



**Housing Plan Element & Fair Share Plan
Township of Cranford
Union County, New Jersey**

November 30, 2018

Prepared for:

Township Committee and Planning Board
Township of Cranford
8 Springfield Avenue
Cranford, New Jersey 07016

Prepared by:



HARBOR CONSULTANTS
ENGINEERS, SURVEYORS, AND PLANNERS
320 NORTH AVENUE EAST
CRANFORD, NJ 07016
Tel (908) 276-2715 FAX (908) 709-1738

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The original of this report was signed and sealed in accordance with N.J.S.A. 45:14A-12.

Michael Mistretta, PP #00575900

TABLE OF CONTENTS

- I. INTRODUCTION
- II. 2018 THIRD ROUND HOUSING PLAN ELEMENT
 - A. OVERVIEW
 - B. SUMMARY OF CRANFORD'S PAST AFFORDABLE HOUSING HISTORY AND ACTIVITIES
 - C. HOUSING, DEMOGRAPHIC, AND EMPLOYMENT INFORMATION
 - 1. Analysis of Population and Demographics
 - 2. Analysis of Housing Characteristics
 - 3. Analysis of Employment Characteristics
- III. 2018 THIRD ROUND FAIR SHARE PLAN
 - A. THE INITIAL FAIR SHARE OBLIGATIONS
 - B. SATISFACTION OF REHABILITATION OBLIGATION
 - C. SATISFACTION OF PRIOR ROUND OBLIGATION
 - 1. Prior Round Rental Obligation
 - 2. Prior Round Age-Restricted Cap
 - 3. Prior Round Rental Bonus Credits
 - 4. Allocation of Credits for Satisfaction of Prior Round Obligation
 - D. SATISFACTION OF THE TOWNSHIP'S ALLOCATION OF THE THIRD ROUND REGIONAL NEED
 - 1. Vacant Land Capacity Analysis & Changed Circumstances
 - 2. Round 3 Rental Obligation
 - 3. Round 3 Age-Restricted Cap
 - 4. Round 3 Very Low Income Housing Obligation
 - 5. Round 3 Rental Bonus Credits
 - 6. Satisfaction of RDP
 - 7. Redevelopment
 - 8. Addressing the Third Round Unmet Need
- IV. APPENDIX

Appendix

- Appendix A. Vacant Land Capacity Analysis, Appendix A of 2013 Housing Plan Element Fair Share Plan, prepared by Birdsall Services Group, adopted by Cranford Planning Board on April 3, 2013
- Appendix B. 2017-2018 Affordable Housing Trust Fund Spending Plan, prepared by CGP&H, dated May 2017
- Appendix C. Home Improvement Program Policies and Procedures Manual, prepared by CGP&H, dated May 1, 2017
- Appendix D. Home Improvement Flyer and Marketing Plan
- Appendix E. Township of Cranford Ordinance, Chapter 255. Land Development, Article VIII. Affordable Housing
- Appendix F. Township of Cranford Ordinance, Chapter 255 Land Development, Article II. Development Administration, Section 6: Affordable Housing Development Fees

- Appendix G. Professional Services Agreement Township of Cranford Administrative Agent for Affordable Housing Matters by and between the Township of Cranford and Community Grants, Planning & Housing LLC, effective March 9, 2018
- Appendix H. Order Granting Relief in Exclusionary Zoning, dated December 9, 2011
- Appendix I. Final Judgment of Compliance, dated May 22, 2013
- Appendix J. Report of the Special Master Final Compliance Report, prepared by Elizabeth McKenzie, dated March 2013
- Appendix K. Woodmont (Lehigh Acquisition Project) Recorded Deed Restriction
- Appendix L. Needlepoint Recorded Deed Restriction
- Appendix M. Lincoln Apartments Supporting Documentation
1. Zoning for Inclusionary Development Checklist
 2. Letter from director of Cranford Lincoln Senior Apartments dated November 29, 2012
 3. Deed of Easement and Restrictive Covenant for Extended Low-Income Occupancy
- Appendix N. Homefirst Supporting Documentation: CDBG Loan Agreement and Deed Restriction between New Jersey Housing and Mortgage Finance Agency and Homefirst Interfaith Housing and Family Services, Inc., recorded on August 8, 2014
- Appendix O. Community Access Unlimited Supporting Documentation: Funding Agreement for Construction, Purchase, Or Purchase and Renovation of Community Based Facilities with the New Jersey Department of Human Services
- Appendix P. SERV Supporting Documentation
1. Funding Agreement for Construction, Purchase, Or Purchase and Renovation of Community Based Facilities with the New Jersey Department of Human Services (Block 514, Lot 3)
 2. Purchase Money Order (Block 569, Lot 8)
- Appendix Q. Bridgeway Supporting Documentation: Funding Agreement for Construction, Purchase, Or Purchase and Renovation of Community Based Facilities with the New Jersey Department of Human Services
- Appendix R. Birchwood Supporting Documentation
1. Township Committee Resolution No. 2017-188A designating the Birchwood site as a non-condemnation area in need of redevelopment
 2. Township Committee Resolution No. 2017-285C Designating Birchwood Developers Associates, LLC as the Developer for the Birchwood Avenue Site, dated July 18, 2017
 3. Township Committee Resolution No. 2018-144 Execution of Redevelopment Agreement in Furtherance of Redevelopment of Property Located at 215 and 235 Birchwood Avenue (Block 291, Lot 15.01 and Block 292, Lot 2), dated February 27, 2018.
 4. Executed Redevelopment Agreement by and between the Township of Cranford and Birchwood Developers Associates, dated March 12, 2018
 5. Planning Board Resolution Approving Birchwood Preliminary and Final Site Plan Application, dated April 18, 2018
- Appendix S. 310 Centennial Avenue Supporting Documentation
1. Board of Adjustment of the Township of Cranford Resolution of Memorialization Application No. ZBA-15-026 (310 Centennial Avenue), dated April 24, 2017
 2. Settlement Agreement by and between the Township of Cranford and 310 Centennial Avenue LLC, dated April 2018

- Appendix T. Board of Adjustment of the Township of Cranford Resolution of Memorialization Application No. ZBA-17-002 (109 Walnut Avenue), dated June 19, 2019
- Appendix U. Letter from Special Master Elizabeth McKenzie re Amendment to Prior Round Crediting in Support of Motion to Amend Judgment of Repose, dated March 9, 2018
- Appendix V. Letter from Special Master Elizabeth McKenzie re Recommendation to the Court that the Motion for Temporary Immunity of the Declaratory Judgment Action be Granted, dated November 27, 2018
- Appendix W. Cranford Township Supportive and Group Home Summary Table
- Appendix X. Aerial Map of Proposed North Avenue Redevelopment Area
- Appendix Y. Myrtle Street Concept Site Plans for Myrtle Street Properties
- Appendix Z. Aerial Map of Proposed North and South Avenue Overlay

Tables

- Table 1. Population 1930-2016, Township of Cranford
- Table 2. Population 1990-2010, Township of Cranford & Union County
- Table 3. Population by Sex and Age 2010, Township of Cranford
- Table 4. Population by Age 1990-2010, Cranford & Union County
- Table 5. Race 2010, Township of Cranford
- Table 6. Households and Population 1990-2010, Cranford & Union County
- Table 7. Household Size, 2012-2016 ACS, Township of Cranford
- Table 8. Income Characteristics – 2012-2016 ACS, Cranford & Union County
- Table 9. Affordable Housing Regional Income Limits, Union County, New Jersey
- Table 10. Age of Housing – 2012-2016 ACS, Township of Cranford & Union County
- Table 11. Residential Units Authorized by Building Permits: 1990-2018, Township of Cranford
- Table 12. Housing Size by Number of Rooms – 2012-2016 ACS, Township of Cranford & Union County
- Table 13. Tenure and Housing Vacancy Rates 2010, Township of Cranford
- Table 14. Value of Owner Occupied Housing – 2012-2016 ACS, Township of Cranford & Union County
- Table 15. Rent Levels – 2012-2016 ACS, Township of Cranford
- Table 16. Economic Data for Cranford
- Table 17. Township of Cranford, Major Employers
- Table 18. Education and Employment Data for Cranford
- Table 19. Industries of Cranford
- Table 20. Occupations of Cranford
- Table 21. Prior Round Affordable Housing Fulfilment
- Table 22. Group Home Credits Pending Documentation
- Table 23. Third Round RDP Calculation
- Table 24. Cranford Affordable Housing Units
- Table 25. Application of Credits to RDP
- Table 26. Proposed North and South Avenue Overlay to Address Unmet Need

**THE TOWNSHIP OF CRANFORD
HOUSING PLAN ELEMENT AND FAIR SHARE PLAN**

I. INTRODUCTION

This document is presented in two parts; which include (i) the Township of Cranford’s Master Plan Housing Plan Element and (ii) the Township of Cranford’s Fair Share Plan. This Housing Plan Element and Fair Share Plan addresses the Township’s compliance with the Municipal Land Use Law (N.J.S.A. 40:55D-28b(3)), relevant Council on Affordable Housing (“COAH”) regulations, relevant Uniform Housing Affordability Controls (“UHAC”) regulations, and other applicable laws. The Housing Element of the Master Plan will examine the Township’s population, demographic characteristics, and employment characteristics, as well as housing stock and historic trends throughout the decades. According to the Fair Housing Act (N.J.S.A. 52:27D-310 et seq.), a municipality’s Housing Element must include, but is not limited to, residential standards and proposals for the construction and improvement of housing. The Housing Element shall contain at least the following:

- An inventory of the municipality’s housing stock by age, condition, purchase or rental value, occupancy characteristics, and type, including the number of units affordable to low- and moderate-income households and substandard housing capable of being rehabilitated;
- A projection of the municipality’s housing stock, including the probable future construction of low- and moderate-income housing, for the next ten years, taking into account, but not necessarily limited to, construction permits issued, approvals of applications for development, and probable residential development trends;
- An analysis of the municipality’s demographic characteristics, including, but not necessarily limited to, household size, income level, and age;
- An analysis of the existing and probable future employment characteristics of the municipality;
- A determination of the municipality’s present and prospective fair share of low- and moderate-income housing and its capacity to accommodate its present and prospective housing needs, including its fair share of low- and moderate-income housing; and
- A consideration of the lands most appropriate for construction of low- and moderate-income housing and the existing structures most appropriate for conversion to, or rehabilitated for, low- and moderate-income housing, including a consideration of lands of developers who have expressed a commitment to provide low- and moderate-income housing.

The Fair Share Plan will address the plan to meet Cranford’s Fair Share Housing Obligation. The Township of Cranford received a Judgment of Compliance and Repose on May 22, 2013 until December 31, 2018. The Fair Share Plan is part of the Township of Cranford’s request to acquire a Judgment of Compliance and Repose (“JOR”) from the Court and will include the projects and strategies to address Cranford’s affordable housing obligations.

II. 2018 THIRD ROUND HOUSING PLAN ELEMENT

A. OVERVIEW

This 2018 Housing Plan Element and Fair Share Plan was prepared in response to the preference of the Honorable Camille M. Kenny, J.S.C. that the Township file a declaratory relief action to resolve all outstanding affordable housing issues in lieu of a procedure the Township had proposed. In this regard, the Township had made a motion on July 14, 2017 to amend the Housing Element and Fair Share Plan approved by the Honorable Lisa F. Crystal, J.S.C. on May 22, 2013 to resolve all issues with the approved plan and to resolve any outstanding affordable housing issues. Instead of utilizing the procedure the Township proposed, the Honorable Camille M. Kenny, J.S.C. directed the Township to proceed in two stages. In the first stage, the judge directed the Township to make a motion concerning how to cure a 20-unit gap that had emerged in its approved affordable housing plan. In the second stage, the judge directed the Township to file a declaratory judgment action because she was familiar with this procedure brought by several Union County municipalities pursuant to In re Adoption of N.J.A.C. 5:96 & 5:97 by the N.J. Council on Affordable Housing, 221 N.J. 1 (2015) (“Mount Laurel IV”). In accordance with the direction of the Court, the Township made a motion on May 24, 2018 to cure concerning the 20-unit gap that had emerged in the Township’s approved plan. On November 20, 2018, the Township filed a declaratory relief action as directed. This plan is being submitted in conjunction with said action. It has been prepared in accordance with the Municipal Land Use Law (MLUL) (40:55D-28b(3)), the Fair Housing Act (N.J.S.A. 52:27D-301 et seq.), COAH Round 2 regulations (N.J.A.C. 5:93-1, et seq.), and Mount Laurel case law.

Affordable Housing History in New Jersey

The affordable housing or Mount Laurel doctrine, started with the 1975 decision by the N.J. Supreme Court involving the Township of Mount Laurel (So. Burl. Cty. N.A.A.C.P. v. Tp. Of. Mt. Laurel, 67 N.J. 151 (1975) or “Mount Laurel I”). In Mount Laurel I, the Supreme Court decided that under the State Constitution, each municipality “must, by its land use regulations, make realistically possible the opportunity for an appropriate variety and choice of housing for all categories of people who may desire to live there,” including those of low- and moderate-income, thereby prohibiting municipalities from using zoning powers to prevent the potential for the development of affordable housing.

Displeased with general inaction or movement by municipalities under its earlier decision to produce affordable housing, in 1983, the N.J. Supreme Court released a second Mount Laurel decision (So. Burlington Ct. N.A.A.C.P. v. Mount Laurel Tp., 92 N.J. 158 (1983) or “Mount Laurel II”). Because the legislature had not acted to administer laws to implement the Court’s ruling in Mount Laurel I, the Court fashioned a judicial remedy, or what is commonly referred to as a “builder’s remedy.” This remedy created a special litigation track for exclusionary zoning cases and permitted a “builder’s remedy” which enabled builders to file suit to attempt to secure the right to construct housing at higher densities than the municipality would otherwise allow in exchange for a commitment to reserve at least 20 percent of the units for low and moderate income households.

In 1985 the State Legislature passed and the Governor signed the Fair Housing Act (“FHA”), which the N.J. Supreme Court upheld in Hills Dev. Co. v. Bernards Twp., 103 N.J. 1 (1986) or “Mount Laurel III.” The FHA created the Council on Affordable Housing (“COAH”) and entrusted it with the primary responsibility for assigning and determining municipal affordable housing obligations.

Through the FHA, COAH was required to (1) enact regulations that established the statewide affordable housing need, (2) assign to each municipality an affordable housing obligation for its designated region, and (3) identify the techniques available to municipalities to meet its assigned obligation. THE FHA included a process for municipalities to obtain Substantive Certification, which, if granted by COAH, would protect municipalities against exclusionary zoning lawsuits such as Builder's Remedy lawsuits by rendering a municipality's housing element and ordinances presumptively valid in any exclusionary zoning litigation for six years. The Legislature subsequently amended the FHA to extend the period of protection for ten years. The FHA also enabled municipalities with pending Mount Laurel lawsuits to have those suits transferred to COAH for resolution through the administrative process COAH established through its regulations.

To implement the FHA requirements, COAH adopted a series of regulations. Round 1 regulations were adopted by COAH in 1987 and Round 2 regulations were adopted in 1994.

In 2004, COAH adopted the first iteration of the Third Round rules. In 2007, the Appellate Division affirmed portions of COAH's 2004 Third Round rules, but invalidated other aspects of them. See In re Adoption of N.J.A.C. 5:94 & 5:95, 390 N.J. Super. 1 (App. Div. 2007). The opinion remanded the matter to COAH for adoption of new compliant regulations, and gave the agency six months to do so. The Appellate Division granted COAH two extensions, and COAH finally adopted a second set of Third Round rules in May of 2008. Many municipalities submitted Third Round Affordable Housing plans to COAH and to courts for approval in December of 2008 in response to the new Third Round Rules.

