UL v. Old Bridge (1985)

Twp Council's questions about the C+Y rental units proposal

+ proposal for provision of Mt. Laurel II Housing

20 pgs

CA000048L

CA000048L

Township of Old Bridge

MIDDLESEX COUNTY, N.J.

ONE OLD BRIDGE PLAZA • OLD BRIDGE, N.J. 08857

JEROME J. CONVERY
TOWNSHIP ATTORNEY
151 ROUTE 516
OLD BRIDGE, N.J. 08857
(201) 679-0010

February 7, 1985

Ms. Carla Lerman
413 Englewood Avenue
Teaneck, N.J. 07766

Re: Urban League et al
vs. Old Bridge et al

Dear Ms. Lerman:

Please be advised that the Township Council of the Township of Old Bridge met in Executive Session with myself and Edward McManimon, Esq., our Township Bond Counsel to discuss the proposal regarding a non-profit corporation which would provide low and moderate income rental units. This matter was discussed at length and many legal questions were directed to Mr. McManimon. The Council would like to give further attention to this proposal and has decided to discuss this matter again on Thursday, February 14, 1985 at its Agenda Session. The Council, however, raised many questions which they believe are important to any decision it may make.

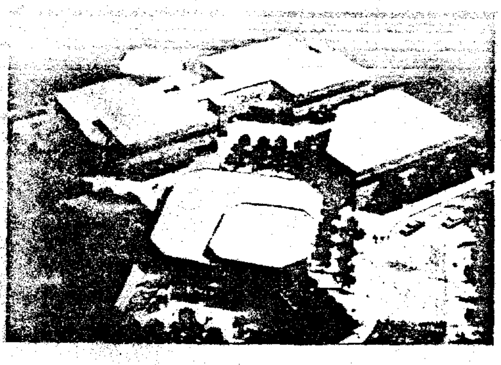
The questions raised are as follows:

1. Would there be one non-profit corporation which would have control over units on both the Olympia & York and the Woodhaven property; or would two separate non-profit corporations be established?

2. In the event that a separate corporation had to be established regarding the Woodhaven property, would Woodhaven Inc. guarantee the bonds or otherwise assure the disposition of the bonds?

3. In the event that Woodhaven Inc. indicated it would guarantee the bonds, there is a question as to whether or not Woodhaven has sufficient assets to make these bonds attractive to prospective purchasers.

4. In the event that a non-profit corporation was established, who would be in control of said corporation? Would the



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particular builder consent to the municipality having a majority of the directors of said corporation?

5. Would the Urban League require that they have membership on the Board of Directors of said non-profit corporation?

6. Regarding the construction of the units themselves, would the builders agree that the units in question are to be garden apartments?

7. Would the non-profit corporation agree that a certain percentage of the units would be set aside for senior citizens?

8. Who would manage the units under the control of the non-profit corporation?

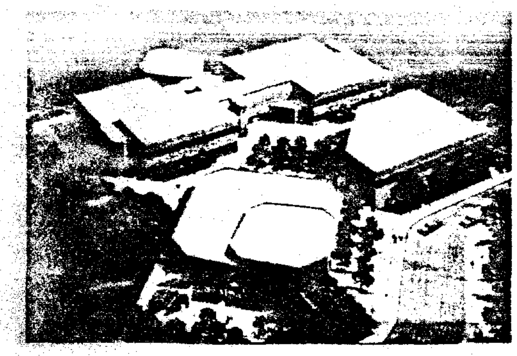
9. Who would determine whether or not a person or family was qualified to live within the particular housing development?

10. In regard to the overall layout of the Olympia & York complex, where would these rental units be located? Does Olympia & York propose that these units be clustered together in any particular location? In the event that these units are scattered throughout the development, how many units would be placed together in any one section?

11. In regard to the Woodhaven Development, the same question.

12. In regard to the concept of a non-profit corporation, would said corporation consider buying existing apartments within the Township of Old Bridge if available, and converting said apartments to Mt. Laurel II rental units?

13. Since the Halperns already own an apartment complex within the Township of Old Bridge, would they consider looking into an arrangement whereby existing apartments



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are converted to Mt. Laurel II units, with or without a non-profit corporation?

14. How many total units would be provided by the non-profit corporation, what would be the precentage breakdown between low and moderate units, and under what circumstances would market or lease cost units be rented by the non-profit corporation?

It is my hope that the developers provide answers, if possible, to the above questions, as soon as possible, so that I may report back to the Council, and have a meaningful session with them on February 14, 1985.

