~~[illegible]~~ UL v. Carteret

22 - Dec - 75
17 - Dec - 75

South Brunswick

Memoranda re: Dayton center development
~~memorandums~~ 1-75, 2-75, 3-75, & 4-75,
with detailed responses.

pgs ~~[illegible]~~ 20

CA002029D

A-19
w.i.a,
12/23/75

ABELES, SCHWARTZ AND ASSOCIATES
PLANNING AND DEVELOPMENT CONSULTANTS

December 17, 1975

Richard F. Plechner, Esq.
351 Main Street
Metuchen, New Jersey 08840

RE: DAYTON CENTER, LOW AND
MODERATE INCOME HOUSING

Dear Mr. Plechner:

Mr. Rieder called and asked me to respond in detail to the memoranda 1-75, prepared by Queale & Lynch on the subject of low and moderate income development within the Dayton Center development. It is my understanding that the various outstanding items on the subject are to be resolved at the next meeting of the South Brunswick Planning Board on Tuesday, December 23.

Unless it is absolutely essential, I would prefer not to attend that meeting. As it so happens, I had intended to take the week off.

I will go over each of the nine items that have been set forth in Mr. Lynch's comments.

Comment 1

This comment requires no further elaboration.

Comment 2

Mr. Lynch raises the quite ligitimate problem that HFA may be reluctant to finance a project of 60 units. The resolution should include, therefore, the understanding that the developer or his successor will provide the necessary assurances to HFA that the 60 units will be managed as part of the larger Dayton Center project. I believe that kind of assurance will eliminate the problem referred to by Mr. Lynch.

Comment 3

Based upon my analyses with which Mr. Lynch agrees, the maximum distribution that can be obtained at present under the limitations of the various financing programs which are involved is a mix of

CA002029Z

30 percent one-bedroom, 30 percent two-bedroom, 30 percent three-bedroom and 10 percent four-bedroom. This averages out to a 2.2 bedroom per dwelling unit. I would suggest that the language in the resolution, related to this matter, be as follows. "The developer will attempt to provide the low and moderate income housing so that the average number of bedrooms per dwelling unit is 2.2. If a finding is made by the HFA or FHA that a 2.2 average bedroom per unit is economically unfeasible, the developer may reduce that bedroom unit distribution to a point at which the project becomes feasible." Realistically, some flexibility should be provided since the maximum number of bedrooms that can be obtained is a function of two variables -- the cost of construction under prevailing wage and the maximum allowed fair market rent under Section 8. Since both of these variables may change in the next year or two, some flexibility must be provided.

<u>Comment 4</u>

No comment required.

<u>Comment 5</u>

Mr. Lynch is correct, I believe, in setting forth the need for some sort of staging program against which the accomplishments of the developer in respect to the low and moderate income housing can be measured. There are two possible solutions. Either Mr. Chester provides a map indicating various sections which can be incorporated in the resolution or, solely for the purpose of monitoring the performance of the developer in respect to the low and moderate income housing, the project be divided into ten stages with each stage representing 10 percent of the total housing which would be allowed under the approvals to be granted by South Brunswick. Therefore, each time the developer completes 54 non-assisted units, that completion represents the completion of one stage of the development. I personally feel that sections defined by percentage completion is probably the easiest and most effective way to resolve this issue.

<u>Comment 6</u>

I see no reason as to why the developer would not be in a position to furnish South Brunswick with the requested financial analysis prior to preliminary approval. In fact, such a financial analysis is in the hands of the Planning Board, at least in draft form, at this time. You will recall that we did supply, at our last meeting to the Planning Board, with two analyses of the low and moderate income development, based upon different unit distributions. I believe that one of these alternatives, with some additional refinements, would completely satisfy Comment 6.

Comment 7

I have no disagreement with the change suggested in this comment. There is no reason why the developer could not prepare a complete application to HFA, say, in a matter of two or three weeks. However, I think it should be understood that even if the developer promptly submits a complete application to HFA before the submission of the development to South Brunswick for "final approval," there is no assurance that we will have a response from HFA. However, I would assume that, within a space of 30 to 60 days, HFA would make a response to a application.

I also have no problem at all with the language suggested by Mr. Lynch under Comment 7.

Comment 8

No comment is required.

Comment 9

I would suggest the incorporation of the following language to resolve the matter presented by Mr. Lynch.

> "It is understood that, in the event the Developer does not proceed with the low and moderate income housing and that the Developer does not provide a substitute limited-dividend housing company suitable to the South Brunswick Planning Board, then the following shall apply. The governing body of South Brunswick or its designee, if so appointed, the Planning Board may designate a group of local citizens who, together with other local institutions, will form a non-profit housing company pursuant to existing state law. That non-profit housing company so designated by either the municipal governing body or the Planning Board will become the sponsor and developer of the 60 units of low and moderate income housing. The Developer of Dayton Center further agrees that, if such a local non-profit housing company is designated, the Developer shall make available the site, plans, approvals and any other relevant material to the non-profit housing company for the sum of $1.00. The Developer will receive from the housing company at a mortgage closing such value for the land, plans, specifications, permits and other approvals as may be found feasible by the New Jersey Housing Finance Agency."

I believe I have covered all of the items that were under discussion at the last meeting. If there is any other information you require or, if I can be of any further assistance, please do not hesitate to call.