On October 8, 2010, the Appellate Division concluded that COAH's revised 2008 regulations suffered from many of the same deficiencies as the first set of Third Round rules, and it invalidated substantial portions of the 2008 Third Round regulations again. See In re Adoption of N.J.A.C. 5:96 & 5:97, 416 N.J. Super. 462 (App. Div. 2010). The Appellate Division specifically directed COAH to use a methodology for determining prospective affordable housing needs similar to the methodologies used in the prior rounds.

In 2013, the Supreme Court affirmed the Appellate Division's decision, and directed COAH to adopt new third round regulations promptly. When it failed to do so, the Supreme Court entered an order on March 14, 2014 requiring COAH to adopt new Third Round regulations by October 22, 2014 or risk serious consequences. COAH proposed the third version of Third Round regulations on April 30, 2014 and many municipalities adopted resolutions urging COAH to meet the Supreme Court's deadline. Unfortunately, in October of 2014, the COAH Board deadlocked 3-3 when voting to approve the regulations, and therefore were not adopted.

In response, on March 10, 2015 the Supreme Court issued its Mount Laurel IV decision, in which it (1) found that COAH had violated the March 14, 2014 Order by failing to adopt new Third Round regulations by October 22, 2014, (2) held that, without new Third Round regulations, COAH could not process the petitions for substantive certification of over 300 municipalities, (3) established new procedures to enable the COAH municipalities to proceed in court; and (4) relied upon an immunity procedure commonly used in court proceedings to enable these COAH towns to secure the same protections from exclusionary zoning lawsuits in the new court proceeding that they previously had at COAH.

B. SUMMARY OF CRANFORD'S PAST AFFORDABLE HOUSING HISTORY AND ACTIVITIES

The Township's 2008 Housing Plan Element and Fair Share Plan was placed under the jurisdiction of the Court in January of 2008 pursuant to a complaint filed by Lehigh Acquisition Corp. entitled Lehigh Acquisition Corp. v. Township of Cranford et al., Docket No. UNN-L-0140-08. In the same year Cranford Development Associates, LLC also filed a complaint against the Township entitled Cranford Development Associates, LLC at als. V. Township of Cranford et al., Docket No. UNN-L-3759-08. The Township's 2008 Housing Plan Element and Fair Share Plan was adopted by the Township's Planning Board on December 3, 2008, then endorsed by the Township Committee December 9, 2008.

On December 9, 2011, Honorable Lisa F. Crystal, J.S.C. issued an Order Granting Relief in Exclusionary Zoning Litigation in Cranford Development Associates, LLC at als. v. Township of Cranford et al. The 2008 Housing Plan Element and Fair Share Plan was updated and amended in accordance with the December 9, 2011 order and was adopted by the Planning Board on May 2, 2012.

The Township's 2013 Housing Plan Element and Fair Share Plan was prepared in accordance with the October 8, 2010 Appellate Division decision. At the time the 2013 Housing Plan Element and Fair Share Plan was prepared, the Township had not been assigned a Third Round affordable housing obligation, due to the invalidation of the growth share methodology. In the absence of a Third Round number, the plan included a Vacant Land Adjustment which demonstrated that the Township had a Realistic Development Potential of 5 units. The Plan demonstrated how the Township would be able to address the 5-unit RDP.

On May 22, 2013, Honorable Lisa F. Crystal, J.S.C. entered a Third Round Judgment of Compliance and Repose (JOR) in favor of the Township of Cranford. The JOR approved the 2013 Housing Plan Element and Fair Share Plan which satisfied the Township's Prior Round responsibilities, and memorialized the Court's finding that the Township had an RDP of 5-units at that time. Through the May 22, 2013 JOR, the Township received protection from all exclusionary zoning lawsuits until December 31, 2018.

Since the issuance of the 2013 JOR, various changed circumstances have occurred which have increased the Township's RDP to 85. Additionally, there has been a change to one of the sites which was used to satisfy the Township's Prior Round Obligation: Block 291, Lot 15.01 and Block 292, Lot 2, which today is known and referred to as "Birchwood."

This site was formerly known as the Cranford Development Associates, LLC site and the 2013 JOR memorialized the right of the builder's remedy plaintiff to construct a 360-unit inclusionary rental project which would include 54 affordable units. The scale of the project generated enormous controversy within the Township because the community strongly felt that the construction of 360-unit project was not appropriate for that area of the Township. As a result, the Township and Cranford Development Associates, LLC negotiated an agreement by which the Township would purchase the site, and then be in a position to downscale the proposed development of the site and satisfy the shortfall created by the downscaling. After the Township purchased the Birchwood site, the Township reached an agreement with another developer to develop the site with a 225-unit project, in place of the original 360-unit project. Due to the reduction of the total number of units in the project, the affordable set-aside was reduced from 54 to 34.

In accordance with the direction of the Honorable Camille M. Kenny, J.S.C. the Township brought a motion on May 24, 2018 to cure concerning the 20-unit gap that had emerged in the Township's approved plan. On November 20, 2018, the Township filed a Complaint for Declaratory Relief (DJ action) as also directed by the Honorable Camille M. Kenny, J.S.C. The complaint included the 2013 Housing Plan Element attached as "Exhibit A" and a Summary of Plan, dated November 20, 2018 attached as "Exhibit B." The filed complaint stated that "Exhibit B is the Township's summary of plan, which will be the foundation of a [Housing Plan Element and Fair Share Plan] that the Planning Board adopts and the Township endorses prior to the expiration of immunity on December 31, 2018."

This Plan was crafted based on the aforementioned Summary of Plan attached to the Township's DJ action. Additionally, this Plan addresses the 20-unit shortfall generated by the downscaling of development on the Birchwood site, and accounts for the changed circumstances which has increased the Township's RDP since the issuance of the 2013 JOR.

C. HOUSING, DEMOGRAPHIC, AND EMPLOYMENT INFORMATION

The following detailed Housing, Demographic, and Employment background information regarding Cranford helps to describe and create an inventory of characteristics in the Township of Cranford that directly apply to current and future housing demand in the township and region. This analysis will include population demographics, housing characteristics, regional comparison, and recent trends.

1. Analysis of Population and Demographics

The following tables look to analyze the population trends in Cranford from the decennial Census and American Community Survey data. An analysis of population demographics in a target area can help a community to understand and plan for the range of people that live and work within its borders. Additionally, local population demographics understood in the context of and compared to the larger regional area provides a unique opportunity to understand larger geographic implications of present conditions and future local and regional opportunities. This demographic profile was broken down into functional areas including: analyses of community demographics, housing stock, and employment data.

Population

Table 1, depicts the population change since 1930, and demonstrates that from 1930 to 1970, the Township saw a significant increase in population. The numbers demonstrate that the population saw the greatest increase between the 1940s and 1960s, then between 1970 and 1990 the Township experienced a decrease in population. However, since the 2000s the Township of Cranford has experienced minor increases in population.

Year	Total Population	% change
1930	11,126	--
1940	12,860	15.6%
1950	18,602	44.7%
1960	26,424	42.0%
1970	27,391	3.7%
1980	24,573	-10.3%
1990	22,633	-7.9%
2000	22,578	-0.2%
2010	22,625	0.2%
2016	23,531	4.0%

Source: U.S. Bureau of the Census, Decennial Censuses
American Community Survey 2012-2016 5-yr Estimate

Cranford' largest increase in growth occurred during the 1940's through the 1960's. The Township's population increased by 44.7% in 1940's, and then increased by 42% during the 1950s, and continued to grow by 3.7% through the 1960s. From 1980 through 2000 Cranford's population decreased by approximately 18%. In recent years, Cranford's population has increased by 4% from 2010 to 2016.

When comparing the Township to Union County as a whole, the Township has not experienced similar modest and steady increases from 1990 through 2010. While Union County's population increased by 5.8% between 1990 and 2000, then by 2.7% between 2000 to 2010, Cranford did not experience growth during this period.

	Cranford	% Change	Union County	% Change
1990	22,633	-	493,819	-
2000	22,625	0.2%	522,541	5.8%
2010	23,531	4.0%	536,499	2.7%

Source: U.S. Bureau of the Census, 1990-2010 Decennial Censuses

Age Characteristics

Understanding the age make up of a community is important when planning for new housing, resources, and the future of the township as a whole. Looking at a further breakdown of population data by age and sex, it shows that the townships population is concentrated in specific age cohorts. Table 3 to the right depicts that 24.76% of the population is 40-54 years old, and another 25.89% is 0-19 years old. These age cohorts generally suggest that Cranford consists largely of families with middle-aged parents and children.

Table 4 complements the data and compares it to that of Union County as a whole. It shows the steady increase of children ages 5 to 17 in Cranford from 1990 to 2010 – from 15.2% to 16.8% to 18.5%, respectively. Similarly, the number of 45 to 54-year olds has increased from 11.7% to 14.7% to 16.7%.

Union County has also seen a steady increase in these age cohorts. However, Cranford has seen a rise in their 65 and over population, with percent increases from 15.8% in 1990 to 17.2% in 2010, whereas Union County has seen a decrease in their 65 and over population from 15% in 1990 to 12.9% in 2010.

Both Union County and Cranford have seen a stark decrease in the 25 to 34 cohort, with numbers in 1990 at 17.2 and 15.8 percent, dropping to 13.2 and 9.1 in 2010, respectively. Increases in the 45 to 54-year-old age cohort partnered with increases in the 5 to 17 cohort signifies that the Township has been able to attract and retain families with growing children, and the decreasing

	All	Female	Male
2010 Census Population	22,625	11,800	10,825
Under 5 years	1,285	624	661
5 to 9 years	1,646	804	842
10 to 14 years	1,577	751	826
15 to 19 years	1,348	613	735
20 to 24 years	929	450	479
25 to 29 years	934	502	432
30 to 34 years	1,128	596	532
35 to 39 years	1,452	762	690
40 to 44 years	1,820	951	869
45 to 49 years	1,909	961	948
50 to 54 years	1,872	993	879
55 to 59 years	1,602	840	762
60 to 64 years	1,236	649	587
65 to 69 years	958	517	441
70 to 74 years	702	393	309
75 to 79 years	749	427	322
80 to 84 years	673	410	263
85 years and over	805	557	248
Median age (years)	42.8	44.2	41.2

Source: U.S. Bureau of the Census, 2010 Decennial Census

25 to 34 population cohorts suggests that the town has not been able to attract or retain many younger adults in the last 20 years.

Age	1990				2000				2010			
	Cranford		Union County		Cranford		Union County		Cranford		Union County	
	#	%	#	%	#	%	#	%	#	%	#	%
Under 5	1,375	6.1	32,421	6.6	1,465	6.5	36,441	7.0	1,285	5.7	35,783	6.8
5 to 17	3,451	15.2	58,291	11.8	3,797	16.8	73,754	14.1	4,168	18.5	95,475	18.2
18 to 24	1,824	8.1	64,984	13.2	1,186	5.3	61,215	11.7	1,314	5.8	45,879	8.7
25 to 34	3,577	15.8	85,028	17.2	2,757	12.2	75,189	14.4	2,062	9.1	69,279	13.2
35 to 44	3,612	16.0	73,653	14.9	3,877	17.2	88,398	16.9	3,272	14.5	78,418	15.0
45 to 54	2,645	11.7	54,877	11.1	3,312	14.7	69,568	12.5	3,781	16.7	83,409	15.9
55 to 64	2,578	11.4	50,440	10.2	2,136	9.5	45,935	8.8	2,838	12.5	60,495	11.6
65 & Over	3,571	15.8	74,125	15.0	4,048	17.9	72,041	13.8	3,887	17.2	67,761	12.9
Total	22,633	100	493,819	100	22,578	100	522,541	100	22,625	100	522,541	100

Source: U.S. Decennial Censuses, 1990, 2000, and 2010

Race

Table 5 shows the racial breakdown of the population according to responses from the 2010 Decennial Census. Over 98% of the population responded as “One Race,” with 91.8% responding as white. The next largest racial group in Cranford is Asian at 2.8%, followed by 2.8 percent responding as Black or African American.

The other 1.6% of respondents identified as “Two or More Races,” with the largest subgroup in that category being “White; Asian” with 130 respondents comprising 0.6%, and 69 respondents comprising 0.3% identifying as “White; Black or African American.”

	#	%
One Race	22,272	98.4
White	20,781	91.8
Black or African American	592	2.6
American Indian/Alaska Native	18	0.1
Asian	643	2.8
Asian Indian	136	0.6
Chinese	221	1.0
Filipino	149	0.7
Japanese	18	0.1
Korean	62	0.3
Vietnamese	14	0.1
Other Asian	43	0.2
Native Hawaiian/Other Pacific Islander	4	0.0
Some Other Race	234	1.0
Two or More Races	353	1.6
White; American Indian and Alaska Native	35	0.2
White; Asian	130	0.6
White; Black or African American	69	0.3
White; Some Other Race	44	0.2
Total population	22,625	100

Source: U.S. Census, 2010

Household Size and Characteristics

In addition to population demographics, household size in relation to the population helps to characterize the Township. Using Decennial Census data from 1990-2010, Table 6 below shows that the Average Household Size in Cranford decreased negligibly from 2.69 to 2.61 from 1990 to 2010. Since the time from 1990 to 2000, both the population and number of occupied housing units decreased, then from 2000 to 2010, both the population and number of occupied housing units increased, implying that while more people are living in Cranford, household sizes have decreased. Union County as a whole saw a decrease in the average household size from 2.81 to 2.71 from 1990 to 2000. Then from 2000 to 2010 there was an increase from 2.71 to 2.97. Unlike Cranford, Union County as a whole experienced an increase in both their household population and occupied housing units from 1990 through 2010.

	1990			2000			2010		
	HH Population	Occupied Housing Units	Avg HH Size	HH Population	Occupied Housing Units	Avg HH Size	HH Population	Occupied Housing Units	Avg HH Size
Cranford	22,624	8,405	2.69	22,033	8,397	2.62	22,367	8,583	2.61
Union County	499,274	177,973	2.81	514,733	186,124	2.71	536,499	188,118	2.97

Source: U.S. Census, 2010

Table 7 shows that household sizes in occupied housing units was highest for 2 persons in Cranford, at 30.5%, closely followed by 4 persons or more at 28.25%.

The American Community Survey was utilized to evaluate Cranford income characteristics compared to Union County as a whole. Table 8 demonstrates that the per capita income and the median household income in Cranford, \$49,223 and \$116,851 are both higher than the County's of \$36,374 and \$101,634.

In addition to a higher per capita income, fewer Cranford residents are living below the poverty level. Based on the 2012-2016 American Community Survey (Table 8) 1.9% of Cranford residents compared to 10.8% Union County residents are living below the poverty level.