Thank you for your attention to this matter.

Very truly yours,

Jerome J. Convery,
Township Attorney

JJC/jd
cc: Thomas Hall, Esq.
cc: Thomas Norman, Esq.
cc: Stuart Hutt, Esq.
cc: Barbara Williams, Esq.
cc: Mayor and Council of the Township of Old Bridge

PROPOSAL

for

THE PROVISION OF MOUNT LAUREL II HOUSING

Introduction

A satisfactory resolution to any Mount Laurel II mandate involves the interests of the Urban League, the municipality and the developers. The solution that is offered in this proposal holds the promise of meeting the objective without an undue imposition upon any of the three participating interest groups and, in this regard, stands apart from other Mount Laurel decisions wherein the municipality was compromised by extreme additions of density or forced to allow major mobile home developments or the developer was compromised by being forced to provide deep subsidies which, in turn, had to be reflected in the sales price of market units and the Urban League was compromised by rigid, formalistic solutions that failed to be completely workable within their desired terms of reference.

In the final analysis, the matter of responding to the Mount Laurel II mandate can be identified as a problem of financing. Under normal terms of reference, there simply is not sufficient funds available to provide housing affordable to Mount Laurel families. The basic premise of this proposal is that for any given amount of funds available from Mount Laurel families, substantially more funds can be made available by using creative financing techniques. These financing techniques involve the reduction of interest on long-term debt financing, thus increasing the principal amount available, the reduction of construction costs by the developers, reduction of municipal taxes with a provision that allows the amount saved on taxes to go directly into the funds available for construction of Mount Laurel housing and a provision for indexing repayments of capital debt which recognizes inflation and increases the principal funds available.

Raising capital through the issue of the tax exempt bonds can reduce the cost of long-term debt as much as three points. By the Township's abatement of realty taxes and acceptance of a housing unit in the future in lieu of realty taxes, the tax burden can be shifted to provide additional capital for housing. In addition, by the Urban League agreeing to indexing the occupants rental payments, over time even more capital can be accessed. With more funds being available, the proposal allows the Mount Laurel housing, in general, to be a better class of housing which is to the benefit of all parties. The additional funds, also, will allow the Urban League to be more flexible in meeting changing social needs. The proposal allows for participation by the municipality, the Urban League and the developers. Through their cooperative efforts, a Mount Laurel solution can be found that will have long-term benefit to all the parties without any of the parties being unduly compromised.

The Mechanism

The mechanism by which O & Y Old Bridge Development Corp. proposes to deliver Mount Laurel II housing is through a Non-Profit Housing Corporation legally constituted in the Township of Old Bridge and entirely separate and distinct from O & Y Old Bridge Development Corp. The functional relationships are as follows:

- The Non-Profit Housing Corporation will issue tax exempt bonds for the purpose of raising capital to purchase Mount Laurel units.

- To enable the Non-Profit Housing Corporation to function, the Township of Old Bridge shall:
  1) agree to take title to the Non-Profit Corporation's housing units at the end of the bond term, and
  2) agree to have the right but not the obligation to take over the N.P.H. Corp. at any time during the bond term.

- O & Y will guarantee the bonds.

- A trustee will be appointed as representative of the bond-holders.

- The bonds will be further secured by full mortgages on all of the Non-Profit Housing Corporation's properties which mortgages will be subject to foreclosure by the trustee for arrears of payments.

- If a unit is subject to foreclosure, all restrictive covenants will automatically terminate.

- The Housing Corporation shall be required to maintain itself in a state of fiscal soundness, and must annually satisfy the trustee that its operations and its debt to income relationship is fiscally sound.

- In recognition of its obligation to remain fiscally sound, the Non-Profit Housing Corporation shall have the right to require delivery from O & Y of any varying proportion of Low Income, Moderate Income, Least Cost, or Market Price Housing Units at prices determined in accordance with the "Definition of Cost" Section of this Proposal.

- O & Y may satisfy up to one-quarter of its annual Mount Laurel obligation by selling to the market, "Least Cost" units affordable to households earning up to 120% of median income. O & Y will receive one Mount Laurel unit credit for every two Least Cost units provided.

- For the balance of its annual Mount Laurel obligation, the O & Y development in Old Bridge will be credited with one Mount Laurel unit for every unit conveyed to the Non-Profit Housing Authority.

- The Township of Old Bridge will accept a "Payment in Lieu" of Real Estate Taxes equal to 2% of the rent charged by the Housing Authority to occupants of the Non-Profit Corporation's units.

