

Piscataway 1985

2/21

~~Builders Remedy (KHov)~~

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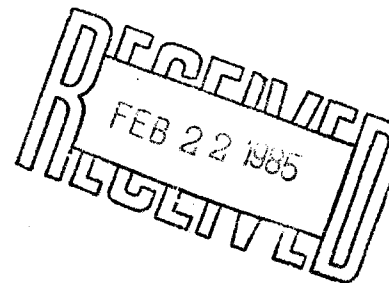
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K. HOVNANIAN COMPANIES OF NEW JERSEY, INC.

10 HIGHWAY 35, P.O. BOX 500, RED BANK, NEW JERSEY 07701 ☐ (201) 747-7800

February 21, 1985

Bruce S. Gelber, Esq.
 National Committee Against
 Discrimination in Housing
 733 15th Street, N.W.
 Washington D.C. 20005



RE: K. Hovnanian Companies' Proposal for
 Development of Affordable Housing at
 Society Hill at Piscataway

Dear Mr. Gelber:

Please find enclosed a "highlighted" copy of the Affordable Housing Plan for Society Hill at Piscataway dated February 19, 1985. We have marked in red all deletions and in yellow all additions to the draft of the plan you reviewed and commented upon in your memorandum of October 31, 1984.

We believe that with these revisions the Plan now reflects and incorporates all of your comments and requests conveyed by you in your memorandum of October 31, 1984 and during our telephone conversations of November 20, 1984 and December 20, 1984. For reference, I am also enclosing a copy of my November 6, 1984 memorandum setting forth my calculations of the sales prices and rental values for the Mt. Laurel units.

Please review the revised Plan in order to verify that it now complies with your requests and our agreements. We believe the plan is a very workable plan and balances the at times conflicting goals of all the parties interested in providing affordable homes in accordance with the precepts of Mt. Laurel.

If this Plan does properly reflect the discussed revisions, we would ask that the NCADH and the Township of Piscataway in accordance with the proceedings before the Honorable Eugene Serpentelli, J.S.C. on November 14, 1984 prepare and submit for review by Judge Serpentelli a consent judgment which, in part approves the use of this plan; makes the approvals by the Township of Piscataway and other applicable government agencies binding upon the NCADH and ensures that the Township of Piscataway receives full credit towards its fair share obligation for these 109 Affordable homes so long as same are constructed, sold and monitored in accordance with the provisions of the Plan.

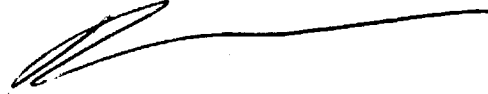
We would hope to have your response by March 15, 1985 because we are proceeding towards a grand opening of this development and are in need of your commitment on behalf of the NCADH at your earliest convenience. If you have any questions or wish to discuss this Plan, please do not hesitate to contact me.

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February 21, 1985
Bruce S. Gelber, Esq.

Thank you for your cooperation and assistance in resolving this matter and enabling us to expeditiously build and deliver these affordable Mt, Laurel condominiums.

Very truly yours,

K. HOVNIANIAN COMPANIES OF NEW JERSEY, INC.



Donald R. Daines
Associate Legal Counsel

DRD:jac

Enclosure

cc: Honorable Eugene D. Serpentelli, J.S.C.
Philip Paley, Esq., Township Attorney
James Nolan, Esq., Planning Board Attorney
Michelle Donato, Esq., Board of Adjustment Attorney
Barbara Williams, Esq.
Carla Lerman
Richard Scalia
Alan Mallach
All Counsel on Annexed List

SERVICE LIST

Urban League v. (C) Beret, Civ C 4122-73 (Superior Court, Chancery
Div., Middlesex County)

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MEMORANDUM

TO: Piscataway - File
 FROM: Don Daines *DD*
 RE: Recalculation of Mt. Laurel Sales Prices per Memo of 10/31/84 from NCDH
 DATE: November 6, 1984

1. Family Income Limits

| # of Bedrooms | Family Size | Moderate | 94% of Mod. | 28% of 94% | Low | 94% of Low | 28% of 94% |
|---------------|-------------|----------|-------------|------------|--------|------------|------------|
| 2 | 3 | 24,300 | 22,842 | 6,396 | 16,900 | 15,886 | 4,448 |
| 3 | 5 | 28,700 | 26,978 | 7,554 | 18,200 | 17,108 | 4,790 |

2. Factors to be used:

| Interest Rate | Mortgage P & I | Property Taxes | Home Owners Insurance | Condominium Dues | Total Factor |
|---------------|----------------|----------------|-----------------------|------------------|--------------|
| 7 | .07186 | .0225 | .002 | .005 | .10136 |
| 8 | .07925 | .0225 | .002 | .005 | .10875 |
| 9 | .08960 | .0225 | .002 | .005 | .1191 |
| 10 | .09478 | .0225 | .002 | .005 | .12428 |
| 11 | .10285 | .0225 | .002 | .005 | .13235 |
| 12 | .11109 | .0225 | .002 | .005 | .14059 |
| 13 | .11947 | .0225 | .002 | .005 | .14897 |
| 14 | .12797 | .0225 | .002 | .005 | .15747 |