Household Size	Number of Households	Percent
1 Person	1,917	22.60
2 Persons	2,587	30.50
3 Persons	1,580	18.63
4 Persons or More	2,365	28.25
Total Occupied Housing Units	8,480	100

Source: 2012-2016, American Community Survey 5-Year Estimates

	Township of Cranford	Union County	State of New Jersey
Median Household Income	\$116,851	\$70,476	\$101,634
Median Family Income	\$137,620	\$83,259	\$90,575
Per Capita Income	\$49,223	\$36,374	\$37,538
Percent of Persons Below Poverty Level	1.9%	10.8%	10.9%

Source: Selected Economic Characteristics, 2012-2016 American Community Survey 5-Year Estimates

Household Size	Moderate Income	Low Income	Very Low Income
1 Person	\$53,404	\$33,377	\$20,026
1.5 Persons*	\$57,218	\$35,762	\$21,457
2 Persons	\$61,033	\$38,146	\$22,887
3 Persons	\$68,662	\$42,914	\$25,748
4 Persons	\$76,291	\$47,682	\$28,609
4.5 Persons*	\$79,343	\$49,589	\$29,754
5 Persons	\$82,395	\$51,497	\$30,898
6 Persons	\$88,498	\$55,311	\$33,187
7 Persons	\$94,601	\$59,126	\$35,475
8 Persons	\$100,705	\$62,940	\$37,764

Source: Affordable Housing Professionals of New Jersey
 * These are for calculating the pricing for one and three-bedroom sale and rental units per N.J.A.C. 5:80-26.4(a)

The income limits in Table 9 to the left was produced by the Affordable Housing Professionals of New Jersey in 2018 to set the Affordable Housing Regional Income Limits. The table shows the very low income, low income, and moderate-income thresholds for Union County for each household size. Specific rows are for calculating the pricing for one and three-bedroom sale and rental units per N.J.A.C. 5:80-26.4(a).

2. Analysis of Housing Characteristics

Age of Housing

Cranford is a substantially developed community which is comprised of older housing compared to the rest of Union County as a whole. Population spikes in from the 1940s to 1960 were caused by a large increase in the number of houses being built from 1940 to 1959. From 1940 to 1949, 1,548 houses were built and then, from 1950 to 1959, 2,642 houses were built. From 1940 to 1960 there was an increase of over 13,000 people, which correlates to the spike in residential construction. The Township continued to experience construction to a lesser extent through 2014, despite Cranford's population declining from 1970 until 2010. This population decline from 1970 through 2009 occurred in conjunction with the construction of 1,272 homes during that same period. The population has begun to show signs of returning: from 2010 to 2010 Cranford experienced a 0.2% increase in its population and there was a 4% increase in population based on the 2012-2016 American Community Survey estimates.

Table 10 which demonstrates that Cranford's decrease in population between 1970 and 2000 are not consistent with the number of houses constructed during the same time period. While the number of housing units continued to increase despite decreases in population, the age of housing is not as evenly distributed as Union County as a whole, and is older. 88.4% of Cranford's housing was built prior to 1980, versus 82.4% of housing in Union County. Similarly, 76% of Cranford' housing was built prior to 1960, verses 62.1% of housing in Union County.

Year Housing Unit Built	Township of Cranford		Union County	
	Number of Units	Percent	Number of Units	Percent
2014 or later	104	1.2%	417	0.2%
2010 - 2013	52	0.6%	1,971	1.0%
2000 - 2009	254	2.9%	12,526	6.2%
1990 - 1999	224	2.5%	9,360	4.7%
1980 – 1989	397	4.5%	11,072	5.5%
1970- 1979	397	4.5%	14,250	7.1%
1960 – 1969	707	7.96%	26,617	13.2%
1950 - 1959	2,642	29.7%	47,031	23.4%
1940 - 1949	1,548	17.4%	30,171	15.0%
1939 or earlier	2,558	28.8%	47,692	23.7%
Total	8,883	100%	201,107	100%

Note: Figures may not add due to rounding
Source: 2012-2016 American Community Survey 5-Year Estimates
Note: Percentages May Not Add Due To Rounding

The number of residential building permits since the decade of 1990-1999 demonstrate that construction has slowed. In tandem with Table 10 above, the number of residential building permits shows that the number of housing units being constructed has remained steady and has increased since 1990.

Table 11 indicates that there has been a sharp increase in Residential Units authorized by Building Permits. Between 2010 and 2018 there have been 1,021 Residential Units which reflects the recent apartment residential projects which have been constructed in Cranford in the past decade. In previous decades the majority of building permits issued were for single family homes.

Year	Residential Building Permits
1990-1999	131
2000-2009	166
2010	21
2011	51
2012	104
2013	288
2014	194
2015	204
2016	72
2017	40
2018 (YTD)*	47
Total	1,318

Source: New Jersey Department of Labor and Workforce Development
*As of September, 2018

Number of Rooms	Township Of Cranford		Union County	
	Number of Units	Percent	Number of Units	Percent
1 Room	213	2.4%	8,650	4.3%
2 Rooms	78	0.9%	4,299	2.1%
3 Rooms	449	5.0%	21,432	10.7%
4 Rooms	782	8.8%	32,210	16.0%
5 Rooms	836	9.4%	32,309	16.1%
6 Rooms	1,593	17.3%	32,591	16.2%
7 Rooms	1,670	18.8%	25,428	12.6%
8 Rooms	1,632	18.4%	19,620	9.8%
9 or more Rooms	1,630	18.3%	24,568	12.2%
Total	8,883	100%	201,107	100%

Source: 2012-2016 American Community Survey 5-Year Estimates
Note: Percentages May Not Add Due To Rounding

Table 12 to the left shows the housing size by the number of rooms, and compares Cranford to Union County as a whole. In general, Cranford has a larger number of housing with more rooms, with 72.8%% of housing have 6 or more rooms. Of that 73.3%, 25% is accounted for by 9 or more rooms. In comparison, Union County as a whole has a more even distribution of housing sizes, with just half of the housing having 6 or more rooms.

The vast majority of housing in Cranford is owner-occupied. Only slightly more than 18% of housing in Cranford is renter occupied.

The total vacancy rate in the Township is 2.6, based on the 2010 census which reported that 233 units were vacant out of 8,816 total units. The 2010 census also reported that the vacancy rate for owner occupied is less than one ninth than that of renter occupied housing.

	Total	Owner Occupied	Renter Occupied
Total Housing Units	8,816	6,994	1,589
Vacant Units	233	35	68
Vacancy Rate	2.6	0.5	4.3
Source: Source: U.S. Census, 2010 (1) Includes all vacant units, including those rented or sold but not occupied, seasonal recreational and occasional use units, and "other" vacant units. (2) Includes units available for sale only (3) Includes units available for rent.			

Table 14 shows the value of owner occupied housing reported by the 2012-2016 American Community Survey. Based on the data provided, the majority of the housing in Cranford, 52.8%, is valued between \$300,000 and \$499,999. The next most common bracket for housing value is \$500,000 to \$999,999 – at 35.9%, meaning that 88.7% of the housing in Cranford is valued between \$300,000 and \$999,999. Similarly, the majority of housing located within Union County (41.2%) is valued between \$300,000 to \$499,999. However, housing values in the county are more evenly distributed than that of Cranford rendering only the 62.2% of housing in the county as valued between \$300,000 and \$999,999.

Housing Value	Cranford		Union County	
	Number of Units	Percent	Number of Units	Percent
Under \$50,000	160	2.4%	2,533	1.1%
\$50,000 to \$99,999	25	0.4%	1,276	1.2%
\$100,000 to \$149,999	30	0.5%	3,310	3.0%
\$150,000 to \$199,999	89	1.4%	9,795	8.9%
\$200,000 to \$299,999	410	6.2%	26,059	23.7%
\$300,000 to \$499,999	3,492	52.8%	39,550	36.0%
\$500,000 to \$999,999	2,372	35.9%	22,382	20.4%
\$1,000,000 or more	37	0.6%	5,026	4.6%
Total	6,615	100%	109,931	100%
Note: Figures may not add due to rounding. Source: Value of Owner-occupied housing units, 2012-2016 American Community Survey 5-Year Estimates				

Table 15: Rent Levels – 2012-2016 ACS, Township of Cranford		
Rent	Number of Units	Percent
Less than \$500	119	6.4%
\$500 to \$999	378	20.3%
\$1,000 to \$1,499	440	23.4%
\$1,500 to \$1,999	515	27.6%
\$2,000 to \$2,499	248	13.3%
\$2,500 to 2,999	72	3.9%
\$3,000 or more	35	1.9%
No cash rent	58	3.1%
Total	1,865	100%
Source: Contract Rent for Renter-occupied housing units, 2012-2016 American Community Survey 5-Year Estimates		

The majority of rent levels in Cranford were found to be between \$1,500 to \$1,999 at 27.6%. The next most common bracket was \$1,000 to \$1,499 at 23.4%, then \$500 to \$999 at 20.3%. Each of the other rent brackets do not make up a significant portion of the 1,865 rental units. 26.7% of housing was estimated to be less than \$999, and 19.1% was estimated to be \$2,000 or greater. While 6.4% responded with “less than \$500”, this reporting may be family contributions or informal rent situations, considering that the other 93.6% of rental housing was estimated to be \$1,000 or more.

3. Analysis of Employment Characteristics

Economic data about Cranford retrieved from the American Community Survey 2012-2016 5 year estimate reports that the estimated Median Household Income in 2016 was \$116,851, a 35% increase from 2000 (Table 16). Based on the CPI Inflation Calculator from the Bureau of Labor Statistics, an income of \$76,668 would have the buying power of \$114,364 in 2018, which demonstrates that incomes have not only increased in Cranford since 2000, they have also kept pace with inflation.

Description	Amount
Estimated Median Household Income in 2016	\$116,851
Estimated Median Household Income in 2000	\$76,338
Estimated Per Capita Income in 2016	\$49,223
Estimated Median House or Condo Value in 2016	\$444,932
Estimated Median House or Condo Value in 2000	\$230,300
Mean Price of All Housing Units in 2016	\$439,675
Mean Price of Detached Houses in 2016	\$467,204
Mean Price of Townhouses/Other Attached Units in 2016	\$338,954
Mean Price of Two Unit Structures in 2016	\$315,617
Mean Price of 3-4 Unit Structures in 2016	\$248,833
Mean Price of 5 or more Unit Structures in 2016	\$273,742
Source: 2012-2016 American Community Survey 5-Year Estimates and City-Data.com	

Based on the “Major Employers List” prepared for the Union County Board of Chosen Freeholders by the Union County Economic Development Corporation, there are fourteen major employers within Cranford, the largest of whom are: the Cranford Board of Education and Union County College. Table 17 depicts entities who employ over 100 people and it is not reflective of all of the businesses and employers within the Township. However, this table does indicate that Cranford does have a variety of employment opportunities within its borders.

Employer	Address	Business	No. of Employees
Atria Cranford	10 Jackson Drive	Health Care & Social Assistance	100 to 199
Centennial Avenue Pool	401 Centennial Ave	Fitness/Recreation	100 to 199
Emes Professional Association	46 Jackson Drive	Medical Laboratory	100 to 199
Madan Plastics, Inc.	370 North Ave E	Manufacturing	100 to 199
Paragon Solutions, Inc	25 Commerce Dr #100	Computer Program/Software	100 to 199
Proaccess LLC	20 Commerce Dr #200	Insurance	100 to 199
Cranford Health & Extended Care	205 Birchwood Ave	Health Care & Social Assistance	200 to 299
Ell Inc	Po Box 128	Intercommunication	200 to 299
Weeks Marine Inc.	4 Commerce Dr #2	Marine Cargo	200 to 299
All-State Legal Supply	1 Commerce Dr	Printing	300 to 399
Ascend Hospice	65 Jackson Dr #301	Health Care & Social Assistance	300 to 399
Cranford (Township of)	8 Springfield Ave	Government	300 to 399
Cranford Board of Education	132 Thomas St	Education	500 to 999
Union County College	1033 Springfield Ave	Education	500 to 999
Source: "Major Employers List" Prepared for Union County Board of Chosen Freeholders, by Union County Economic Development Corporation, August 2017			

The Township is an educated community. 43% of residents over the age of 25 have a Bachelor’s degree or higher, and 16% having a graduate or professional degree. The average commute time is 29.8 minutes, indicating that many of the residents commute to work elsewhere.

Table 18: Education and Employment Data for Cranford	
For population 25 years and over	
<i>High school or Higher</i>	91.5%
<i>Bachelor's Degree or Higher</i>	43.0%
<i>Graduate or Professional Degree</i>	16.0%
<i>Unemployed</i>	4.1%
Mean Travel Time to Work (Commute)	29.8 min
Source: City-Data.com	

Finally, Tables 19 and 20 shows the most common industries and occupations for residents broken down by gender. In general, 12% of males in Cranford are employed in the finance and insurance industry, with the next largest industry is professional, scientific and technical services industry at 10%. On the other hand, 20% of women are employed in educational services, while their second largest industry is health care at 12%.

Table 19: Industries of Cranford	
Most Common Industries for Males in 2016	
Finance and Insurance	12%
Professional, Scientific, and Technical Services	10%
Construction	8%
Public Administration	7%
Educational Services	6%
Chemicals	4%
Broadcasting and telecommunications	4%
Most Common Industries for Females in 2016	
Educational Services	20%
Health Care	12%
Professional, Scientific, and Technical Services	10%
Finance and Insurance	10%
Chemicals	4%
Accommodation and Food Services	3%
Public Administration	3%
Source: City-Data.com	

Table 20: Occupations of Cranford	
Most Common Occupations for Males	
Other Management Occupations (excluding farmers/ farm mgmt.)	8%
Computer Specialists	6%
Other Sales and Related Workers Including Supervisors	5%
Top Executives	5%
Sales Representatives, Services, Wholesale and Manufacturing	5%
Electrical Equipment Mechanics and Other Installation, Maintenance, and Repair Occupations (including supervisors)	4%
Business Operations Specialists	3%
Most Common Occupations for Females	
Preschool, Kindergarten, Elementary, and Middle School Teachers	9%
Secretaries and Administrative Assistants	8%
Other Office and Administrative Support Workers Including Supervisors	8%
Other Management Occupations (excluding farmers/ farm mgmt.)	5%
Other sales and related workers including supervisors	4%
Registered Nurses	3%
Bookkeeping, Accounting, and Auditing Clerks	3%
Source: City-Data.com	

III. 2018 THIRD ROUND FAIR SHARE PLAN

A. THE INITIAL FAIR SHARE OBLIGATIONS

1. Prior Round Obligation: 148
2. Present Need/Rehabilitation Obligation: 85
3. Round 3 Obligation: Different experts and different judges have embraced different formulas which generate different Round 3 numbers. Like so many largely developed municipalities, Cranford is not in a position where it can fully address its unmet need. However, the Township will take reasonable steps to address the unmet need to the extent practical.

B. SATISFACTION OF REHABILITATION OBLIGATION

The Township has an 85-unit rehabilitation obligation. On April 25, 2017 the Township contracted Community Grants, Planning & Housing LLC (CGP&H) to perform various tasks associated with the administration of the affordable units within Cranford Township.

CGP&H prepared the “Cranford Home Improvement Program Policies and Procedures Manual” and accompanying plan including a community outreach component, which began in the Summer of 2017. The program is currently funded through the Township’s Affordable Housing Trust Fund and will continue until the 85-unit obligation has been fully satisfied. Thus far, the Township has not received applications from eligible applicants. The Township is continuing to advertise the program and engage in community outreach with residents.

C. SATISFACTION OF PRIOR ROUND OBLIGATION

On May 22, 2013 the Township of Cranford received a Judgment of Compliance and Repose which declared that the Housing Element and Fair Share Plan dated April 3, 2013 “creates sufficient realistic opportunities for the provision of safe, decent housing affordable to low and moderate income households” to satisfy Cranford’s affordable housing obligation.