- The Township must agree that all units within the purview of the Non-Profit Housing Authority are to be exempt from local rent control.

- If for any reason the tax exempt status of the bonds is jeopardized by changes in the tax law, the Township of Old Bridge will agree to the establishment of a "Municipal Non-Profit Housing Authority" for the purpose of issuing the balance of the necessary bonds.

- All units constructed by the developer for conveyance to the Non-Profit Housing Corporation are to be exempt from any "Prevailing Wage" laws, regulations, rules or standards.

- The Non-Profit Housing Authority shall escalate the rentals charged to occupants of its units at a rate sufficient to accommodate a 4% per annum indexed debt repayment.

- The rent escalation shall be an integral part of any bond prospectus and all lease agreements.

The Mechanics of the Process

To illustrate the ability of this proposal to provide Mount Laurel II housing, the following example is offered.

- Mount Laurel "Low Income" households are defined as households earning up to 50% of median income.

- Mount Laurel "Moderate Income" households are defined as households earning up to 80% of median income.

- To demonstrate the ability of this proposed mechanism to provide low and moderate income housing, the low and moderate income segments have been analyzed at a level 10% below their formal definitions.

Parameters

- "Low Income" is equal to 45% of median income.

- "Moderate Income" is equal to 72% of median income.

- In both the "Low" and "Moderate" categories, the bedroom split is as follows:

  45% one-bedroom loft units at 665 SF.
  45% two-bedroom units at 875 SF.
  10% three-bedroom units at 1,078 SF.
  100% Total

- The unit assignments are as follows:

  A one-bedroom unit will house a 2 person household.
  A two-bedroom unit will house a 3 person household.
  A three-bedroom unit will house a 5 person household.

- A 2% "Payment in Lieu" of Real Estate Taxes computed on the rent charged to the occupants.

- A vacancy rate of 2% is assumed.

- Utility payments are as follows:

  $60 per month for a one-bedroom unit.
  $75 per month for a two-bedroom unit.
  $90 per month for a three-bedroom unit.

- The portion of the rental payment that services debt, i.e. the "Net Rent after P.I.L." figures in Tables 1 and 2 are escalated at 4% per annum.

- The costs of the 1, 2 and 3 bedroom units are summarized in Table 3.

- A tax exempt interest rate of 9.5% is assumed.

Analysis

If it is assumed that the mix among the various unit sizes is given by the bedroom split figures mentioned earlier, then the costs incurred by the Non-Profit Housing Corporation is given by the same percentage mix figures applied to the costs of the units. Thus, the average cost paid by the Corporation can be expressed as:

> Average Cost = .45 x the cost of a one-bedroom unit
> Plus .45 x the cost of a two-bedroom unit
> Plus .10 x the cost of a three-bedroom unit,

and using the cost estimates for O & Y's Mount Laurel II units from Table 3, and adding $1,000 for the Housing Corporation's closing costs, an average cost figure of $47,443.91 is obtained as illustrated on Table 4.

Tables 1 and 2 indicate the amount of funds available toward payment of debt service for the 45% of median and 72% of median income households. By generating a present value of these funds under the previously mentioned financial parameters, a value of the principal that could be obtained and repaid over a 30-year term has been calculated at various rates of interest. For the purpose of this example, a rate of 9.5% has been chosen, and by using the same averaging procedure that was previously applied to the unit costs, the average amount of principal that could be borrowed by the Housing Corporation for purchase of units to be occupied by "low" income households is $28,890.21. For "moderate" income households the principal amount is $61,732.45.

The difference, therefore, between these average "threshold" prices and the average cost of the housing units is:

> For "low" income households:
> $28,890.21 - $47,443.91 = $18,553.70 Loss
>
> For "moderate" income households:
> $61,732.45 - $47,443.91 = $14,288.54 Gain.

To "break even", the indifference split between low and moderate income units under the purview of the Non-Profit Housing Corporation in simple terms is as follows:

Example No. 1:

If the dollar loss on a low income unit were identically equal to the dollar gain on a moderate income unit, then the split between low and moderate income units would be even because every moderate income unit would be generating exactly enough excess cash flow to cover the losses on one low income unit. However, if the "gains" and "losses" are different values, then the ratio of "gain" to "loss" would be, using the above values:

Low/Moderate = \$18,553.70/\$14,288.54 = 1.2985

An interpretation of this ratio is that the loss on a low income unit is 1.2985 times as large as the gain on a moderate income unit, so it would take 1.2985 moderate income units to carry each low income unit.

