller and then sells the house to a third party buyer for the same price.
12. ☐ The real property is being transferred between spouses or incident to a divorce decree or property settlement agreement under 26 U.S. Code section 1041.
13. ☐ The property transferred is a cemetery plot.
14. ☐ The seller is not receiving net proceeds from the sale. Net proceeds from the sale means the net amount due to the seller on the settlement sheet.

SELLER'S DECLARATION

The undersigned understands that this declaration and its contents may be disclosed or provided to the New Jersey Division of Taxation and that any false statement contained herein may be punished by fine, imprisonment, or both. I furthermore declare that I have examined this declaration and, to the best of my knowledge and belief, it is true, correct and complete. By checking this box ☒ I certify that a Power of Attorney to represent the seller(s) has been previously recorded or is being recorded simultaneously with the deed to which this form is attached.

12-11-18
Date

Janine Rizzon
Signature
(Seller) Please indicate if Power of Attorney or Attorney in Fact
Janine Rizzon, Attorney in Fact for Teresa Kleinmeyer

POA for Seller Janine Rizzon
7089-2475

Date

Signature
(Seller) Please indicate if Power of Attorney or Attorney in Fact

UNOFFICIAL DOCUMENT

CERTIFICATION OF PURCHASER
OF COMPLIANCE WITH THE AGE RESTRICTION REQUIREMENTS OF THE HOUSING FOR OLDER PERSONS EXCEPTION FROM THE FEDERAL FAIR HOUSING AMENDMENTS ACT OF 1988
PURSUANT TO P.L. 2008.C.71

I (we) by signing as grantees below hereby certify that the property known as Block **4001** Lot **4 QUAL C0039** commonly described as **39 SCHMIDT CIRCLE, WATCHUNG, NJ 07069** in the community known as **LAKESIDE VILLAS AT WATCHUNG CONDOMINUM ASSOCIATION** will be occupied by a person of an age to ensure compliance with the "housing for older persons" exception from the Fair Housing Amendments Act of 1988", Pub.L. 100-430 (42 U.S.C. ss.3601 et seq.) as set forth in section 100.301 of Title 24, Code of Federal Regulations.

I (we) hereby certify that this addendum will be recorded in the County of Union as part of the Deed for the property described above.

The Property as described in this Addendum is a resale or a transfer by operation of law. A "resale" is defined for the purposes of this certification as the sale of a dwelling unit within an age restricted community, other than the initial sale of the unit made by the developer.

By : Michael R. Lippe

MICHAEL R. LIPPE

By: _____

STATE OF NEW JERSEY:

COUNTY OF Union :

BE IT REMEMBERED that on the 12 day of December, 2018, before me, the subscriber, the undersigned authority personally appeared the persons named above as grantees who, being by me duly sworn on his oath certifies and makes proof to my satisfaction that he/she/they are the purchaser of the property described above; that the execution as well as the making of this Certification has been duly authorized.

_____

Grantees: MICHAEL R. LIPPE

Notary Public of the State of NJ

Or Attorney At Law of NJ

EILEEN HAWK
Commission # 2365319
Notary Public, State of New Jersey
My Commission Expires
October 10, 2022

A. In the event of a threatened breach of any of the Covenants by the Grantee, or any successor in interest or other owner of the Property, the Administrative Agent shall have all remedies provided at law or equity, including the right to seek injunctive relief or specific performance.

B. Upon the occurrence of a breach of any Covenants by the Grantee, or any successor in interest or other owner of the Property, the Administrative Agent shall have all remedies provided at law or equity including but not limited to forfeiture, foreclosure, acceleration of all sums due under any mortgage, recouping of any funds from a sale in violation of the Covenants, diverting of rent proceeds from illegal rentals, injunctive relief to prevent further violation of said Covenants, entry on the premises, those provided under Title 5, Chapter 80, Subchapter 26 of the New Jersey Administrative Code and specific performance.

EXECUTION BY GRANTOR

Signed by the Grantor on the date hereof. If the Grantor is a corporation, this Deed is signed by a corporate officer who has authority to (a) convey all interests of the corporation that are conveyed by this Deed, and (b) to bind the corporation with respect to all matters dealt with herein.

Janine Rizzon

JANINE RIZZON, Attorney-in-Fact
For TERESA KLEINMEYER, SELLER
POA 7089-2475

Signed, sealed and delivered in the presence of or attested by:

Cynthia Lambo, Esq [seal]

_____ [seal]

_____ [seal]

_____ [seal]

CERTIFICATE OF ACKNOWLEDGEMENT BY INDIVIDUAL

State of New Jersey, County of Somerset

I am either (check one) ____ a Notary Public or X a Attorney at Law, New Jersey an officer authorized to take acknowledgements and proofs in the state of New Jersey. I sign this acknowledgement below to certify that it was executed before me. On this the 17 day of December, 2018, **Janine Rizzon** appeared before me in person. *(If more than one person appears, the words "this person" shall include all persons named who appeared before the officer making this acknowledgement).* I am satisfied that this person is the person named in and who signed this Deed.

This person also acknowledged that the full and actual consideration paid or to be paid for the transfer of title to realty evidenced by this Deed, as such consideration is defined in P.L. 1968, c. 49, sec. 1(c), is **$123,062.00**.

Officer's signature: Sign above, and print stamp or type name below

CYNTHIA J. LAMBO
ATTORNEY AT LAW OF THE STATE
OF NEW JERSEY

R/R TO
ACRE'S LAND TITLE AGENCY, INC.
PO Box 769
Millburn, NJ 07041
Case No. 316298

UNOFFICIAL DOCUMENT

Steve Peter
Somerset County Clerk
20 Grove Street
P.O. Box 3000
Somerville, NJ 08876

Unofficial Document

****

Date Recorded:	12/17/2018	1:32:49 PM
Recorded By:	ARTFITCHJ	
Book & Page:	OPR 7089	2490-2498
Instrument No.:	2018046636	
Number of Pages:	9	
Document Type:	DEED	
Consideration:	$123,062.00	
Exemption:	A SENIOR CITIZEN/BLIND/LOW INCOME	
NJ Realty Transfer Fee:	$123.50	
Recording Fee (inc all addtl charges):	$113.00	

****

DO NOT DISCARD

7p-$100-check

Unofficial Document

NEW CONSTRUCTION

Prepared By:

Mark L. Breitman, Esq.

MANDATORY DEED FORM FOR OWNERSHIP UNITS SUBJECT TO RESTRICTIVE COVENANT REQUIRED BY SECTION 5:80-26.5(d)

Deed

To State Regulated Property
Subject To Restrictive Covenant Limiting Conveyance
And Mortgage Debt

THIS DEED is made on this 2nd day of June,2006 by and between

JDN PROPERTIES III, LLC (Grantor)

2006042815

AND

VALJEAN HENNINGSEN (Grantee)

BRETT A. RADI COUNTY CLERK
SOMERSET COUNTY, NJ
2006 JUL 03 02:00:37 PM
BK:5911 PG:3781-3788
CONS:$143,885.00 EXEMPT: D
NJ XFER FEE:$576.00
INSTRUMENT # 2006042815

40 Schmidt Circle
Watchung NJ 07060

Article 1. Consideration and Conveyance

In return for payment to the Grantor by the Grantee of **ONE HUNDRED FORTY THREEE THOUSAND EIGHT HUNDRED EIGHTY FIVE AND 00/100 ($143,885.00) DOLLARS,** the receipt of which is hereby acknowledged by the Grantor, the Grantor hereby grants and conveys to the Grantee all of the real property as is more specifically described in Article 2, hereof (the Property).

Article 2. Description of Property

The Property consists of all of the land, and improvements thereon, or the

percentage interest therein, that is located in the municipality of **WATCHUNG,** County of **SOMERSET,** State of New Jersey, and described more specifically as Block No. **40.01** Lot **No. 4 C0040,** and known by the street address: **40 SCHMIDT CIRCLE, WATCHUNG, NJ 07069**

As more particularly Unit No. 40 in Building No. A, in Villa Domenico, an Adult Community at Watchung, Inc. Condominium together with an undivided 2.38 percentage interest in the common elements appurtenant thereto as amended from time to time, in accordance with and subject to the terms, limitations, conditions, covenants, restrictions, and other provisions of the Master Deed and Declaration of Restrictive and Protective Covenants of Villa Domenico, an Adult Community at Watchung, Inc. Condominium dated October 24, 2005 and recorded on October 28, 2005 in the Office of the Clerk of Somerset County in Deed Book 5819, Page 3161 et seq. All the terms and conditions of the Master Deed are incorporated herein by reference as if set forth herein by length and we agree to be bound by the terms and conditions set forth therein.

Article 3. Grantor's Covenant

The Grantor hereby covenants and affirms that Grantor has taken no action to encumber the Property.

Article 4. Affordable Housing Covenants and Remedies

Sale and use of the Property is governed by the Declaration Of Covenants, Conditions And Restrictions Implementing Affordable Housing Controls On State Regulated Property that was filed against the Property as Exhibit 1G to the Master Deed dated October 24, 2005 and recorded on October 28, 2005 in **Deed Book 5819 pages 3161 trough 3311** in the offices of the Clerk, County of **SOMERSET** (the "Restrictions), and is subject to all remedies set forth in the Restrictions. Said Declaration is also being filed simultaneous with this Deed.

Article 5. Age Restriction

Occupancy of any Residential Unit shall be restricted to persons of the age 62 years or over, provided, however, that (1) a person of the age 62 years or over may occupy a residential unit as a permanent resident with another permanent resident, regardless of the age of the other permanent resident(s), and/or with a person nineteen (19) years of age of over who is not involved in secondary school; and (2) any person who was permitted to and did occupy a residential unit after the death of such age-qualified person. The residential

UNOFFICIAL DOCUMENT

LEGAL DESCRIPTION

Title No: M-36116
Henningsen

The property consists of all the land and all the buildings and structures on the land in the Borough of Watchung, County of Somerset and State of New Jersey, described as follows:

Unit No. 40 in Building No. A in Villa Domenico, an Adult Community at Watchung, Inc. Condominium together with an undivided 2.38 percentage interest in the common elements appurtenant thereto as amended from time to time, in accordance with and subject to the terms, limitations, conditions, covenants, restrictions and other provisions of the Master Deed and Declaration of Restrictive and Protective Covenants of Villa Domenico, an Adult Community at Watchung, Inc. Condominium, dated October 24, 2005, recorded on October 28, 2005, in the Office of the Clerk of Somerset County in Deed Book 5819 page 3161, et seq.

For information purposes only: being commonly known as Lot 4 C0040 BLDG A Block 4001 on the Tax Map of the Borough of Watchung.

Unofficial Document

Printed by ALL-STATE LEGAL®
A Division of ALL-STATE International, Inc.
www.aslegal.com 800.222.0510

STATE OF NEW JERSEY

AFFIDAVIT OF CONSIDERATION FOR USE BY SELLER

(Chapter 49, P.L. 1968; as amended by through Chapter 66, P.L. 2004)

To be recorded with deed pursuant to Chapter 49, P.L. 1968 as amended by Chapter 308, P.L. 1991 (N.J.S.A. 46:15-5 et seq.)

STATE OF NEW JERSEY
COUNTY OF UNION } SS.

FOR RECORDER'S USE ONLY
Consideration $ 143 885.00
RTF paid by seller $ 576.00 D *
Date 7/3/06 By CH

* Use symbol "C" to indicate that fee is exclusively for county use.

(1) PARTY OR LEGAL REPRESENTATIVE *(See Instructions #3, 4 and 5 attached)*

Deponent, JOSEPH D. NATALE (Name), being duly sworn according to law upon his/her oath deposes and says that he/she is the MANAGING MEMBER (State whether Grantor, Grantee, Legal Representative, Corporate Officer, Officer of Title Co., Lending Institution, etc.) in a deed dated 6/02/06 transferring real property identified as Block No. C0040 Lot No. 4 located at 40 SCHMIDT CIRCLE (Street Address, Municipality, County) and annexed hereto.

(2) CONSIDERATION *(See Instruction #6)*

Deponent states that, with respect to deed hereto annexed, the actual amount of money and the monetary value of any other thing of value constituting the entire compensation paid or to be paid for the transfer of title to the lands, tenements or other realty including the remaining amount of any prior mortgage to which the transfer is subject or which is to be assumed and agreed to be paid by the grantee and any other lien or encumbrance thereon not paid, satisfied or removed in connection with the transfer of title is $143,885.00

(3) FULL EXEMPTION FROM FEE

Deponent states that this deed transaction is fully exempt from the Realty Transfer Fee imposed by c. 49, P.L. 1968, as amended through c. 66, P.L. 2004 for the following reason(s). Explain in detail. (See Instruction #7.) Mere reference to exemption symbol is not sufficient. _____

(4) PARTIAL EXEMPTION FROM FEE

NOTE: *All boxes below apply to grantor(s) only. ALL BOXES IN APPROPRIATE CATEGORY* **MUST BE CHECKED**. *Failure to do so will void claim for partial exemption. (See Instructions #8 and #9.)*

Deponent claims that this deed transaction is exempt from the State portion of the Basic fee imposed by c. 176, P.L. 1975; c. 113, P.L. 2004; and c. 66, P.L. 2004 for the following reason(s): _____

A. SENIOR CITIZEN *(See Instruction #8)*
- ☐ Grantor(s) 62 years of age or over.*
- ☐ One- or two-family residential premises.
- ☐ Resident of the State of New Jersey.
- ☐ Owned and occupied by grantor(s) at time of sale.
- ☐ Owners as joint tenants must all qualify.

B. BLIND *(See Instruction #8)*
- ☐ Grantor(s) legally blind.*
- ☐ One- or two-family residential premises.
- ☐ Owned and occupied by grantor(s) at time of sale.
- ☐ Owners as joint tenants must all qualify.
- ☐ Resident of the State of New Jersey.

DISABLED *(See Instruction #8)*
- ☐ Grantor(s) permanently and totally disabled.*
- ☐ Receiving disability payments.*
- ☐ Not gainfully employed.*
- ☐ One- or two-family residential premises.
- ☐ Owned and occupied by grantor(s) at time of sale.
- ☐ Owners as joint tenants must all qualify.
- ☐ Resident of the State of New Jersey.

*** IN THE CASE OF HUSBAND AND WIFE, ONLY ONE GRANTOR NEED QUALIFY IF OWNED AS TENANTS BY THE ENTIRETY**

C. LOW AND MODERATE INCOME HOUSING *(See Instruction #8)*
- ☐ Affordable According to HUD Standards.
- ☐ Meets Income Requirements of Region.
- ☐ Reserved for Occupancy.
- ☐ Subject to Resale Controls.

(5) NEW CONSTRUCTION *(See Instruction #9) – Affidavit must be executed by Grantor*
- ☒ Entirely new improvement.
- ☒ Not previously used for any purpose.
- ☒ Not previously occupied.
- ☒ "NEW CONSTRUCTION" printed clearly at the top of the first page of the deed.

Deponent makes this Affidavit to induce the County Clerk or Register of Deeds to record the deed and accept the fee submitted herewith in accordance with the provisions of c. 49, P.L. 1968, as amended through c. 66, P.L. 2004.