At the time the May 22, 2013 Judgment of Compliance and Repose was issued, Judge Chrystal took the position that only rental units that had been constructed were eligible for a rental bonus. Since only 3 rental units had been constructed at that point, the Court awarded only 3 rental bonuses. The Riverfront and the Lehigh Acquisition Woodmont projects were not fully constructed at that time and therefore were not eligible to generate bonus credits up to the 25% cap. Since then, both projects have been fully completed and are occupied. Therefore, pursuant to the JOR, the Township is now in a position to claim entitlement to an additional 34 rental bonuses. Accordingly, the Township will shuffle and redistribute the affordable units in order to capitalize on up to 37 eligible bonus credits based on the Prior Round Obligation of 148, consistent with the Report of the Special Master Final Compliance Report, dated March 29, 2013 where the Special Master stated:

“Cranford cannot now access any rental bonus credits for units fulfilling the prior round obligation that are not yet built. However, once the Lehigh, CDA and Riverfront Developers, LLC, projects are constructed, the Township may receive rental bonuses for the units in these projects-but only up to the amount of the prior round rental obligation (37 rental units). In Cranford’s case, this would mean a

potential to access up to 37 rental bonuses less the 3 rental bonuses already taken for the three (3) SERV bedrooms, or 34 more rental bonuses. This would enable Cranford to rearrange its allocation of units between the prior round and third round, adding 34 rental bonus credits to the prior round plan and moving 34 actual units from the prior round plan into the third round plan.”

1. Prior Round Rental Obligation

The Prior Round rental obligation is 25% of 148, or 37 units. The Township is applying thirteen (13) units from the completed Riverfront Project, three (3) units from the completed SERV group home, and twenty-one (21) units from the completed Lehigh Acquisition Project to the Prior Round, which satisfies its 37-unit rental obligation.

2. Prior Round Age-Restricted Cap

COAH’s Round 2 regulations permit up to a total of 25% of the new construction obligation to be satisfied with age-restricted housing. Therefore, the Township is eligible for 25% of 148, or thirty-seven (37) age-restricted housing units, to be towards the Prior Round. The Township is applying thirty-seven (37) age-restricted units from the constructed and occupied Lincoln Apartments project to the Prior Round, completing the maximum allowed age-restricted units.

3. Prior Round Rental Bonus Credits

In accordance with N.J.A.C. 5:93-5.15(d), the Township is entitled to rental bonus credits generated by projects described below, up to the maximum of 37 rental bonus credits for which it is eligible based on its 148-unit Prior Round obligation. The Township is claiming a total of thirty-seven (37) bonus credits, which include three (3) rental bonus credits from the SERV Center of NJ, thirteen (13) from the Riverfront Project, and twenty-one (21) from the Lehigh Acquisition Project.

4. Allocation of Credits for Satisfaction of Prior Round Obligation

The Township has a 148-unit Prior Round obligation, and has satisfied that obligation as follows:

Table 21: Prior Round Affordable Housing Fulfilment Township of Cranford, Union County, New Jersey		
Project	Affordable Units/Credits	Unit/Credit Type
Prior Round Obligation		
Lincoln Apartments – Age-Restricted (Block 532, Lot 18.01) (maximum based on 25% of 148)	37	Age-Restricted Rentals
Riverfront Developers, LLC (Block 481; Lots 1.02, 2.01 and 3-9)	16	Non Age-Restricted Family Rentals
SERV Center of NJ (Block 514, Lot 3)	3	Special Needs Housing – 3 Bedroom Group Home
Birchwood Site (formerly Cranford Development Associates (CDA) Project)	34	Non Age-Restricted Family Rentals

Housing Plan Element and Fair Share Plan

(Block 291, Lot 15.01, Block 292, Lot 2)		
Lehigh Acquisition Project (Block 511, Lot 1) aka Woodmont	21	Non Age-Restricted Family Rentals
Subtotal	111	-
Rental Bonus Credits (Based on 25% of 148)	37	Rental Bonus Credits taken on 21 Lehigh Acquisition Project Units, 3 SERV Bedrooms and 13 Riverfront Units
Total	148	Units/Credits
Total for Prior Round Plan		
Total Prior Round Obligation	148	Units/Credits RDP Fully Addressed

Detailed Summary of Prior Round Satisfaction

- a. **77 existing units** from the following constructed and occupied units:
 - 37 age restricted rental units from Lincoln Apartments (Block 532, Lot 18.01). (1990)
 - 16 family rental units from the Riverfront Project (Block 481; Lots 1.02, 2.01 and 3-9). (2013)
 - 21 family rental units from the Lehigh Acquisition/Woodmont Project (Block 511, Lot 1). (2015)
- b. **3 existing group home bedrooms** from the constructed and occupied SERV group home (Block 514, Lot 3). (1998)
- c. **34 future units** from the Birchwood project. The Redevelopment Agreement was fully executed on March 12, 2018 and the project has completed preliminary and final site plan approval.
- d. **37 bonus credits** out of the 37-maximum allowance.

D. SATISFACTION OF THE TOWNSHIP’S ALLOCATION OF THE THIRD ROUND REGIONAL NEED

Different experts and different judges have embraced different formulas which generate different Round 3 numbers. Like so many largely developed municipalities, Cranford is not in a position where it can fully address the full number generated by any of the various formulas that have been promulgated. However, the Township can fully address its fair share, as adjusted based upon the lack of sufficient land and is willing to take reasonable steps to address the unmet need to the extent practical. This plan is prepared in anticipation of negotiating a settlement agreement with Fair Share Housing Center. The Township and Planning Board reserve all rights to modify this plan as may be necessary and waives no rights to do so, and to assert positions it deems necessary and appropriate.

1. Vacant Land Capacity Analysis & Changed Circumstances

The Township’s 2013 Housing Element and Fair Share Plan, which received a Judgment of Compliance and Repose, included a Vacant Land Capacity Analysis which assigned the Township a Realistic Development Potential of 5. Since the approved Vacant Land Adjustment was completed as a part of the 2013 Housing Element and Fair Share Plan, there have been certain sites which have since become available in the Township. Table 2 addresses a recalibrated RDP in order to address these changed circumstances. Due to changes in availability of parcels for development, the Township’s RDP has increased to **85 units** since the May 22, 2013 JOR was granted.

The evaluation of the Township’s RDP and the Township’s satisfaction of that RDP is subject to refinement based on certain changed circumstances which are ongoing. The Hartz Mountain site currently has an application before the Planning Board to rezone the site. As the application proceeds before the Planning Board, and as new information related to the site becomes available, the Township may revisit the RDP assigned to the Hartz site.

Further, there are currently three (3) group homes which require further investigation in order to determine their credit eligibility based upon pending documentation: two (2) are existing group homes, and the other is a residential property which was recently purchased by SERV. Information related to these group homes is in the chart below.

Name of Owner	Block - Lot	No. of Bedrooms
Community Access Unlimited	208-7	3
Creative Property Management	403-59	4
SERV	592-2	5

Currently the two (2) existing group homes are not deed restricted, however, documentation is being acquired to determine if the facilities have been operating for a minimum of ten years and would therefore be credit eligible. Additionally, the currently use may be memorialized through alternative agreement between the group home providers and the Township which would demonstrate the credit eligibility of the group homes to the Court and Special Master. The recently purchased SERV residential property will be tax exempt beginning in January 2019 as a group home. There is not enough information at this time to determine the credit eligibility of the new SERV property.

Project	Density	RDP
RDP established by JOR based on vacant sites alone for Block 573, Lots 9, 10, & 12.02, Block 574, Lots 14 & 15, and Block 606, Lots 1, 2, 3, 4, & 5	8 units/acre	5 units
<i>Changed Circumstances</i>		
310 Centennial Avenue project (Block 525, Lot 5) Approved via Zoning Board of Adjustment Resolution dated April	41.67 units/acre	41.67 DU/AC x 0.48 acres = 20 → 4 affordable unit set-aside

<p>24, 2017. Mixed-use three-story project located in the Village Commercial District consisting of 20 residential apartments located on the second and third floors with retail use on the first floor. In the absence of a Mandatory Set-Aside Ordinance at the time of approval, the Township signed a Settlement Agreement with the property owner stipulating that the Owner will deed-restrict two (2) of the Project's one-bedroom units as affordable housing units.</p>		
<p>Hartz Mountain: 750 Walnut Avenue (Block 541, Lot 2) On March 27, 2017 the zoning department received an application from Hartz Mountain to rezone the property from C-3 Commercial to Residential. The application is in front of the Planning Board.</p>	<p>10 units/acre</p>	<p>$10 \text{ DU/AC} \times 20.5 \text{ acres}^1 = 205 \rightarrow 41 \text{ affordable unit set-aside}$</p>
<p>109 Walnut Avenue (Block 478, Lots 10,11,12,13) Approved via Zoning Board of Adjustment Resolution dated June 19, 2017. Mixed-use three-story project located in the Downtown Business District consisting of 24 residential apartments located on the second and third floors with a restaurant and residential parking on the first floor. The resolution stipulated that "there shall be one one-bedroom apartment that is affordable, two two-bedroom apartments that are affordable, and one three-bedroom apartment that is affordable"</p>	<p>50 units/acre</p>	<p>$50 \text{ DU/AC} \times 0.48 \text{ acres} = 24 \rightarrow 5 \text{ affordable unit set-aside}$</p>
<p>E.F. Britten & Co.: 24 South Avenue West (Block 474, Lot 1) Property located in the Downtown Business District along South Avenue which has been put on the market for sale. The property is 0.75 acres.</p>	<p>20 units/acre</p>	<p>$20 \text{ DU/AC} \times 0.75 \text{ acres} = 15 \rightarrow 3 \text{ affordable unit set-aside}$</p>

Proposed North Avenue Redevelopment Area (Block 193, Lots 10, 11, 12, 13, 14, & Portion of 6.01) Properties are located in the Downtown Core District. Lots 6.01 and 14 are Township owned—Lots 10, 11, 12, & 13 are privately owned. (Exhibit A)	30 units/acre	30 DU/AC x 1.41 acres = 42 → 8 affordable unit set- aside
Existing Sites		
Homefirst (Block 418, Lot 5)	--	4 bedrooms
Homefirst (Block 417, Lot 22)	--	3 bedrooms
Bridgeway House (Block 505.01, Lot 1)	--	2 bedrooms
SERV (Block 569, Lot 8)	--	4 bedrooms
CAU NJ (Block 403, Lot 62)	--	6 bedrooms
Total		RDP = 85 units
<i>¹ Based on removal of 10 acres from 30.5 acre site to be used by PSE&G based on letter from PSE&G to the Township, dated March 30, 2018 which stated “PSE&G desires to purchase 10 to 12 of the 30.5 acres at the [Hartz Mountain] site. The electric station is necessary to address aging electric infrastructure in the vicinity to ensure continued reliable service for all residents. Hartz Mountain has confirmed negotiations with PSE&G during Planning Board testimony. Acreage subject to ongoing negotiations and land acquisition. However, even if those negotiations fail, the Township surely does have the power to condemn to protect the interests of the citizens in the PSE&G service area. The 10 acre reduction may change as the negotiations and/or condemnation process follows in which case the RDP would be adjusted accordingly.</i>		

In addition to the above, the Township notes that it is being asked to accept an additional RDP of 20 units to make up for the shortfall generated by the Birchwood site being developed at a lower density. The addition of these 20 units increases the Township’s RDP to **105 units**. The Court has scheduled oral argument for December 7, 2018 on the issues associated with rental bonuses at which time the Court will make a determination of whether the Township must increase the RDP by 20. The Township reserves the right to adjust course based on the Court’s ruling.

2. Round 3 Rental Obligation

COAH’s Rules (at N.J.A.C 5:93-1, et seq.) provide that at least 25% of the new construction component for Round 3 must be satisfied with rental units. Presuming an RDP of 105, the Township’s rental obligation is 25%, or 26 units. The Township has seven (7) existing non-age restricted rental units, nineteen (19) proposed non-age restricted rental units, nineteen (19) existing group home bedrooms, eight (8) proposed group bedrooms, and twenty-six (26) existing age-restricted rental units which it is applying to Round 3, which more than satisfy its 26-unit rental obligation once all units are constructed.

3. Round 3 Age-Restricted Cap

When applying the COAH Round 2 regulations, municipalities are permitted to age-restrict up to 25% of the third round RDP. Based on the RDP of 105, the Township may age-restrict up to 25% or 26 units. At this time the Township is not proposing any new age-restricted affordable housing projects. The Township is claiming twenty-six (26) units from the completed and occupied Lincoln Apartments project towards its Round 3 obligation, completing the maximum permitted age-restricted units.

4. Round 3 Very Low-Income Housing Obligation

As a result of the July 2008 amendments to the Fair Housing Act, all municipalities have an obligation to ensure that at least 13% of the affordable housing units be provided town wide, with the exception of units constructed as of July 1, 2008 and units subject to preliminary or final site plan approval as of July 1, 2008, are affordable to very low-income households (households that earn 30 percent or less of the median income). The Township will ensure that the 13% very-low income obligation is satisfied through any new projects, and that any very-low income units built after 2008 are inventoried and accounted for.

Table 24: Cranford Affordable Housing Units Township of Cranford, Union County, New Jersey					
Project	Bedroom Type	Income			Unit/Credit Type Totals
		Very Low	Low	Moderate	
<i>Existing Units</i>					
Lincoln Apartments – Age-Restricted (Block 532, Lot 18.01) (maximum based on 25% of 148) ¹	One Bedroom	--	--	100	100 (AR)
	Two Bedroom	--	--	--	
	Three Bedroom	--	--	--	
Riverfront Developers, LLC (Block 481; Lots 1.02, 2.01 and 3-9)	One Bedroom	0	3	2	19 (R)
	Two Bedroom	0	3	5	
	Three Bedroom	2	2	2	
Lehigh Acquisition Project (Block 511, Lot 1) aka Woodmont	One Bedroom	2	0	2	24 (R)
	Two Bedroom	1	7	7	
	Three Bedroom	0	3	2	
Needlepoint Homes (Block 480, Lot 1)	One Bedroom	--	1	--	1 (R)

	Two Bedroom	--	--	--	
	Three Bedroom	--	--	--	
SERV Center of NJ (Block 514, Lot 3)	Special Needs/Group Home	3	--	--	3 (GH)
SERV (Block 569, Lot 8)	Special Needs/Group Home	4	--	--	4 (GH)
Homefirst (Block 418, Lot 5) ²	Special Needs/Group Home	--	4	--	4 (GH)
Homefirst (Block 417, Lot 22) ²	Special Needs/Group Home	--	3	--	3 (GH)
Bridgeway House (Block 505.01, Lot 1)	Special Needs/Group Home	2	--	--	2 (GH)
Totals		14	26	120	160
<i>Prospective and Unconstructed Units</i>					
Birchwood Site (formerly Cranford Development Associates (CDA) Project) (Block 291, Lot 15.01, Block 292, Lot 2)	One Bedroom	0	1	2	34 (R)
	Two Bedroom	3	9	12	
	Three Bedroom	2	2	3	
310 Centennial Avenue (Block 525, Lot 5) ³	One Bedroom	1	--	1	2 (R)
	Two Bedroom	--	--	--	
	Three Bedroom	--	--	--	
109 Walnut Avenue (Block 478, Lots 10, 11, 12, 13) ⁴	One Bedroom	--	--	1	4 (R)
	Two Bedroom	1	--	1	
	Three Bedroom	--	1	--	
E.F. Britten & Co.: 24 South Avenue West (Block 474, Lot 1)	One Bedroom	--	--	--	3 (R)
	Two Bedroom	1	--	1	
	Three Bedroom	--	1	--	
	One Bedroom	--	--	--	8 (R)

Proposed North Avenue Redevelopment Area (Block 193, Lots 10, 11, 12, 13, 14, & Portion of 6.01)	Two Bedroom	--	3	2	
	Three Bedroom	1	1	1	
Myrtle Street Mixed-Use Inclusionary Project (Block 574, Lots 14 & 15 & Block 573, Lot 9)	One Bedroom	--	--	--	2 (R)
	Two Bedroom	--	--	1	
	Three Bedroom	1	--	--	
Myrtle Street Special Needs Housing (Block 573, Lots 12.02 & 10)	Special Needs/Group Home	8	--	--	8 (GH)
Totals		18	18	25	61
<p>¹ Project from 1990 and utilized LIHTC funding – excluded from 13% Very Low</p> <p>² Project used CDBG and HOME funds, HUD had income cap requirement of 60% of AMI</p> <p>³ Settlement Agreement included that the developer would provide a set-aside consisting of two (2) one-bedroom units. Bedroom distribution will be offset as part of an ongoing negotiated redevelopment plan(s) for the E.F.Britten, North Avenue, and Inclusionary Myrtle Street sites.</p> <p>⁴ Resolution approving project states that the affordable units shall be: one (1) one-bedroom unit, two (2) two-bedroom units, one (1) three-bedroom unit. Bedroom distribution will be offset as part of an ongoing negotiated redevelopment plan(s) for the E.F.Britten, North Avenue, and Inclusionary Myrtle Street sites.</p>					

5. Round 3 Rental Bonus Credits

In accordance with N.J.A.C. 5:93-5.15(d), the Township is entitled to rental bonus credits generated by projects described in Table 3, up to the maximum of 26 rental bonus credits for which it is eligible based on its 105-unit RDP. The Township is claiming a total of twenty-six (26) bonus credits, which include three (3) rental bonus credits from the Riverfront Project, three (3) rental bonus credits from the Lehigh Acquisition Project, one (1) rental bonus credit from Needlepoint Homes, and nineteen (19) rental bonus credits from the five (5) Special Needs Housing sites listed in Table 3.

