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12-19-83

Letter/report by Aprea [Treson div]
in support of expert witness testimony

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TREBOR DEVELOPMENT & INVESTMENT CO.

433 East 51st Street
New York, N.Y. 10022
Telephone: (212) 752-2156

December 19, 1983

Raymond Trombadore, Esq.
33 E. High Street
Somerville, New Jersey 08876

re: Timber Properties
Mountainview at Warren
Warren Township, New Jersey

Dear Mr. Trombadore:

Pursuant to your request that I provide you with an expert report as a basis for the introduction of my testimony at trial, I am writing this report to give you both factual background involved in the above referenced project, as well as the opinions, which in my professional capacity, apply in this matter.

You have advised me that you had submitted an application to Warren Township to build a multi-family sales townhouse project. After submission of the application, the Township adopted an ordinance which would allow the development of 320 townhouse units. Since the adoption of the townhouse ordinance applicable to this site, the infamous Mt. Laurel II decision was handed down which then affected the ordinance adopted by Warren Township.

Accordingly, when Warren Township approved the ordinance allowing for 320 units on the above site, the ordinance, of course, was subject to court approval. As a consequence, court approval was not granted due to Mt. Laurel II.

Since the imposition of the Mt. Laurel II decision, it is evident that the original plan for the development of 320 luxury townhouses has to be drastically modified and revised so as to provide for a development scheme which would include provisions so that 20% of the total number of units to be developed be built specifically for low and moderate income families, in accordance with the applicable regulations.

As you are aware, since 1982 there have not been any new approvals for federal subsidies to provide newly constructed low

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and moderate housing (as would be required by Mt. Laurel II) to assist you in the development. It should be noted, however, that there have been some conventional public housing allocation on a national basis. However, in my experience and knowledge, chances of you obtaining any of these funds would be slim to none. It should also be pointed out that Congress within the last 30 days has adopted a new housing program; however, the Department of Housing & Urban Development has not yet promulgated any rules and regulations, and no one is quite sure how the program will be administered, or if we can use the assistance to your project.

After carefully analyzing the market forces and the methodology to be applied in developing the low income housing portion to this project, it is evident that all parties concerned must be prepared to make meaningful contributions to implementing a low and moderate income project short of federal and state subsidies. As you know, historically, low and moderate housing was, and has continued to be, predominantly in the urban centers and that the suburbs had little or no low income housing production. As a matter of fact, most low and moderate income housing which has been developed in the suburbs and, most particularly, in the State of New Jersey, has been predominantly elderly housing. As a consequence of this, the flow of subsidies did not go hand in hand with the imposition of Mt. Laurel I, and, unfortunately, by the time Mt. Laurel II appeared on the scene, subsidies all but disappeared leaving the developer on his own to attempt to develop low income housing as part of an overall project.

As we have analyzed, the project and the costs attributable to this project entail a substantial amount of expense from both site acquisition as well as site development costs. Accordingly, it is obvious that in implementing Mt. Laurel II, you would be required to have 20% of the units specifically designed for low and moderate income families and thus the Township must allow for higher densities in order to offset the added expense of creating this housing.

As I have advised you and your clients, we are prepared to enter into an agreement to provide and develop the low and moderate income housing portion of this project. In order to accomplish that goal and commitment, we have attached herewith exhibits outlining income levels of the tenant, pursuant to applicable federal regulations, detailed development costs, as well as an income and expense analysis. It should be noted that in developing low and moderate income housing there are several methodologies which would be applied in developing and financing the project, some of which may or may not be available depending upon the whim of Congress.

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It would be our intention to develop the project utilizing tax exempt financing wherein it would be necessary for us to obtain a credit rating by Standards and Poors of at least an A- or better. This would be achieved by one of several ways, i.e:

1. Obtain insurance from the Department of Housing & Urban Development through the Federal Housing Administration, §221(d)(4).
2. Obtain an irrevocable letter of credit from a bank in support of the bond issue.
3. Obtain federal funds through the new act to support the project.
4. Obtain collateralized securities to back the tax exempt bonds.
5. Any combination of the above.