Based on the confines of a 20% total number of combined low and moderate income units, the break even split would be:

Percentage of Low Income Units = (1/[1+1.2985])x20% = 8.70%
Percentage of Moderate Income Units = (1.2985/[1+1.2985])x20% = 11.3%

<u>Example No.. 2:</u>

A more complex problem arises when additional constraints are placed on the model in addition to breaking even. In this second example, the assumption is made that the Housing Corporation would like to set up a sinking fund in the event that there are some years where increases in incomes do not quite cover the escalation in the rent.

The Housing Corporation decides that it wants a two thousand dollar "cushion" per low income unit to cover this contingency and yet would still like to have half of its units available to low income families. To accomplish this, a third type of unit, the "Market Unit", could be introduced into the Non-Profit Corporation's portfolio. The purpose of the "Market Unit" is to subsidize the income of the Housing Corporation so that, at its discretion, it may use the excess income from the Market Units to offset the "losses" incurred by renting to those low income families that are substantially below 50% of median income. The Housing Corporation would have to make a policy decision, perhaps on a case by case basis, as to whether it wished to rent these units at, firstly, the "going rent" for such units or, secondly, affordable as Least Cost accommodation affordable to families at 120% of median income or, thirdly, at a rental affordable to families with incomes between Least Cost and the upper limit of a Mount Laurel moderate income.

The example chosen here is at 90% of median income, which is only 10% above moderate income. The Corporation could provide a unit to a household earning 90% of median income (Table 6) under the same indexing formula as for the low and moderate households and obtain a "threshold price" of

0.45(76061.54) + .45(86215.23) + 0.10(106027.31) = <u>\$88,627.28.</u>

As the same units would be delivered to the Non-Profit Housing Corporation for occupation by a 90% of median household, the average costs of the units would remain at \$47,443.91.

The gain to the Non-Profit Corporation for this unit is then:

\$83,627.28 - \$47,443.91 = \$36,183.38.

Summarized, the values are:

"Sinking Fund" Contribution = $ 2,000.00
Low Income Loss = $18,553.70
Moderate Income Gain = $14,288.54
90% of Median Market Unit Gain = $36,183.38.

Since the Sinking Fund Deposit is to be made for each low income unit delivered, the loss on the Low Income Unit can be expressed as

Low Income Loss = $18,553.70 + $2,000 = $20,553.70

Now Calculate the mix:

Let X be the fraction of moderate income units.
Let 10-X be the fraction of least cost units.

Based on 20 units, the equation becomes:

10(Loss on Low) + X(Gain on Moderate) + (10-X)(Gain on Market Unit) = 0
10 x (-20553.70) + X(14228.54) + (10-X)(36183.38)) = 0

Solving the equation for X yields a value of 7.12 for the fraction of moderate income units and 2.88 for the fraction of "90% of median" market units. The mix is:

Percentage of 45% of median low income units = 10%
Percentage of 72% of median moderate income units = 7.12%
Percentage of 90% of median market income units = 2.88%

<u>Plus</u> a $2,000 contribution into a "cushion fund" for every low income unit delivered to the Housing Corporation.

The same analysis can be done for differing levels of sinking fund "cushion" payments and different market units included in the Housing Corporation's rent rolls. As a further exploration, if the Housing Corporation used a 120% of median household instead of the 90% of median household, the mix would be:

Percentage of 45% of median low income units = 10%
Percentage of 72% of median moderate income units = 8.92%
Percentage of 120% of median market income units = 1.08%

<u>Plus</u> the same $2,000 contribution to the "cushion" fund per each low income unit delivered.

Definition of Cost

The cost to the Non-Profit Housing Corp. of a Mount Laurel housing unit will be defined to include the following:

- Building Construction ("Sticks and Bricks")
- Old Bridge Township Building Code Fees
- Old Bridge Township Sewerage Authority Application and Connection Fees
- Old Bridge Municipal Utilities Authority Application and Connection Fees
- Architectural and Engineering Fees
- Liability Insurance
- Construction Surveys
- Performance & Maintenance Bonding
- Land
- Site Improvements
- Gross Tract Improvements
- Old Bridge Township Subdivision Application Fees
- Middlesex County Subdivision Application Fees
- Old Bridge Township Offsite Exactions
- Middlesex County Offsite Exactions
- Overhead and Administration
- Contingencies
- Profit
- Seller's Closing Costs

As an example, the estimated costs of a studio loft unit are given in Appendix A. These building construction cost figures were developed by actual contractor quotes based on a preliminary design drawing of the unit and compiled (see Appendix B) by a general building contractor. Tract improvement costs were prepared by Elson T. Killam Associates for tract sewerage, water and storm water. Crest Engineering estimated the cost of the subdivision improvements. Costs for subdivision approvals, inspections, application fees and Municipal Authority fees are taken from the latest fee schedules and Ordinances.