Yours sincerely,

Peter L. Abeles

PLA:jj
cc: Rieder & Sons
Carl E. Hintz
John J. Lynch

Multifamily housing is the real problem

1/5/76 Home News

By REP. HENRY S. REUSS

WASHINGTON — Though public attention has been focused on the difficulties of single-family housing construction over the past few years, multifamily housing construction has suffered worse — down 75 per cent since 1973.

Well-planned multifamily housing uses less land, is cheaper to build, is more efficient to heat, is easier to provide with utilities and is more accessible to jobs.

Chairman William A. Barrett of our subcommittee on Housing and Community Development and I recently urged HUD Secretary Carla Hills to "accompany us on a treasure hunt through the housing laws" and draw on a number of revived programs to implement a multifamily housing campaign.

Specifically, we proposed a housing mixture in which ownership occupied condominiums and cooperatives would have the largest share, with subsidized rental units and apartments for the elderly and handicapped also represented.

Our proposal, we believe, could be realized with funds already appropriated — portions of the $265 million newly available for Section 235 federally insured homeownership assistance; the $15 million just appropriated for Section 802 federal guarantees to state housing finance agencies, and the virtually untouched $1.5 billion for Section 8 leased rental units.

Builders are unenthusiastic about multifamily housing. Why? First, since multifamily projects are on a much bigger scale than single-family home construction, the financial risk is greater. And mortgage interest rates tend to be at least a percentage point higher.

Second, many cities have instituted rent controls. And, in these inflationary times, others seem likely to follow suit. Uncertain of the rate of return on rental properties, investors hesitate.

Third, renters are flexing their muscles these days. Tenant organizations and rent strikes on the collective level; and sheer vandalism — defacing walls, breaking windows, ripping off applicances — on the individual level, make rental properties less attractive.

Yet the federal government is currently doing almost nothing to make building multifamily units attractive.

Here is how Chairman Barrett and I would use existing programs and funds to get good multifamily low- and moderate-income housing. A site would be chosen either in the inner city, if sufficient vacant land is available, or outside, convenient to job centers, existing public facilities and transportation. Garden apartments, high-rises, low-rises, duplexes, clustered single-family homes would be sited adjacent to open land for a park, garden plots or other recreational purposes.

The majority of the units — perhaps 80 per cent — would be Section 235 condominiums or cooperatives, instead of the traditional rental units. Moderate-income people would buy rather than rent these apartments, and with Section 235 homeownership assistance would end up paying a monthly sum comparable to rent, while acquiring equity in the bargain. Only applicants genuinely able to pay the 3 per cent down payment and the monthly charges would be eligible to buy — particularly young families, blue-collar and white-collar alike.

Upon sale of the condominium or cooperative, the owners would be required to return a portion of any gain on the sale to HUD — as is only fair. The cost of selling, or capital improvements to the property, and the owner's equity adjusted for inflation would be kept by the seller. A substantial portion of the gain over that sum would go to HUD to reduce HUD's costs and to keep costs down on subsidized units.

Not only Section 235 units would be built. Perhaps 15 or 20 per cent of the apartments could be built under the Section 8 leasing program, to ensure a mixture of income levels. Since private investors now have little interest in Section projects, state housing finance agencies, now in being in the majority of states, could finance the projects through federally subsidized bonds, in some cases federally guaranteed as well, now available under Section 802 of the Housing and Community Development Act of 1974.

Some units could be built for elderly and handicapped people. Existing homes and apartment buildings could be rehabilitated with federal assistance (Sections 312 and 223) to integrate new housing in to a viable neighborhood. And community development block grants could be tapped to build supporting facilities for use by the entire community.

This proposal — to coordinate presently funded pieces of housing programs into a creative, multifamily housing package — has these advantages. It will build desperately needed multifamily housing units. It will encourage land-and-energy-efficient housing design in both the public and the private sector. It will give incentives for those who live in multifamily units to maintain them. It will create jobs in the housing industry, now suffering from close to 40 per cent unemployment.

No one proposes to force our "treasure hunt" on any community. We'd simply like to make it available for the communities that need and want it.

Henry Reuss is a Democratic congressman from Wisconsin. His article was distributed by the Washington Post.

12/23/75

ANCIAL ESTIMATES – SCHEDULE 10-A

Date December 22, 1975

Prepared By Abeles, Schwartz Ass
(Please sign in ink)

ALTERNATIVE A

DAYTON CENTER
Name of Housing Development

SOUTH BRUNSWICK
Located At

ounty of) Middlesex — Block No. ______ — Lot No. ______

own of) South Brunswick

orough of) ______

Type of Development

) Rental
) Cooperative
 Condominium
 Non-Profit
) Limited Dividend

Assistance Programs

(X) Section 8
( ) Section 101
( ) Bond Issue Funds
( ) Downpayment Assistance
( ) Payment in Lieu of Taxes 6.28%.

oposed zoning ______

. of dwelling units 60

. of rental rooms 294

al parking 100

io of parking to D.U.'s ______ %

mber of elevators -0-

Total land area ______ sq. ft. (______ acres)

Land coverage ______ sq. ft. (______ %)

Net land area ______ sq. ft. (______ acres)

Density ______ persons per acre.