Subscribed and sworn to before me this Second day of June, 2006
ANTHONY F. NATALE, ESQ
Notary Public

Signature of Deponent

JOSEPH D NATALE
Address of Deponent

JOSEPH D NATALE
Name of Grantor

216 NORTH AVENUE EAST
CRANFORD, NEW JERSEY 07016
Address of Grantor at Time of Sale

ANTHONY F. NATALE, ESQ
Name/Company of Settlement Officer

FOR OFFICIAL USE ONLY
Instrument Number 2006042845 County Somerset
Deed Number _____ Book _____ Page _____
Deed Dated 6/2/06 Date Recorded 7/3/06

IMPORTANT - BEFORE COMPLETING THIS AFFIDAVIT, PLEASE READ THE INSTRUCTIONS ATTACHED.
This form is prescribed by the Director, Division of Taxation in the Department of the Treasury, as required by law, and may not be altered or amended without the approval of the Director.

UNOFFICIAL COPY

GIT/REP-3
(3-06)

State of New Jersey

SELLER'S RESIDENCY CERTIFICATION/EXEMPTION

(C.55, P.L. 2004)

(Please Print or Type)

SELLER(S) INFORMATION (See Instructions, Page 2)

Name(s)
JDN PROPERTIES II, LLC

Current Resident Address:
Street: 216 NORTH AVENUE EAST

City, Town, Post Office	State	Zip Code
CRANFORD	NJ	07016

PROPERTY INFORMATION (Brief Property Description)

Block(s)	Lot(s)	Qualifier
4001	4C0040	

Street Address:
40 SCHMIDT CIRCLE

City, Town, Post Office	State	Zip Code
WATCHUNG	NJ	

Seller's Percentage of Ownership	Consideration	Closing Date
100	143,885.00	6/2/2006

SELLER ASSURANCES (Check the Appropriate Box) (Boxes 2 through 8 apply to NON-residents)

1. ☐ I am a resident taxpayer (individual, estate, or trust) of the State of New Jersey pursuant to N.J.S.A. 54A:1-1 et seq. and will file a resident gross income tax return and pay any applicable taxes on any gain or income from the disposition of this property.
2. ☐ The real property being sold or transferred is used exclusively as my principal residence within the meaning of section 121 of the federal Internal Revenue Code of 1986, 26 U.S.C. s. 121.
3. ☐ I am a mortgagor conveying the mortgaged property to a mortgagee in foreclosure or in a transfer in lieu of foreclosure with no additional consideration.
4. ☒ Seller, transferor or transferee is an agency or authority of the United States of America; an agency or authority of the State of New Jersey, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, or a private mortgage insurance company.
5. ☐ Seller is not an individual, estate or trust and as such not required to make an estimated payment pursuant to N.J.S.A.54A:1-1 et seq.
6. ☐ The total consideration for the property is $1,000 or less and as such, the seller is not required to make an estimated payment pursuant to N.J.S.A. 54A:5-1-1 et seq.
7. ☐ The gain from the sale will not be recognized for Federal income tax purposes under I.R.C. Section 721, 1031, 1033 or is a cemetery plot. (CIRCLE THE APPLICABLE SECTION). If such section does not ultimately apply to this transaction, the seller acknowledges the obligation to file a New Jersey income tax return for the year of the sale.
8. ☐ Transfer by an executor or administrator of a decedent to a devisee or heir to effect distribution of the decedent's estate in accordance with the provisions of the decedent's will or the intestate laws of this state.

SELLER(S) DECLARATION

The undersigned understands that this declaration and its contents may be disclosed or provided to the New Jersey Division of Taxation and that any false statement contained herein could be punished by fine, imprisonment, or both. I furthermore declare that I have examined this declaration and, to the best of my knowledge and belief, it is true, correct and complete.

Date	Signature (Seller) Please indicate if Power of Attorney or Attorney in Fact
6/2/2006	
Date	Signature (Seller) Please indicate if Power of Attorney or Attorney in Fact

Document

units in the aggregate are intended to be "62 or Over Housing", so as to qualify as "housing for older persons, within the meaning of the "Fair Housing Act". Exceptions to these age restrictions may be granted in particular cases by the Developer or the Association in accordance with, and including, but not limited to, Paragraph 11 and its subparts of the Master Deed.

No occupancy of any residential unit shall be permitted, begin or continue if such occupancy violates the provisions of the Master Deed or results in the loss of the Residential Units "62 or over" housing for older persons exception under the Fair Housing Act. No person may transfer, sell, give lease, assign, grant, buy, rent or occupy any residential unit, unless and until such person receives the approval of the Developer or the Association, as the case may be in accordance with the terms and conditions of the Master Deed.

Being also known as Block No. 40.01, Lot No. 4, C0040, on the tax map of the Borough of Watchung.

This Deed has been signed and attested to by the appropriate officers of the GRANTOR and the corporate seal of the GRANTOR is affixed.

WITNESS: **JDN PROPERTIES III, LLC**

By:

ANTHONY NATALE
Attorney at Law of New Jersey

JOSEPH D. NATALE
Managing Member

STATE OF NEW JERSEY:

SS:

COUNTY OF UNION:

I certify that on this 2ND day of JUNE, 2006, **JOSEPH D. NATALE**, who is authorized on behalf of the Limited Liability Company as the managing member named in the foregoing instrument personally appeared before me and acknowledged under oath, to my satisfaction, that he signed, and delivered this instrument as the managing member of the named limited liability company, and that this instrument is the voluntary act and deed of the limited liability company authorized by its membership. The Witness also acknowledges that the full and

UNOFFICIAL COPY

actual consideration paid or to be paid for the transfer of title to realty evidenced by this Deed, as such consideration is defined in P.L. 1968, c. 49, sec.l(c), is $143,885.00.

Anthony Natale
Attorney at Law of NJ

Jeney & Jeney LLC
1953 Westfield Avenue
Scotch Plains, NJ 07076

Unofficial Document

Unofficial Document

BRETT A. RADI
SOMERSET COUNTY CLERK
20 GROVE STREET
P.O. BOX 3000
SOMERVILLE, NJ 08876-1262

****

Recorded:	**07/03/2006 02:00:37 PM**
Book:	**OPR 5911 Page: 3781-3788**
Instrument No.:	**2006042815**
	DEED 8 PGS $100.00
CONSIDERATION:	**$143,885.00**
EXEMPTION:	**D**
NJ REALTY XFER FEE:	**$576.00**
Recorder:	**HECKMAN**

****

DO NOT DISCARD

2006042815

SOMERSET COUNTY

DOCUMENT COVER SHEET

HON. BRETT A. RADI
SOMERSET COUNTY CLERK
PO BOX 3000
20 GROVE STREET
SOMERVILLE, NJ 08876

WWW.CO.SOMERSET.NJ.US

INSTRUMENT # 2018046637

BOOK: 7089 PAGE: 2499-2504

DATE OF DOCUMENT: December 12, 2018	TYPE OF DOCUMENT: Mortgage
FIRST PARTY *(Grantor, Mortgagor, Seller or Assignor)*	SECOND PARTY *(Grantee, Mortgagee, Buyer, Assignee)*
Michael R. Lippe	Watchung Borough
ADDITIONAL PARTIES:	

THE FOLLOWING SECTION IS REQUIRED FOR DEEDS ONLY	
MUNICIPALITY:	MAILING ADDRESS OF GRANTEE:
BLOCK:	
LOT:	
CONSIDERATION:	

THE FOLLOWING SECTION IS FOR ORIGINAL MORTGAGE BOOKING & PAGING INFORMATION FOR ASSIGNMENTS, RELEASES, SATISFACTIONS, DISCHARGES & OTHER ORIGINAL MORTGAGE AGREEMENTS ONLY

BOOK	PAGE	INSTRUMENT #	DOCUMENT TYPE

DO NOT REMOVE THIS PAGE

THIS DOCUMENT COVER SHEET IS PART OF THE SOMERSET COUNTY FILING RECORD

RETAIN THIS PAGE FOR FUTURE REFERENCE

5p.

R/R TO
ACRE'S LAND TITLE AGENCY, INC.
PO Box 769
Millburn, NJ 07041

Case No. 316298

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
Housing Affordability Service
637 South Clinton Avenue
P.O. Box 18550
Trenton, NJ 08650-2085

MORTGAGE SECURING PAYMENT OF
RECAPTURE NOTE IN FAVOR OF THE MUNICIPALITY,
REQUIRED BY SECTION 5:80-26.5(c)

DEED-RESTRICTED AFFORDABLE HOUSING UNIT WITH RESTRICTIONS ON RESALE AND REFINANCING

State of New Jersey
Department of Community Affairs
New Jersey Housing and Mortgage Finance Agency, Housing Affordability Service
Watchung Borough

Affordable Housing Program

Repayment Mortgage

To Secure Payment of Amounts Due
Upon First Non-Exempt Sale
After Expiration of Control Period

THIS MORTGAGE, made on this **December 12, 2018** by and between **Michael R. Lippe,** (the "OWNER") and **Watchung Borough, Municipal Building 15 Mountain Boulevard Watchung, NJ 07069,** (the "Municipality"), in connection with the property described herein (the "PROPERTY");

Article 1. REPAYMENT MORTGAGE NOTE

In consideration of value received, the Owner has signed a Recapture Mortgage Note (the "Note") dated **December 12, 2018**. The Owner promises to pay to the Municipality amounts due under the Repayment Mortgage Note, and to abide by all obligations contained therein.

Article 2. MORTGAGE AS SECURITY FOR AMOUNT DUE

This Mortgage is given to the Municipality as security for the payment required to be paid upon the first non-exempt sale of the Property, as provided under the rules of the New Jersey Housing and Mortgage Finance Agency set forth in N.J.A.C. 5:80-26.1 et seq. Upon the first non-exempt sale of the Property after the date of this Note, the Owner, or the heir, successor or assignee of the Owner then selling the Property, shall pay the sum of **Two Hundred Seventy One Thousand Seven Hundred Twelve Dollars 00/00, ($271,712.00)** pursuant to N.J.A.C. 5:80-26.5(c) to the Municipality. The obligation evidenced by this note shall not accrue interest.

Article 3. PROPERTY DESCRIPTION

All of the land and improvements thereon located in the municipality of **Watchung Borough** in the County of **Somerset**, State of **New Jersey** (hereinafter the "Property"), described more specifically as Block No. **4001**, Lot No. **4**, Qualifier **C0039**, and know by the street address:

39 Schmidt Circle
Watchung, NJ 07069

Article 4. RIGHTS GIVEN TO MUNICIPALITY

The Owner, by mortgaging the Property to the State, gives the Municipality those rights stated in this Mortgage, and all the rights the law gives to the Municipality under Uniform Housing Affordability Controls, which are found in New Jersey Administrative Code at Title 5, chapter 80, subchapter 26 (N.J.A.C. 5:80-26.1, *et seq*).

The rights given to the Municipality are covenants running with the land. The rights, terms and restrictions in this Mortgage shall bind the Owner and all subsequent purchasers and owners of the Property, and the heirs and assigns of all of them. Upon performance of the promises contained in Note and Mortgage, the Municipality will prepare and deliver to the then current owner of record a quitclaim deed or other document of release.

Article 5. DEFAULT

The Municipality may declare the Owner in default on this Mortgage and on the Note if:

1. The Owner attempts to convey an interest in the Property without giving prior written notice to the Municipality;

2. The ownership of the Property is changed for any reason other than in the course of an exempt sale;

3. The Owner fails to make any payment required by the Note;

4. The holder of any lien on the Property starts foreclosure proceedings; or

5. Bankruptcy, insolvency or receivership proceedings are commenced by or against the Owner.

Article 6. MUNICIPALITY'S RIGHTS UPON DEFAULT

If the Municipality declares that the Note and this Mortgage are in default, the Municipality shall have all of the rights given by law or set forth in this Mortgage.

Article 7. NOTICES

ALL NOTICES MUST BE IN WRITING AND PERSONALLY DELIVERED OR SENT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THE ADDRESSES GIVEN IN THIS MORTGAGE. ADDRESS CHANGES MAY BE MADE UPON WRITTEN NOTICE, MADE IN ACCORDANCE WITH THIS ARTICLE 7.

Article 8. NO WAIVER BY MUNICIPALITY

The Municipality may exercise any right under this Mortgage or under any law, even if the Municipality has delayed in exercising that authority, or has agreed in an earlier instance not to exercise that right. The Municipality does not waive its right to declare the Owner is in default by making payments or incurring expenses on behalf of the Owner.

Article 9. EACH PERSON LIABLE

The Mortgage is legally binding upon each Owner individually and all their heirs, assigns, agents and designees who succeed to their responsibilities. The Municipality may enforce any of the provisions of the Note and of this Mortgage against any one or more liable individual.

TITLE INSURANCE COMMITMENT

Issued by **Acres Land Title Agency, Inc.**

AGENT FOR WFG NATIONAL TITLE INSURANCE COMPANY

Commitment Number: 316298

SCHEDULE A

LEGAL DESCRIPTION

All that certain Lot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Watchung in the County of Somerset, State of NJ:

Known as and designated as Unit No. 39 in Building A situated in Villa Domenico, an Adult Community at Watchung, a condominium, established in accordance with the N.J.S.A. 46:8b-1, et seq., together with an undivided 2.38% interest in the General Common elements of said condominium appurtenant to the aforesaid unit in accordance with and subject to the terms, conditions, covenants, restrictions, reservations easements, lien as for assessments, and other provisions as set forth in the current Master Deed of Villa Domenico, an Adult Community at Watchung Condominium, dated October 24, 2005, recorded October 28, 2005, in the Office of the Somerset Clerk/Register in Deed Book 5819, Page 3161, Amended in Deed Book 5883, page 1398; Deed Book 6191, Page 1708 and Deed Book 6237, Page 1071 as same may now or hereafter be lawfully amended.

NOTE FOR INFORMATIONAL PURPOSES ONLY: Being known and designated as Lot 4, **Block** 4001, **Qualifier** C0039 on the Tax Map in the Borough of Watchung in the County of Somerset, State of NJ

Article 10. SUBORDINATION

This Mortgage will not be subordinate, and will not be subordinated by the Municipality, to any mortgage, refinancing, equity loan, secured letter of credit, or any other obligation secured by the Property, except with respect to (a) any such obligation which was duly recorded prior to the recording hereof, and (b) any such obligation which, when added to all other such obligations recorded against the Property, shall result in total debt secured by the Property being an amount less than the maximum resale price that would be applicable were the Control Period still in effect.

Article 11. SUBSEQUENT OWNERS

This Mortgage shall not be released, with respect to any subsequent owner who acquires the property through an exempt transfer unless the transferee shall execute a note and mortgage in the form of the Note and this Mortgage, and the same has been duly recorded.

Article 12. AMENDMENTS

No amendment or change to the Note and this Mortgage may be made, except in a written document signed by both parties and approved by the administrative agent appointed pursuant to N.J.A.C. 5:80-26.1 et seq..

Article 13. SIGNATURES

By executing this Mortgage on page 3, hereof, the Owner agrees to all of its terms and conditions.