6. Satisfaction of RDP

The Township has a 105-unit RDP and intends to satisfy that obligation as follows:

Table 25: Application of Credits to RDP Township of Cranford, Union County, New Jersey		
Project	Affordable Units/Credits	Unit/Credit Type
<i>Existing Projects</i>		
Riverfront Developers, LLC (Block 481; Lots 1.02, 2.01 and 3-9)	3	Non Age-Restricted Rental
“Woodmont Site”: - Lehigh Acquisition Project (Block 511, Lot 1)	3	Non Age-Restricted Rental
Needlepoint Homes (Block 480, Lot 1)	1	Non Age-Restricted Rental
Lincoln Apartments – Age-Restricted (Block 532, Lot 18.01)	26	Age-Restricted Rental
Homefirst (Block 418, Lot 5)	4	Group Home Bedrooms
Homefirst (Block 417, Lot 22)	3	Group Home Bedrooms
Bridgeway House (Block 505.01, Lot 1)	2	Group Home Bedrooms
SERV (Block 569, Lot 8)	4	Group Home Bedrooms
CAU NJ (Block 403, Lot 62)	6	Group Home Bedrooms
Total Built Credits/Units	52	
<i>Prospective Projects (Approved, Conceptual, or Under Construction)</i>		
310 Centennial Avenue (Block 525, Lot 5) Under Construction: Approved via Zoning Board of Adjustment Resolution dated April 24, 2017. Mixed-use three-story project located in the Village Commercial District consisting of 20 residential apartments located on the second and third floors with retail use on the first floor. In the absence of a Mandatory Set-Aside Ordinance at the time of approval, the Township signed a Settlement Agreement with the property owner stipulating that the Owner will deed-restrict two (2) of the Project’s one-bedroom units as affordable housing units.	2 ¹	Non Age-Restricted Rental Affordable Units
109 Walnut Avenue (Block 478, Lots 10,11,12,13) Approved via Zoning Board of Adjustment Resolution dated June 19, 2017. Mixed-use three-story project located in the Downtown Business District consisting of 24 residential apartments	4 ²	Non Age-Restricted Rental Affordable Units

located on the second and third floors with a restaurant and residential parking on the first floor. The resolution stipulated that “there shall be one one-bedroom apartment that is affordable, two two-bedroom apartments that are affordable, and one three-bedroom apartment that is affordable”		
E.F. Britten & Co.: 24 South Avenue West (Block 474, Lot 1) Property located in the Downtown Business District along South Avenue which has been put on the market for sale. The property is 0.75 acres.	3 ³	Non Age-Restricted Rental Affordable Units
Proposed North Avenue Redevelopment Area (Block 193, Lots 10, 11, 12, 13, 14, & Portion of 6.01). Area is 1.41 acres. Properties are located in the Downtown Core District. Lots 6.01 and 14 are Township owned—Lots 10, 11, 12, & 13 are privately owned. (Exhibit A)	8 ⁴	Non Age-Restricted Rental Affordable Units
Myrtle Street Special Needs Housing (Block 573, Lots 12.02 & 10)(Exhibit B)	8	Group Home Bedrooms
Myrtle Street Mixed-Use Inclusionary Project (Block 574, Lots 14 & 15 & Block 573, Lot 9) (Exhibit C) Area is 0.80 acres.	2	Non Age-Restricted Rental Affordable Units
Total Prospective Credits/Units	27	
Bonus Credits		
Eligible Bonus Credits (25% of RDP)	26	Rental Bonus Credits Taken on 3 units from Riverfront, 3 units from Lehigh Acquisition, 1 from Needlepoint, 19 from existing Group Home Bedrooms,
TOTAL	105	RDP SATISFIED
Additional and Surplus Units Not Applied		
Lincoln Apartments – Age-Restricted (Block 532, Lot 18.01)	37	Age-Restricted Rental Affordable Units
Total Surplus Credits/Units	37	
<p>¹Settlement Agreement included that the developer would provide a set-aside consisting of two (2) one-bedroom units. Bedroom distribution will be offset as part of an ongoing negotiated redevelopment plan(s) for the E.F.Britten, North Avenue, and Inclusionary Myrtle Street sites.</p> <p>²Resolution approving project states that the affordable units shall be: one (1) one-bedroom unit, two (2) two-bedroom units, one (1) three-bedroom unit. Bedroom distribution will be offset as part of an ongoing negotiated redevelopment plan(s) for the E.F.Britten, North Avenue, and Inclusionary Myrtle Street sites.</p> <p>³Based on a 20% Set-Aside</p> <p>⁴Based on a 20% Set-Aside</p>		

Proposed North Avenue Redevelopment Area

The RDP calculated for the proposed North Avenue Redevelopment Area is based on 30 units per acre x 1.41 acres = 42 total units. 42 x 20% = an RDP of 8. The Township reserves the right to address how the affordable housing units would be constructed within the proposed redevelopment area. The affordable housing units may be a component of a mixed-use inclusionary housing development to be further described in a redevelopment plan provided that the area is found to satisfy the criteria for redevelopment under the LRHL or in a 100% affordable housing project on lands owned by the Township within the proposed North Avenue Redevelopment Area. The Township reserves its right to address this portion of the Township's affordable housing obligation due to the Township's real and significant concerns on the quality of life of the community and the potential impacts of the project with respect to off-street public and private parking, traffic congestion and circulation, public open space, density, building height, flooding and potential environmental site remediation requirements.

Detailed Summary of Prior Round Satisfaction

- a. **33 existing units** from the following constructed and occupied units:
 - **3 family rental units** from the Riverfront Project (Block 481; Lots 1.02, 2.01 and 3-9). (2013)
 - **3 family rental units** from the Lehigh Acquisition/Woodmont Project (Block 511, Lot 1). (2015)
 - **1 family rental unit** from Needlepoint Homes (Block 480, Lot 1). (2017)
 - **26 age restricted rental units** from Lincoln Apartments (Block 532, Lot 18.01). (1990)

- b. **19 existing group home bedrooms** from the following constructed and occupied group home bedrooms:
 - **4 group home bedrooms** from Homefirst (Block 418, Lot 5). (2014)
 - **3 group home bedrooms** from Homefirst (Block 417, Lot 22). (2014)
 - **2 group home bedrooms** from Bridgeway House (Block 505.01, Lot 1). (1996)
 - **4 group home bedrooms** from SERV (Block 569, Lot 8). (2007)
 - **6 group home bedrooms** from CAU NJ (Block 403, Lot 62). (1999)

- c. **19 future units** from the following prospective projects:
 - **2 family rental units** from 310 Centennial Avenue (Block 525, Lot 5).
 - **4 family rental units** from 109 Walnut Avenue (Block 478, Lots 10,11,12,13).
 - **3 family rental units** from E.F. Britten & Co. (Block 474, Lot 1).
 - **8 family rental units** from Proposed North Avenue Redevelopment (Block 193, Lots 10, 11, 12, 13, 14, & Portion of 6.01).
 - **2 family rental units** from Myrtle Street Mixed-Use Inclusionary Project (Block 574, Lots 14 & 15 & Block 573, Lot 9).

- d. **8 future group home bedrooms** from Myrtle Street Special Needs Housing (Block 573, Lots 12.02 & 10).

- e. **26 bonus credits** out of the 26 unit maximum allowance.

7. Redevelopment

The Township reserves the right to adopt a Redevelopment Plan for any proposed project that addresses the Township's RDP or unmet need as outlined herein provided that the site qualifies as an area in need of redevelopment in accordance with the Local Redevelopment Housing Law (N.J.S.A. 40A:12A-1 et seq.). Any redevelopment plan would include design standards and building requirements that would ensure that each project was designed based on sound planning principles and would take into consideration the need for public open space, adequate off-street parking, on site amenities, streetscape improvements, infrastructure improvements, and architectural and building design standards.

The Township is committed to satisfying the RDP generated by the Proposed North Avenue Redevelopment Area (Block 193, Lots 10, 11, 12, 13, 14, & Portion of 6.01). The parcels included in the proposed redevelopment area include both privately and municipally owned properties. To be consistent with sound planning principles, it is the Township's intention to use the redevelopment process to coordinate a public / private partnership that will result in a mixed-use inclusionary project which includes a municipal parking component, addresses downtown flooding concerns and is designed at a scale and density that is consistent with Cranford's continued efforts to revitalize its downtown.

Due to the diverse ownership of the parcels within the proposed redevelopment area, in the event that the Township is unable to implement the preferred mixed-use inclusionary redevelopment project, the Township is committed to utilizing its own properties within the Proposed North Avenue Redevelopment Area to construct a 100% affordable project in order to satisfy the RDP generated by the area.

8. Addressing the Third Round Unmet Need

Different experts and different judges have embraced different formulas which generate different Round 3 numbers. Like so many largely developed municipalities, Cranford is not in a position where it can fully address its unmet need. However, the Township will take reasonable steps to address the unmet need to the extent practical. This plan is prepared in anticipation of negotiating a settlement agreement with Fair Share Housing Center. The Township and Planning Board reserve all rights to modify this plan as may be necessary and waives no rights to do so, and to assert positions it deems necessary and appropriate.

Various techniques to address unmet need were evaluated such as the creation of overlay zone districts, modifications to existing zones, as well as the utilization of a mandatory set aside ordinance. When determining how the Township would be able to address its unmet need, each zone district, its existing conditions, and the conditions and standards which govern that zone were analyzed.

a. Overlay Areas

Table 26: Proposed North and South Avenue Overlay to Address Unmet Need Township of Cranford, Union County, New Jersey				
Zone	Density	Area	Total Units	Affordable Units (Based on 20% Set-Aside)
D-C Downtown Core District*	20 DU/acre	18.27	365	73
D-B Downtown Business District*	20 DU/acre	18.5	370	74
D-T Downtown Transitional District	20 DU/acre	5.62	112	22
N-C Neighborhood Commercial District	20 DU/acre	5.08	102	20
ORC – Office Residential Character District	20 DU/acre	24.52	490	98
Total		108.8	1,439	287
*RDP sites have been removed from area calculations				

The districts listed in Table 4 and shown on the map in Exhibit D currently permit residential uses up to a density of 20 units per acre as a conditional use. The conditions attached to the conditional use are listed under §255-39 (22) and will be modified for the areas listed in the North and South Avenue Overlay in order to create a new ordinance as follows:

- a. Each apartment shall have its own entrance to a hallway, staircase or to the exterior.
- b. The ground floor entrance to the apartment unit or units shall be separate from the entrance to the ground floor use.
- c. An applicant or developer shall provide credible evidence to the satisfaction of the reviewing board that sufficient parking spaces are available and/or reserved in either public or private off-street parking lots for the overnight parking of vehicles of the prospective tenants of the apartment or apartments.
- d. Such apartments shall be a minimum of ~~700~~ **600** square feet for the one-room studio or efficiency apartments and 150 square feet for each additional bedroom, ~~but in no case no more than two bedrooms.~~
- ~~e. No boarders shall be permitted to occupy such apartments, nor shall any portion of the space within the apartment be sublet or rented out for any period of time.~~
- ~~f. A minimum lot size of 5,000 square feet is required.~~
- ~~g.~~ **e.** The gross density shall not exceed 20 units per acre
- ~~h.~~ **f.** A principal nonresidential use must be located on the ground floor of the building.

g. Inclusionary Housing Component:

- i. Any project containing residential units shall meet the requirements of the Township's Affordable Housing Ordinances, applicable COAH and UHAC regulations and any applicable order of the court and other applicable law.
- ii. No fewer than twenty percent (20%) of for-sale units or rental units constructed shall be set aside as units affordable to very-low, low- and moderate-income households.
- iii. **Income Distribution:** The income distribution for the affordable units in each project shall be as follows: a minimum of 50% shall be low and very low income units and the remainder of the affordable units shall be moderate income units; at least thirteen percent (13%) shall be very-low income units, of true affordable units in a rental development which very low income units shall be counted as part of the low income housing requirement.
- iv. **Bedroom Mix:** At least twenty percent (20%) of the affordable units in each project shall be three-bedroom units; no more than twenty percent (20%) of the affordable units in each project shall be efficiency and one-bedroom units; at least thirty percent (30%) of the affordable units in each project shall be two-bedroom units; the balance may be two or three-bedroom units, at the discretion of the developer.
- v. The developer shall have an obligation to deed restrict the Affordable Units as very low, low- or moderate-income affordable units for a period of at least thirty (30) years, until such time and under such conditions as the Township takes action to release the deed restriction, so that the Township may count the Affordable Units against its affordable housing obligation.
- vi. All affordable units shall comply with the bedroom distribution requirements, income distribution requirements, pricing requirements, integration of affordable units requirements, affirmative marketing requirements, candidate qualification and screening requirements and deed restriction requirements of the Township's Affordable Housing Ordinance and all applicable laws.
- vii. The developer/owner of the affordable units shall contract with an experienced and duly qualified administrative agent for the administration of the affordable units. The developer's/owner's administrative agent may either be the Township Administrative Agent or shall report to the Township Administrative Agent, and the developer/owner shall have the obligation to pay all costs associated with affirmatively marketing and deed restricting the affordable units, income qualifying residents, and maintaining compliance with the affordability controls on the affordable units in accordance with this section and the Township's Affordable Housing Ordinance for the entirety of the Deed-Restriction Period. The developer and its administrative agent shall provide annual reports as required by the Township and the Township's Administrative Agent to enable the Township to comply with the affordable housing monitoring requirements of the Court.

b. Mandatory Set-Aside Ordinance

The Township will amend and utilize a Mandatory Set-Aside Ordinance (MSO) which was adopted by the Township on September 12, 2017 through Ordinance 2017-10 to satisfy the remaining units of the Township's unmet need. The MSO will capture units from multifamily or single family attached projects which would be generated through permitted higher densities resulting from variances, rezoning or redevelopment. Through the implementation of this ordinance, any development in the Township which generates five (5) multifamily residential units or more over the number of units already allowed, will be required to include a 20% set-aside for either for-sale and rental units.