TYPES OF STRUCTURES	Number of Buildings	Number of Stories Each
Residential		
Residential		
Commercial/Professional		
Garage		
Other		
TOTAL		

# of Units	UNIT	SIZE (	Gross Area)
18	1 BR	750	13,500
18	2 BR	1,000	18,000
18	3 BR	1,300	23,400
6	4 BR	1,650	9,900
	TOTAL		64,800

APARTMENT DISTRIBUTION

	UNIT TYPE	Number of Dwelling Units	Rental Rooms Per Unit	Rental Rooms Total	No. of Terraces or Balconies	Max. No. of Persons Per DU	Maximum No. of Persons
A.	1 Bed room	18	3.5	63	–	2	36
B.	2 Bedroom	18	4.5	81	–	4	72
C.	3 Bedroom	18	6.0	108	–	6	108
D.	4 Bedroom	6	7.0	42	–	8	42
E.							
TOTAL		60		294			258
Supt. Apart.					(Not Included Above)		
Commercial/Professional Space							
Other Facilities							

No. of Rental Rooms 294

Plus Supt. Rooms –

Less No. of Terraces (Balconies) (½ Rm.) ______

BALANCE: 294

NJHFA FORM 10
REV. 4-1-73

FORM 10-B

- [ ] PRELIMINARY
- [ ] FEASIBILITY
- [ ] COMMITMENT
- [ ] CLOSING

DAYTON CENTER
ALTERNATIVE A

HFA No. ____________

Date 12/22/75

Prepared By ASA
(Please sign in ink)

NAME OF SPONSOR ____________

NAME OF DEVELOPMENT DAYTON CENTER

SCHEDULE 10-B: ESTIMATED DEVELOPMENT COSTS AND CAPITAL REQUIREMENTS

	(1)	(2)	(3) Cost Per Room
1. COST OF LAND ACQUISITION			
(a) No. of Sq. Ft./Ac. ______ $______ per sq. ft./ac.	$	(Per DU $ ______)	
(b) Carrying Charges and Expenses			
(c) Relocation and Other	$	$ 30,000	$
2. CONSTRUCTION COSTS			
(a) Demolition and Site Clearance Costs	$		
(b) Abnormal Foundations and Conditions			
(c) Residential Structures			
(d) Commercial Structures (If Separate)			
(e) Garage Structures (If Separate)		per sq. ft. 25.20	
(f) Other Structures			
(g) Site Work		(Per DU $ 27,220)	
(h) Off-Site Work			
(j) Premium on Bonds	$	$ 1,633,215	$ 5,555
3. CONSTRUCTION FEE (Nonprofits Only) ______ % of Items 2a-j. OR DEVELOPMENT FEE (Limited Dividend Only) 10 % of Items 2a-j.		$ 163,321	$
4. PROFESSIONAL SERVICES			
(a) Architect's Fee 5 % of Items 2a-j.	$ 81,661		
(b) Engineer's Inspection Fees	3,000		
(c) Laboratory Fees	1,000		
(d) Soil Investigation	2,000		
(e) Land Surveys	1,500		
(f) Legal Fees ______ % of Items 2a-j.	13,200		
(g) Loan Consultant or Project Planner ______ % of #10.	16,500		
(h) HFA Field Rep.	$ 10,000	$ 128,861	$
5. SELLING OR RENTING EXPENSES			
(a) Selling or Renting Fees	$ 6,000		
(b) Advertising and Promotion	3,000		
(c) Other	$ 0	$ 9,000	$
6. CARRYING AND FINANCING CHARGES			
(a) Interest @ 9.5% for 12 months on $ 1,135,750.	$ 107,896		
(b) R. E. Tax $ ______ per annum X ______ Yrs.	0		
(c) Other	0		
(d) Insurance $ 6,000 per annum X 1 Yrs.	6,000		
(e) Agency Fee (1 %)	32,715		
(f) Financing Expenses (1.5 %)	34,073		
(g) Title and Recording Expenses	6,000		
(h) Administration Expenses: 1. Organization Expenses	6,000		
2. Accounting Expenses	0		
(i) Building Permits, (State $ ______) (Local $ ______)	$ 6,000	$ 188,684	$
ESTIMATED DEVELOPMENT COST (Sub Total Items 1-6)		$ 2,153,080	$
7. (a) WORKING CAPITAL - 3 % OF ESTIMATED DEVELOPMENT COST.		$	
(b) HOUSING FINANCE FUND & MINIMUM ESCROW REQUIREMENT 5 % OF ESTIMATED DEVELOPMENT COST	5.5	$ 118,419	
8. CONTINGENCY - 2 % OF ESTIMATED DEVELOPMENT COST.		$	
9. TOTAL PROJECT COST (Total of Items 1-8)		$ 2,271,500	$
10. MAXIMUM MORTGAGE LOAN - ______ % OF ITEM 9.		$	
11. EQUITY REQUIREMENT		$	

NUMBER of DU's 60

Number of Rooms 294

Cost Per DU $ 37,858
(It. 9, Col. 2, ÷ No. of DU's)

Cost Per Room $ 7,726
(Item 9, Col. 3)

____________ (Signature)

Title ____________ Date ____________

____________ (Signature)

Title Ex Director NJHFA Date ____________

ALTERNATIVE A

December 22, 1975

Prepared By asa
(Please sign in in

SCHEDULE 10-C ESTIMATED ANNUAL EXPENSES AND INCOME

Amount $ 2,271,500

Interest Rate 8 % Agency Fees and Charges 1/4 % Term: 40 years.