Exactions from the Township and County have not been "line item estimated" at this time because it is impossible to determine what exactions will be imposed upon O & Y as a Condition of Approval. In the past, we have been assessed by the Middlesex County Planning Board for this development's fair share of replacing inadequate County Drainage Facilities (see letter from the Middlesex County Planning Board, Application #OB-171, in Appendix C). A portion of the 5% contingency allocation would be applied to cover exactions by the Township and/or the County.

The remainder of the contingency figure should cover general inflation, increases in trade or material prices, time delays, construction financing and related items whose behavior, even in the short term, is indeterminate. There is no allocation in the contingency figure for the cost to carry completed units lying vacant, as it is assumed that the Housing Authority will take title to the Mount Laurel II units immediately upon completion.

Overhead and Administration includes items such as supervisory, accounting, engineering, and management costs. There is no allowance for sales staff of the developer. The profit figure at 10% is approximately one-half to one-third of what a developer would reasonably expect for a profitable operation. Land upon which the Mount Laurel units will be constructed is based on a professional appraisal (see Appendix D).

The final item that bears explanation is the closing costs. O & Y would incur $350 for a closing attorney to draft the closing instruments, and a realty transfer tax on new construction of one dollar per thousand dollars of sales price (i.e. $50 for a $50,000 unit). The normal closing costs for the purchaser, i.e. the Housing Corporation, are approximately $200 for a closing survey, $400 for a title search and policy, recording fees, and attorney's fees at $400. Consequently, the Corporation's closing costs would be approximately $1,000 per unit. If arrangements could be made so that O & Y's construction surveys were acceptable to the purchaser's title insurance company, a small saving could be realized in the costs to be paid by the Housing Corporation for Mount Laurel units.

	50% OF MEDIAN			45% OF MEDIAN			40% OF MEDIAN		
	1 BEDROOM	2 BEDROOM	3 BEDROOM	1 BEDROOM	2 BEDROOM	3 BEDROOM	1 BEDROOM	2 BEDROOM	3 BEDROOM
FAMILY SIZE	2	3	5	2	3	5	2	3	5
INCOME : ANNUAL	$13,500.00	$15,200.00	$18,200.00	$12,150.00	$13,680.00	$16,380.00	$10,800.00	$12,160.00	$14,560.00
INCOME : MONTHLY	$1,125.00	$1,266.67	$1,516.67	$1,012.50	$1,140.00	$1,365.00	$900.00	$1,013.33	$1,213.33
INCOME FOR HOUSING (30%)	$337.50	$380.00	$455.00	$303.75	$342.00	$409.50	$270.00	$304.00	$364.00
LESS:									
UTILITY PAYMENTS BY TENANT	$60.00	$75.00	$90.00	$60.00	$75.00	$90.00	$60.00	$75.00	$90.00
INSURANCE CARRIED BY TENANT	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
SUBTOTAL DIRECT TENANT EXPENSES	$60.00	$75.00	$90.00	$60.00	$75.00	$90.00	$60.00	$75.00	$90.00
NET RENT BEFORE TAXES	$277.50	$305.00	$365.00	$243.75	$267.00	$319.50	$210.00	$229.00	$274.00
PAYMENT IN LIEU OF TAXES @ 2%	$5.55	$6.10	$7.30	$4.88	$5.34	$6.39	$4.20	$4.58	$5.48
VACANCIES @ 2%	$5.55	$6.10	$7.30	$4.88	$5.34	$6.39	$4.20	$4.58	$5.48
UNIT & COMMON AREA MAINTAINANCE	$83.33	$83.33	$83.33	$83.33	$83.33	$83.33	$83.33	$83.33	$83.33
NET RENT AFTER P.I.L.	$183.07	$209.47	$267.07	$150.67	$172.99	$223.39	$118.27	$136.51	$179.71