The adoption of the MSO does not give any developer the right to any such rezoning, variance, redevelopment designation or other relief, or establish any obligation on the part of Township or its boards to grant such rezoning, variance, redevelopment designation or other relief. No property shall be permitted to be subdivided to avoid compliance with this requirement.

IV. APPENDIX

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APPENDIX A.

VACANT LAND CAPACITY ANALYSIS, APPENDIX A OF 2013 HOUSING PLAN ELEMENT FAIR SHARE PLAN, PREPARED BY BIRDSALL SERVICES GROUP, ADOPTED BY CRANFORD PLANNING BOARD ON APRIL 3, 2013

INTRODUCTION

This Vacant Land Capacity (VLC) analysis has been prepared in accordance with the methodology set forth on pages 13-14 of the June 18, 2012 Preliminary Compliance Report prepared by Special Master Elizabeth Mckenzie, AICP, PP, and in accordance with relevant sections of the Substantive Rules of the Council on Affordable Housing (N.J.A.C. 5:97 et seq.). Cranford Township has very few vacant developable parcels that are suitable for development with affordable housing. As no new affordable housing regulations have been released subsequent to the October 8, 2010 invalidation of significant portions of the Third Round Substantive Rules, it is not clear how the Township's third round obligation will be calculated in the future. However, it is clear that whatever the future third round obligation is, any plan to address this obligation will be limited by the amount of vacant developable land that is available. Based upon this observation, it is prudent to calculate the Realistic Development Potential (RDP) of the existing vacant parcels that are suitable for development with affordable housing in order to obtain a reasonable estimate of the number of affordable housing units that could be constructed.

This analysis includes an inventory of vacant and undeveloped parcels by lot and block, with information on property ownership, acreage, and constraints in accordance with N.J.A.C. 5:97-5.2. Consequently, all parcels identified as public, vacant or farm-qualified in the Township's tax assessment records are listed in the public, vacant and farm-qualified land inventory tables in Attachment A. Public, vacant and farm-qualified sites have also been mapped on the accompanying public, vacant and farm-qualified land inventory map in Attachment B. This VLC analysis was prepared using 2012 NJPM tax data and 2012 NJDEP environmental constraints GIS data. The text included within this analysis was prepared using the text from 2008 Housing Plan Element and Fair Share Plan Vacant Land and Inventory Analysis prepared by T&M Associates as a initial template and by then updating that language to reflect the criteria, methodology and findings of this particular 2012 analysis.

The majority of the Township is designated as Planning Area 1 (PA1), Metropolitan Planning Area. However, a small section of Planning Area 6, Park lands, exists in the northern portion of the Township. The Planning Area 6 tracts are comprised of Lenape Park and Nomehelan Park. As the majority of the Township is designated as PA1, a minimum presumptive density of eight (8) dwelling units per acre ("du/ac") has been utilized as the standard in this analysis and is the minimum density recommended by the Special Master. It is our understanding that the basis for this request is that N.J.A.C. 5:97-5.6(e)2 has set forth a standard whereby PA1 areas should have a minimum presumptive density of 8 du/ac. Although this section of COAH's regulations has been invalidated, the standard of 8 du/ac is a reasonable density for inclusionary development within a PA1 designated land area, particularly when dealing with very small parcels.

PERMITTED EXCLUSIONS

COAH regulations establish the criteria by which sites or portions of sites in a municipal vacant or farm-qualified land inventory may be excluded from the calculation of the municipality's realistic development potential (RDP). Environmentally sensitive areas may be excluded from consideration. These include flood hazard areas, wetlands, and areas characterized by steep slopes (defined in COAH's regulations as slopes with a grade of greater than fifteen percent) that render a site, or portion of a site, unsuitable for low and moderate income housing. In

addition, small isolated lots having an insufficient acreage to generate an affordable housing set-aside as part of an inclusionary development may be excluded. Vacant lots under development as part of an approved subdivision or properties that received site plan approval for development may also be excluded. Landlocked parcels or sites with limited or no access may also be excluded from the calculation of the RDP.

The public, vacant and farm-qualified land inventory table in Attachment A provides a parcel-by-parcel description of the exclusions that have been made pursuant to COAH's regulations. The general categories of exclusions are summarized as follows:

1. Small Sites. A large number of the sites listed in the vacant land inventory consist of small vacant lots that are too small to be realistically developed with an inclusionary development, and have been eliminated pursuant to N.J.A.C. 5:93-4.2(c)2.

As mentioned previously, the minimum presumptive density in calculating the RDP is eight (8) units per acre. Additional criteria include that a qualifying parcel must be able to contain a minimum of 5 dwelling units. Given these two parameters the minimum qualifying parcel size is 0.625 acres, as calculated below:

$$5 \text{ units} / 8 \text{ du/ac} = 0.625 \text{ acre minimum parcel size}$$

In accordance with this threshold figure, properties with less than 0.625 acres have been excluded from this analysis.

2. Environmental Constraints. Environmentally constrained lands may be eliminated pursuant to N.J.A.C. 5:93-4.2(e)2. Environmental constraints fall into the following three categories:

a) **Wetlands.** Any portion of parcel that contains wetlands areas mapped by the NJDEP was excluded from this analysis. In addition, a 50-foot wetlands transition area was assumed to be required adjacent to all wetlands areas. Therefore, this transition area was also excluded from this analysis.

b) **Flood Hazard Areas.** COAH regulations permit flood hazard areas as defined in N.J.A.C. 7:13 and mapped by the NJDEP to be eliminated from the developable land acreage of properties included in the vacant and farm-qualified land inventories. If there is no State study of the flood hazard area and the flood drainage is fully developed, the municipality may use the most recent flood insurance maps to determine the flood hazard area. Consequently, Cranford has used FEMA Flood Insurance Rate Map data to map the flood hazard area within the Township. These areas are shown in the accompanying mapping.

c) **Steep Slopes.** COAH regulations allow slopes of greater than fifteen (15) percent to be excluded from the calculation of the RDP. However, the municipality does not have a steep slope ordinance. Therefore, the Township has taken no exclusions for steep slopes, though it does reserve the right to consider steep slopes when analyzing how particular sites should be developed.

3. Access. Sites may be eliminated due to inadequate access. None of the sites, included in this VLC, were eliminated for the sole reason of inadequate access.

4. Association-Owned Properties and Dedicated Open Space. Association-owned properties and dedicated open space may be considered undevelopable.

5. Approved Site Plans, Development Applications, and Development Activity. Parcels with approved site plans, pending development applications and current development activity may be considered undevelopable.

6. Incompatible Land Uses. Sites adjacent to industrial or other uses that are not compatible with residential development may be considered undevelopable. None of the sites, included in this VLC, were eliminated due to incompatible land uses.

7. Public Sites. Publicly-owned sites are listed in the Public Lands Inventory in Attachment A and are shown in the Map in Attachment B. Most municipal sites have been excluded in accordance with COAH's criteria, with the exception of Block 606, Lots 1, 2, 3, 4 and 5, Block 573, Lots 10, 12.02 and 9, and Block 574, Lots 14 and 15. Remaining existing publicly-owned parcels include municipal offices, public safety facilities, as well as public parks, playgrounds, recreation and conservation areas listed in the Green Acres Recreation and Open Space Inventory (ROSI). It is also noteworthy that Theodore Roosevelt Park (Block 251, Lot 1) was excluded from this analysis, as it is a public park.

Though the regulations promulgated under N.J.A.C. 5:93-4.2 allow a municipality to reserve up to three (3) percent of its "developed and developable acreage" for future recreation sites, as well as up to three (3) percent of the municipalities total land surface for conservation, parklands, and open space, the Township of Cranford does not intend to reserve land for such purposes at this time. However, the Township reserves the right to reserve land for these purposes at any time in the future, if it is eligible to do so.

RDP CALCULATION

After careful review of the Township's public, vacant and farmland parcels the only qualifying parcels are Block 606, Lots 1, 2, 3, 4 and 5, Block 573, Lots 10, 12.02 and 9, and Block 574, Lots 14 and 15, which comprise a total of 3.09 acres of developable land. When the 3.09 acres is multiplied by 8 du/ac the calculation yields a total of approximately 24 potential residential units. The standard set-aside for affordable housing is twenty (20) percent. If the 24 residential units are multiplied by 20 percent the resulting affordable housing set-aside is approximately five (5) units. This 5-unit set-aside is the RDP for the Township.

UNMET NEED

No regulations currently exist for calculating the unmet need for the third round affordable housing obligations as they relate to RDP. Therefore, no unmet need calculation has been provided in this analysis. A methodology for calculating unmet need for the third round may be promulgated upon the adoption of new regulations, or action by the legislature or the courts. The Township intends to address its 5-unit RDP as part of this Fair Share Plan and provide an amended Plan for addressing any future unmet need upon the adoption of new regulations or the establishment of appropriate methodology by the legislature or the court. The Township also

reserves its right to seek a third round Vacant Land Adjustment upon the adoption of new affordable housing regulations.

SUMMARY AND CONCLUSION

This analysis reveals that the Township of Cranford has a third round RDP of five (5) affordable housing units. A detailed Plan for addressing this 5-unit RDP is provided within the Fair Share Plan included herein.

APPENDIX B.
2017-2018 AFFORDABLE HOUSING TRUST FUND SPENDING PLAN,
PREPARED BY CGP&H, DATED MAY 2017

**2017 - 2018
AFFORDABLE HOUSING TRUST FUND
SPENDING PLAN**

**TOWNSHIP OF CRANFORD
UNION COUNTY, NEW JERSEY**

May 2017

**Prepared by
Megan York, PP, AICP
CGP&H**



**Megan York, New Jersey Professional Planner
License No. LI-00596600**

The original document has been signed and sealed.

INTRODUCTION

The Township of Cranford, Union County, New Jersey has prepared a Housing Element and Fair Share plan that addresses its regional fair share of the affordable housing need. A development fee ordinance creating a dedicated revenue source for affordable housing was passed at the December 10, 2013 meeting of the Township Committee of the Township of Cranford. The ordinance establishes the Cranford Township affordable housing trust fund for which this spending plan is prepared.

As of April 30, 2017, Cranford Township has collected \$74,943.77, expended \$0, resulting in a balance of \$74,943.77. All development fees, payments in lieu of constructing affordable units on site, funds from the sale of units with extinguished controls, and interest generated by the fees are deposited in a separate interest-bearing affordable housing trust fund in TD Bank for the purposes of affordable housing. These funds shall be spent in accordance with N.J.A.C. 5:97-8.7-8.9 as described in the sections that follow.

Cranford Township's Housing Plan Element and Fair Share Plan implementation was placed under the jurisdiction of the Court in January of 2008. Subsequently, on December 3, 2008 the Cranford Township Planning Board adopted the 2008 Housing Plan Element and Fair Share Plan, which was then endorsed by the Township Committee on December 9, 2008. A comprehensive update of the 2008 Plan was prepared and was adopted by the Planning Board on May 2, 2012. This Plan was prepared in accordance with the December 9, 2011 Order Granting Relief in Exclusionary Zoning Litigation issued by Honorable Judge Lisa F. Chrystal, JSC in Cranford Development Associates, LLC at als. v. Township of Cranford et al. Subsequent to the adoption of the 2012 Plan, the Special Master had requested that all the supporting documents be included as amendments to the Plan and be a part of the adopted Plan. This Spending Plan facilitates the projects identified in the Township's April 3, 2013 Housing Element and Fair Share Plan. Cranford received a Judgment of Repose through December 31, 2018.

1. REVENUES FOR CERTIFICATION PERIOD

To calculate a projection of revenue anticipated during the period of third round substantive certification, Cranford Township considered the following:

(a) Development fees:

1. Residential and nonresidential projects which have had development fees imposed upon them at the time of preliminary or final development approvals;
2. All projects currently before the planning and zoning boards for development approvals that may apply for building permits and certificates of occupancy; and

3. Future development that is likely to occur based on historical rates of development.

(b) Other funding sources:

Funds from other sources, including, but not limited to, the sale of units with extinguished controls, repayment of affordable housing program loans, rental income, and proceeds from the sale of affordable units may be collected when such events occur. For this plan other funding sources are not anticipated to be significant and therefore are not projected to 2018.

(d) Projected interest:

Interest earned on the projected revenue in the municipal affordable housing trust fund.

Township of Cranford Projected Revenues 2017-2018			
	2017	2018	Total
Development fees	11,000	22,000	33,000
Payments in Lieu of Construction	-	-	-
Other Funds	-	-	-
Interest	13	26	39
Total	11,013	22,026	33,039

Cranford Township projects a total of \$33,039 in revenue to be collected between May 1, 2017 and December 31, 2018. All interest earned on the account shall accrue to the account to be used only for the purposes of affordable housing.

2. ADMINISTRATIVE MECHANISM TO COLLECT AND DISTRIBUTE FUNDS

The following procedural sequence for the collection and distribution of development fee revenues shall be followed by Cranford Township:

(a) Collection of development fee revenues:

Collection of development fee revenues shall be consistent with Cranford Township's development fee ordinance for both residential and non-residential developments in accordance with COAH's rules and P.L.2008, c.46, sections 8 (C. 52:27D-329.2) and 32-38 (C. 40:55D-8.1 through 8.7).

(b) Distribution of development fee revenues:

A general description of the distribution of revenues is provided below.

Once a request is approved by the Finance Department, the request is presented to the Township Committee for approval. After receiving Township Committee approval, the Township Chief Financial Officer releases the requested revenue from the trust fund for the specific use.

3. DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS

- **Rehabilitation and new construction programs and projects (N.J.A.C. 5:97-8.7)**

Cranford Township will dedicate \$102,000 to rehabilitation and new construction programs (see detailed descriptions in Fair Share Plan) as follows:

Rehabilitation program: \$102,000 is budgeted for the rehabilitation program. This will fund 4 units. The average per unit cost of \$25,500 includes construction costs, income certification, cost estimating, bid specifications, contractor bid process, loan closing, and construction inspections. (Rehabilitation administrative costs such as program marketing and reporting are not included in this per unit cost and is Administrative expense.)

- **Affordability Assistance (N.J.A.C. 5:97-8.8)**

Projected minimum affordability assistance requirement:

Cranford Township Projected Minimum Affordability Assistance		
Actual development fees thru 4/30/17		\$76,097.25
Actual interest thru 4/30/17	+	\$ 11.94
Projected Development Fees, 5/1/2017 thru 12/31/2018	+	\$ 33,000.00
Projected Trust Fund Interest, 5/1/2017 thru 12/31/2018	+	\$ 39.00
Less housing expenditures	-	\$ -
TOTAL		\$ 109,148.19
30% Requirement	x .30	\$ 32,744.46
Less Affordability assist. expenditures thru 4/30/17	-	\$ -
Projected Min Afford Assist, 5/1/2017 thru 12/31/2018	=	\$ 32,744.46
Proj Min Affordability Assististance for Very Low Income, 5/1/2017 thru 12/31/2018	x 1/3	\$ 10,914.82

Cranford Township will dedicate \$32,744.46 from the affordable housing trust fund to render units more affordable, including \$10,914.82 to render units more affordable to households earning 30 percent or less of median income by region, as follows:

- For For-Sale Units in the form of down-payment and closing cost assistance.
- For Rental Units in the form of assistance with first month's rent.
- For creditworthy Group Homes.