The above described financing would be accomplished through the issuance of tax exempt securities by either a local housing finance agency, pursuant to Section 11(b) of the Community Development Act of 1974 as amended, or through a County and/or New Jersey housing financing agency under Section 103.

In order to accomplish the above, and to bring the project to fruition, we have assumed that the following will be provided:

- Total Units - 170
 - 50% of units for 2 persons per household - 85
 - 50% of units for 4 persons per household - 85
 - 1/3 of units for low income - 42
- Monthly payments based upon S.M.S.A. medium income and assuming 30% of income for housing allowance.
 - 2 persons per household - low income - \$327.50
 - 4 persons per household - low income - 408.75
 - 2 persons per household - moderate income - 503.75
 - 4 persons per household - moderate income - 630.00
- Separate utility meters for each unit and tenant pays own utilities (utility allowance provided).
- Township of Warren grants a full tax abatement on all low and moderate income units.

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- If required by developer, the Township shall establish a committee or agency to quality and screen low and moderate income applicants.

- Sewerage capacity is provided by sewerage authority at no cost to the developer and no hook-up fee charged.

- All inspection fees and application fees waived.

- All streets with reference to the low and moderate income units area shall be dedicated and accepted by the Township.

- Street maintenance and lighting shall be provided by the municipality.

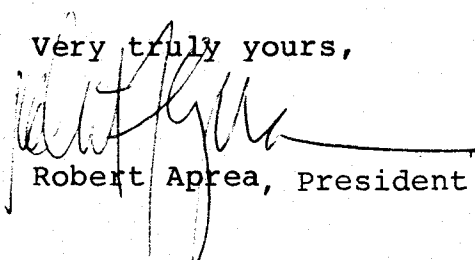
- The agreement and assurance of the Township for their total cooperation, and particularly with reference to filing for any and all applicable applications to obtain subsidies, grants, exemptions, etc, existing or to be created in the future.

- A building schedule to provide that 33-1/3% of the sales units (market units) have been issued Certificates of Occupancy and at least 27-1/2% of the market units have been sold and delivered prior to construction of the low and moderate income units before any other Certificates of Occupancy are issued. Developer shall have the flexibility of building the additional low and moderate income units on a phased basis with the understanding that all of the low and moderate income units are to be built prior to completion of market units.

It should be clearly noted that in the absence of the assistance as enumerated above it will be highly unlikely that the low and moderate income housing can be developed without sustaining severe continued financial losses.

In conclusion, it is my opinion that low and moderate income housing can be developed on this site, provided the above conditions are met.

Very truly yours,


Robert Aprea, President

INCOME PRO FORMA

<u>PERSONS PER HOUSEHOLD</u>	<u>UNIT TYPE</u>	<u>BEDROOMS</u>	<u>NUMBER OF UNITS</u>	<u>MONTHLY GROSS * RENTAL</u>	<u>MONTHLY UTILITY ALLOWANCE</u>	<u>NET MONTHLY RENTAL</u>	<u>GROSS RENTAL PER MONTH</u>
2	Low	1	14	327.50	35	\$292.50	4,095.00
4	Low	2	28	408.75	45	367.75	10,297.00
2	Moderate	1	42	503.75	40	463.75	19,477.50
4	Moderate	2	86	630.00	48	582.00	<u>50,052.50</u>
							83,921.50
							x 12
							<u>1,007,058.00</u>
					GROSS INCOME		

* Gross Rental based upon 30% of SMSA Medium Income as ATTACHED FOR NEWARK , NEW JERSEY.