Debt Service Factor .08387 1% Debt Service Factor

	I. MARKET		II. BASIC
(a) Interest and Amortization	$	190,510	$
(b) Agency Fees and Charges (1/4 %)		5,679	
(c) Maintenance and Administration Expenses (From Schedule 10-D) ($/Annum 130 X 294 Rms.)		38,220	
(d) Reserves: Painting and Decorating (@$/Annum 18 X 294 Rms.)		5,292	
Replacements (@$/Annum 12 X 294 Rms.)		3,528	
(e) Return on Equity (% on $)			
(f) Other: (Specify)			
(g) SUB-TOTAL	243,229		
(h) Allowances: Vacancy and Collection 5% of Line g	12,161		
Loss: (% of Line g-I; or % of Line g-II)			
Contingency: (% of Line g-I; or % of Line g-II)			
(a) Gross Shelter Expenses (SUB-TOTAL)	255,390		
(b) Payment in Lieu of Taxes (6.28 % of 4 (Or Taxes at $ / DU)	19,477		
(c) Utilities $/Annum 120 X 294 Rms. (Including all Tenant Utilities) Except:	35,280		
LESS: Non-Housing Income (As Detailed in Schedule 10-E)	LESS:	( )	
Total Net Annual Expenses	$ 310,147		$
Total Net Monthly Expenses	$		$

Rent or Carrying Charges Per Month Based on ______ Residential Rooms, including Balconies and/or Terraces.

Rent or Carrying Charges Including all Utilities Except:

Average Per Room Per Month: $ ______ MARKET $ ______ BASIC

☐ SKEWED ☐ UNSKEWED

	NO.	RM. CT.	Fair MARKET RENT	110% FMR	COST OF UTIL. (NOT INCLD. IN 2(c) ABOVE	TOTAL RENT OR CARRYING CHARGES MARKET	TOTAL RENT OR CARRYING CHARGES BASIC	110% FMR MONTHLY INC. MARKET	MONTHLY INC. BASIC
F.			$	$	$	$	$	$	$
R	18	3.5	286	314.60				5,662.80	
R	18	4.5	402	442.20				7,959.80	
R	18	6.0	453	498.30				8,969.40	
R	6	7.0	493	542.30				3,253.80	
							TOTAL	$25,845.60	$

	MARKET	BASIC
TOTAL ANNUAL INCOME	$ 310,147.20	$
TOTAL ANNUAL EXPENSE	$ 310,147.20	$

NJHFA FORM 10
REV. 1-1-71

HFA No. ______

FINANCIAL ESTIMATES – SCHEDULE 10-A

Date December 22, 1975

Prepared By ASA
(Please sign in ink)

ALTERNATIVE B

DAYTON CENTER
Name of Housing Development

______
Located At

(County of) Middlesex
(Town of) South Brunswick
(Borough of) ______

Block No. ______

Lot No. ______

Type of Development

( ) Rental
( ) Cooperative
( ) Condominium
( ) Non-Profit
( ) Limited Dividend

Assistance Programs

(X) Section 8
( ) Section 101
( ) Bond Issue Funds
( ) Downpayment Assistance
( ) Payment in Lieu of Taxes 6.28 %.

Proposed zoning ______
No. of dwelling units 60
No. of rental rooms 315
Total parking 120
Ratio of parking to D.U.'s 1:2 %
Number of elevators 0

Total land area ______ sq. ft. (______ acres)
Land coverage ______ sq. ft. (______ %)
Net land area ______ sq. ft. (______ acres)
Density ______ persons per acre.

TYPES OF STRUCTURES	Number of Buildings	Number of Stories Each
Residential		
Residential		
Commercial/Professional		
Garage		
Other		
TOTAL		

	UNIT	SIZE (Gross Area)	
15	1 BR	750	11,250
15	2 BR	1,000	15,000
15	3 BR	1,300	19,500
15	4 BR	1,650	24,750
	TOTAL		70,500

APARTMENT DISTRIBUTION

UNIT TYPE	Number of Dwelling Units	Rental Rooms Per Unit	Rental Rooms Total	No. of Terraces or Balconies	Max. No. of Persons Per DU	Maximum No. of Persons
A. 1 Bed room	15	3.5	52.5			30
B. 2 Bed room	15	4.5	67.5		4	60
C. 3 Bed room	15	6.0	90.0		6	90
D. 4 Bedroom	15	7.0	105.0		8	120
E.						
TOTAL	60		315			300
Supt. Apart.				(Not Included Above)		
Commercial/Professional Space						
Other Facilities						

No. of Rental Rooms 315

Plus Supt. Rooms ______

Less No. of Terraces (Balconies) (½ Rm.) ______

BALANCE: 315

NJHFA FORM 10
REV. 4 1 73

FORM 10-B

- [ ] PRELIMINARY
- [ ] FEASIBILITY
- [ ] COMMITMENT
- [ ] CLOSING

HFA No. DAYTON CENTER ALTERNATIVE B

Date 12/22/75

NAME OF SPONSOR ____

NAME OF DEVELOPMENT DAYTON CENTER

Prepared By ASA
(Please sign in ink)