Article 14. ACKNOWLEDGEMENT

The Owner acknowledges receipt of a true copy of this Mortgage, at no charge to the State.

IN WITNESS WHEREOF, the Owner(s) has executed this Mortgage for the purposes stated herein.

ATTEST: _____

Michael R. Lippe
Signature of (Owner) MICHAEL R. LIPPE

_____
Signature (Co-Owner)

STATE OF NEW JERSEY)
) ss:
COUNTY OF Union)

BE IT REMEMBERED, that on this the 12 day of December 20 18 the subscriber Michael R Lippe appeared personally before me *(If more than one person signed the foregoing mortgage and appeared before me, the words "the subscriber" and "the Owner" shall include all such persons)* and who, being duly sworn by me, deposed and made proof to my satisfaction (i) that he/she is the Owner named in the foregoing mortgage and (ii) and that he/she has executed said mortgage with respect to the Property and for the purposes described and set forth therein.

Sworn to and subscribed before me, December 12, 2018 on the date set forth above.

NOTARY PUBLIC

EILEEN HAWK
Commission # 2365319
Notary Public, State of New Jersey
My Commission Expires
October 10, 2022

Steve Peter
Somerset County Clerk
20 Grove Street
P.O. Box 3000
Somerville, NJ 08876

****

Date Recorded:	12/17/2018	1:32:49 PM
Recorded By:	ARTFITCHJ	
Book & Page:	OPR 7089	2499-2504
Instrument No.:	2018046637	
Number of Pages:	6	
Document Type:	MORTGAGE	
Recording Fee (inc all addtl charges):	$73.00	

****

DO NOT DISCARD

Acres Land Title Agency, Inc.
P.O. Box 769
Millburn, NJ 07041
(973) 376-4643 Fax: (973) 376-5457

January 26, 2019

Watchung Borough
Municipal Building
15 Mountain Blvd
Watchung, NJ 07069

4001/4 C 0039

Re: TITLE NO: 316298
PREMISES: 39 Schmidt Circle Watchung Borough, NJ 07069
MORTGAGOR (S): Michael R. Lippe

Dear Sir or Madam:

Enclosed herewith please find original recorded Mortgage with reference to the above captioned matter.

If you have any questions, please contact us. We look forward to the next opportunity to serve you.

Very truly yours,

Peter A. Uzzolino

Peter A. Uzzolino
Acres Land Title Agency, Inc.

Enclosures

Encl.

Regional Contribution Agreement to Phillipsburg

REGIONAL CONTRIBUTION AGREEMENT
PURSUANT TO N.J.S.A. 52:27D-301 ET SEQ. BETWEEN
THE BOROUGH OF WATCHUNG (SENDING MUNICIPALITY) AND
THE TOWN OF PHILLIPSBURG (RECEIVING MUNICIPALITY)

This Agreement, made this 28th day of November, 1988 between the Borough of Watchung, hereinafter referred to as "Borough" and the Town of Phillipsburg, hereinafter referred to as "Town".

WHEREAS, the Borough of Watchung, County of Somerset, State of New Jersey, is obligated under rulings of the Supreme Court of New Jersey in South Burlington County NAACP v. Mount Laurel, 67 N.J. 151 (1975) and South Burlington County NAACP v. Mount Laurel, 92 N.J. 158 (1983) to provide housing for persons of low and moderate income; and

WHEREAS, the Fair Housing Act, N.J.S.A. 52:27D-301 et seq. permits transfer, through voluntary inter-municipal agreement, of up to 50% of a municipality's low and moderate income housing obligation, as defined therein, to another municipality within the same region; and

WHEREAS, Borough wishes to transfer a portion of its low and moderate income housing obligation, as defined in the Fair Housing Act, to Town and is willing to contribute to the cost of upgrading such housing; and

WHEREAS, Town wishes to provide additional low and moderate income housing within its boundaries, through rehabilitation, and will be assisted by the financial contributions of Borough to achieve rehabilitated housing at prices within this range; and

WHEREAS, Borough and Town are located within the same geographic region for purposes of such transfer;

NOW, THEREFORE, in consideration for the exchange of mutual promises and for the further consideration recited below, the Borough and the Town agree as follows:

Article 1. TRANSFER OF HOUSING OBLIGATION. Borough will transfer to Town 57 units of its low and moderate income housing obligation, as defined in the Fair Housing Act, and agrees to pay Town $22,000.00 per unit of housing according to the payment Schedule set forth in Article 3 below. Borough shall

have the option to increase or decrease the aforesaid 57 unit total if the Council on Affordable Housing (COAH) changes Borough's fair share number from 132.

Town proposes to use all of paid funds to rehabilitate units pursuant to the project plan referred to in Article 2, of which at least one-half will be for low income households, and the remainder, if any, will be for moderate income families, as defined in the Fair Housing Act, such housing to represent a portion of the fair-housing obligation of Watchung Borough which is less than 50% of that obligation.

Article 2. TOWN'S RESPONSIBILITIES. Town agrees to take all necessary steps, and to act in a diligent manner to perform in good faith all appropriate activities of a receiving municipality pursuant to the Fair Housing Act to include, but not limited to the following:

2.1. Town will develop all project plans required for approval of the housing units transferred hereunder, in accordance with the requirements, including time requirements, of COAH.

2.2. Town will apply to the appropriate agencies for all governmental approvals, whether municipal, county or state, required hereunder, except that the Borough is responsible for obtaining substantive certification of its housing element as provided by the Fair Housing Act.

2.3. Town will rehabilitate housing in accordance with applicable state construction standards so as to qualify same as low and moderate income units.

2.4. Town agrees to market the housing rehabilitated hereunder so as to result in occupancy by persons in the targeted income groups. Town will afford priority to owners/tenants who are residents of Town, in accordance with law, provided that such priority does not render such units ineligible for credit to Borough's fair share.

2.5 In the event that the Borough finances its payments to the Town hereunder by issuing tax-exempt obligations of the Borough, the Town

will (a) use the proceeds of the funds paid by the Borough to the Town hereunder for grants and not for loans to accomplish the purposes of this Agreement (unless bond counsel to the Borough gives prior approval of such loans), (b) reimburse the Borough for any amount of investment earnings on the moneys paid over by the Borough to the Town hereunder which the Borough must rebate to the United States of America and (c) comply with any continuing requirements imposed by the Internal Revenue Code of 1986, as amended, in order to preserve the exemption from taxation of the interest on such obligations of the Borough.

Article 3. BOROUGH'S RESPONSIBILITIES. Borough agrees to make contributions to Town of $22,000.00 per unit transferred to Town. Such contributions will be made according to the schedule set forth in Article 3.1 below, which schedule has been developed and agreed upon by the parties in order to assist Town in meeting costs of rehabilitation and construction incurred prior to the completion of the housing planned hereunder.

The payments to be made by Borough therefore are related directly to the completion of specific phases of development or construction.

3.1. Borough's contributions will be made as follows:

(a)	$ 54,000.00	Said payment will be made on the later of granting of COAH certification and the publication of the adoption of the implementation ordinances by this Borough.
(b)	$100,000.00	Six (6) months following execution of the attached agreement, or from subsequent payment date as set forth in subparagraph (a) above, whichever is later to occur.
(c)	$125,000.00	Twelve (12) months following execution of the attached agreement, or from payment date in subparagraph (a) above, whichever is later to occur.
(d)	$325,000.00	On February 1, 1990, or six (6) months from date set forth or established in subparagraph (c), whichever is later.
(e)	$325,000.00	On July 1, 1990, or six (6) months from date set forth or established in subparagraph (d), whichever is later.

(f)	$325,000.00	On February 1, 1991, or six (6) months from date set forth or established in subparagraph (e), whichever is later.

If Borough exercises its right to increase or decrease the number of units, as provided under Article I, the additional or reduced payments required thereby shall be made in equal installments simultaneously with the remaining payments due hereunder.

Late payments hereunder shall be subject to interest calculated at the prime rate in effect on the date such payment was due or the highest rate then in effect on any debt by town for development hereunder, whichever is less.

3.2. The payments and payment schedule hereunder are entirely the obligation of Borough, regardless of whether the same are paid with Borough funds or funds contributed by developers.

3.3. Borough acknowledges that its contribution hereunder includes a payment, on a per unit basis as paid, to defray costs of infrastructure and other expenses incurred by Town for this undertaking.

3.4. The Borough acknowledges that in the event there are funds paid to the Town over and above the sums necessary to pay for the Town's project Plan to rehabilitate 57 units, that said excess funds shall be applied by the Town towards continuing programs for low and moderate income housing. The obligation to the Town is the rehabilitation of 57 low and moderate income units. Accordingly, any shortfall in the cost of such rehabilitation shall be the responsibility of the Town. Likewise, any excess funds shall remain the property of the Town and shall be utilized for low and moderate income housing programs.

3.5. Borough will use its best efforts to obtain substantive certification of its housing element as provided under the Fair Housing Act.

3.6. Borough will obtain any and all financing necessary, if same is required, to its contribution under this agreement.

Article 3-A It is understood that the Borough of Watchung proposes to provide the funds necessary for payment to the Town of Phillipsburg, as set forth in paragraph 3 of this agreement, pursuant to the Local Bond Law N.J.S.A. 40A:2-3, et seq. Should it be ultimately determined by decision of the Council on

Affordable Housing, or by a Court of competent jurisdiction of the State of New Jersey, that the Borough of Watchung's plan to bond the required payments under the RCA Agreement is unlawful, then, in such event, the Borough of Watchung agrees that said funding shall be made payable in six (6) annual installments. The first installment payment shall be in the sum of FIFTY-FOUR THOUSAND ($54,000.00) Dollars. The second annual installment payment shall be in the sum of ONE HUNDRED THOUSAND ($100,000.00) Dollars. The third annual installment payment shall be in the sum of ONE HUNDRED TWENTY-FIVE THOUSAND ($125,000.00) Dollars. The fourth, fifth and sixth annual installment payments shall be in the sum of THREE HUNDRED TWENTY-FIVE THOUSAND ($325,000.00) Dollars each. Said payments shall be made on or before June 1st of each year. It is assumed that payments will be due and payable upon determination that said bonding plan of the Borough of Watchung is unlawful and providing the Borough has received its substantive certification from the Council on Affordable Housing.

Article 3-B An essential element of the consideration for this RCA is the Borough's securing and maintaining credit under law for 57 units of its low and moderate income housing obligation transferred by this RCA to the Town. Consequently, in the event of an adjudication by any court or tribunal of competent jurisdiction that either this RCA or the Borough's housing element or zoning, affordable housing, or other fair share ordinances approved as part of its substantive certification from COAH do not satisfy its constitutional obligation referred to in N.J.S.A. 52:27D-302 a. and elsewhere in the Fair Housing Act after allowing for the transfer of units under this RCA, that the substantive certification granted to the Borough by COAH was not lawfully granted, that the approvals of this RCA granted by COAH were not lawfully granted, that the approval of the Project Plan by HMFA was not lawfully granted, or in the event of any other adjudication that the Borough is not entitled to 57 units of credit against such obligation under this RCA or that it is legally obligated to replace or augment such units, or a portion of them, in order to meet its constitutional obligation; then the Borough on written notice to the Town may elect to rescind this RCA. Upon such rescission, (i) there shall be no

further obligation of the Borough to transfer monies to the Town, (ii) to the extent that monies already transferred to the Town by the Borough and any interest earned thereon have not yet been utilized or firmly committed to the rehabilitation of housing, such monies and such interest shall be refunded to the Borough less any firmly committed administrative funds. The foregoing language is not intended to limit or waive any rights the parties may otherwise have at law to rescind this RCA, or any remedies arising upon rescission. Upon a finding, adjudication or decision by any court, tribunal, agency or other authority of competent jurisdiction that this R.C.A. for any reason is unconstitutional, illegal or invalid, the obligation of the Town shall be limited solely to refund of the moneys to the Borough without any further liability.

Additionally, in the event litigation is instituted (including a counterclaim or other opposing pleading filed in already existing litigation) seeking any adjudication of the sort referred to in the immediately previous paragraph, the Borough and the Town shall:

(a) Cooperate with each other in the defense of such litigation;

(b) Seek to enter such litigation as a party at the request of the other; and

(c) At the request of the Borough seek (and provide documentation for) appropriate approval from COAH, HMFA and the court for a deferral or stay (to an appropriate time within the 6 year period of the Borough's substantive certification when such litigation is expected to be ultimately resolved or to a time determined by the court) of the requirement of the Borough to transfer monies under this RCA, or to commit to expenditures for the Housing of already transferred monies, to the extent such monies have not been transferred or if transferred have not yet been committed to the Housing; provided that the Borough shall agree to provide any additional monies reasonably required at such time to fund the rehabilitation and/or conversion of 57 units of housing then under contract for rehabilitation. If such approvals are obtained, the parties agree to enter into an amendment to

this RCA or a new RCA or other agreements as appropriate to such approvals and based thereon as approved by COAH.

Article 4. TERM OF AGREEMENT. Payments will be completed no later than February 1, 1992, or as set forth as last date for payment in paragraph 3.1 above and/or Article 3-A above, whichever is applicable. The Town will take all necessary steps to complete rehabilitation within six years of the date of execution of this agreement.

Article 5. REPORTS. Town will file an annual report to the Council on Affordable Housing (COAH) delineating its progress in implementing this agreement, pursuant to the requirements of N.J.A.C. 5:92-11.1(e). The Town shall file any annual submission with the New Jersey Housing and Mortgage Finance Agency that there exists a sufficient number of eligible applicants and/or units to demonstrate continued project plan feasibility. The submittal shall be acceptable to HMFA staff.

Article 6. PROJECT PLAN. The Town will develop and file with COAH proposed project plans for the several phases of development hereunder, in accordance with the requirements, including time requirements, of COAH. Said project plans are hereby incorporated herein.

Article 7. CREDIT TO HOUSING ELEMENT. Town agrees that it will not claim credit toward its own housing element for any low or moderate income units, as defined by the Fair Housing Act, constructed pursuant to this Agreement, but that all such credit shall inure to the benefit of Borough. All housing rehabilitated pursuant to this agreement will be permanently identified in the appropriate records of Town as having been rehabilitated to meet the fair housing obligation of Watchung Borough.

Article 8. CONTINGENCIES. This Agreement is contingent on successful completion of the Borough's receiving unconditional substantive certification of its housing element/fair share plan by the Council on Affordable Housing;

Article 9. EFFECTIVE DATE. This Agreement shall be executed by the Borough of Watchung and the Town of Phillipsburg on the later of the fiftieth (50th) day

after the granting of COAH substantive certification and the publication of the implementation ordinances by the Borough.

Article 10. It is understood the Town's obtaining of COAH approval of its project plan is of the utmost importance to Borough and that Borough's payments as specified herein are of utmost importance to Town.

Article 11. Upon the execution of the RCA, the Town shall enter into a separate agreement with the Council on Affordable Housing that permits COAH to effectively monitor disbursements of the funds received by the Town pursuant to the RCA and further gives COAH the authority to halt disbursements from the account if COAH finds that the implimentation of the RCA is in jeopardy.