30 YEAR NOTE AMORTIZATION   NOTE PAYMENT INDEXED AT 4% PER ANNUM

RATE									
7.0%	$42,315.34	$48,417.52	$61,731.36	$34,826.31	$39,985.42	$51,635.03	$27,337.28	$31,553.33	$41,538.70
7.5%	$39,747.25	$45,479.09	$57,984.92	$32,712.73	$37,558.73	$48,501.33	$25,678.20	$29,638.38	$39,017.75
8.0%	$37,401.67	$42,795.26	$54,563.09	$30,782.27	$35,342.30	$45,639.15	$24,162.87	$27,889.35	$36,715.22
8.5%	$35,256.25	$40,340.45	$51,433.26	$29,016.55	$33,315.01	$43,021.21	$22,776.84	$26,289.56	$34,609.17
9.0%	$33,288.86	$38,089.35	$48,563.15	$27,397.35	$31,455.95	$40,620.52	$21,505.84	$24,822.54	$32,677.89
9.5%	$31,484.36	$36,024.62	$45,930.66	$25,912.21	$29,750.80	$38,418.58	$20,340.06	$23,476.97	$30,906.50
10.0%	$29,829.11	$34,130.68	$43,515.93	$24,549.91	$28,186.69	$36,398.78	$19,270.71	$22,242.70	$29,281.64
10.5%	$28,302.88	$32,384.36	$41,289.40	$23,293.80	$26,744.50	$34,536.41	$18,284.71	$21,104.64	$27,783.42
11.0%	$26,897.54	$30,776.35	$39,239.23	$22,137.17	$25,416.53	$32,821.55	$17,376.81	$20,056.72	$26,403.87
11.5%	$25,601.92	$29,293.90	$37,349.13	$21,070.86	$24,192.26	$31,240.58	$16,539.79	$19,090.61	$25,132.03
12.0%	$24,404.29	$27,923.56	$35,601.97	$20,085.18	$23,060.57	$29,779.18	$15,766.07	$18,197.57	$23,956.38
12.5%	$23,294.19	$26,653.38	$33,982.52	$19,171.55	$22,011.59	$28,424.59	$15,048.91	$17,369.80	$22,866.66

TABLE 1

	72% OF MEDIAN			80% OF MEDIAN			100% OF MEDIAN		
	1 BEDROOM	2 BEDROOM	3 BEDROOM	1 BEDROOM	2 BEDROOM	3 BEDROOM	1 BEDROOM	2 BEDROOM	3 BEDROOM
	2	3	5	2	3	5	2	3	5
	$19,440.00	$21,888.00	$26,208.00	$21,600.00	$24,320.00	$29,120.00	$27,000.00	$30,400.00	$36,400.00
	$1,620.00	$1,824.00	$2,184.00	$1,800.00	$2,026.67	$2,426.67	$2,250.00	$2,533.33	$3,033.33
NG (30%)	$486.00	$547.20	$655.20	$540.00	$608.00	$728.00	$675.00	$760.00	$910.00
ESS:									
ENTS BY TENANT	$60.00	$75.00	$90.00	$60.00	$75.00	$90.00	$60.00	$75.00	$90.00
RRIED BY TENANT	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TENANT EXPENSES	$60.00	$75.00	$90.00	$60.00	$75.00	$90.00	$60.00	$75.00	$90.00
AXES	$426.00	$472.20	$565.20	$480.00	$533.00	$638.00	$615.00	$685.00	$820.00
F TAXES @ 2%	$8.52	$9.44	$11.30	$9.60	$10.66	$12.76	$12.30	$13.70	$16.40
	$8.52	$9.44	$11.30	$9.60	$10.66	$12.76	$12.30	$13.70	$16.40
A MAINTAINANCE	$83.33	$83.33	$83.33	$83.33	$83.33	$83.33	$83.33	$83.33	$83.33
I.L.	$325.63	$369.98	$459.26	$377.47	$428.35	$529.15	$507.07	$574.27	$703.87