SCHEDULE 10-B: ESTIMATED DEVELOPMENT COSTS AND CAPITAL REQUIREMENTS

	(1)	(2)	(3) Cost Per Room
1. COST OF LAND ACQUISITION			
(a) No. of Sq. Ft./Ac. ____ $ ____ per sq. ft./ac.	$	(Per DU $ 500)	
(b) Carrying Charges and Expenses			
(c) Relocation and Other	$	$ 30,000	$
2. CONSTRUCTION COSTS			
(a) Demolition and Site Clearance Costs	$		
(b) Abnormal Foundations and Conditions			
(c) Residential Structures			
(d) Commercial Structures (If Separate)			
(e) Garage Structures (If Separate)			
(f) Other Structures		per sq. ft. $23.94	
(g) Site Work		(Per DU $ 28,132)	
(h) Off-Site Work			
(i) Premium on Bonds	$	$ 1,687,848	$ 5,358
3. CONSTRUCTION FEE (Nonprofits Only) ____ % of Items 2a-j. OR DEVELOPMENT FEE (Limited Dividend Only) ____ % of Items 2a-j.		$ 168,785	$
4. PROFESSIONAL SERVICES			
(a) Architect's Fee 5. % of Items 2a-j.	$ 83,940		
(b) Engineer's Inspection Fees	3,000		
(c) Laboratory Fees	1,000		
(d) Soil Investigation	2,000		
(e) Land Surveys	1,500		
(f) Legal Fees ____ % of Items 2a-j.	13,000		
(g) Loan Consultant or Project Planner ____ % of #10.	17,000		
(h) HFA Field Rep.	$ 10,000	$ 131,440	$
5. SELLING OR RENTING EXPENSES			
(a) Selling or Renting Fees	$ 6,000		
(b) Advertising and Promotion	3,000		
(c) Other	$	$ 9,000	$
6. CARRYING AND FINANCING CHARGES			
(a) Interest @ 9 1/2 % for 12 months on $ 1,171,500	$ 111,297		
(b) R. E. Tax $ ____ per annum X ____ Yrs.	0		
(c) Other	0		
(d) Insurance $ 6,000 per annum X 1 Yrs.	6,000		
(e) Agency Fee (1 %)	23,431		
(f) Financing Expenses (1.5 %)	35,147		
(g) Title and Recording Expenses	6,000		
(h) Administration Expenses: 1. Organization Expenses	6,000		
2. Accounting Expenses			
(i) Building Permits, (State $ ____) (Local $ ____)	$ 6,000	$ 193,875	$
ESTIMATED DEVELOPMENT COST (Sub Total Items 1-6)		$ 2,220,948	$
7. (a) WORKING CAPITAL - 2.5 % OF ESTIMATED DEVELOPMENT COST.		$	
(b) HOUSING FINANCE FUND & MINIMUM ESCROW REQUIREMENT .5 % OF ESTIMATED DEVELOPMENT COST		$ 122,152	
8. CONTINGENCY - 2.0 % OF ESTIMATED DEVELOPMENT COST.		$	
9. TOTAL PROJECT COST (Total of Items 1-8)		$ 2,343,100	$
10. MAXIMUM MORTGAGE LOAN - ____ % OF ITEM 9.		$	
11. EQUITY REQUIREMENT		$	

NUMBER of DU's 60

Cost Per DU $ 39,052
(It. 9, Col. 2, ÷ No. of DU's)

Number of Rooms 315

Cost Per Room $ 7,438
(Item 9, Col. 3)

____ (Signature)

Title ____ Date ____

____ (Signature)

Title Ex Director NJHFA Date ____

DAYTON CENTER
ALTERNATIVE B

[illegible] Form 10
[illegible] 1-1-73

Date December 22, 1975

Prepared By ASA
(Please sign in in

SCHEDULE 10-C ESTIMATED ANNUAL EXPENSES AND INCOME

[illegible] Amount $ 2,343,100
[illegible] Interest Rate 8 % Agency Fees and Charges 1/4 % Term: 40 years.
[illegible] Debt Service Factor .08387 1% Debt Service Factor

	I. MARKET		II. BASIC
(a) Interest and Amortization	$	196,517	$
(b) Agency Fees and Charges (.25 %)		5,858	
(c) Maintenance and Administration Expenses (From Schedule 10-D) ($/Annum 130 X 315 Rms.)		40,950	
(d) Reserves: Painting and Decorating (@$/Annum 18 X 315 Rms.)		5,670	
Replacements (@$/Annum 12 X 315 Rms.)		3,780	
(e) Return on Equity (% on $)			
(f) Other: (Specify)			
(g) SUB-TOTAL		252,775	
(h) Allowances: Vacancy and Collection 5% of Line g			
Loss: (% of Line g-I; or % of Line g-II)		12,639	
Contingency: (% of Line g-I; or % of Line g-II)			
(a) Gross Shelter Expenses (SUB-TOTAL)		265,414	
(b) Payment in Lieu of Taxes (6.28 % of 4 (Or Taxes at $ / DU)		20,318	
(c) Utilities $/Annum 120 X 315 Rms. (Including all Tenant Utilities) Except:		37,800	
LESS: Non-Housing Income (As Detailed in Schedule 10-E)	LESS:	(0)	
Total Net Annual Expenses	$	323,532	$
Total Net Monthly Expenses	$		$

Rent or Carrying Charges Per Month Based on 315 Residential Rooms, including Balconies and/or Terraces.
Rent or Carrying Charges Including all Utilities Except:

Average Per Room Per Month: $ MARKET $ BASIC

☐ SKEWED ☐ UNSKEWED

	NO.	RM. CT.	FAIR MARKET RENT	110% FMR	COST OF UTIL. (NOT INCLD. IN 2(c) ABOVE	TOTAL RENT OR CARRYING CHARGES MARKET	BASIC	MONTHLY INC. MARKET	MONTHLY INC. BASIC
E.			$	$	$	$	$	$	$
BR	15	3.5	286	314.60				4,719	
[illegible]	15	4.5	402	442.20				6,633	
[illegible]	15	6.0	453	498.30				7,474.50	
[illegible]	15	8.0	493	542.30				8,134.50	
							TOTAL	$ 26,961	$

	MARKET	BASIC
TOTAL ANNUAL INCOME	$ 323,532	$

323,532

MEMORANDUM 1-75 DATE: December 15, 1975

TO: South Brunswick Planning Board

FROM: Queale & Lynch

SUBJECT: Dayton Center P.U.D.
Review of Undated Memorandum entitled:
"Low and Moderate Income Development Within
The Dayton Center Development"
Abeles & Schwartz

This memorandum is a review of the proposal set forth by the applicant to comply with the 10 percent low and moderate income housing requirements of the PUD ordinance.

