

RULS-AD-1985-30

1/22/85

letter to Judge re NY Times Article re impact of
dem. trends

pgs 4

RPPW

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JUDGE SERPENTELLI'S CHAMBERS

January 22, 1985

The Honorable Eugene D. Serpentelli, J.S.C.
Superior Court of New Jersey
Ocean County Court House
Toms River, New Jersey 08753

Re: Allan-Deane v. Bedminster

My dear Judge Serpentelli:

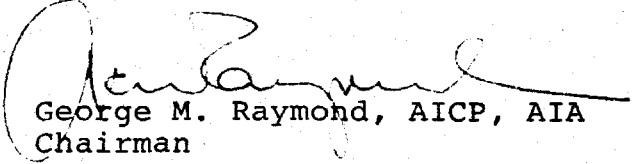
The enclosed story in The New York Times may have escaped your notice. It deals with several instances where multiple owners of properties impacted by development trends that would cause their values to appreciate considerably if assembled have banded together to market their holdings jointly.

I believe that this is relevant to the Washington Court site and Site I in Bedminster Township with respect to which the issue was raised as to whether there is a realistic probability that they would develop over the near term.

The story about the joining together of 144 owners in Atlanta shows that owners who are apprised of the advantage to them of this course of action are very likely to act in their own best interest. What is needed is a determined effort on the part of a realtor and/or the municipality to bring the facts to the owners' attention.

I hope that the above will be of assistance.

Respectfully yours,


George M. Raymond, AICP, AIA
Chairman

GMR:kfv

cc: Alfred Ferguson, Esq.
Joseph L. Basralian, Esq.
Henry A. Hill Esq.
Kenneth J. Meiser, Esq.

RULS - AD - 1985 - 30

Owners Uniting to Sell Homes to Developers

By WILLIAM E. SCHMIDT

Special to The New York Times

ATLANTA, Jan. 15 — Already surrounded on three sides by new office buildings, the owners of 144 homes in a neighborhood north of Atlanta gradually concluded that the quiet, suburban atmosphere that had drawn them to the neighborhood was gone forever.

So they banded into a corporation and last month closed a deal to sell the whole 85.5-acre parcel to the developers of a proposed office complex for \$35 million, a net of about \$25,000 for the owners of each home. Pending final approval of rezoning for the project, most residents will collect nearly twice the appraised value of their houses.

As with similar deals in Houston and the suburbs of Washington, the Atlanta transaction is a dramatic measure of a trend that urban specialists say is reshaping the landscape of many metropolitan areas. As clusters of high-density office, retail and housing developments take root in areas outside existing downtowns, they are threatening to overrun settled residential districts and besieging them with noise and congestion.

As the pace of commercial development drives up land value, homeowners in some of these hot real estate pockets are recognizing the value of banding together to market their neighborhoods as a single parcel. In the last year, at least four subdivisions north of Atlanta have used the tactic to negotiate sales to developers at prices double and sometimes triple the existing residential sales market for their homes.

"We were in a losing battle trying to stop the development and deal with the traffic," said W. William Harness, a lawyer who helped organize those who owned the 144 homes north of Atlanta, structures 10 to 30 years old and worth \$70,000 to more than \$150,000. "The tough part was finally convincing everyone that it was in all of our best interests to sell out together rather than get picked off one by one by some developer."

"What seems to be happening is that homeowners who once fought development are now banding together and saying, 'Since we can't stop it, let's make some hay out of a bad situation,'" said James P. Gaines, director of real estate research for the Rice Center, an urban research institute at Rice University in Houston.

In Arlington, Va., for example, where intense commercial development along the route of the Washington Metro rapid-transit line has driven up

land values, the owners of 22 homes reached agreement this month to sell their six acres in a single parcel for about \$10 million. A Maryland developer plans to build a high-rise retail and apartment complex on the land.

The price will give some of the homeowners nearly three times the current assessed value of their homes, most of which are about 50 years old and on quarter-acre lots.

Houston Ruling Favored Sale

And in Houston, 57 property owners in Meyerland, an upper-middle-income neighborhood southwest of the city, won a state court decision last month allowing them to go ahead with their plan to sell their property in a single block to an adjoining shopping center. Other residents had sought to prevent the sale.

Some homeowners in Atlanta say they resent the trend toward selling, arguing that it accelerates destabilization of the area.