AMORTIZATION NOTE PAYMENT INDEXED AT 4% PER ANNUM

RATE									
7.0%	$75,267.09	$85,518.74	$106,155.19	$87,249.54	$99,010.09	$122,309.31	$117,205.67	$132,738.48	$162,694.61
7.5%	$70,699.18	$80,328.66	$99,712.70	$81,954.42	$93,001.24	$114,886.43	$110,092.53	$124,682.67	$152,820.78
8.0%	$66,527.05	$75,588.28	$93,828.41	$77,118.10	$87,513.01	$108,106.71	$103,595.71	$117,324.85	$143,802.46
8.5%	$62,710.94	$71,252.40	$88,446.25	$72,694.47	$82,493.11	$101,905.52	$97,653.28	$110,594.89	$135,553.70
9.0%	$59,211.52	$67,276.34	$83,510.73	$68,637.94	$77,889.79	$96,218.94	$92,203.98	$104,423.42	$127,989.47
9.5%	$56,001.81	$63,629.46	$78,983.82	$64,917.24	$73,667.58	$91,003.15	$87,205.83	$98,762.88	$121,051.47
10.0%	$53,057.59	$60,284.23	$74,831.36	$61,504.31	$69,794.61	$86,218.79	$82,621.11	$93,570.56	$114,687.37
10.5%	$50,342.86	$57,199.75	$71,002.56	$58,357.40	$66,223.52	$81,807.34	$78,393.75	$88,782.96	$108,819.31
11.0%	$47,843.15	$54,359.56	$67,477.01	$55,459.73	$62,935.27	$77,745.30	$74,501.20	$84,374.55	$103,416.01
11.5%	$45,538.61	$51,741.14	$64,226.74	$52,788.32	$59,903.77	$74,000.42	$70,912.58	$80,310.35	$98,434.62
12.0%	$43,408.36	$49,320.74	$61,222.28	$50,318.93	$57,101.53	$70,538.75	$67,595.36	$76,553.51	$93,829.94
12.5%	$41,433.81	$47,077.25	$58,437.41	$48,030.03	$54,504.11	$67,330.10	$64,520.60	$73,071.26	$89,561.82

TABLE 2

MOUNT LAUREL HOUSING
COST ESTIMATES

	Loft Unit	2-Bedroom	3-Bedroom
Density	16/Acre	16/Acre	16/Acre
Cost per Square Foot		$ 32.00	$ 32.00
	665 SF	875 SF	1,078 SF
BUILDING COSTS:			
Building Construction	$22,397.00	$28,000.00	$34,500.00
Building Code Fees	234.50	245.50	263.50
Sewerage Fees	919.50	919.50	919.50
O.B.M.U.A. Fees	814.90	914.90	1,014.90
SUBTOTAL:	$24,365.90	$30,079.90	$36,697.90
CONTINGENCY @5%:	1,218.30	1,504.00	1,834.90
TOTAL:	$25,584.20	$31,583.90	$38,532.80
SUBDIVISION COSTS:			
Site Improvements	$ 4,760.00	$ 4,760.00	$ 4,760.00
Tract Improvements	1,462.00	1,462.00	1,462.00
Township & County Approvals	319.00	319.00	319.00
Exactions*			
*Not Allocated			
TOTAL FORWARD:	$32,125.20	$38,124.90	$45,073.80
MISCELLANEOUS COSTS:			
Overhead & Administration @10%	$ 3,212.50	$ 3,812.50	$ 4,507.40
Profit @10%	3,212.50	3,812.50	4,507.40
Seller's Closing Costs	600.00	600.00	600.00
Land	2,500.00	2,500.00	2,500.00
TOTAL COSTS:	$41,650.20	$48,849.90	$57,188.60

TABLE [illegible]

AVERAGE COSTS

	1 BEDROOM	2 BEDROOM	3 BEDROOM
COST TO DELIVER	$41,650.20	$48,849.90	$57,188.60
NON PROFIT'S CLOSING COSTS	$1,000.00	$1,000.00	$1,000.00
TOTAL	$42,650.20	$49,849.90	$58,188.60
PROPORTION OF UNITS	45%	45%	10%
PROPORTION OF COST	$19,192.59	$22,432.46	$5,818.86
BLENDED AVERAGE COST	$47,443.91		

AVERAGE PRICE CEILINGS

	1 BEDROOM	2 BEDROOM	3 BEDROOM
LOW INCOME HOUSEHOLDS (45% OF MEDIAN INCOME)			
PRICE THRESHOLD	$25,912.21	$29,750.80	$38,418.58
PROPORTION OF UNITS	45%	45%	10%
PROPORTION OF PRICE	$11,660.49	$13,387.86	$3,841.86
BLENDED AVERAGE PRICE (LOW INCOME)	$28,890.21		
MODERATE INCOME HOUSEHOLDS (72% OF MEDIAN INCOME)			
PRICE THRESHOLD	$56,001.81	$63,629.46	$78,983.82
PROPORTION OF UNITS	45%	45%	10%
PROPORTION OF PRICE	$25,200.81	$28,633.26	$7,898.38
BLENDED AVERAGE PRICE (MODERATE INCOME)	$61,732.45		