The applicant proposes 61 low and moderate income units developed and owned by a limited dividend housing corporation. The applicant also suggests, as a first priority in the type of financing to be used, that the housing be developed through the New Jersey Housing Finance Agency (HFA) utilizing HUD Section 8 rent subsidy funds. The second and third alternatives also involve Section 8 funds, but they would not involve HFA. The housing is proposed to be located in the section of the project opposite the municipal building.

The applicant dismisses the ideas of internal subsidy and the use of Section 235 subsidy funds for sales housing.

Our comments on the report are as follows:

1. Page 2. We concur in the conclusion that neither internal subsidies nor Section 235 sales housing will work. The internal subsidy would place too great a burden on the remaining units in the development, while the Section 235 program would be workable to only a very narrow range of family incomes due to the high cost of construction as it relates to the family income ~~units~~ limits.

2. Page 3. The approach recommended by the applicant, which is the use of Section 8 funds with HFA financing, is the one which seems to make the most sense. It offers a combination of high quality constuction, because of the HFA standards, and rents which low and moderate income families can afford. In most situations, families would pay 25 percent of their gross income for rent, including all utilities. One possible drawback to the use of this approach is that it virtually requires the housing to be built on one parcel, thus eliminating the possibility of a true mixing of income levels throughout the P.U.D. Tax abatement would be required, but this would be true in virtually all subsidized programs in order to make them feasible. (The tax abatement issue will be considered in greater depth in Memorandum 2-75, which concerns itself with fiscal impact). One remaining point to be made about HFA financing is that HFA may hesitate to process a project as small as 61 housing units since their current policy is to process only those projects with a minimum of 150 units. However, the fact that these units would be provided for families rather than for the elderly, with desirable social goals and with on-site management of additional units in the P.U.D., it is expected that the Housing Finance Agency would find a 61 unit family project acceptable for financing.

3. The applicant does not outline a suggested mix of bedroom sizes. Since the feasibility of Section 8 housing is often dependent on the mix of unit sizes, the applicant has been requested to prepare financial analyses of two hypothetical projects, one which has a mix of 18 each one, two and three bedroom units and 6 four bedroom units while the alternate mix would be 15 each one, two, three and four bedroom units. This information is expected to be submitted at the meeting of December 15, 1975. The financial analyses should enable the board to come to a conclusion on the bedroom mix for the subsidized housing as an integral part of the preliminary approval.

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4. Pages 3-8. We concur with the conclusion in the report that the two alternative Section 8 approaches are inferior to the HFA approach for several reasons. First, HUD processing is done in response to an advertising procedure whereas HFA projects can be submitted at any time and accepted or rejected by HFA. Second, the housing would have a decidely more austere appearance under these alternate programs because of differences in financing and construction standards. Third, there is considerably less local control over the non-HFA projects than if HFA financing is used.

5. Page 8. The report makes reference to the development of the project in ten sections and the financing of the development of subsidized housing after Section 6. We have seen no maps setting forth staging. These would have to be reviewed in detail to determine the earliest practical starting sequence for the subsidized housing. This would have to consider not only the developers normal phasing of the job, but the processing time involved with HFA.

6. Page 9. In Step I, the applicant suggests that certain financial analyses be submitted after the granting of preliminary approval to allow the proper development of a dwelling unit mix. The applicant has been requested to supply financial data prior to preliminary approval so the board can establish a unit mix as a part of preliminary approval which will serve as a guide for the final submission.

7. Pages 9-10. In Step II, the applicant suggests submission of an application to HFA prior to the completion of Section I. This is not acceptable. The application to HFA should be made prior to submission of the application for final approval so the board will have some idea as to the probability of securing financing for the subsidized housing. On page 10, the timing of obtaining a mortgage commitment was established at prior to the start of Section 3. We would prefer to see the timing set forth as follows:

   > "The developer shall produce evidence that reasonable progress toward securing a mortgage committment is being made, with this information in the form of a letter from HFA no later than six months after the final approval. In the event reasonable progress is not being made at this point, the developer will be required to proceed immediately with the alternate Section 8 funding approaches."

8. Pages 11-14. These pages outline certain aspects of the two alternate Section 8 approaches. Again, the major question to be raised in these sections is the timing of each development phase.

9. Pages 14-17. This section outlines "Further Assurances Which Should Be Required." Again, the timing of development is raised. The first paragraph on page 15 sets forth a series of conditions detailing the developers responsibilities in the event a separate housing corporation is brought in to take over the subsidized housing. The only item to be added here is the suggestion that if the project is to be developed by a nonprofit corporation, that the Township have the right of first refusal to be the project developer.

In conclusion, the proposal as submitted makes it seem as though the subsidized housing section of the P.U.D. can be built. With the additional financial information available from the applicant on December 15, a supplement to this memorandum will be prepared detailing the recommended dwelling unit mix and other aspects related to financial feasibility.