STATE: NEW JERSEY PREPARED: 3-1-83	MEDIAN INCOME	PROGRAM	I N C O M E L I M I T S							
			1 PER FAMILY	2 PER FAMILY	3 PER FAM	4 PER	5 PER	6 PER	7 PER	RIPEP
SMSA ALLENTOWN-BETHLEHEM-EASTON, PA-NJ	27200	VERY LOW INCOME LOWER INCOME	9500 15250	10700 17400	12250 19600	13600 21750	14700 23100	15800 24500	16850 25850	17950 27200
SMSA ATLANTIC CITY, NJ	* 26500	VERY LOW INCOME LOWER INCOME	9300 14850	10600 16950	11900 19100	13250 21200	14300 22500	15350 23850	16450 25150	17500 26500
SMSA JERSEY CITY, NJ	22600	VERY LOW INCOME LOWER INCOME	8650 13850	9900 15800	11100 17750	12350 19750	13350 21000	14350 22200	15300 23450	16300 24700
SMSA LONG BRANCH-ASBURY PARK, NJ	31600	VERY LOW INCOME LOWER INCOME	11050 17700	12650 20200	14200 22750	15800 25300	17050 26850	18350 28450	19600 30000	20850 31600
ISA NEW BRUNSWICK-PERTH AMBOY-SAYREVILLE, NJ	32700	VERY LOW INCOME LOWER INCOME	11450 18200	13100 20800	14700 23400	16350 26000	17650 27600	18950 29250	20250 30850	21600 32500
SMSA NEW YORK CITY, NY-NJ	24900	VERY LOW INCOME LOWER INCOME	10000 15250	11400 17400	12800 19550	14250 21750	15400 23100	16550 24450	17650 25850	18800 27200
SMSA NEWARK, NJ	31500	VERY LOW INCOME LOWER INCOME	11450 17650	13100 20150	14700 22700	16350 25200	17650 26750	18950 28350	20250 29900	21600 31500
SMSA PATERSON-CLIFTON-PASSAIC, NJ	26800	VERY LOW INCOME LOWER INCOME	10100 15250	11500 17400	12950 19550	14400 21750	15550 23100	16700 24450	17850 25850	19000 27200
SMSA PHILADELPHIA, PA-NJ	27200	VERY LOW INCOME LOWER INCOME	9850 15250	11300 17400	12700 19600	14100 21750	15250 23100	16350 24500	17500 25850	18600 27200
SMSA TRENTON, NJ	29300	VERY LOW INCOME LOWER INCOME	10250 16400	11700 18750	13200 21100	14650 23450	15800 24900	17000 26350	18150 27850	19350 29300
SMSA VINELAND-MILLVILLE-BRIDGETON, NJ	22600	VERY LOW INCOME LOWER INCOME	8550 13650	9750 15600	11000 17550	12200 19500	13200 20700	14150 21950	15150 23150	16100 24400
ISA WILMINGTON, DE-NJ-MD	28900	VERY LOW INCOME LOWER INCOME	10100 16200	11550 18500	13000 20800	14450 23100	15600 24550	16750 26000	17900 27450	19050 28900
COUNTY CAPE MAY	21800	VERY LOW INCOME LOWER INCOME	7650 12200	8700 13950	9800 15700	10900 17450	11750 18550	12650 19600	13500 20700	14400 21800
COUNTY MANTERDON	33100	VERY LOW INCOME LOWER INCOME	11600 18200	13250 20800	14900 23400	16550 26000	17850 27600	19200 29250	20500 30850	21850 32500
COUNTY OCEAN	24100	VERY LOW INCOME LOWER INCOME	8450 13500	9650 15400	10850 17350	12050 19300	13000 20500	14000 21700	14950 22900	15900 24100
COUNTY SUSSEX	29200	VERY LOW INCOME LOWER INCOME	10200 16350	11700 18700	13150 21000	14600 23350	15750 24800	16950 26300	18100 27750	19250 29200

MORRIS, ESSEX,
UNION & SOMERSET

INCOME/EXPENSE PROFORMA

Project Rental Income	\$1,007,058	
less vacancy (4%)	(40,282)	
miscellaneous	<u>(7,500)</u>	
Effective Income		<u>\$974,276</u>

Expenses:

Management (5%)	\$48,713	
Utility (site)	8,500	
Insurance	12,000	
Water	6,120	
Garbage	8,500	
Grounds & Maintenance	10,000	
Decorating/Repairs	15,000	
Supplies	10,000	
Payroll	40,000	
Reserves for replacements	17,000	
Legal & Accounting	7,500	
Maint. & Repairs	12,000	
Misc.	15,000	
		<u>\$210,333</u>
		763,943
		x .90
NET		<u>\$687,548</u>