	90% OF MEDIAN			110% OF MEDIAN			120% OF MEDIAN		
	1 BEDROOM	2 BEDROOM	3 BEDROOM	1 BEDROOM	2 BEDROOM	3 BEDROOM	1 BEDROOM	2 BEDROOM	3 BEDROOM
FAMILY SIZE	2	3	5	2	3	5	2	3	5
INCOME : ANNUAL	$24,300.00	$27,360.00	$32,760.00	$29,700.00	$33,440.00	$40,040.00	$32,400.00	$36,480.00	$43,680.00
INCOME : MONTHLY	$2,025.00	$2,280.00	$2,730.00	$2,475.00	$2,786.67	$3,336.67	$2,700.00	$3,040.00	$3,640.00
INCOME FOR HOUSING (30%)	$607.50	$684.00	$819.00	$742.50	$836.00	$1,001.00	$810.00	$912.00	$1,092.00
LESS:									
UTILITY PAYMENTS BY TENANT	$60.00	$75.00	$90.00	$60.00	$75.00	$90.00	$60.00	$75.00	$90.00
INSURANCE CARRIED BY TENANT	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
SUBTOTAL DIRECT TENANT EXPENSES	$60.00	$75.00	$90.00	$60.00	$75.00	$90.00	$60.00	$75.00	$90.00
NET RENT BEFORE TAXES	$547.50	$609.00	$729.00	$682.50	$761.00	$911.00	$750.00	$837.00	$1,002.00
PAYMENT IN LIEU OF TAXES @ 2%	$10.95	$12.18	$14.58	$13.65	$15.22	$18.22	$15 00	$16.74	$20.04
VACANCIES @ 2%	$10.95	$12.18	$14.58	$13.65	$15.22	$18.22	$15.00	$16.74	$20.04
UNIT & COMMON AREA MAINTAINANCE	$83.33	$83.33	$83.33	$83.33	$83.33	$83.33	$83.33	$83.33	$83.33
NET RENT AFTER P.I.L.	$442.27	$501.31	$616.51	$571.87	$647.23	$791.23	$636.67	$720.19	$878.59

30 YEAR NOTE AMORTIZATION   NOTE PAYMENT INDEXED AT 4% PER ANNUM

RATE									
7.0%	$102,227.60	$115,874.29	$142,501.96	$132,183.73	$149,602.67	$182,887.26	$147,161.80	$166,466.86	$203,079.91
7.5%	$96,023.48	$108,841.95	$133,853.61	$124,161.59	$140,523.38	$171,787.95	$138,230.65	$156,364.10	$190,755.12
8.0%	$90,356.90	$102,418.93	$125,954.59	$116,834.52	$132,230.76	$161,650.34	$130,073.33	$147,136.68	$179,498.21
8.5%	$85,173.83	$96,544.00	$118,729.61	$110,132.69	$124,645.78	$152,377.79	$122,612.10	$138,696.66	$169,201.88
9.0%	$80,420.96	$91,156.61	$112,104.20	$103,987.01	$117,690.23	$143,874.73	$115,770.03	$130,957.04	$159,759.99
9.5%	$76,061.54	$86,215.23	$106,027.31	$98,350.13	$111,310.53	$136,075.64	$109,494.43	$123,858.18	$151,099.80
10.0%	$72,062.71	$81,682.59	$100,453.08	$93,179.51	$105,458.54	$128,921.65	$103,737.91	$117,346.52	$143,155.94
10.5%	$68,375.57	$77,503.24	$95,313.33	$88,411.92	$100,062.68	$122,325.29	$98,430.09	$111,342.40	$135,831.27
11.0%	$64,980.47	$73,654.91	$90,580.66	$84,021.93	$95,094.19	$116,251.37	$93,542.66	$105,813.83	$129,086.73
11.5%	$61,850.45	$70,107.06	$86,217.52	$79,974.72	$90,513.64	$110,651.71	$89,036.85	$100,716.93	$122,868.81
12.0%	$58,957.15	$66,827.52	$82,184.34	$76,233.57	$86,279.50	$105,475.53	$84,871.79	$96,005.49	$117,121.12
12.5%	$56,275.31	$63,787.68	$78,445.96	$72,765.88	$82,354.83	$100,677.68	$81,011.16	$91,638.41	$111,793.54

TABLE 6

Housing Types

Under the proposal, there could be considerable flexibility in the housing types the Non-Profit Housing Corporation would have in its portfolio. The only limitation would be that each individual unit must have fee simple title so that it could be individually repossessed and individually sold under foreclosure if the need arose.

Plans of several housing types are included to indicate the possible variety of types. Some of the plans are specifically referred to in this brief as examples upon which cost estimates and various financial calculations were based.