3. Calculation of Sales Prices:

| Interest Rate | <u>Two Bedroom Moderate</u> | | <u>Three Bedroom Moderate</u> | |
|---------------|-----------------------------|---------------|-------------------------------|---------------|
| | <u>Preliminary</u> | <u>Actual</u> | <u>Preliminary</u> | <u>Actual</u> |
| 14 | 40,620 | 36,560 | 47,970 | 43,170 |
| 13 | 42,940 | 38,650 | 50,710 | 45,640 |
| 12 | 45,490 | 40,950 | 53,730 | 48,340 |
| 11 | 48,330 | 43,500 | 57,080 | 51,370 |
| 10 | 51,460 | 46,320 | 60,780 | 54,700 |

| Interest Rate | <u>Two Bedroom Low</u> | | <u>Three Bedroom Low</u> | |
|---------------|------------------------|---------------|--------------------------|---------------|
| | <u>Preliminary</u> | <u>Actual</u> | <u>Preliminary</u> | <u>Actual</u> |
| 14 | 28,250 | 25,430 | 30,420 | 27,380 |
| 13 | 29,860 | 26,870 | 32,150 | 28,940 |
| 12 | 31,640 | 28,480 | 30,070 | 30,660 |
| 11 | 33,610 | 30,250 | 36,190 | 32,570 |
| 10 | 35,790 | 32,210 | 38,540 | 34,690 |

all numbers rounded to nearest \$10.00

4. Calculation of Rental Charges:

Low Income

| <u>Family Size</u> | <u>Income Limit</u> | <u>Rent</u> |
|--------------------|---|-------------|
| 3 (2 BR) | 16,900 X .94 X .28 = 4,448 ÷ 12 = 371 X .9 = 334 - 70 = | \$264 .00 |
| 5 (3 BR) | 18,200 X .94 X .28 = 4,790 ÷ 12 = 399 X .9 = 359 - 90 = | \$269 .00 |

Moderate Income

| <u>Family Size</u> | <u>Income Limit</u> | |
|--------------------|---|-----------|
| 3 (2 BR) | 24,300 X .94 X .28 = 6,396 ÷ 12 = 533 X .9 = 480 - 70 = | \$410 .00 |
| 5 (3 BR) | 28,700 X .94 X .28 = 7,554 ÷ 12 = 630 X .9 = 567 - 90 = | \$477 .00 |

5. Comparison

| <u>Interest Rate</u> | <u>Moderate</u> | | | | <u>Low</u> | | | |
|----------------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|
| | <u>2 BR</u> | | <u>3 BR</u> | | <u>2 BR</u> | | <u>3 BR</u> | |
| | <u>Original</u> | <u>Revised</u> | <u>Original</u> | <u>Revised</u> | <u>Original</u> | <u>Revised</u> | <u>Original</u> | <u>Revised</u> |
| 14 | | 36,560 | | 43,170 | | 25,430 | | 27,380 |
| 13 | 45,670 | 38,650 | 48,550 | 45,640 | 28,590 | 26,870 | 30,790 | 28,940 |
| 12 | 48,400 | 40,950 | 51,440 | 48,340 | 30,290 | 28,480 | 31,620 | 30,660 |
| 11 | 51,410 | 43,500 | 54,650 | 51,370 | 32,180 | 30,250 | 34,650 | 32,570 |
| 10 | 54,750 | 46,320 | 58,190 | 54,700 | 34,270 | 32,210 | 36,900 | 34,690 |

6. Analysis of Effect:

55 Mod. 2 BR times additional loss of \$7,500 = \$412,500 additional losses
 54 Low 3 BR times additional loss of \$2,000 = \$108,000
 Total Additional Losses \$520,500

7. Effect upon Market Unit Prices:

| <u>Type</u> | <u>Number</u> | <u>Sales Price (12%)</u> | <u>Cost</u> | <u>Loss/Unit</u> | <u>Total Losses</u> |
|-------------|---------------|--------------------------|-------------|------------------|---------------------|
| Mod. (2 BR) | 55 units | 40,950 | 45,000 | (4,050) | \$222,750 |
| Low (3 BR) | 54 units | 30,660 | 45,000 | (14,340) | \$774,360 |
| | | | | | \$997,110 |

Average Loss per Mt. Laurel = \$9,150

Average Increase in Sales price of the 436 Market Units = \$2,500

DRD:jac

cc: George Yankowich
 Roy Hyman
 John Murtagh
 Craig Turner
 Project Attorneys