SCHEDULE C

PROJECT DEVELOPMENT
BUDGET

Total Construction Costs	\$4,250,000
Site Costs - Utility Site Preparation	900,000
Interest/Cost During Construction (12 months construction at 11% - tax exempt)	288,750
Insurance	15,000
Finance Fees	250,000
Taxes (Const)	-0-
Permits & Fees	-0-
Legal & Title	50,000
Contingency	275,000
Land Acquisition	595,000
Builder/Sponsor/Misc.	<u>450,000</u>
	\$7,158,750
Less:	
Developer Contribution	(450,000)
Land Cost	<u>(595,000)</u>
TOTAL DEVELOPMENT COST	<u>\$6,113,750</u>

SCHEDULE D

FINANCING

INCOME AVAILABLE FOR DEVELOPMENT \$687,548

ASSUME:

Bond issue of \$6,113,750 @ 11%
constant

Say \$6,100,00 @ 11% \$671,000

NET INCOME \$ 16,548

SCHEDULE E

TREBOR DEVELOPMENT & INVESTMENT CO.

433 East 51st Street
New York, N.Y. 10022

Telephone: (212) 752-2156

Trebor Development & Investment Company is wholly owned and operated by its President, Robert F. Aprea, and was founded and incorporated in New Jersey in July 1977. Since 1977 the Company has assisted developers in finalizing projects under the Section 8 program. In addition, Trebor is developing projects for its own account. Trebor also provides consultant services to various municipalities.

Over the past fifteen years, Mr. Aprea has had extensive experience in all or parts of community development including the management and development of subsidized housing. For over three years (1973-1976) he was Director of Redevelopment for the Newark Redevelopment and Housing Authority. In that capacity he was responsible for urban renewal, rehabilitation, new construction, public housing modernization and community development programs. Projects required knowledge and skill in coordinating multi-million dollar expenditures by various government agencies and private investors. From 1971 to 1973 he was the Executive Director of the East Orange (New Jersey) Housing Authority, 1967-1971 he was Executive Director of the Redevelopment Authority of the City of Pottsville, Pennsylvania and for two years previous was deputy administrative assistant of the Kingston Urban Renewal Agency, Kingston, New York.

Due to the extensive involvement in all facets of the public sector, Mr. Aprea is able to provide a unique expertise to the multitude of problems encountered in the development and management of inner city housing particularly federally assisted housing. From time to time Mr. Aprea has been a lecturer and panelist to numerous state and national organizations to discuss solutions and new approaches regarding development of inner city housing.

Since 1976 Mr. Robert Aprea has been involved in the following projects as either a consultant and/or developer.

TREBOR DEVELOPMENT & INVESTMENT CO.

Residential

<u>Project</u>	<u>Type</u>	<u># of Units</u>	<u>Type of Participation</u>
* Oak Park Roselle, N.J.	Section 8 Family	254-R	Financial Consultant, Co-General Partner
* Woodlake Woodbury, N.J.	Section 8 Family	148-R	Financial Consultant
* Doddtown Plaza East Orange, N.J.	Section 8 Family	60-N	Consultant
* French Apartments New York, N.Y.	Section 8 Family	179-R	Consultant
* Irvington Gardens Irvington, N.J.	Section 8 Family	39-R	General Partner/ Developer
* Haverstraw II Haverstraw, N.Y.	Section 8 Elderly	100-N	Financial Consultant
* Heritage House East Orange, N.J.	Section 8 Elderly	206-R	Consultant
*** Scotland Yard Orange, N.J.	Section 8 Family	60-N	General Partner/ Developer
* Plattykill Manor Bayonne, N.J.	Section 8 Family	144-R	Consultant
*** Commodore I and II Newark, N.J.	Section 8 Family	67-R	General Partner/ Developer
* Oakwood Gardens Woodbury, N.J.	Section 8 Family	96-R	Consultant
** Chestnut Street Passaic, N.J.	Section 8 Family	75-N	Co-Developer
*** Berkley Terrace Irvington, N.J.	Section 8 Family	153-R	General Partner/ Developer
*** Hampshire House East Orange, N.J.	Section 8 Family	116-R	Co-Developer
**** Willard Square Hartford, CT	Conventional Condominium Conversion/ Rental	133-R	General Partner

TREBOR DEVELOPMENT & INVESTMENT CO.