- **Administrative Expenses (N.J.A.C. 5:97-8.9)**

Projected maximum administrative expense calculation:

Cranford Township Maximum Administrative Expense Calculation		
Actual development fees and interest thru 4/30/17		\$ 76,109.19
Projected Development Fees and interest 5/1/2017 thru 12/31/2018	+	\$ 33,039.00
Payments-In-Lieu of construction and other deposits thru 4/30/17	+	\$ -
Less RCA expenditures thru 12/31/2018	-	\$ -
Total For Admin. Calculation, 5/1/2017 thru 2018	=	\$ 109,148.19
20% Maximum for Admin Expense	x .20	\$ 21,829.64
Less Admin thru 4/30/17	-	\$ -
Available for Admin 5/1/2017 Thru 12/31/2018	=	\$ 21,829.64

The Township of Cranford projects that a maximum of \$21,829.64 will be available from the affordable housing trust fund to be used for administrative purposes. However, at this time Cranford is only allocating \$10,000 for administrative purposes but reserves the right to automatically increase the amount to the 20 percent cap, if needed.

Administrative costs may include the costs of salaries and benefits for municipal employees or consultants' fees necessary to develop or implement municipal housing programs such as the preparation of amendments to the housing element and fair share plan, the implementation of the affirmative marketing program, the costs of marketing the Housing Rehabilitation Program and reporting.

4. EXPENDITURE SCHEDULE

Cranford Township intends to use affordable housing trust fund revenues for the creation and/or rehabilitation of housing units. Where applicable, the creation/rehabilitation funding schedule below parallels the implementation schedule set forth in the Housing Element and Fair Share Plan and is summarized as follows.

Township of Cranford Projected Expenditure Schedule 2017-2018			
	2017	2018	Total
Rehabilitation Program (4 projected units)	25,500	76,500	102,000
Affordability Assistance	5,000	27,744	32,744
Administration	5,000	5,000	10,000
TOTAL	35,500	109,244	144,744

5. EXCESS OR SHORTFALL OF FUNDS

Pursuant to the Housing Element and Fair Share Plan, the governing body of Cranford Township has adopted a resolution agreeing to fund any shortfall of funds required for implementing the Housing Rehabilitation Program. In the event that a shortfall of anticipated revenues occurs, Cranford Township has adopted a resolution of intent to bond.

In the event of excess funds, any remaining funds above the amount necessary to satisfy the municipal affordable housing obligation will be used to supplement the rehabilitation program.

SUMMARY

Cranford Township intends to spend affordable housing trust fund revenues pursuant to N.J.A.C. 5:97-8.7 through 8.9 and consistent with the housing programs outlined in the housing element and fair share plan dated April 3, 2013.

Cranford Township has a balance of \$76,109.19 as of April 30, 2017 and anticipates an additional \$33,039 in revenues before December 31, 2018 for a total of \$109,148.19. The municipality will dedicate \$102,000.00 toward its Rehabilitation Program and \$32,744.46 to render units more affordable, and \$10,000 to administrative costs. Any shortfall of funds will be offset by a bond. The municipality anticipates that the balance of revenues collected less expenses paid from 2017 to 2018 will be as close to zero dollars (\$0) as possible whereas any small surplus will be dedicated toward the Housing Rehabilitation Program.

Cranford Township Spending Plan Summary		
Balance as of 4/30/17		\$76,109.19
Projected REVENUE 2016-2018		
Development fees	+	\$ 33,000.00
Payments in Lieu of Construction	+	\$ -
Other Funds	+	
Interest	+	\$ 39.00
TOTAL AVAILABLE FUNDS	=	\$ 109,148.19
PROJECTED EXPENDITURES 2015-2018		
Rehabilitation Program	+	\$ 102,000.00
Affordability Assistance	+	\$ 32,744.46
Administration	+	\$ 10,000.00
TOTAL PROJECTED EXPENDITURES	=	\$ 144,744.46
REMAINING BALANCE	=	\$ (35,596.27)

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APPENDIX C.

HOME IMPROVEMENT PROGRAM POLICIES AND PROCEDURES MANUAL, PREPARED BY CGP&H,
DATED MAY 1, 2017

Home Improvement Program

Policies and Procedures Manual

Township of Cranford

New Jersey

May 1, 2017

Prepared by:



CGP&H

Community Grants, Planning & Housing

Good People. Great Results.™

101 Interchange Plaza, Suite 301

Cranbury, NJ 08512

609/664-2769 www.cgph.net

Home Improvement Program

I. INTRODUCTION.....	3
A. Fair Housing and Equal Housing Opportunities.....	3
II. ELIGIBLE PARTICIPANTS.....	4
A. Program Area.....	4
B. Categories of Participants.....	4
C. Income Limits.....	4
D. Application Selection.....	5
III. ELIGIBLE ACTIVITIES.....	6
A. Eligible Improvements.....	6
B. Ineligible Improvements.....	7
C. Rehabilitation Standards.....	7
D. Certifications of Substandard/Standard.....	7
IV. FUNDING TERMS FOR OWNER OCCUPIED AND INVESTOR OWNED UNITS.....	8
A. Terms and Conditions for Owner Occupied Units.....	8
B. Terms and Conditions on Owner-Occupied Multi-Family Rental Units.....	9
C. Terms and Conditions on Investor-Owned Multi-Family Rental Units.....	10
D. Special Needs Waivers.....	11
E. Use of Recaptured Program Funds.....	11
V. IMPLEMENTATION PROCESS.....	12
A. Application/Interview.....	12
B. Eligibility Certification.....	12
C. What is Considered Income.....	12
D. What is Not Considered Income.....	13
E. How to Verify Income.....	13
F. Additional Income Verification Procedures.....	15
G. Other Eligibility Requirements.....	15
H. Requirements of Utilities & Taxes Paid Current.....	16
I. Sufficient Equity.....	16
J. Eligibility Scenarios of Multi-Family Structures.....	16
K. Eligibility Certification.....	17

L. Housing Inspection/Substandard Certification/Work Write Up/Cost Estimate.....	17
M. Contractor Selection.....	17
N. Pre-Construction Conference/Contract Signing.....	18
O. Initiate Township Voucher	19
P. Progress Inspections	19
Q. Change Orders.....	20
R. Final Inspection	20
S. Payment Structure and Process	21
T. Standard Certification	22
U. Record Mortgage Documentation.....	22
V. File Closing.....	22
W. Requests for Subordination.....	22
VI. CONTRACTOR REQUIREMENTS AND RECRUITMENT	23
A. Marketing	23
B. Contractor Qualifications.....	23
VII. LEAD BASED PAINT (LBP):	24
VIII. RENTAL PROCEDURES:.....	24
A. Determining Initial Affordable Rents	25
B. Pricing by Household Size.....	25
C. Determining Rent Increases	26
IX. MARKETING STRATEGY	26
X. MAINTENANCE OF RECORDS AND CLIENT FILES	27
A. Programmatic Recording.....	27
B. Participant Record keeping.....	27
C. Reporting to DCA	28
D. Financial Recordkeeping.....	29
XI. HOUSING ADVISORY COMMITTEE AND APPEALS PROCESS	29
XII. CONCLUSION.....	30
APPENDIX A - LIST OF PROGRAM FORMS.....	31
APPENDIX B - CURRENT INCOME LIMITS & RENTAL INCREASE PROCEDURES.....	32

Home Improvement Program

Policies & Procedures Manual

I. INTRODUCTION

The purpose of this document is to establish policies, guidelines and procedures which will govern the Cranford Home Improvement Program (HIP). The HIP was created by the Township to assist properties occupied by very low, low and moderate income households to correct all existing interior and exterior health, safety and code violations in conformity with the standards of the New Jersey State Housing Code, N.J.A.C. 5:28 and the Rehabilitation Subcode, N.J.A.C. 5:23-6. The HIP is guided by N.J.A.C. 5:93-5.2 and is subject to all laws, regulations, ordinances, and codes of the New Jersey Department of Community Affairs (DCA) and the Township of Cranford. The Township of Cranford has contracted with Community Grants, Planning & Housing LLC (CGP&H), a private consulting firm specializing in the implementation of publicly-funded housing rehabilitation programs, to manage and administer the HIP. Initially the program's funding source will be municipal housing trust funds. If the funding source changes, the manual will be updated to reflect the change as well as changes to regulation requirements, if any.

A. Fair Housing and Equal Housing Opportunities

It is unlawful to discriminate against any person making application to participate in the rehabilitation program or rent a unit with regard to race, creed, color, national origin, ancestry, age, marital status, affectional or sexual orientation, familial status, disability, nationality, sex, gender identity or expression or source of lawful income used for mortgage or rental payments.



For more information on discrimination or if anyone feels they are a victim of discrimination, please contact the New Jersey Division on Civil Rights at 1-866-405-3050 or <http://www.state.nj.us/lps/dcr/index.html>.

Fair Housing and Equal Housing Opportunities apply to both owner and tenant applications.

II. ELIGIBLE PARTICIPANTS

A. Program area

The Cranford Home Improvement Program is a Township wide program currently aimed at scattered site housing rehabilitation of housing occupied by very low, low and moderate income households throughout the Township of Cranford.

B. Categories of Participants

Both owner-occupied and renter-occupied housing units are eligible to receive funding for rehabilitation if it is their primary residency, the occupants of the units are determined to be very low, low or moderate-income households, and the units are determined to be substandard. Owners of rental properties do not have to be income eligible. If a structure contains two or more units and an owner, who is not income eligible, occupies one unit, funding may be provided for the rehabilitation of the rest of the units if income-eligible households occupy those units. Rents must be affordable to very low, low- or moderate-income households.

C. Income Limits

Household income is defined as the combined annual income of all family members over 18 years of age including wages, Social Security, disability insurance, unemployment insurance, pensions, dividend/interest income, alimony, etc. Each unit's total household income must fall within or below the State's moderate income limits based on family size as follows.

Table 1: 2017 Regional Income Limits (updated annually)

Household Size	Low Income Limit	Moderate Income Limit
1	\$31,715	\$50,744
2	\$36,246	\$57,993
3	\$40,777	\$65,242
4	\$45,307	\$72,492
5	\$48,932	\$78,291
6	\$52,556	\$84,090
7	\$56,181	\$89,890
8	\$59,806	\$95,689

These income guidelines are based on median income figures determined by the New Jersey Department of Community Affairs Income Limits for **Region 2** which includes **Union County**. However, since the 2015 NJ Supreme decision declaring COAH nonfunctioning, it may now be left to the local court vicinages to approve income, sales and rental increases using similar methodologies that were employed by COAH. The plan for properly amending median incomes

and rental increases every year is included as an Appendix B to this manual. The Program Administrator will ensure that this chart is updated whenever adjustments to these income figures become available.

D. Application Selection

The program will process new applicants added to the waiting list/applicant pool on a first-come, first served basis, to qualified applicants. Priority will be given to homeowners with less than \$250,000 in liquid assets. Assets in federally recognized retirement accounts do not apply to the liquid asset limit. The goal is to have a minimum of 50% of the properties assisted comprised of low income households. The HIP will establish the waiting list from the program marketing efforts identified in Section IX of this manual.

Emergency Processing Order

Properties with safety and/or health hazards, confirmed/certified as an emergency by the municipal Construction Official or Health Department, can by-pass the first-come, first served process however they must meet all the other program requirements including bringing the unit up to code.

The Program Administrator shall determine that an emergency situation exists based on the following:

- A. The repair problem is an immediate and serious threat to the health and safety of the building's residents, and
- B. The problem has been inspected and the threat verified by the appropriate local building inspector and/or health official

Please note that the loan agreement will state that if the homeowner takes the emergency funds to abate the safety/health hazards and then subsequently decides to voluntarily remove themselves from participation in the Township's rehabilitation program to complete the non-emergency substandard code violation components of their project, essentially negating any opportunity for the municipality to gain credit for a fully rehabilitated home for this unit, those public funds used for the emergency may be immediately due and payable back to the Township. There will also be a statement indicating that the Township will place a lien on the rental rehab properties to recapture the funds to be repaid at a low interest. The ten-year deed restriction for all rehabilitated rental units will run with the land to ensure compliance, which deed restriction will be filed with the County Clerk.

III. ELIGIBLE ACTIVITIES

A. Eligible Improvements

The purpose of the program is to bring substandard housing up to code. To qualify for participation in the program, the condition of each home must be certifiable as being "substandard" as defined in N.J.A.C. 5:93-1.3.

In other words, at least one of the following major systems must be in need of replacement or substantial repair:

- Roof
- Plumbing (including wells)
- Heating
- Electrical
- Sanitary plumbing (including septic systems)
- Load bearing structural systems
- Lead paint hazard reduction
- Weatherization (building insulation for attic, exterior walls and crawl space, siding to improve energy efficiency, replacement storm windows and storm doors and replacement windows and doors)

The related work may include, but not be limited to the following:

- Interior trim work,
- Interior and/or exterior doors
- Interior and/or exterior hardware
- Window treatment
- Interior stair repair
- Exterior step repair or replacement
- Porch repair
- Wall surface repair
- Painting
- Exterior rain carrying system repair

B. Ineligible Improvements

Work not eligible for program funding includes but is not limited to luxury improvements (improvements which are strictly cosmetic), carpets, solar panels, generators, additions, conversions (basement, garage, porch, attic, etc.), repairs to structures separate from the living units (detached garage, shed, barn, etc.), furnishings, pools and landscaping. If determined unsafe, stoves may be replaced. The replacement or repair of other appliances is prohibited. The cost of removing any illegally converted living space (e.g., illegal bedrooms in the basement) are not eligible for assistance.

Rehabilitation work performed by property owners shall not be funded under this program.

C. Rehabilitation Standards

Funds are to be used for work and repairs required to make the unit standard and abate all interior and exterior violations of the New Jersey State Housing Code, N.J.A.C. 5:28 and the Rehabilitation Subcode, N.J.A.C. 5:23-6, (of which the more restrictive requirements will apply), and remove health and/or safety hazards; and any other work or repairs, including finishing and painting, which are directly related to the above listed objectives. For projects that require construction permits, the rehabilitated unit shall be considered complete at the date of final approval pursuant to the Uniform Construction Code.

Municipal rehabilitation investment for hard costs shall average at least \$8,000 per unit, and include the rehabilitation of at least one major system, as previously defined under eligible improvements.

D. Certifications of Substandard/Standard

The Program Building Inspector will inspect the property to determine which systems, if any, are substandard in accordance with sub-section A above and issue a Certification of Substandard. Upon program construction completion, all code deficiencies noted in the inspection report must be corrected and rehabilitated units must be compliant with the standards prescribed in sub-section C above upon issuance of a municipal certificate of completion/approval.

IV. FUNDING TERMS FOR OWNER-OCCUPIED AND INVESTOR-OWNED UNITS

Funding will be provided on the following terms:

A. Terms and Conditions for Owner Occupied Units

Table 2 Owner-Occupied Single Family Home Terms & Conditions

Owner-Occupied Single Family Unit Terms and Conditions of Loan	
Minimum Loan Amount	Per N.J.A.C. 5:93-5.2, the municipality may rehabilitate substandard units that require less than \$8,000 of work, provided the municipal rehabilitation activity shall average at least \$8,000 per unit.
Maximum Loan Amount	\$20,000 per unit
Interest Rate	0% (No monthly payments)
Payment Terms:	100% forgivable if homeowner maintains occupancy and title during the 10-year period. Original Principal is due if house is sold and/or title/occupancy changes years 1 through 10 except for <i>Exceptions to Loan Repayment Terms</i> section below.
Mechanism for Securing Loan	Mortgage and Mortgage Note recorded against property

If the owner decides to sell the property, transfer title, or if the owner should die before the terms of the lien expire, the owner, heirs, executors or legal representatives must repay 100% of the original loan per the schedule above upon a title change. Rental of house is allowable under certain conditions subject to approval by the Administrative Agent.