ATTEST:

Michele D. Broubalow, Town Clerk

TOWN OF PHILLIPSBURG

BY: William Paul Rummenfield, Mayor

Gladys J. Bartholomew, Clerk

BOROUGH OF WATCHUNG

BY: Kenneth D. Schmidt, Mayor

EDK:cas

5-13-88

REGIONAL CONTRIBUTION AGREEMENT
PURSUANT TO N.J.S.A. 52:27D-301 ET SEQ. BETWEEN
THE BOROUGH OF WATCHUNG (SENDING MUNICIPALITY) AND
THE TOWN OF PHILLIPSBURG (RECEIVING MUNICIPALITY)

This Agreement, made this 28th day of November, 1988 between the Borough of Watchung, hereinafter referred to as "Borough" and the Town of Phillipsburg, hereinafter referred to as "Town".

WHEREAS, the Borough of Watchung, County of Somerset, State of New Jersey, is obligated under rulings of the Supreme Court of New Jersey in South Burlington County NAACP v. Mount Laurel, 67 N.J. 151 (1975) and South Burlington County NAACP v. Mount Laurel, 92 N.J. 158 (1983) to provide housing for persons of low and moderate income; and

WHEREAS, the Fair Housing Act, N.J.S.A. 52:27D-301 et seq. permits transfer, through voluntary inter-municipal agreement, of up to 50% of a municipality's low and moderate income housing obligation, as defined therein, to another municipality within the same region; and

WHEREAS, Borough wishes to transfer a portion of its low and moderate income housing obligation, as defined in the Fair Housing Act, to Town and is willing to contribute to the cost of upgrading such housing; and

WHEREAS, Town wishes to provide additional low and moderate income housing within its boundaries, through rehabilitation, and will be assisted by the financial contributions of Borough to achieve rehabilitated housing at prices within this range; and

WHEREAS, Borough and Town are located within the same geographic region for purposes of such transfer;

NOW, THEREFORE, in consideration for the exchange of mutual promises and for the further consideration recited below, the Borough and the Town agree as follows:

Article 1. TRANSFER OF HOUSING OBLIGATION. Borough will transfer to Town 57 units of its low and moderate income housing obligation, as defined in the Fair Housing Act, and agrees to pay Town $22,000.00 per unit of housing according to the payment Schedule set forth in Article 3 below. Borough shall

have the option to increase or decrease the aforesaid 57 unit total if the Council on Affordable Housing (COAH) changes Borough's fair share number from 132.

Town proposes to use all of paid funds to rehabilitate units pursuant to the project plan referred to in Article 2, of which at least one-half will be for low income households, and the remainder, if any, will be for moderate income families, as defined in the Fair Housing Act, such housing to represent a portion of the fair housing obligation of Watchung Borough which is less than 50% of that obligation.

Article 2. TOWN'S RESPONSIBILITIES. Town agrees to take all necessary steps, and to act in a diligent manner to perform in good faith all appropriate activities of a receiving municipality pursuant to the Fair Housing Act to include, but not limited to the following:

2.1. Town will develop all project plans required for approval of the housing units transferred hereunder, in accordance with the requirements, including time requirements, of COAH.

2.2. Town will apply to the appropriate agencies for all governmental approvals, whether municipal, county or state, required hereunder, except that the Borough is responsible for obtaining substantive certification of its housing element as provided by the Fair Housing Act.

2.3. Town will rehabilitate housing in accordance with applicable state construction standards so as to qualify same as low and moderate income units.

2.4. Town agrees to market the housing rehabilitated hereunder so as to result in occupancy by persons in the targeted income groups. Town will afford priority to owners/tenants who are residents of Town, in accordance with law, provided that such priority does not render such units ineligible for credit to Borough's fair share.

2.5 In the event that the Borough finances its payments to the Town hereunder by issuing tax-exempt obligations of the Borough, the Town

will (a) use the proceeds of the funds paid by the Borough to the Town hereunder for grants and not for loans to accomplish the purposes of this Agreement (unless bond counsel to the Borough gives prior approval of such loans), (b) reimburse the Borough for any amount of investment earnings on the moneys paid over by the Borough to the Town hereunder which the Borough must rebate to the United States of America and (c) comply with any continuing requirements imposed by the Internal Revenue Code of 1986, as amended, in order to preserve the exemption from taxation of the interest on such obligations of the Borough.

Article 3. BOROUGH'S RESPONSIBILITIES. Borough agrees to make contributions to Town of $22,000.00 per unit transferred to Town. Such contributions will be made according to the schedule set forth in Article 3.1 below, which schedule has been developed and agreed upon by the parties in order to assist Town in meeting costs of rehabilitation and construction incurred prior to the completion of the housing planned hereunder.

The payments to be made by Borough therefore are related directly to the completion of specific phases of development or construction.

3.1. Borough's contributions will be made as follows:

(a)	$ 54,000.00	Said payment will be made on the later of granting of COAH certification and the publication of the adoption of the implementation ordinances by this Borough.
(b)	$100,000.00	Six (6) months following execution of the attached agreement, or from subsequent payment date as set forth in subparagraph (a) above, whichever is later to occur.
(c)	$125,000.00	Twelve (12) months following execution of the attached agreement, or from payment date in subparagraph (a) above, whichever is later to occur.
(d)	$325,000.00	On February 1, 1990, or six (6) months from date set forth or established in subparagraph (c), whichever is later.
(e)	$325,000.00	On July 1, 1990, or six (6) months from date set forth or established in subparagraph (d), whichever is later.

(f)	$325,000.00	On February 1, 1991, or six (6) months from date set forth or established in subparagraph (e), whichever is later.

If Borough exercises its right to increase or decrease the number of units, as provided under Article I, the additional or reduced payments required thereby shall be made in equal installments simultaneously with the remaining payments due hereunder.

Late payments hereunder shall be subject to interest calculated at the prime rate in effect on the date such payment was due or the highest rate then in effect on any debt by town for development hereunder, whichever is less.

3.2. The payments and payment schedule hereunder are entirely the obligation of Borough, regardless of whether the same are paid with Borough funds or funds contributed by developers.

3.3. Borough acknowledges that its contribution hereunder includes a payment, on a per unit basis as paid, to defray costs of infrastructure and other expenses incurred by Town for this undertaking.

3.4. The Borough acknowledges that in the event there are funds paid to the Town over and above the sums necessary to pay for the Town's project Plan to rehabilitate 57 units, that said excess funds shall be applied by the Town towards continuing programs for low and moderate income housing. The obligation to the Town is the rehabilitation of 57 low and moderate income units. Accordingly, any shortfall in the cost of such rehabilitation shall be the responsibility of the Town. Likewise, any excess funds shall remain the property of the Town and shall be utilized for low and moderate income housing programs.

3.5. Borough will use its best efforts to obtain substantive certification of its housing element as provided under the Fair Housing Act.

3.6. Borough will obtain any and all financing necessary, if same is required, to its contribution under this agreement.

Article 3-A It is understood that the Borough of Watchung proposes to provide the funds necessary for payment to the Town of Phillipsburg, as set forth in paragraph 3 of this agreement, pursuant to the Local Bond Law N.J.S.A. 40A:2-3, et seq. Should it be ultimately determined by decision of the Council on

Affordable Housing, or by a Court of competent jurisdiction of the State of New Jersey, that the Borough of Watchung's plan to bond the required payments under the RCA Agreement is unlawful, then, in such event, the Borough of Watchung agrees that said funding shall be made payable in six (6) annual installments. The first installment payment shall be in the sum of FIFTY-FOUR THOUSAND ($54,000.00) Dollars. The second annual installment payment shall be in the sum of ONE HUNDRED THOUSAND ($100,000.00) Dollars. The third annual installment payment shall be in the sum of ONE HUNDRED TWENTY-FIVE THOUSAND ($125,000.00) Dollars. The fourth, fifth and sixth annual installment payments shall be in the sum of THREE HUNDRED TWENTY-FIVE THOUSAND ($325,000.00) Dollars each. Said payments shall be made on or before June 1st of each year. It is assumed that payments will be due and payable upon determination that said bonding plan of the Borough of Watchung is unlawful and providing the Borough has received its substantive certification from the Council on Affordable Housing.

Article 3-B An essential element of the consideration for this RCA is the Borough's securing and maintaining credit under law for 57 units of its low and moderate income housing obligation transferred by this RCA to the Town. Consequently, in the event of an adjudication by any court or tribunal of competent jurisdiction that either this RCA or the Borough's housing element or zoning, affordable housing, or other fair share ordinances approved as part of its substantive certification from COAH do not satisfy its constitutional obligation referred to in N.J.S.A. 52:27D-302 a. and elsewhere in the Fair Housing Act after allowing for the transfer of units under this RCA, that the substantive certification granted to the Borough by COAH was not lawfully granted, that the approvals of this RCA granted by COAH were not lawfully granted, that the approval of the Project Plan by HMFA was not lawfully granted, or in the event of any other adjudication that the Borough is not entitled to 57 units of credit against such obligation under this RCA or that it is legally obligated to replace or augment such units, or a portion of them, in order to meet its constitutional obligation; then the Borough on written notice to the Town may elect to rescind this RCA. Upon such rescission, (i) there shall be no

further obligation of the Borough to transfer monies to the Town, (ii) to the extent that monies already transferred to the Town by the Borough and any interest earned thereon have not yet been utilized or firmly committed to the rehabilitation of housing, such monies and such interest shall be refunded to the Borough less any firmly committed administrative funds. The foregoing language is not intended to limit or waive any rights the parties may otherwise have at law to rescind this RCA, or any remedies arising upon rescission. Upon a finding, adjudication or decision by any court, tribunal, agency or other authority of competent jurisdiction that this R.C.A. for any reason is unconstitutional, illegal or invalid, the obligation of the Town shall be limited solely to refund of the moneys to the Borough without any further liability.

Additionally, in the event litigation is instituted (including a counterclaim or other opposing pleading filed in already existing litigation) seeking any adjudication of the sort referred to in the immediately previous paragraph, the Borough and the Town shall:

(a) Cooperate with each other in the defense of such litigation;

(b) Seek to enter such litigation as a party at the request of the other; and

(c) At the request of the Borough seek (and provide documentation for) appropriate approval from COAH, HMFA and the court for a deferral or stay (to an appropriate time within the 6 year period of the Borough's substantive certification when such litigation is expected to be ultimately resolved or to a time determined by the court) of the requirement of the Borough to transfer monies under this RCA, or to commit to expenditures for the Housing of already transferred monies, to the extent such monies have not been transferred or if transferred have not yet been committed to the Housing; provided that the Borough shall agree to provide any additional monies reasonably required at such time to fund the rehabilitation and/or conversion of 57 units of housing then under contract for rehabilitation. If such approvals are obtained, the parties agree to enter into an amendment to

this RCA or a new RCA or other agreements as appropriate to such approvals and based thereon as approved by COAH.

Article 4. TERM OF AGREEMENT. Payments will be completed no later than February 1, 1992, or as set forth as last date for payment in paragraph 3.1 above and/or Article 3-A above, whichever is applicable. The Town will take all necessary steps to complete rehabilitation within six years of the date of execution of this agreement.

Article 5. REPORTS. Town will file an annual report to the Council on Affordable Housing (COAH) delineating its progress in implementing this agreement, pursuant to the requirements of N.J.A.C. 5:92-11.1(e). The Town shall file any annual submission with the New Jersey Housing and Mortgage Finance Agency that there exists a sufficient number of eligible applicants and/or units to demonstrate continued project plan feasibility. The submittal shall be acceptable to HMFA staff.

Article 6. PROJECT PLAN. The Town will develop and file with COAH proposed project plans for the several phases of development hereunder, in accordance with the requirements, including time requirements, of COAH. Said project plans are hereby incorporated herein.

Article 7. CREDIT TO HOUSING ELEMENT. Town agrees that it will not claim credit toward its own housing element for any low or moderate income units, as defined by the Fair Housing Act, constructed pursuant to this Agreement, but that all such credit shall inure to the benefit of Borough. All housing rehabilitated pursuant to this agreement will be permanently identified in the appropriate records of Town as having been rehabilitated to meet the fair housing obligation of Watchung Borough.

Article 8. CONTINGENCIES. This Agreement is contingent on successful completion of the Borough's receiving unconditional substantive certification of its housing element/fair share plan by the Council on Affordable Housing;

Article 9. EFFECTIVE DATE. This Agreement shall be executed by the Borough of Watchung and the Town of Phillipsburg on the later of the fiftieth (50th) day

after the granting of COAH substantive certification and the publication of the implementation ordinances by the Borough.

Article 10. It is understood the Town's obtaining of COAH approval of its project plan is of the utmost importance to Borough and that Borough's payments as specified herein are of utmost importance to Town.

Article 11. Upon the execution of the RCA, the Town shall enter into a separate agreement with the Council on Affordable Housing that permits COAH to effectively monitor disbursements of the funds received by the Town pursuant to the RCA and further gives COAH the authority to halt disbursements from the account if COAH finds that the implimentation of the RCA is in jeopardy.

ATTEST:

Michele D. Broubalow, Town Clerk

TOWN OF PHILLIPSBURG

BY: William Paul Rummenfield, Mayor

Gladys J. Bartholomew, Clerk

BOROUGH OF WATCHUNG

BY: Kenneth D. Schmidt, Mayor

EDK:cas

5-13-88

Tom Tom Realty Inc. Documentation

Project Name: Mixed Use @ 495 Watchung Ave. Unit Inventory Form

	Tenant Name	Address	# Bedrooms	Low/Mod	Unit #	Monthly Rent	Certification Date		
1	Kayla N. Sanford	495 Watchung Ave	1	Mod	3	$1,053.00	07/02/18		
2	Daria Szaroleta	495 Watchung Ave	1	Mod	2W	$1,053.00	08/06/18		
3	Michael A. Drohan	495 Watchung Ave	1	Mod	2E	$1,053.00	08/11/18		
	Prepared by Elizabet Knox, Mgr. of Special Programs								
	New Jersey Housing and Mortgage Finance Agency								
	Housing Affordabiltiy Service								

19

WATCHUNG BOROUGH
15 MOUNTAIN BLVD
WATCHUNG NJ 07069

SOMERSET COUNTY

DOCUMENT COVER SHEET

2017042863

HON. BRETT A. RADI
SOMERSET COUNTY CLERK
PO BOX 3000
20 GROVE STREET
SOMERVILLE, NJ 08876

WWW.CO.SOMERSET.NJ.US

BRETT A. RADI COUNTY CLERK
SOMERSET COUNTY, NJ
2017 OCT 23 11:34:43 AM
BK:6999 PG:1129-1143
INSTRUMENT # 2017042863

(Official Use Only)

DATE OF DOCUMENT:	TYPE OF DOCUMENT:
FIRST PARTY (*Grantor, Mortgagor, Seller or Assignor*)	SECOND PARTY (*Grantee, Mortgagee, Buyer, Assignee*)
ADDITIONAL PARTIES:	

THE FOLLOWING SECTION IS REQUIRED FOR DEEDS ONLY

MUNICIPALITY: Watchung	MAILING ADDRESS OF GRANTEE: Tom Tom Realty, LLC 2 North Road Warren, NJ 07059
BLOCK: 4701	
LOT: 3.01	
CONSIDERATION: 30 year Deed Restriction 3 moderate income units $268,000.-	

THE FOLLOWING SECTION IS FOR ORIGINAL MORTGAGE BOOKING & PAGING INFORMATION FOR ASSIGNMENTS, RELEASES, SATISFACTIONS, DISCHARGES & OTHER ORIGINAL MORTGAGE AGREEMENTS ONLY

BOOK	PAGE	INSTRUMENT #	DOCUMENT TYPE

DO NOT REMOVE THIS PAGE

THIS DOCUMENT COVER SHEET IS PART OF THE SOMERSET COUNTY FILING RECORD

RETAIN THIS PAGE FOR FUTURE REFERENCE

R10:07/20/17

RESOLUTION

Be It Resolved by the Governing Body of the Borough of Watchung that the Mayor and Clerk are authorized to sign the attached agreement and thirty (30) year deed restriction with Tom Tom Realty, LLC, 2 North Road, Warren, New Jersey 07059 for the provision of three (3) moderate income units at 495 Watchung Avenue, and as known on the Borough of Watchung Tax Maps as Block 4701, Lot 3.01, as part of the Borough's affordable housing plan; and

Be It Further Resolved that a copy of this agreement be forwarded to Tom Tom Realty, LLC., Tax Assessor Ed Kerwin, Construction Official Ed Bennett, and the Watchung Engineering Department and that this document be recorded in the Office of the County Clerk.