MEMORANDUM 2-75 DATE: December 15, 1975

TO: South Brunswick Planning Board

FROM: Queale & Lynch/jjl

SUBJECT: Review of Fiscal Impact Study
Revised November, 1975
Chester & Schoor, Inc.

The format of the fiscal impact study is acceptable, following the guide set forth by the Department of Community Affairs.

The following comments are offered on the report:

1. Item I, ASSESSMENTS. The assessment assumptions on the conventional housing should be checked by the Tax Assessor. The low and moderate income housing units are shown with an unacceptable dwelling unit mix. They should be removed from the list of assessments and placed under "Additional Revenues" since the payments would be based on a tax abatement formula.

2. Item I, ADDITIONAL REVENUES. It is not clear what the source of municipal revenues is as outlined in this section. The applicant should clarify this item since it represents almost 40 percent of anticipated revenues.

3. Item II, EXPENSES. The exclusions set forth for road repair and maintenance in the townhouse and single family areas should be carefully reviewed. This is an area in which the municipality may want to remain involved since homeowners associations and similarly organized groups are ill-equipped to deal with the problems of road maintenance.

4. Appendix I, SCHOOL PUPIL PROJECTION. Most of the numbers contained in this section are taken from well-documented sources. Two exceptions are the single family home assumptions for 3 and 4 bedroom units. These figures were based on a limited survey of under $30,000 homes conducted by the Rutgers Center for Urban Policy Research in the early 1970's. The actual public school enrollment experience in South Brunswick is not available by bedroom count, but the 1970 Census showed the enrollment to be about 1.17 public school children per dwelling unit in the newer sections of the township. This comes to a total of about 143 pupils as compared to 117 as set forth in the report. Of course, the final dwelling unit mix established for the low and moderate income housing will further alter the school child estimates, so it is recommended that no updating of the fiscal impact study be carried out until this mix is known.

5. TAX ABATEMENT. The formula for tax abatement through the HFA program is 6.28 percent of gross revenues. Gross revenues include all project income from tenants as well as from HUD subsidies. As an example, a three bedroom unit renting for $400 per month, including utilities, would yield an annual payment in lieu of taxes of $301.44 ($400 x 12 months x 6.28%). This unit could be occupied by a family earning, for example, $9,600 per year. That family would pay $2,400 per year in rent, or $200 per month. The remaining $200 per month would be paid in the form of a HUD rent subsidy.

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John J. Lynch P. P. #19

MEMORANDUM 3-75 DATE: December 22, 1975

TO: South Brunswick Planning Board

FROM: Queale & Lynch/jjl

SUBJECT: Dayton Center PRD
Review of Financial Feasibility
Low & Moderate Income Housing
Abeles & Schwartz
(See also Memo 1-75)

This memorandum is a review of the "Alternative A" and "Alternative B" memoranda submitted to the Board at the December 15 meeting, as prepared by Abeles & Schwartz, housing consultants for the applicant.

Alternative A analyzes a hypothetical dwelling unit mix of 18 one bedroom, 18 two bedroom, 18 three bedroom and 6 four bedroom units. Alternative B reviews a mix of 15 one bedroom, 15 two bedroom, 15 three bedroom and 15 four bedroom units.

The purpose in developing these analyses is to determine the relative impact of various bedroom ratios on the economic feasibility of the project under HUD Section 8 rent subsidies and mortgage financing through the New Jersey Housing Finance Agency.

Attached to this memorandum are financial analyses of Alternatives A and B, modifying those submitted by the applicant. These analyses parallel the conclusions drawn by Abeles & Schwartz that there is a greater likelihood of achieving economic feasibility under Alternative A than under B. In both situations, the project is run through as a nonprofit in order to provide a better comparison with the applicants data which also used the nonprofit figures. Modifying to a limited profit approach would have a negligible effect on the feasibility of the project.

Feasibility is expected to be easier to achieve under "A" simply because both analyses generate about the same amount of construction cost per dwelling unit and the mix under "A" has less floor area and fewer rooms than "B".

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ALTERNATIVE A

South Brunswick

Dayton Center PRD

December 22, 1975

Unit Type	No. Units	Total Rooms	110% FMR*	Annual Revenues
1 BR	18	63	$ 314.60	$ 67,953.60
2 BR	18	81	442.20	95,515.20
3 BR	18	108	498.30	107,632.80
4 BR	6	42	542.30	39,045.60
TOTALS	60	294		$310,147.20

*Fair Market Rent (HUD)

Gross Income:		$ 310,147
LESS:	Taxes @ 6.28%	-19,477
LESS:	Utilities @ $120/rm.	-35,280
LESS:	Vac. & Coll. Loss (5%)	-12,161
LESS:	Reserves @ $30/rm	- 8,820
LESS:	Maintenance & Admin. @ $130/rm	-38,220
LESS:	Agency fees @ ¼%	- 5,679
EQUALS:	Int. & Amortization @ 8½% (.08387)	190,510

Mortgage Amount			$2,271,500
LESS:	Working Capital, Contingency, Housing Finance Fund @ 5.5%		-118,419
LESS:	Carrying & Financing (9½% int. during constr.)		-188,684
LESS:	Selling & Renting @ $150/unit		- 9,000
LESS:	Professional services		-128,861
LESS:	Land @ $500/unit		- 30,000
EQUALS:	Construction contract amount		$1,796,536
	Construction Cost	$1,633,215	
	Developers Fee @ 10%	163,321	

Mortgage Amount = $37,858/unit
Construction Cost = $27,220/unit
Cost/sq. ft. = $ 25.20 Based on 64,800 sq.ft.
1 BR @ 750 sq.ft.
2 BR @ 1,000 sq.ft.
3 BR @ 1,300 sq.ft.
4 BR @ 1,650 sq.ft.