"This kind of activity implies a total lack of planning," said William F. Tilghman, head of a suburban homeowners' group that has opposed rezoning of residential property for commercial development. "Whatever happens becomes totally dependent on the whim of the market and development interests."

But Christopher B. Leinberger, an official with Robert Charles Lesser & Company, a California-based real estate research concern, said that as developers became more interested in converting established, low-density residential areas into high-density commercial property, homeowners would be more likely to seek to consolidate their property into single blocks for sale.

Often, these neighborhoods consist of middle- and upper-middle-income families, frequently including lawyers and others sophisticated in negotiating.

'It Made Our Life Simpler'

Atlanta developers say they welcome the trend because it expedites the purchase of land.

"It made our life simpler," said Gary Arnold, an official with Albritton Development of Dallas, which, along with Cadillac Fairview Urban Development, also of Texas, plans to develop an office complex on the 85.5-acre property north of here. "I don't know if we would have had the time or patience to approach every homeowner individually."

In the past, developers interested in residential property have often used several real estate brokers to quietly

assemble blocks of lots that could then be used as leverage to persuade other residents to sell.

Much of current activity has been taking place in the suburbs that lie just north of Atlanta, where a boom in office, hotel and commercial development is rolling up vacant land and residential neighborhoods, some of which are barely 10 years old. The locus of the development is an area called Perimeter Center, about 12 miles north of downtown, alongside Interstate 285, the highway that encircles much of the Atlanta metropolitan area.

J. Thomas Black, staff vice president with the Urban Land Institute in Washington, called the area one of the more active for this kind of development in the nation. According to a local study, by the end of the decade there will be as much office and shopping space in a four-square-mile area surrounding Perimeter Center as there is currently on the market in downtown Atlanta.

"I know of at least five other subdivisions where groups of homeowners have united to discuss the sale of their property as a block to developers," said Quinton S. King, an Atlanta lawyer who is representing some of the neighborhoods. Last year, Mr. King negotiated the sale of 45 residential lots on 55 acres just behind Perimeter Center for \$26 million.

Some Are Resentful

In fact, the booming market and the lure of large profits have resulted in speculation among local real estate agents who have begun surveying other nearby neighborhoods to see if they are interested in banding together and selling.

"The residential areas in Sandy Springs and Dunwoody are just about shot," said George Hendricks, a local real estate broker who has begun approaching homeowners in one nearby subdivision to talk about arranging a group sale.

Randy Campbell, a stockbroker who helped his 143 neighbors negotiate the sale of their subdivision, said it took nearly two years to bring the neighborhood together. "The real story is how you manage to get 144 people to agree to let three of their neighbors negotiate the sale of their homes," Mr. Campbell said.

Since the sale was negotiated last month, he said he has been besieged by calls from homeowners as far away as Texas wanting to know how they could organize their neighborhoods. "The first thing I tell them is that it's not easy," Mr. Campbell said.

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January 24, 1985

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JAN 25 1985

JUDGE SERPENTELLI'S CHAMBERS

The Honorable Eugene D. Serpentelli
Superior court of New Jersey
Ocean County Court House
CN 2191
Toms River, New Jersey 08753

Dear Judge Serpentelli:

Re: Bedminster Township ads. Allan-Deane

I have received Mr. Raymond's letter of January 22, 1985. Obviously the content of the newspaper article raises as many issues as it resolves. The situation in Atlanta, given the influx of office buildings, and the availability of land, is quite different than that confronting the Township of Bedminster.

Further, Mr. Coppola indicated at trial that the telephone calls which he placed to the property owners at the time of trial were the first attempt to advise any of the property owners of the change to MF zoning. This change had occurred many years earlier and clearly has not resulted in a banding together of property owners for the purpose of selling their property.

The Honorable Eugene D. Serpentelli
Re: Bedminster Township ads. Allan-Deane

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Much of the above may also be irrelevant in light of the fact that the Court has already made its determination on the compliance aspect of the case.

Respectfully,



RAYMOND R. WISS

RRW:AB

cc: Daniel F. O'Connell, Esq.
Kenneth E. Meiser, Esq.
Peter J. O'Connor, Esq.
Henry A. Hill, Esq.
Roger Thomas, Esq.
Thomas Hall, Esq.
Alfred L. Ferguson, Esq.