Date: July 20, 2017
Index: Misc., Finance Misc.

C: B. Hance 7/24/17
T. Atkins

Debra Jane
Council

Stephen K. Pote
Stephen K. Pote, Mayor

I, Michelle DeRocco, Municipal Clerk of the Borough of Watchung, County of Somerset, State of New Jersey, do hereby certify the foregoing to be a correct and true copy of an Resolution adopted by the Mayor and Council at a meeting held on July 20, 2017.

Michelle DeRocco
Michelle DeRocco, RMC

AGREEMENT

This Agreement dated as of the 20 day of July 2017, sets forth the understanding between Tom Tom Realty, LLC ("Tom Tom") and the Borough of Watchung ("Borough") as to the Deed restriction of the three residential apartments to moderate income residential rental units owned by Tom Tom located within the development commonly known as 495 Watchung Avenue, situated in Watchung Borough, Somerset County, New Jersey.

1. Property. Tom Tom is the owner of the mixed use project consisting of 2,000 sq. ft. commercial ("Commercial") and three (3) residential apartments (the "Units") located 495 Watchung Avenue, Watchung, New Jersey, identified as Block 4701, Lot 3.01, on the Tax Map of the Borough of Watchung ("Property").

2. Transfer of Marketability Rights. Tom Tom agrees to sell, transfer, convey and otherwise give to the Borough for a period of thirty (30) years, its property rights to each of the Units to market the rental properties in the free market and to be permitted to sell the properties for the commercial market price, including the right to avoid all further restrictions associated with any Affordability Controls, including, but not limited to the right to mortgage the property ("Marketability Rights"). This sale, transfer and conveyance of the Marketability Rights will during the Deed Restriction Period (defined below), deprive Tom Tom of the right to lease, sell or mortgage the Property in the commercial markets without control as to the price, rent levels, amount of mortgage and pool of selected tenants based upon income levels.

3. Imposition of Affordability Controls. Tom Tom shall subject the Property to the affordability controls (hereinafter the "Affordability Controls") on the three moderate income residential rental Units for a period of thirty (30) years by extending the Affordability Controls from the date the court approves this Agreement (hereinafter the "Deed Restriction Period") on each of the Units (as more fully described on Schedule A attached hereto). The conveyance and imposition of the Affordability Controls will be memorialized by way of a Deed Restriction attached hereto as Schedule B. From and after the commencement of the sale, transfer and conveyance of the Marketability Rights, the residential Units will be governed by the Affordable Housing Regulations and Uniform Housing Affordability Controls set forth at N.J.A.C. 5:80-26.1 et seq., during the Deed Restriction Period.

4. Consideration. As consideration for the sale, transfer and conveyance of the Marketability Rights, the Borough shall pay to Tom Tom the aggregate the sum of Two Hundred Sixty Eight Thousand Dollars ($268,000.00) ("Consideration"). This sum will be paid by the Borough by making a payment to Tom Tom of $268,000.00 not later than September 14, 2017.

5. Assessment. It is agreed that the Units, Project and/or the Property comprising 495 Watchung Avenue will be combined for real estate tax purposes into one tax lot and shall not be carried as individual Units or Commercial ("Property"). It is further acknowledged by the borough that the valuation of the Property for real estate assessment will not include as part of the valuation any part of the consideration being paid by the Borough to Tom Tom for the sale and conveyance of the Marketability Rights, because: (i) the real estate tax assessment reduction has been included in the overall calculation of the quarterly rental assistance payments to reach an adjustment which is "net" of real estate assessment which might have been imposed on the "gross" sum which Tom Tom and the Borough had agreed to for purposes of the sale of the Marketability Rights and extending Affordability Controls for the 30 year period; the (ii) Such payments are being made by the Borough to advance an

MKB RB

affordable housing purpose. Nothing contained in this paragraph shall limit the constitutional obligations and powers of the Tax Assessor. In the event that the Tax Assessor of the Borough of Watchung, the Board of Taxation of the County of Somerset or any court of competent jurisdiction, including the Tax Court of New Jersey, includes the aforesaid consideration or any portion of it, including, but not limited to the quarterly rental assistance payments in the valuation of the Property for real estate assessment, Tom Tom and the Borough shall be required to renegotiate the terms of the Consideration such that the net of the quarterly rental assistance payments are not reduced due to their inclusion in the assessed value of the Project and any resulting increase in real estate taxes for the Project. The exclusion of the consideration, as set forth in this paragraph, including the quarterly periodic rent assistance payments from the valuation of the overall assessment of the Project shall not, however, inure to the benefit of any third party purchaser of the Property, development and/or land, but shall remain in effect for an inter-family transfers by one or both of the current principals of Tom Tom.

6. Improvements to Rental Units. Tom Tom agrees to use good faith efforts to complete the improvement and obtain Certificate of Occupancy for the Units. Tom Tom agrees to use its good faith efforts to maintain and improve the other portions of the Units, Project, and buildings as may need such repair and improvement and to provide a report to the Borough every two years (commencing January 1, 2018, with the first such report due on January 1, 2020) detailing the improvements which have been made to the Property and/or Unit(s) during the prior two (2) year period covered by the report. This reporting obligation shall be an on-going obligation of Tom Tom during the Deed Restriction Period. To the extent that the Units can be considered in accordance with the requirements set forth at N.J.A.C. 5:80-26.2 whereby the Borough may be entitled to credits, Tom Tom will cooperate with the Borough to advance such program.

7. Affordable Rents. As long as the Units remain subject to the Affordability Controls, Tom Tom shall comply with all provisions of the Affordable Housing Regulations and Uniform Housing Affordability Controls set forth at N.J.A.C. 5:80-26.1 et seq. The Units shall be affirmatively marketed, rented and occupied only by income eligible households. The rental amounts shall be restricted in accordance with the regulations. Tom Tom shall be entitled to any HUD announced increases in the restricted rental amounts without any adjustment in the payments to be made by the Borough.

8. COAH/DCA Approval. This Agreement is expressly conditioned upon the Borough obtaining acceptance and approval from the Council on Affordable Housing ("COAH") and/or Department of Community Affairs, Division of Local Planning Services ("DCA") to fund the transfer of the Marketability Rights to the Borough and the imposition of the Affordability Controls as detailed herein from the Borough's Affordable Housing Trust Fund.

9. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

10. Current Lender's Approval. This Agreement is expressly contingent upon Tom Tom obtaining acceptance and approval of the within Agreement from Tom Tom's current lender, Lakeland Bank (formerly known as Harmony Bank), within 60 days of full execution by all parties. (See Exhibit C)

TCF AB

Borough of Watchung

BY: Stephen K. Pote

Stephen K. Pote, Mayor

Dated: July 20, 2017

Tom Tom Realty, LLC

BY: Mitchell T. Berlant Date: July 13, 2017

Mitchell T. Berlant,
Authorized Member

BY: Robert D. Berlant Date: July 13, 2017

Robert D. Berlant
Authorized Member

BY: Thomas C. Fahmie Date: July 13, 2017

Thomas C. Fahmie,
Authorized Member

SCHEDULE A

COMMENCEMENT OF DEED RESTRICTION

Apartment 2E –October 1, 2017 , subject to DCA approval of commencement
Apartment 2W –October 1, 2017 , subject to DCA approval of commencement
Apartment 3 –October 1, 2017 , subject to DCA approval of commencement

SCHEDULE "B"

DEED RESTRICTION

Prepared by:

DEED RESTRICTION
TO MODERATE INCOME RESIDENTIAL RENTAL UNITS
LOCATED AT 495 WATCHUNG AVENUE, WATCHUNG, NEW JERSEY
WITH COVENANTS RESTRICTING RENTALS, CONVEYANCE AND
IMPROVEMENTS AND REQUIRING NOTICE OF FORECLOSURE AND BANKRUPTCY

THIS DEED RESTRICTION, entered into as of this 20 day of July 2017 by and between the Borough of Watchung ("Administrative Agent"), and Tom Tom Realty, LLC, a New Jersey Limited Liability Company, having offices at 2 North Road, Suite 1, Warren, New Jersey, the developer/sponsor (the "Owner") of a residential moderate income rental project subsidized by the State of New Jersey (the "State") in cooperation with the Administrative Agent, under the name of 495 Watchung Avenue, Watchung, New Jersey (the "Project").

WITNESSETH:

Article 1. Consideration

In consideration of the subsidies received for the Project, the Administrative Agent shall pay Owner the sum as specified in the Agreement, and the Owner hereby agrees to abide by the covenants, terms and conditions set forth in this Deed Restriction, with respect to the land and improvements more specifically described in Article 2 hereof (the "Property").

Article 2. Description of Property

The Property consists of all of the land, and improvements thereon, that is located in the Borough of Watchung, County of Somerset, State of New Jersey, and described more specifically as Block 4701, Lot 3.01, and known by the street address 495 Watchung Avenue, Watchung, New Jersey. The specific units to which this Deed Restriction shall apply are identified on Exhibit A attached hereto and made a part hereof.

Article 3. Affordable Housing Covenants

AB
MTB

The following covenants (the "Covenants") shall run with the land for a period of thirty (30) years by extending the Uniform Controls (defined below) from the date the existing controls expire on each of the Unis as more fully described in Exhibit B attached hereto and made a part hereof (the "Control Period")

A. Sale and use of the Property is governed by Regulations known as the Uniform Housing Affordability Controls, which are found in New Jersey Administrative Code at Title 5, Chapter 80, Subchapter 26 (N.J.A.C. 5:80-26.1, et seq., the "Uniform Controls").

B. The Property shall be used solely for the purpose of providing the rental dwelling units for moderate income households, and no commitment for any such dwelling unit shall be given or implied, without exception, to any person who has not been certified for that unit in writing by the Administrative Agent. So long as any dwelling unit remains within its Control Period, sale of the Property must be expressly subject to these Deed Restrictions, deeds of conveyance must have these Deed Restrictions appended thereto, and no sale of the Property shall be lawful, unless approved in advance and in writing by the Administrative Agent.

C. No improvements may be made to the Property that would affect the bedroom configuration of any of its dwelling units, and any improvements to the Property must be approved in advance and in writing by the Administrative Agent.

D. The Owner shall notify the Administrative Agent and the State of any foreclosure actions with respect to the Property within five (5) business days of service upon Owner.

E. The Owner shall notify the Administrative Agent and the State within three (3) business days of the filing of any petition for protection from creditors or reorganization filed by or on behalf of the Owner.

Article 4. Remedies for Breach of Affordable Housing Covenants.

A breach of the Covenants will cause irreparable harm to the Administrative Agent, to the State and to the public, in light of the public policies set forth in the New Jersey Fair Housing Act, the Uniform

RB
Tad
MTB

Housing Affordability Control rules found at N.J.A.C. 5:80-26, and the obligation for the provision of low and moderate income housing.

A. In the event of a threatened breach of any of the Covenants by the Owner, or any successor in interest of the Property, the Administrative Agent and the State shall have all the remedies provided at law or equity, including the right to seek injunctive relief or specific performance.

B. Upon the occurrence of a breach of any Covenants by the Grantee or any successor remedies provided at law or equity including but not limited to forfeiture, foreclosure, acceleration of all sums due under any mortgage, recouping of any funds from a sale in violation of the Covenants, diverting of rent proceeds from illegal rentals, injunctive relief to prevent further violation of said Covenants, entry on the premises, those provided under Title 5, Chapter 80, Subchapter 26 of the New Jersey Administrative Code and specific performance.

IN WITNESS WHEREOF, the Administrative Agent and the Owner have executed this Deed Restriction in triplicate as of the date first above written.

BOROUGH OF WATCHUNG

By Stephen K. Pote

Title MAYOR

Stephen K. Pote, Mayor

Date: July 20, 2017

Tom Tom Realty, LLC

By

Robert D. Berlant,
Authorized Member

Date: July 13, 2017

By

Mitchell T. Berlant,
Authorized Member

Date: July 13, 2017

By

Thomas Fahmie,
Authorized Member

Date: July 13, 2017

EXHIBIT A
UNIT NUMBERS
MOUNT LAUREL HOUSING

UNIT NUMBERS – STREET ADDRESS

Block 4701, Lot 3.01

495 Watchung Avenue, Apartment 2E (Second Floor)
495 Watchung Avenue, Apartment 2W (Second Floor)
495 Watchung Avenue, Apartment 3 (Third Floor)

PB
and
MTB

EXHIBIT B

COMMENCEMENT OF EXTENDED DEED RESTRICTION PERIOD BY BUILDING

495 Watchung Avenue, Watchung, New Jersey, Apartments 2E, 2W and 3 – Expires: September 30, 2047

RB
qd
MTB

LakelandBank
We're simplifying banking.™

October 5, 2017

Mr. Robert Berlant
Tom Tom Realty, LLC
2 North Road
Warren, NJ 07059

Re: 495 Watchung Ave. Watchung, NJ

Dear Mr. Berlant,

This letter will confirm Lakeland Bank's approval of your request for refinancing for the referenced property, which approval is contingent upon your receipt from the Borough of Watchung, of $268,000 in Affordable Housing Rights compensation for the project. Additional information regarding items such as the rate, term, fees and required closing documentation will be issued under separate cover.

We look forward to working with you on this transaction.

Sincerely,

Harry W. Neinstedt
Senior Vice President

Cc: Tom Atkins
Borough of Watchung

(Exhibit "C") RB TA

STATE OF NEW JERSEY :
: SS.:
COUNTY OF SOMERSET :

I certify that on this 20th day of July 2017,

Before me came Stephen K. Pote, known to me to be the Mayor of the Borough of Watchung, the municipality identified as much in the foregoing Deed Restriction, who states that he/she is duly authorized to execute said Deed Restriction on behalf of said municipality, and that he/she has so executed the foregoing Deed Restriction for the purposes stated therein.