ALTERNATIVE B

South Brunswick

Dayton Center PRD

December 22, 1975

Unit Type	No. Units	Total Rooms	110%FHR*	Annual Revenues
1 BR	15	52.5	$ 314.60	$ 56,628.00
2 BR	15	67.5	442.20	79,596.00
3 BR	15	90.0	498.30	89,694.00
4 BR	15	105.0	542.30	97,614.00
TOTALS	60	315.0		$323,532.00

*Fair Market Rent (HUD)

Gross Income:		$ 323,532
LESS: Taxes @ 6.28%		-20,318
LESS: Utilities @ $120/rm		-37,800
LESS: Vac. & Coll. Loss (5%)		-12,591
LESS: Reserves @ $30/rm		- 9,450
LESS: Maintenance & Admin. @ $130/rm		-40,950
LESS: Agency fees @ ¼%		- 5,830
EQUALS: Int. & Amortization @ 8½% (.08387)		195,593
Mortgage Amount		$2,332,100
LESS: Working Capital, Contingency, Housing Finance Fund @ 5.5%		-121,579
LESS: Carrying & Financing		-193,078
LESS: Selling & Renting @ $150/unit		- 9,000
LESS: Professional Services		-131,837
LESS: Land @ $500/unit		- 30,000
EQUALS: Construction contract amount		$1,846,606
Construction Cost	$1,678,733	
Developers Fee @ 10%	167,873	

Mortgage Amount = $38,868/unit
Construction Cost = $27,979/unit
Cost/sq./ft. = $ 23.81 Based on 70,500 sq.ft.

1 BR @ 750 sq.ft.
2 BR @ 1,000 sq.ft.
3 BR @ 1,300 sq.ft.
4 BR @ 1,650 sq.ft.

MEMORANDUM 4-75 DATE: December 22, 1975

TO: South Brunswick Planning Board

FROM: Queale & Lynch/jjl

SUBJECT: Review of Fiscal Impact Study - Dayton Center
Revised December 18, 1975
Chester & Schoor, Inc.
(See also Memo 2-75)

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1. ASSESSMENTS: As mentioned in Memorandum 2-75, these assumptions should be checked by the Tax Assessor. The Low/Moderate income housing units have been removed from this section, pursuant to the recommendation in Memo 2-75. The foot note referring to the Low/Moderate income dwelling units should have been deleted.

2. ADDITIONAL REVENUES: In my opinion, the apportionment of General Revenues on a per capita basis is not justified. The Department of Community Affairs (DCA) source handbook entitled "Evaluating the Fiscal Impact of the Planned Unit Development" makes no reference to the use of this approach as a legitimate part of the revenue analysis. The only items which should be considered under this category are payments in lieu of taxes and any permits, licenses or other fees which would be charged by the township on this particular project. The removal of this item has a major impact on the entire fiscal analysis. The figure used for payments in lieu of taxes should be approximately $20,000 based on an estimated dwelling unit mix of 18 one bedroom, 18 two bedroom, 18 three bedroom and 6 four bedroom units, as outlined in Alternative A in Memo 3-75.

3. EXPENSES: The approach used in estimating expenses attributable to the PRD builds in exclusions, which varies from the formula outlined in the DCA handbook. DCA suggests using an apportionment based strictly on per capita and per pupil expenses with no exclusions.

4. DEVELOPMENT SCHEDULE: The development schedule should show the Low/Moderate income housing starting no later than 1978 and, if the marketing pace makes 1978 unrealistic as it relates to the progress of building the conventional housing, then no later than the issuance of permits for the 300th conventional dwelling unit.

5. SCHOOL PUPIL PROJECTIONS: The following modifications in the school pupil projections are suggested based on the Low/Moderate dwelling unit mix outlined in Alternative A in Memo 3-75:

Apartments				
196	1 BR @ .046		=	9
45	2 BR @ .344		=	15
		TOTAL		24
Townhouses				
96	2 BR @ .221		=	21
118	3 BR @ .655		=	77
26	4 BR @1.206		=	31
		TOTAL		129
Single family				
121	3 & 4 BR @ 1.17		=	142
		TOTAL		295 pupils

6. POPULATION PROJECTION: The following modifications in the population projection are suggested:

Apartments				
196	1 BR @ 1.902		=	373
45	2 BR @ 2.805		=	126
		TOTAL		499

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Townhouses			
96	2 BR @ 2.675	=	257
118	3 BR @ 3.349	=	395
26	4 BR @ 3.741	=	97
	TOTAL		749

Single Family

121 3 & 4 BR @ 3.7 - 448

TOTAL POPULATION PROJECTION 1,696

7. COST/REVENUE REVISIONS:

a. Revenues

(1)	Tax revenues	$501,000
(2)	Payments in lieu of taxes	20,000
	Gross Revenues	$521,000

b. Expenses

(1)	Schools 295 pupils @ $1,529/pupil	$451,055
(2)	Municipal 1,696 people @ $203/capita	344,288
	Gross Expenses	$795,343

NET LOSS TO TOWNSHIP $274,343