* Unique Holding Co. 275 Lincoln Avenue Irvington, N.J.	Section 8 Family	28-r	Consultant
* 535 Realty Co. 809 Chancellor Ave Irvington, N.J.	Section 8 Family	39-r	Consultant
* Haynes Ave Realty 2 Chapman Place Irvington, N.J.	Section 8 Family	49-r	Consultant
*** Brookview Apartments Fort Lauderdale, Fl.	Conventional Condominium	225-N	Financial Consultant and Sponsor
* Mohegan Hotel New London, CT	Section 8 Elderly	143-RH	Special Consultant
* O'Fallon Apts. I&II St. Louis, Mo.	Section 8 and Conventional Family	300-N	Equity Syndication Consultant
* Hamilton & Lindell Apartments St. Louis, Mo.	Section 8 Family	122-R	Equity Syndication Consultant
**** Del Vista Miami (Aventura), Fl.	Condominium	380-N	Special Consultant
* Hempsted, N.Y.	Section 8 Family	145-R	Feasibility Advisor
* Montgomery-Gateway Apartments Jersey City, N.J.	Section 8 Family	190N/RH	Equity Syndication Consultant
* Allen Market Apts. St. Louis, Mo.	Section 8 Elderly	100-RH	Equity Syndication Consultant
** YWCA Housing Jersey City, N.J.	Section 8 Elderly	79-R	Special Consultant
** Arlington Arms Housing Jersey City, N.J.	Section 8 Family	50-RH	Equity Syndication Consultant
** Lake Charles, La.	Section 8 Elderly	198-N	Equity Syndication Consultant

TREBOR DEVELOPMENT & INVESTMENT CO.

** 85 Van Rippen Street	Section 8 Family	117-r	Consultant
*** Brunswick Estates Assoc. Jersey City, N.J.	Section 8 Family	131-N	Consultant/Co-Sponsor
** Cathedral Park Associates Clifton Avenue Newark, N.J.	Section 8 Family	48-R	General Partner

TREBOR DEVELOPMENT & INVESTMENT CO.

General****

Consulting Services

For:

Type Service:

New York State Housing Finance Agency

Housing market analysis and financial feasibility studies.

The Related Companies, Inc.

Housing market analysis, financial feasibility studies, and consultant services.

City of East Orange

Grant applications, general consulting on housing program and community development.

Clifton Senior Citizens Corp.

Full consultant services for 202 Application for elderly housing.

Wilder Richman Corporation

Housing market study and consultant services.

Mandelbaum & Mandelbaum

Housing consultant services.

Houston Housing Authority

Comprehensive Public Housing and Land Development Strategy.

* Completed

** Under construction

*** Final processing

**** Service contracts are done under Robert F. Aprea; Trevor Development and/or Consultants Diversified, Inc., all of which Mr. Aprea is the sole stockholder.

N New

R Rehab

H Historic

r Mod Rehab

TREBOR DEVELOPMENT & INVESTMENT CO.

Commercial/Industrial

<u>Project</u>	<u>Type</u>	<u># of Units</u>	<u>Type of Participation</u>
*** Hotel/Office Meadowlands Rutherford, N.J.	Hotel Marina Offices	310 Rooms 50 Slips 60,000 sq. feet; new constr.	Special Consultant
* Olympic Place - East Wing 645 Fifth Avenue New York, N. Y.	Office/ Commercial	7 story 21,000 sq. feet; rehab	Co-sponsor
* Seton Leather Broadway Newark, N.J.	Warehouse Expansion	New/Rehab	Special Financial Consultant
*** Suburban Foods Bldg. Raymond Plaza Newark, N.J.	Sale of offices, cold storage	4 story 60,000 sq. feet	Special Consultant
*** Brick Church East Orange, N.J.	Retail/ Commercial	To be deter- mined.	Consultant to municipality
** One Washington Park Broad Street Newark, N.J.	Office/ Retail	17 story 370,384 sq. feet	Equity Syndication Consultant