Michelle DeRocco
NOTARY PUBLIC OF NEW JERSEY

MICHELLE DEROCCO
Commission # 2214237
Notary Public, State of New Jersey
My Commission Expires
June 11, 2018

STATE OF NEW JERSEY :
: SS.:
COUNTY OF SOMERSET :

I CERTIFY that on this 13th day of July 2017,

Robert D. Berlant, Mitchell T. Berlant and Thomas Fahmie, personally came before me acknowledged under oath, to my satisfaction, that:

a) this person(s) signed and delivered the attached document as the Authorized Members of Tom Tom Realty, LLC, the limited liability company named in this document; and
b) this document was signed and made by the company as its voluntary act and deed by virtue of authority from its Members.

Jodi D. Berlant
NOTARY PUBLIC OF NEW JERSEY
JODI D. BERLANT
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires 10/13/2020

MTB
RB

RECORD AND RETURN TO:

Tom Tom Realty, LLC
Attn: Robert D. Berlant,
Authorized Member
2 North Road
Suite 1
Warren, New Jersey 07059

AGREEMENT

This Agreement dated as of the ___ day of October 2016, sets forth the understanding between Tom Tom Realty, LLC ("Tom Tom") and the Borough of Watchung ("Borough") as to the Deed restriction of the three residential apartments to moderate income residential rental units owned by Tom Tom located within the development commonly known as 495 Watchung Avenue, situated in Watchung Borough, Somerset County, New Jersey.

1. Property. Tom Tom is the owner of the mixed use project consisting of 2,000 sq. ft. commercial ("Commercial") and three (3) residential apartments (the "Units") located 495 Watchung Avenue, Watchung, New Jersey, identified as Block 4701, Lot 3.01, on the Tax Map of the Borough of Watchung ("Property").

2. Transfer of Marketability Rights. Tom Tom agrees to sell, transfer, convey and otherwise give to the Borough for a period of thirty (30) years, its property rights to each of the Units to market the rental properties in the free market and to be permitted to sell the properties for the commercial market price, including the right to avoid all further restrictions associated with any Affordability Controls, including, but not limited to the right to mortgage the property ("Marketability Rights"). This sale, transfer and conveyance of the Marketability Rights will during the Deed Restriction Period (defined below), deprive Tom Tom of the right to lease, sell or mortgage the Property in the commercial markets without control as to the price, rent levels, amount of mortgage and pool of selected tenants based upon income levels.

3. Imposition of Affordability Controls. Tom Tom shall subject the Property to the affordability controls (hereinafter the "Affordability Controls") on the three moderate income residential rental Units for a period of thirty (30) years by extending the Affordability Controls from the date the court approves this Agreement (hereinafter the "Deed Restriction Period") on each of the Units (as more fully described on Schedule A attached hereto). The conveyance and imposition of the Affordability Controls will be memorialized by way of a Deed Restriction attached hereto as Schedule B. From and after the commencement of the sale, transfer and conveyance of the Marketability Rights, the residential Units will be governed by the Affordable Housing Regulations and Uniform Housing Affordability Controls set forth at N.J.A.C. 5:80-26.1 et seq., during the Deed Restriction Period.

4. Consideration. As consideration for the sale, transfer and conveyance of the Marketability Rights, the Borough shall pay to Tom Tom the aggregate the sum of One Hundred Ninety Nine Thousand Five Hundred Dollars ($199,500.00) ("Consideration"). This sum will be paid by the Borough by making a payment to Tom Tom of $199,500.00 not later than November 30, 2016.

5. Assessment. It is agreed that the Units, Project and/or the Property comprising 495 Watchung Avenue will be combined for real estate tax purposes into one tax lot and shall not be carried as individual Units or Commercial ("Property"). It is further acknowledged by the borough that the valuation of the Property for real estate assessment will not include as part of the valuation any part of the consideration being paid by the Borough to Tom Tom for the sale and conveyance of the Marketability Rights, because: (i) the real estate tax assessment reduction has been included in the overall calculation of the quarterly rental assistance payments to reach an adjustment which is "net" of real estate assessment which might have been imposed on the "gross" sum which Tom Tom and the Borough had agreed to for purposes of the sale of the Marketability Rights and extending Affordability Controls for the 30 year period; the (ii) Such payments are being made by the Borough to advance an

affordable housing purpose. Nothing contained in this paragraph shall limit the constitutional obligations and powers of the Tax Assessor. In the event that the Tax Assessor of the Borough of Watchung, the Board of Taxation of the County of Somerset or any court of competent jurisdiction, including the Tax Court of New Jersey, includes the aforesaid consideration or any portion of it, including, but not limited to the quarterly rental assistance payments in the valuation of the Property for real estate assessment, Tom Tom and the Borough shall be required to renegotiate the terms of the Consideration such that the net of the quarterly rental assistance payments are not reduced due to their inclusion in the assessed value of the Project and any resulting increase in real estate taxes for the Project. The exclusion of the consideration, as set forth in this paragraph, including the quarterly periodic rent assistance payments from the valuation of the overall assessment of the Project shall not, however, inure to the benefit of any third party purchaser of the Property, development and/or land, but shall remain in effect for an inter-family transfers by one or both of the current principals of Tom Tom.

6. Improvements to Rental Units. Tom Tom agrees to use good faith efforts to complete the improvement and obtain Certificate of Occupancy for the Units. Tom Tom agrees to use its good faith efforts to maintain and improve the other portions of the Units, Project, and buildings as may need such repair and improvement and to provide a report to the Borough every two years (commencing January 1, 2018, with the first such report due on January 1, 2020) detailing the improvements which have been made to the Property and/or Unit(s) during the prior two (2) year period covered by the report. This reporting obligation shall be an on-going obligation of Tom Tom during the Deed Restriction Period. To the extent that the Units can be considered in accordance with the requirements set forth at N.J.A.C. 5:80-26.2 whereby the Borough may be entitled to credits, Tom Tom will cooperate with the Borough to advance such program.

7. Affordable Rents. As long as the Units remain subject to the Affordability Controls, Tom Tom shall comply with all provisions of the Affordable Housing Regulations and Uniform Housing Affordability Controls set forth at N.J.A.C. 5:80-26.1 et seq. The Units shall be affirmatively marketed, rented and occupied only by income eligible households. The rental amounts shall be restricted in accordance with the regulations. Tom Tom shall be entitled to any HUD announced increases in the restricted rental amounts without any adjustment in the payments to be made by the Borough.

8. COAH/DCA Approval. This Agreement is expressly conditioned upon the Borough obtaining acceptance and approval from the Council on Affordable Housing ("COAH") and/or Department of Community Affairs, Division of Local Planning Services ("DCA") to fund the transfer of the Marketability Rights to the Borough and the imposition of the Affordability Controls as detailed herein from the Borough's Affordable Housing Trust Fund.

9. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

SCHEDULE A

COMMENCEMENT OF DEED RESTRICTION

Apartment One – November 30, 2016
Apartment Two – November 30, 2016
Apartment Three – November 30, 2016

SCHEDULE "B"

DEED RESTRICTION

Prepared by:

DEED RESTRICTION
TO MODERATE INCOME RESIDENTIAL RENTAL UNITS
LOCATED AT 495 WATCHUNG AVENUE, WATCHUNG, NEW JERSEY
WITH COVENANTS RESTRICTING RENTALS, CONVEYANCE AND
IMPROVEMENTS AND REQUIRING NOTICE OF FORECLOSURE AND BANKRUPTCY

THIS DEED RESTRICTION, entered into as of this ____ day of October 2016 by and between the Borough of Watchung ("Administrative Agent"), and Tom Tom Realty, LLC, a New Jersey Limited Liability Company, having offices at 2 North Road, Suite 1, Warren, New Jersey, the developer/sponsor (the "Owner") of a residential moderate income rental project subsidized by the State of New Jersey (the "State") in cooperation with the Administrative Agent, under the name of 495 Watchung Avenue, Watchung, New Jersey (the "Project").

WITNESSETH:

Article 1. Consideration

In consideration of the subsidies received for the Project, the Administrative Agent shall pay Owner the sum as specified in the Agreement, and the Owner hereby agrees to abide by the covenants, terms and conditions set forth in this Deed Restriction, with respect to the land and improvements more specifically described in Article 2 hereof (the "Property").

Article 2. Description of Property

The Property consists of all of the land, and improvements thereon, that is located in the Borough of Watchung, County of Somerset, State of New Jersey, and described more specifically as Block 4701, Lot 3.01, and known by the street address 495 Watchung Avenue, Watchung, New Jersey. The specific units to which this Deed Restriction shall apply are identified on Exhibit A attached hereto and made a part hereof.

RB

Article 3. Affordable Housing Covenants

The following covenants (the "Covenants") shall run with the land for a period of thirty (30) years by extending the Uniform Controls (defined below) from the date the existing controls expire on each of the Unis as more fully described in Exhibit B attached hereto and made a part hereof (the "Control Period")

A. Sale and use of the Property is governed by Regulations known as the Uniform Housing Affordability Controls, which are found in New Jersey Administrative Code at Title 5, Chapter 80, Subchapter 26 (N.J.A.C. 5:80-26.1, et seq., the "Uniform Controls").

B. The Property shall be used solely for the purpose of providing the rental dwelling units for moderate income households, and no commitment for any such dwelling unit shall be given or implied, without exception, to any person who has not been certified for that unit in writing by the Administrative Agent. So long as any dwelling unit remains within its Control Period, sale of the Property must be expressly subject to these Deed Restrictions, deeds of conveyance must have these Deed Restrictions appended thereto, and no sale of the Property shall be lawful, unless approved in advance and in writing by the Administrative Agent.

C. No improvements may be made to the Property that would affect the bedroom configuration of any of its dwelling units, and any improvements to the Property must be approved in advance and in writing by the Administrative Agent.

D. The Owner shall notify the Administrative Agent and the State of any foreclosure actions with respect to the Property within five (5) business days of service upon Owner.

E. The Owner shall notify the Administrative Agent and the State within three (3) business days of the filing of any petition for protection from creditors or reorganization filed by or on behalf of the Owner.

Article 4. Remedies for Breach of Affordable Housing Covenants.

A breach of the Covenants will cause irreparable harm to the Administrative Agent, to the State and to the public, in light of the public policies set forth in the New Jersey Fair Housing Act, the Uniform

RB

Housing Affordability Control rules found at N.J.A.C. 5:80-26, and the obligation for the provision of low and moderate income housing.

A. In the event of a threatened breach of any of the Covenants by the Owner, or any successor in interest of the Property, the Administrative Agent and the State shall have all the remedies provided at law or equity, including the right to seek injunctive relief or specific performance.

B. Upon the occurrence of a breach of any Covenants by the Grantee or any successor remedies provided at law or equity including but not limited to forfeiture, foreclosure, acceleration of all sums due under any mortgage, recouping of any funds from a sale in violation of the Covenants, diverting of rent proceeds from illegal rentals, injunctive relief to prevent further violation of said Covenants, entry on the premises, those provided under Title 5, Chapter 80, Subchapter 26 of the New Jersey Administrative Code and specific performance.

IN WITNESS WHEREOF, the Administrative Agent and the Owner have executed this Deed Restriction in triplicate as of the date first above written.

BOROUGH OF WATCHUNG

By_____

Title_____ Date_____
Mayor

Tom Tom Realty, LLC

By_____ Date 10-10-16
Robert D. Berlant,
Authorized Member

By_____ Date 10-10-16
Mitchell T. Berlant,
Authorized Member

By_____ Date 10-10-16
Thomas Fahmie,
Authorized Member

STATE OF NEW JERSEY :
: SS.:
COUNTY OF SOMERSET :

I certify that on this ____ day of October 2016,

Before me came _____, known to me to be the Mayor of the Borough of Watchung, the municipality identified as much in the foregoing Deed Restriction, who states that he/she is duly authorized to execute said Deed Restriction on behalf of said municipality, and that he/she has so executed the foregoing Deed Restriction for the purposes stated therein.

Notary

_____
NOTARY PUBLIC OF NEW JERSEY

STATE OF NEW JERSEY :
: SS.:
COUNTY OF SOMERSET :

I CERTIFY that on this 10 day of October 2016,

Robert D. Berlant, Mitchell T. Berlant and Thomas Fahmie, personally came before me acknowledged under oath, to my satisfaction, that:

a) this person(s) signed and delivered the attached document as the Authorized Members of Tom Tom Realty, LLC, the limited liability company named in this document; and
b) this document was signed and made by the company as its voluntary act and deed by virtue of authority from its Members.

Jaime A. Berlant
NOTARY PUBLIC OF NEW JERSEY

JAIME A. BERLANT
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires 10/2/2020

EXHIBIT A
UNIT NUMBERS
MOUNT LAUREL HOUSING

UNIT NUMBERS – STREET ADDRESS

Block 4701, Lot 3.01

495 Watchung Avenue, Apartment 1 (Second Floor)
495 Watchung Avenue, Apartment 2 (Second Floor)
495 Watchung Avenue, Apartment 3 (Third Floor)

AB

EXHIBIT B

COMMENCEMENT OF EXTENDED DEED RESTRICTION PERIOD BY BUILDING

495 Watchung Avenue, Watchung, New Jersey, Apartments 1, 2 and 3 – November 30, 2046

AB

RECORD AND RETURN TO:

Tom Tom Realty, LLC
Attn: Robert D. Berlant,
Authorized Member
2 North Road
Suite 1
Warren, New Jersey 07059

Brandywine at Mountain Ridge Documentation

Watchung Associates LLC. Documentation

BOROUGH OF WATCHUNG
BOARD OF ADJUSTMENT

APPLICATION NO. BA15-21
Watchung Associates, LLC
708 Mountain Boulevard
Block 3.01, Lots 31 and 32.01

RESOLUTION BA17-R6

WHEREAS, Watchung Associates, LLC, a limited liability corporation of New Jersey ("Watchung Associates" or the "Applicant"), filed the initial phase of a bifurcated application with the Borough of Watchung Zoning Board of Adjustment (the "Board"), seeking use variance relief pursuant to N.J.S.A. 40:55D-70(d) for the construction of a maximum of a 25 unit residential, non-age restricted, townhouse development, on property identified as Block 3.01, Lots 31 and 32.01 on the Tax Map, located at 708 Mountain Boulevard, consisting of approximately 3.49 acres, formerly the site of O'Connor's Beef N' Ale House (the "Property" or the "Site"); and

WHEREAS, the Property is split-zoned, with the majority of it located in the B-B (Professional Office) Zone, and a small portion in the rear located in the R-R (Rural Single-Family Residential) Zone District; and

WHEREAS, on May 14, 2015, after duly noticed public hearings, the Board granted the use variance phase of the bifurcated application (the "2015 Application") by Watchung Associates, by a vote of 5 to 2, and memorialized same in Resolution BA 2015-10 (the "2015 Approval"), which was adopted by the Board on June 11, 2015; and

WHEREAS, on October 15, 2015, Watchung Associates filed the second phase of the bifurcated application seeking site plan approval with variance and waiver relief for the construction of a 24 unit residential, non-age restricted, townhouse development on the Property; and

WHEREAS, on February 25, 2016, after multiple duly noticed public hearings, the Board denied the site plan application and variance and waiver relief sought by Watchung Associates in the second phase (the "2016 Application"), by a vote of 4 to 3, and memorialized same in Resolution 2016-R2, which was adopted by the Board on March 10, 2016 (the "2016 Approval"); and

WHEREAS, on May 13, 2016, Watchung Associates filed an Action in Lieu of a Prerogative Writ (the "Action") with the Superior Court of New Jersey, Law Division of Somerset County (the "Court"), having a docket number of L-668-16, alleging that the denial of the site plan application and variance and waiver relief by the Board was arbitrary, capricious,

and unreasonable, and the Board filed a contesting answer and vigorously defended against said Action and claims; and

WHEREAS, Watchung Associates and the Board reached an agreement as to the principle terms of a settlement contingent on a properly noticed (by Watchung Associates) public hearing, public vote and written Resolution, compliant with the statutory safeguards in settling land use litigation set forth in Whispering Woods at Bamm Hollow v. Middletown Planning Bd., 220 N.J. Super. 161 (Law Div. 1987); Friends of Peapack-Gladstone v. Borough of Peapack-Gladstone Land Use Bd., 407 N.J. Super. 404 (App. Div. 2009); Gandolfi v. Town of Hammonton, 367 N.J. Super. 527, 548 (App. Div. 2004); Warner Co. v. Sutton, 247 N.J. Super. 464 (App. Div. 1994); Pawlynsky v. Princeton Planning Bd., 2014 N.J. Super. Unpub. LEXIS 378 (Law Div. Feb 25, 2014) and their progeny (a "Whispering Woods Hearing"); and

WHEREAS, on October 25, 2017, a duly noticed Whispering Woods Hearing took place during which the Board considered the contingent settlement agreement, wherein the Applicant sought preliminary and final site plan approval and the following variance and site plan exception relief relating to the construction of four (4) buildings containing five (5) residential townhouse footprints each (20 footprints total) and one (1) building containing two (2) townhouse footprints, for a site total of 22 townhouse footprints, one (1) of which will contain four (4) affordable family rental units:

1. A variance for a proposed impervious coverage in the R-R District of 45%, whereas the maximum permitted impervious coverage is 25%, pursuant to Section 28-404(D) of the Land Development Ordinance of the Borough of Watchung (the "Land Development Ordinance");

2. A variance for a proposed residential driveway width of 30 feet at the entrance of Mountain Boulevard, whereas the maximum permitted driveway width is 24 feet, pursuant to Section 28-401(W)(2)(a)(11) of the Land Development Ordinance;

3. A variance for a multi-family residential development without a recreation area, whereas a recreation area is required to be provided by a developer of a multi-family residential development, pursuant to Section 28-505(A) of the Land Development Ordinance;

4. A variance for a 3 story building for Unit One (the southeast most townhouse footprint containing the 4 affordable units), whereas the maximum permitted height in the B-B District is 2.5 stories, pursuant to Section 28-407(C)(1) of the Land Development Ordinance;

5. A site plan exception for a cul-de-sac with an outside cartway radius of 40 feet, whereas the minimum required outside cartway radius is 50 feet, pursuant to Section 28-606(E)(2) of the Land Development Ordinance;

6. A site plan exception for a cul-de-sac providing access to twenty-five (25) single-family units onsite and multiple single-family dwellings to the rear of the Site, and having a length of greater than 1,500 lineal feet, whereas a cul-de-sac shall not provide access to more than twenty (20) units and shall not be greater than 1,500 lineal feet, pursuant to Section 28-606(E)(1) of the Land Development Ordinance;

7. A site plan exception for a dead end street without a turnaround or sufficient width to turn around, whereas same is prohibited pursuant to Section 28-606(E)(4) of the Land Development Ordinance;

8. A site plan exception for connecting street lines that deflect from each other at any one point by a curve with a radius of less than 100 feet for residential collector and residential access streets, whereas same is prohibited by Section 28-606(D)(11) of the Land Development Ordinance; and

9. A site plan exception for an approach to an intersection that does not follow a straight line for at least 100 feet, whereas approaches to all intersections shall follow a straight line for at least 100 feet, pursuant to Section 28-606(G)(2) of the Land Development Ordinance; and

WHEREAS, the Board after carefully considering the evidence presented by the Applicant, any objectors and all members of the public, and the reports from consultants and reviewing agencies, has made the following factual findings and conclusions:

FINDINGS OF FACT

1. The Property is an approximately 3.50 acre lot fronting on Mountain Boulevard. The Property is currently vacant and was formerly occupied by the O'Connor's Beef N' Ale House restaurant. Additionally, the Property contains an existing driveway and a 20-foot-wide access easement along the westerly property line.

2. The Property is split-zoned because it is bisected by a zone limit line with the R-R (Rural single-family Residential) zone to the north and the B-B (Professional and Office) (rezoned from B-A) zone to the south along Mountain Boulevard.

3. The Applicant proposes to construct 22 residential townhouse footprints to be contained within five (5) buildings. Of the 22 townhouse footprints, 21 will have a single market rate, owner occupied unit, and one will have 4 affordable, family rental units.

4. The Applicant's proposal is set forth on Engineering Plans prepared by Joseph G. Jaworski, P.E., of Dynamic Engineering, dated October 3, 2017, unrevised, same consisting of 20 sheets; and Architectural Plans prepared by Rocco Campanella, R.A., of Architecture Plus, PC, dated October 3, 2017, unrevised, same consisting of three (3) sheets. The Applicant also

submitted a Stormwater Management Report prepared by Mr. Jaworski, of Dynamic Engineering, dated October 2017.

5. The requested variance relief falls within the criteria of N.J.S.A. 40:55D-70(c).

6. Joseph Sordillo, Esq., of McElroy, Deutsch, Mulvaney & Carpenter, LLP, entered his appearance on behalf of the Applicant. Steven K. Warner, Esq., the Board Attorney, recited the history of this matter and briefly explained the Whispering Woods Hearing procedure. Mr. Sordillo advised that the Applicant met with the objecting property owners before the hearing and was able to allay their concerns.

7. David A. Stires, P.E., P.P., C.M.E., the Borough Engineer and Planner, and Ed Bennett, the Borough Construction Official, were duly sworn according to law.

8. Joseph G. Jaworski, P.E., having a business address of 245 Main Street #110, Chester, New Jersey, was duly sworn according to law, and having previously provided his qualifications, was accepted by the Board as an expert in the field of civil engineering. Mr. Jaworski entered the following exhibits into evidence:

- **Exhibit A-1**: A colorized aerial photograph of the surrounding area (Sheet 3 of the Engineering Plans), dated October 3, 2017;
- **Exhibit A-2**: A colorized site plan rendering (Sheet 4 of the Engineering Plans), dated October 3, 2017;
- **Exhibit A-3**: A colorized site plan rendering of what was proposed as part of the 2015 Application, dated August 10, 2015; and
- **Exhibit A-4**: A Landscaping cross-section (Sheet AA), dated October 18, 2017.

9. Referencing Exhibit A-1, Mr. Jaworski described the existing conditions, noting that the lot was split-zoned such that approximately 80% (124,038 square feet) of the Property is zoned B-B (Professional and Office) and the balance (27,878 square feet) of the Property is zoned R-R (Rural Single-Family Residential).

10. Referencing Exhibit A-2, Mr. Jaworski described the proposal and testified as to the location of the proposed buildings, sidewalks, parking spaces, and other improvements.

11. Referencing Exhibit A-3, Mr. Jaworski testified that the proposal contains one less footprint in the formerly 6 (now 5) unit building running parallel to Mountain Boulevard at the westerly side of the Site, than did the initial proposal (which the Board denied). This increases the side-yard setback from Lot 6.01 to the most westerly unit from 27.7 feet to 44.8 feet. Mr. Jaworski testified that, although not shown on the plans, there would be an evergreen buffer and a 3-foot tall berm along the westerly side of the Property.

12. Referencing Exhibit A-4, Mr. Jaworski testified that the Applicant revised the plans from the 2015 Application to include a staggered row of evergreens planted on a three (3) foot tall berm located atop a retaining wall along the westerly side of the development along Lot 6.01. He further testified that the evergreens would be 6' to 7' tall at planting and stipulated that the Applicant would maintain the proposed buffer for the life of the development.

13. Joel Cohen, Esq., of Flanzbaum & Cohen, LLC, entered his appearance on behalf of Edward and Sharon Williams, the owners of Lot 6.01 immediately adjacent to the west of the Property. Mr. Cohen represented that his clients were satisfied with the Applicant's proposal to remove Unit 6, increase the green space, and install the aforementioned landscaping berm. He further testified that his clients no longer objected to the application and confirmed that, as their counsel, he had no intention of appealing or otherwise seeking relief from same or the terms of the Whispering Woods Settlement Agreement.

14. Mr. Jaworski testified that the current application was much improved as compared to what was proposed as part of the 2016 Application, for the following reasons:

- The Proposal includes four affordable rental units (which will be maintained by the developer or its affiliate) whereas the 2016 Application provided for no affordable units;
- A concrete pad for a bus stop and sidewalks would be installed along the westerly side of the access road;
- The height of the retaining wall adjacent to Units 11 and 12 in the northerly portion of the Property would be reduced from 8 feet to 4 feet at the highest point, because the elimination of one (the most northerly) unit allowed for additional grading;
- In the 2016 Application, the Applicant sought variance relief for building coverage in the R-R zone of 19.3%, whereas the maximum permitted coverage is 15%, and the current application requests only 14.7% building coverage in that zone, thereby eliminating the need for a variance. As to the portion of the Property in the B-B zone, the proposal results in building coverage of 27.5%, whereas the 2016 Application sought approval for 28.6% building coverage in that zone;
- In the 2016 Application, the Applicant sought variance relief for an impervious coverage of 49.9% in the R-R zone, whereas the maximum permitted impervious coverage is 25%, and the Applicant now proposes 45% impervious coverage, thereby reducing the amount of impervious coverage sought by the Applicant. As to the impervious coverage in the B-B zone, the application is, and, in 2016, was, compliant;
- The proposal provides for additional common parking spaces; and

- The proposal was discussed with the objecting members of the public and/or their counsel and was deemed to be satisfactory to them.

15. On questioning by the Board, Mr. Jaworski confirmed that there would be sufficient parking available to the residents of the affordable units. The Applicant stipulated that it would comply with the requirements for phasing of affordable housing units with the market rate residential units in accordance with the Council on Affordable Housing's ("COAH") Second Round regulations, specifically N.J.A.C. 5:93-5.6(d), and that all of the affordable units would be constructed prior to completion of the last market rate unit.

16. On questioning by the Board as to the proposed street lighting, Mr. Jaworski testified that the Applicant proposed 11 pole mounted light fixtures having a height of 15 feet each. He referenced the Applicant's Lighting Plan and the Applicant stipulated that the light fixtures would be downward directed and shielded appropriately, and that the Landscaping Plan in its entirety would be subject to the review and approval of the Borough Engineer.

17. Mr. Jaworski testified that the proposed sidewalk would be compliant with the Americans with Disabilities Act ("ADA") and the Applicant stipulated to same (Policy Item 1 on the Review Memorandum prepared by David A. Stires, P.E., P.P., C.M.E., Borough Engineer [the "Review Memo"]). The Applicant further stipulated to submitting details of the landscaping foundation treatments which would be subject to the review and approval of the Borough Engineer.

18. As to the Review Memo, the Applicant stipulated to complying with the comments and requirements set forth therein, and specifically testified to the following items:

- Policy, Item 2: Mr. Jaworski testified that the existing driveway access and utility easements remained in place and that the Applicant had agreements with the neighboring property owners to effectuate same. The Applicant stipulated, as a condition of approval, to obtaining the necessary utility easements from JCP&L and PSE&G. Lastly, the Applicant stipulated to revising the engineering plans to depict the necessary relocation of the existing utility pole and guy wire.

- Policy, Item 3: The Applicant stipulated to obtaining the required waivers from the Residential Site Improvement Standards ("RSIS");

- Utilities, Item 3: The Applicant stipulated to submitting the revised plans to the Borough Fire Department and that same would be subject to its review and approval (including the sufficiency and accessibility of the fire hydrants);

- Miscellaneous, Item 1: The Applicant stipulated to a posted speed of not more than 15 miles per hour in accordance with AASHTO standards and further stipulated that

the posted speed limit would be subject to the review and approval of the Borough's professionals; and

- Miscellaneous, Item 4: Mr. Jaworski testified that the Applicant had already submitted its application to the Somerset County Planning Board and was awaiting the County Planning Board's response.

19. On discussion with the Applicant, the Board recognized that if an ADA space was required in the common area, there would be one less parking space available and that said reduction would not require the Applicant to return to the Board for approval of same. On questioning, Mr. Jaworski testified that the parking spaces were 9'x18' as required by the Land Development Ordinance.

20. Marc T. Marion, R.A., of Architecture Plus, having a business address of 1130 Route 202 South, Building B, Suite 5, Raritan, New Jersey, was duly sworn according to law, and, having previously provided his credentials, was accepted by the Board as an expert in the field of architecture.

21. Referencing Sheet 1 of the Architectural Plans, dated October 3, 2017, Mr. Marion described the proposed materials to be used. He testified that the exterior was no longer stucco (as initially proposed), but would instead be HardiePlank siding with stone accents.

22. Mr. Marion testified that all of the internal dwelling units would be 27 feet wide and the end units would be 30 feet wide. He further testified that all of the market rate units, except for one unit, would have a 2 car garage and a full basement, and that the market rate units would have space to accommodate an elevator.

23. Mr. Marion testified that the Applicant intended to occupy Unit 12, the most northerly unit, and that it would be 32 feet wide, with a 3 car garage, and would contain 3,200 square feet of livable space. He further testified that Unit 17, adjacent to the William's property (Lot 6.01) in the westerly portion of the development, while having a front entrance on the westerly side, would have a side-loaded garage such that the garage would face the street and <u>not</u> the Williams' Lot 6.01.

24. As the affordable housing units, Mr. Marion testified that same would be located in Unit 1. He further testified that the affordable housing units would include a three bedroom unit on the lower level, a 2 bedroom, ADA accessible unit on the main floor, and one 2 bedroom unit and one 1 bedroom unit on the upper level. Mr. Marion described the layout of Unit 1 as including a common stairway and confirmed that the main floor apartment would be in compliance with the Barrier Free Subcode requirements. He stated that the proposed bedroom distribution for the affordable housing units was almost in accordance with the COAH requirements for same.

25. Mr. Marion introduced into evidence, as **Exhibit A-5**, a colorized version of Sheets 7 and 8 of the Engineering plans, dated October 3, 2017. As to the height of Unit 1, Mr. Marion accepted Mr. Bennett's interpretation of the definition of "story" and requested that the Board grant variance relief for a third story for that unit, whereas only 2.5 stories are permitted. Mr. Marion reminded the Board that Unit 1 would be used for affordable housing which will serve the public good. He confirmed that only Unit 1 required the aforementioned height variance relief.

26. Denise Wilson, having an address of 726 Mountain Boulevard (Block 301, Lot 33), inquired whether the potential internal unit elevators would accommodate a stretcher. She was advised that these elevators would not as they were not subject to the same requirements as commercial elevators or staircases.

27. John McDonough, A.I.C.P., P.P., having a business address of 101 Gilbralter Drive, Morris Plains, New Jersey, was duly sworn according to law, provided his credentials and was accepted by the Board as an expert in the field of professional planning.

28. Mr. McDonough testified that the Applicant reduced the total number of townhouse footprints proposed in the 2016 Application while still providing four (4) affordable units, which were not part of the initial application. He explained that the Property was a split zoned lot. Mr. McDonough testified that the building coverage relief requested related to the R-R zoned portion of the Property.

29. Mr. McDonough opined that the Applicant had demonstrated that the proposed development will serve multiple purposes set forth in the Municipal Land Use Law (N.J.S.A. 40:55D-1, et. seq.) and that the benefits to be derived from the development will substantially outweigh the modest detriments associated therewith. Mr. McDonough testified that development advances the purposes set forth in N.J.S.A. 40:55D-2, specifically those set forth in the following subparagraphs: (a), (g), (e), (i), and (m) because the development promotes the general welfare; promotes the establishment of appropriate population densities; provides sufficient space for residential development in an appropriate place; promotes a desirable visual environment; and encourages the efficient use of land. In this regard, he explained that the proposal includes affordable housing units that are integrated with the market rate units, serves as a transition area between the B-B and R-R zones, and improved the aesthetics of the Property through landscaping improvements along the perimeter of same.

30. Mr. McDonough testified that, if the Property was located entirely within the B-B or R-M-L VI zone, the requested relief would not be necessary because the maximum permitted lot coverage in said zone is 45%.

31. As to the driveway width (24' required; 30' proposed), Mr. McDonough explained that the wider width would better regulate on-street parking. As to the lack of a recreation area, he testified that the recreation area was unnecessary given the inclusion of patios

and decks in the design of the structures and the location of the development proximate to public parks and ballfields.

32. As to the number of stories (2.5 permitted; 3 proposed) in Unit 1, Mr. McDonough opined that the additional story was necessary to provide a sufficient number of affordable units which were an inherently beneficial use.

33. As to the requested site plan exceptions, Mr. McDonough opined that the Applicant's requested relief improved safety for the residents at the development and that the Applicant's requests were reasonable.

34. As to the negative criteria for the requested variance relief, Mr. McDonough testified that the development would not result in substantial detriment to the public good or substantial impairment of the zone plan. In this regard, he opined that the development served as a transition lot between the residential and commercial uses adjacent to it. He further opined that the Applicant worked with the adjacent homeowners to ensure the proposal would not impact them negatively and noted that the residents that previously objected to the proposal, found the proposal to be acceptable. Mr. McDonough advised that the Property would be well-maintained because there would be a Homeowners' Association responsible for same.

35. Denise Wilson, having an address of 726 Mountain Boulevard (Block 301, Lot 33), was duly sworn according to law. Ms. Wilson expressed concern that the Applicant would not construct the buildings as shown on the plans. In response, the Applicant stipulated that it would construct the dwellings as depicted on the plans aside from field changes, which would be subject to the approval of the Borough Engineer. Ms. Wilson inquired as to the timing of construction and whether there were any noise restrictions. Mr. Bennett explained that there were ordinances in place limiting the time that construction activities could take place (7:00 am to 9:00 pm on weekdays) so as to minimize excessive noise. The Applicant confirmed that Ms. Wilson, as well as the other adjacent neighbors, would be able to access their properties from either the existing entrance or the proposed new entrance throughout the construction process.

36. Inez Figueiras, having an address of 730 Mountain Boulevard (Block 301, Lot 32.02), was duly sworn according to law. She expressed concern about interruption in her water and sewerage services during the construction of the development. Anthony Paola, the principal of the LLC Applicant, was duly sworn according to law. He explained that Ms. Figuieras' sewer service would not be affected because new sewer lines would be installed prior to the disturbance of the existing sewer lines.

37. Edward Williams, having an address of 740 Mountain Boulevard (Block 102, Lot 6.01), was duly sworn according to law. He expressed concern about screening between his property and the development. He inquired what would happen if any of the construction on the easements was prohibited by the utility company. Mr. Sordillo explained that the Applicant would have to come back to the Board and that Mr. Williams would receive notice and an

opportunity to be heard if that happened. Mr. Stires opined that, generally, when one of the sewer or water easements is no longer necessary and an alternative easement is provided, there would not be an issue.

DECISION

38. After reviewing the evidence submitted, the Board, by a vote of 7 to 0, finds that the Applicant has met its burden of proof for the requested preliminary and final major site plan, site plan exception, and variance relief under N.J.S.A. 40:55D-70(c)(2). Moreover, in accordance with Whispering Woods at Bamm Hollow v. Middletown Planning Bd., 220 N.J. Super. 161 (Law Div. 1987) and its progeny, the Board approves the Settlement Agreement, which was subject to public notice, a public hearing thereon, a public vote, and the within publicly adopted resolution.

39. The Board finds that the Applicant has satisfied the positive criteria for "c(2)" or "flexible c" variance relief by demonstrating that the purposes of the MLUL will be advanced by the requested deviations from the zoning regulations and that the benefits to be derived therefrom will substantially outweigh any detriments associated therewith. In this regard, the Board adopts the unrefuted expert testimony of the Applicant's Planner, Mr. McDonough, and finds that the Applicant's proposal will advance the purposes of the MLUL because the development will promote the general welfare; promote the establishment of appropriate population densities; provide sufficient space for residential development in an appropriate place; promote a desirable visual environment; and encourage the efficient use of land. The Board further finds that the benefits to be derived from the proposal substantially outweigh the modest detriment associated therewith. In this regard, the Board recognizes that the provision of inclusionary affordable housing, improvements to the existing landscaping, and the granting of exceptions that would improve the safety of the Property are substantial benefits which outweigh the modest detriment associated with the relief sought, particularly given the stipulated to conditions set forth below.

40. The Board finds that the Applicant has satisfied the negative criteria for variance relief by demonstrating that the requested relief can be granted without substantial detriment to the public good and without substantial impairment of the intent and purpose of the zone plan and zoning ordinance. In this regard, the Board also accepts the undisputed expert planning testimony of Mr. McDonough that the Property is a transition lot between the adjoining business and residential lots on either side and that if the development were entirely located within the B-B zone, it would be conforming.

41. As to the requested site plan exceptions, the Board has the power to grant such exceptions from the requirements for site plan approval as may be reasonable and within the general purpose and intent of the provisions for site plan review and approval, if the literal enforcement of one or more provisions of the ordinance is impracticable or will exact undue hardship because of peculiar conditions pertaining to the land in question. The Board accepts the unrefuted testimony of the Applicant's professional planner, Mr. McDonough, and finds that the Applicant's proposal is reasonable and that strict enforcement of the applicable site plan provisions would be impracticable and would exact undue hardship on the Applicant.

42. Finally, the Board finds good cause to grant the requested preliminary and final site plan approval.

WHEREAS, the Board took action on this application at its meeting on October 25, 2017, and this Resolution constitutes a Resolution of Memorialization of the action taken in accordance with N.J.S.A. 40:55D-10(g);

NOW, THEREFORE, BE IT RESOLVED, by the Planning Board of the Borough of Watchung, on October 25, 2017, that the Settlement Agreement between the Applicant and the Board is hereby approved and the Applicant is afforded the requested preliminary and final site plan approval and variance and site plan exception relief, subject to the following conditions:

1. The Applicant shall satisfy any deficiency in the Applicant's escrow account;

2. The Applicant shall obtain all necessary driveway access easements, the form of all of which shall be subject to the review and approval of the Board Attorney, and recorded with the Somerset County Clerk's Office, and the Applicant shall relocate the existing utility pole and guy wire located where the new cul-de-sac is proposed;

3. The Applicant shall comply with the applicable RSIS, or shall obtain an exception to same, from the Department of Community Affairs or other requisite authority, to the extent not already obtained from the Board, including, but not limited to, with respect to the following:

    a. The applicable street type for the subject multi-family access cul-de-sac is residential access, medium intensity, which requires a traveled way of 21 feet, a 7 feet wide parking lane (total 28 feet), curbing and two sidewalks on each side of the roadway; and

    b. Eleven parking spaces are required for guest parking (either on street or in common parking areas) and only 9 guest parking spaces are provided;

4. The Applicant shall comply with the ADA requirements for all development or obtain the necessary relief therefrom, including, but not limited to, with respect to number and width of sidewalks located within the development;

5. The Applicant shall secure approval from all of the requisite utility companies, and obtain all necessary utility easements (the latter is not subject to the 90 day compliance deadline);

6. The Applicant shall inspect the existing sewer lateral from Mountain Boulevard and shall obtain an NJDEP treatment works approval in accordance with Section 7:14A-22.3(a) of the Land Development Ordinance;

7. The Applicant shall obtain confirmation from the Borough Fire Department and other appropriate emergency service responders that the accessibility and locations of fire hydrants pursuant to the Engineering Plans remain satisfactory;

8. The Applicant shall submit a tree removal/replacement plan in accordance with Section 24-6 of the Land Development Ordinance and, unless exempt pursuant to Section 24-4, if the Applicant desires to cut or remove any tree(s), as defined in Section 24-2, the Applicant shall apply to the Borough Engineer for a permit to remove such tree(s). The Applicant shall complete an application, submit a tree removal/replacement plan as defined in Section 24-2 and, if required by Section 24-6b, with the trees to be removed visually identified in the field; A tree removal permit for five (5) or less trees shall be issued by the Borough Engineer. A tree removal permit for six (6) or more trees shall be issued by the Borough Engineer only after approval of the application by the Environmental Commission. Upon receipt of an application for a tree removal permit, the Environmental Commission shall have ten (10) business days to act on that application;

9. The Applicant shall provide computed design speed(s) for the horizontal radius being utilized for the roadway and shall, if required, post a speed limit sign limiting the speed to no greater than 15 miles per hour in accordance with AASHTO standards, and the posted speed limit shall be subject to the review and approval of the appropriate Borough's professionals/representatives;

10. The Applicant shall submit the necessary bonding and inspection fees, and shall comply with all post approval obligations;

11. The Applicant shall provide a staggered row of evergreens to be planted on a three (3) foot tall berm located atop a retaining wall along the westerly side of the development along Lot 6.01 and said plantings shall be 6 to 7 feet in height at planting, and the Applicant shall revise the plans to reflect same;

12. The Applicant and subsequently the anticipated homeowners' association shall maintain any landscape buffering for as long as the development exists;

13. The Applicant, or its duly designated assignee (if approved by the Borough of Watchung), shall comply with the requirements for phasing of affordable housing units with the market rate residential units in accordance with the Council on Affordable Housing's ("COAH") Second Round regulations, specifically N.J.A.C. 5:93-5.6(d), and all of the affordable units shall be constructed prior to completion of the last market rate unit. Additionally, the Applicant, or its duly designated assignee, shall notify the

Borough Clerk of the completion of each affordable unit prior to the issuance of the Certificate of Occupancy for each unit;

14. The Applicant or assignee (if approved by the Borough of Watchung) shall contract with the Borough of Watchung so that the Applicant or its duly designated assignee shall act as the Administrative Agent for the affordable units provided for herein, and the Applicant or its duly designated assignee, shall manage and administer the affordable units in accordance with all applicable rules and regulations, including, but not limited to, the applicable Uniform Housing Affordability Controls Regulations, including, but not limited to, N.J.A.C. 5:80-26.14;

15. The Applicant shall submit 30-year deed restrictions for the affordable units, which shall be subject to the applicable regulations under the Uniform Housing Affordability Controls, including, but not limited to, N.J.A.C. 5:80-26.11, and same shall be subject to the review and approval of the Borough and Board Attorneys and shall be filed with the Somerset County Clerk's Office;

16. In the event that a utility company prohibits any or all of the proposed landscaping/berm in the area of its utility easement/facilities adjacent to the property line with Lot 6.01, then the Applicant shall, subject to the reasonable discretion of the Board Engineer, return to the Board for an amended site plan approval inclusive of a revised landscaping plan with respect to the project;

17. The Applicant shall install pole mounted light fixtures that are downward directed and shielded appropriately, and shall revise the Lighting Plan to depict the existing and proposed lighting;

18. The Applicant shall submit details of the landscaping foundation treatments and same shall be subject to the review and approval of the Borough Engineer;

19. The Applicant shall secure all required permits in connection with this proposal and same shall be subject to the review and approval of the Borough Building and Engineering Department;

20. The Applicant shall obtain approval for the development from the Somerset County Planning Board and shall obtain the necessary bonding, inspection and road opening permits for the project and for the work within the right-of-way;

21. The Applicant shall enter into a Developer's Agreement with the Borough in accordance with the applicable provision of the Land Development Ordinance;

22. The Site shall remain subject to all conditions of prior Board of Adjustment and Planning Board approvals, to the extent same are not eliminated or modified by

approval of the current application;

23. The aforementioned approval shall be subject to all State, County, and Borough statutes, ordinances, rules and regulations affecting development in the Borough, County, and State;

24. Pursuant to Section 28-802(B) of the Land Development Ordinance and N.J.S.A. 40:55D-49, any variance relief and/or site plan approval herein granted by the Board of Adjustment, permitting the construction, alteration, conversion or enlargement of a building or structure, or use of land, shall expire by limitation unless such construction, alteration, conversion or enlargement or said building or structure, or use of land shall have been commenced within two (2) years from the date of approval; and

25. Pursuant to Section 28-807(E) of the Land Development Ordinance, the Applicant shall submit a completed Compliance Review Package to the Deputy Administrative Officer within ninety (90) days of the Board of Adjustment Resolution of Memorialization. In the event an applicant does not obtain approval for the Compliance Review Package within one (1) year of the Resolution of Memorialization, then the Applicant shall be required to appear before the appropriate Board and seek an extension of time to obtain approval for the Compliance Review Package.

On Motion duly made and seconded, the Board approved the Resolution:

Roll Call	Approved: 10/25/2017				Adopted:11/9/2017				
Member	Y	N	NV	ABS	Member	Y	N	NV	ABS
Cronheim, Ch.	✓				Kita	✓			
Hunsinger, V. Ch.	✓				Panzarella				✓
Dallas				✓	Bell (Alt. 1)				✓
Fechtner	✓				Lauerman (Alt. 2)				✓
Brown				✓					
x = indicates vote NV = Present but not voting ABS = Absent									

The undersigned certifies that the foregoing is a true and accurate copy of a Resolution adopted by the Zoning Board of Adjustment of the Borough of Watchung at its meeting on November 9, 2017.

Carolyn Taylor

CAROLYN TAYLOR, CLERK

Master Plan Reexamination Report is available on the Borough of Watchung Website

Current Zoning Ordinance and Zoning Map is available on the Borough of Watchung Webpage