Exceptions to Loan Repayment Terms above during the lien period:

1. If the loan transfers due to inheritance by a Class A beneficiary who will take occupancy upon death of Program mortgagee/Borrower and assume the lien (income eligibility not a requirement); or if by inheritance by a qualified income eligible non-Class A beneficiary, or
2. If the house is sold at an affordable price pursuant to UHAC to someone who can be qualified as income eligible, takes occupancy and agrees to assume the program lien, or

3. If the house is sold at an affordable price pursuant to UHAC to an investor who assumes the lien and also signs a deed restriction for the remaining duration of the affordability period to rent the dwelling at the affordability controls restricted rental rate and according to the affirmative marketing requirements for re-rentals. When this occurs, the Township's Administrative Agent will be responsible for monitoring compliance over that unit.

B. Terms and Conditions on Owner-Occupied Multi-Family Properties including Tenant Units

Table 3 Owner-Occupied Multi-Family Home Terms & Conditions

Owner-Occupied Multi-Family Including Tenant Unit(s) Terms and Conditions of Loan	
Minimum Loan Amount	Per N.J.A.C. 5:93-5.2, the municipality may rehabilitate substandard units that require less than \$8,000 of work, provided the municipal rehabilitation activity shall average at least \$8,000 per unit.
Maximum Loan Amount	\$16,000 per unit
Interest Rate	0% (No monthly payments)
Payment Terms	100% forgivable if homeowner maintains occupancy and title during the ten- year period. Original Principal is due if not in compliance with affordability controls. Rental restrictions transfer with property. See Restrictions below.
Mechanism for Securing Loan	Mortgage, Mortgage Note and Deed Restriction recorded on property

Assisted unit(s) must be occupied by, and affordable to a household(s) that is(are) certified as very low, low or moderate income as per DCA very low, low and moderate Income Limits.

The owner will execute a Mortgage, Mortgage Note, and Deed Restriction, the latter which guarantees the continued availability of the rental unit to low or moderate income households for the terms of the ten-year deed restricted affordability period. The affordability terms for the rental units do not expire even in the event that the owner sells the property, transfers title to the property, or dies within the ten-year program deed restricted affordability period.

Moreover, if Program funds were expended on the owner-occupied unit, and the homeowner sells, transfers title, dies or is not in compliance during the ten-year deed restricted affordability period, unless ownership is transferred to another low or moderate income homeowner, any Program funds expended on work done on the owner's individual unit along with a pro-rata

portion of the shared improvements must be fully repaid to the Township and used to rehabilitate another housing unit.

Additionally, for rental units in a multi-family owner-occupied home:

For tenant units, the maximum permitted rent is pursuant to UHAC and subject to annual adjustment. If a unit is vacant upon initial rental subsequent to rehabilitation, or if a renter-occupied unit is re-rented prior to the end of controls on affordability, the Deed Restriction shall require the unit to be rented to a very low, low- or moderate- income household at an affordable rental price and will be affirmatively marketed by the Township designated Administrative Agent, in accordance with the Township of Cranford's Affordable Housing Affirmative Marketing Plan. Landlords are responsible to pay income certification fees and affirmative marketing cost for re-rentals.

For information regarding future rental increases: Please refer to Section VIII C of this manual.

C. Terms and Conditions on Investor-Owned Multi-Family Rental Units

Table 4 Investor-Owned Terms & Conditions

Investor-Owned Multi-Family Unit Terms and Conditions of Loan	
Minimum Loan Amount	Per N.J.A.C. 5:93-5.2, the municipality may rehabilitate substandard units that require less than \$8,000 of work, provided the municipal rehabilitation activity shall average at least \$8,000 per unit.
Maximum Loan Amount	\$16,000 per rental unit
Interest Rate	0% (No monthly payments)
Payment Terms	Owner pays 25% of rehab cost at construction agreement signing. 75% balance forgiven if in compliance with rental restrictions. Rental restrictions transfer with property. See restrictions below.
Mechanism for Securing Loan	Mortgage, Mortgage Note and Deed Restriction recorded against property

The ten-year affordability controls against the property will be recorded in a Deed Restriction. The property owner agrees to abide by the rental affordability controls for the life of the Deed Restriction. Additionally, the following conditions apply:

The assisted housing unit(s) is(are) occupied by and affordable to a household that is certified as a very low, low or moderate income household as per DCA's very low, low and moderate Income Limits and as designated by unit in the Deed Restriction. The maximum permitted rent is determined by the Township's Administrative Agent and is pursuant to UHAC and subject to annual adjustment.

Throughout the ten year affordability controls, if a rental unit is vacant upon initial rental subsequent to rehabilitation, or if a renter-occupied unit is re-rented prior to the end of controls on affordability, the Deed Restriction shall require the unit to be rented to a very low, low- or moderate- income household(as designated by unit in the Deed Restriction) at an affordable price and will be affirmatively marketed in accordance with the Township of Cranford Affordable Housing Affirmative Marketing Plan by the Townships' current Administrative Agent at the rates and terms defined within that Agreement. Landlords are responsible to pay income certification fees and affirmative marketing costs for re-rentals.

The owner will execute a Deed Restriction which will guarantee the continued availability of the unit to income eligible households for the terms of the ten-year lien affordability period.

Throughout the ten-year deed restrictive period, the affordability terms do not expire even if the owner sells the property, transfers title to the property, dies, or rents to other than very low, low or moderate income renters, before the terms of the lien expire.

D. Special Needs Waivers for Higher Cost Rehabilitation Projects

In cases of housing rehabilitation need more than the program cap:

- The Program will get confirmation of whether the homeowner can contribute personal funding.
- If needed, the Program will attempt to partner with other possible funding sources such as the Low-Income Home Energy Assistance Program (LIHEAP). The Program reserves the right to make a request to the Township for an exception, having the Township allow the expenditure of up to an additional \$5,000 per unit to address code violations. The Township may consider other situations for special needs waivers. Individual files will be reviewed on a case-by-case basis. Upon Program and Township approval, a Special Needs Funding Limit Waiver may be issued.

E. Use of Recaptured Program Funds

All recaptured funds will be deposited into a Cranford affordable housing trust fund in accordance with N.J.A.C. 5:93-8.15

V. IMPLEMENTATION PROCESS

A. Application/Interview

For each prospective applicant, this process starts with a homeowner either submitting an online preliminary application or the Case Manager pre-qualifies the interested homeowner by phone, whichever is the homeowner's preference. The information is entered in the program applicant pool/waiting list. If the homeowner passes the preliminary criteria review, program information, guidelines, and an application package will be mailed to the applicant when their name is reached on the program's waiting list.

Each prospective applicant is to complete the application and return it to the Case Manager, along with the required verification documents. Upon receipt of the completed application package, a case file will be opened for the applicant and a case file number will be assigned to the unit. The Case Manager will be available via a direct phone line to assist applicants during this and all other phases of the process. Additionally, as needed, a Case Manager will be available for face to face prescheduled appointments. Once a case is assigned a number, the cases are processed in the order of receipt of completed applications and homeowners' cooperation to provide all additional documentation required to finalize the eligibility process.

B. Eligibility Certification

To be eligible for assistance, households in each unit to be assisted must be determined to be income eligible. All adult members of each household, 18 years of age and older, must be fully certified as income-eligible before any assistance will be provided by the Program. The HIP will income qualify applicant, and when applicable tenant, households in accordance with N.J.A.C. 5:93-9 and the Uniform Housing Affordability Controls (UHAC) at N.J.A.C. 5:80-16.1 et seq., except for the asset test.

The following is a list of various types of wages, payments, rebates and credits. Those that are considered as part of the household's income are listed under Income. Those that are not considered as part of the household's income are listed under Not Income.

C. What is Considered Income

The following income sources are considered income and will be included in the income eligibility determination:

- Wages, salaries, tips, commissions
- Alimony
- Regularly scheduled overtime
- Pensions

- Social security
- Unemployment compensation TANF (Temporary Assistance for Needy Families)
- Verified regular child support
- Disability
- Net income from business or real estate
- Interest income from assets such as savings, certificates of deposit, money market accounts, mutual funds, stocks, bonds
- Imputed interest (using a current average annual rate of two percent) from non-income producing assets, such as equity in real estate. Rent from real estate is considered income, after deduction of any mortgage payments, real estate taxes, property owner's insurance.
- Rent from real estate is considered income
- Any other forms of regular income reported to the Internal Revenue Service

D. What is Not Considered Income

The following income sources are not considered income and will not be included in the income eligibility determination:

- Rebates or credits received under low-income energy assistance programs
- Food stamps
- Payments received for foster care
- Relocation assistance benefits
- Income of live-in attendants
- Scholarships
- Student loans
- Personal property such as automobiles
- Lump-sum additions to assets such as inheritances, lottery winnings, gifts, insurance settlements
- Part-time income of dependents enrolled as full-time students
- Court ordered payments for alimony or child support paid to another household shall be deducted from gross annual income

E. How to Verify Income

To calculate income, the current gross income of the applicant is used to project that income over the next 12 months. Income verification documentation should include, but is not limited to the following for each and every member of a household who is 18 years of age or older:

1. Four current consecutive pay stubs, including bonuses, overtime or tips, or a letter from the employer stating the present annual income figure or if self-employed, a current Certified Profit & Loss Statement and Balance Sheet.
2. A signed copy of regular IRS Form 1040 (Tax computation form), 1040A or 1040EZ (as applicable) and state income tax returns filed for the last three years prior to the date of interview or notarized tax waiver letter for respective tax year(s)- A Form 1040 Tax Summary for the past three tax years can be requested from the Internal Revenue Service Center by calling 1-800-829-1040 or visiting irs.gov to either obtain an online printout or to request a copy by mail, the latter which takes five to ten calendar days.
3. If applicable, a letter or appropriate reporting form verifying monthly benefits such as:
 - Social Security or SSI – Current award letter or computer printout letter
 - Unemployment – verification of Unemployment Benefits
 - Welfare -TANF current award letter
 - Disability - Worker's compensation letter or
 - Pension income (monthly or annually) – a pension letter
4. A letter or appropriate reporting form verifying any other sources of income claimed by the applicant, such as alimony or child support – copy of court order or recent original letters from the court (includes separation agreement or divorce papers) or education scholarship/stipends – current award letter;
5. Reports from at least the last two consecutive months that verify income from assets to be submitted by banks or other financial institutions managing savings and checking accounts (bank statements and passbooks), trust funds, money market accounts, certificate of deposit, stocks or bonds (In brokerage accounts – most recent statements and/or in certificate form – photocopy of certificates), whole life insurance. Examples include copies of all interest and dividend statements for savings accounts, interest and non-interest bearing checking accounts, and investments;
6. Evidence or reports of income from directly held assets, such as real estate or businesses owned by any household member 18 years and older.
7. Interest in a corporation or partnership – Federal tax returns for each of the preceding three tax years.
8. Current reports of assets – Market Value Appraisal or Realtor Comparative Market Analysis and Bank/Mortgage Co. Statement indicating Current Mortgage Balance. For rental property attach copies of all leases.

F. Additional Income Verification Procedures

Student Income

Only full-time income of full-time students is included in the income calculation. A full-time student is a member of the household reported to the IRS as a dependent who is enrolled in a degree seeking program for 12 or more credit hours per semester; and part-time income is income earned on less than a 35-hour workweek.

Income from Real Estate

If real estate owned by an applicant for affordable housing is a rental property, the rent is considered income. After deduction of any mortgage payments, real estate taxes, property owner insurance and reasonable property management expenses as reported to the Internal Revenue Service, the remaining amount shall be counted as income.

If an applicant owns real estate with mortgage debt, which is not to be used as rental housing, the Program Case Manager should determine the imputed interest from the value of the property. The Program Case Manager should deduct outstanding mortgage debt from the documented market value established by a market value appraisal. Based on current money market rates, interest will be imputed on the determined value of the real estate.

G. Other Eligibility Requirements

Applicant to submit the following in the application package:

- Copy of current homeowner's insurance declarations page (not the policy or receipt)
- Proof of flood insurance, if property is located in a flood zone
- Copy of recorded deed to the property to be assisted
- Proof of separate residency if a deed co-holder resides at another location (copy of driver's license, etc.)
- If deed holder is a widow or widower, copy of Death Certificate should be included
- Copy of the most current property tax assessment
- Receipt for property taxes
- Signed Eligibility Release form
- Proof that all mortgage payments are current
- Copy of any and all other liens recorded against the property
- Personal identification (a copy of any of the following: Driver's License, Passport, Birth Certificate, Social Security Card, Adoption Papers, Alien Registration Card, etc.)

H. Requirements of Utilities & Taxes Paid Current

All applicants' property tax and sewer accounts must be paid current. The Program reserves the right to make an exception to the requirement of paid up tax and/or sewer accounts. Individual files will be reviewed on a case-by-case basis. Upon approval by the appropriate municipal officials and the Program, a Special Needs Eligibility Requirements Waiver may be issued.

I. Sufficient Equity and Carrying Cost

Additionally, to be determined eligible, there must be sufficient equity in the home to cover the program lien plus the total of other liens. In other words, the market value of the house must be greater than the total of the liens combined. The Township may consider a Special Needs Waiver approved by the municipality on a case-by-case basis for limited equity, but not for negative equity. Additionally, the applicant's income shall be sufficient to meet the carrying costs of the unit or the homeowner is to demonstrate how the unit's carrying costs are funded. This will be reviewed on a case-by-case basis.

J. Eligibility Scenarios of Multi-Family Structures

Several possibilities exist concerning the determination of eligibility in a multi-family structure.

Scenario 1. The Program Administrator determines that the owner is income eligible and the renters in each unit are income eligible. In this case, all of the units are eligible for rehabilitation.

Scenario 2. The Program Administrator determines that the owner is income eligible, but the renters are not. In this case, only the landlord's unit is eligible for rehabilitation. If a home improvement is undertaken which affects all the units in the house (e.g., replacement of a roof), the HIP will only cover a prorated percentage of the cost. For example, in a two-family home with units of approximately equal size, only 50% of the cost of roof replacement will be covered. Where units differ by more than 10% in size, the proration should be based on percentage of square footage within each unit compared to the total interior square footage of all other units in the structure. Shared common areas should not be counted in the denominator for the pro rata calculation.

Scenario 3. The Program Administrator determines that the owner is not income eligible, but the renters are. In this case, the rental units are eligible for rehab, but the owner's is not. If a rehab activity is undertaken which affects all of the units in the house (e.g., replacement of roof), the HIP will only cover a prorated percentage of the cost. For example, in a four -family home, only 75% of the cost of roof replacement would be covered. Where units differ in size, the proration is based on percentage of square footage.

If any of the conditions above apply to a particular applicant's case, CGP&H sends correspondence that explicitly identifies which of the units is eligible for rehabilitation, as well as specifies any applicable percentage of the hard costs of rehabilitation between the program and the homeowner. The homeowner's monetary contribution is to be paid prior to the start of construction at the preconstruction conference in the form of a money order or certified check made payable to the contractor. The payment is held by the program until the work is satisfactorily completed, at which time the program will release the payment to the contractor.

K. Eligibility Certification

After the Program Administrator has determined that the household is income eligible and meets all other eligible requirements, the Program Manager will complete and sign the Eligibility Certification. This certification is valid for six months starting from date of eligibility certification. A Construction Agreement must be signed within this time period. If not, the Program Administrator must reevaluate the household's eligibility.

After the household is certified as income eligible, the Homeowner/Program Agreement will be executed between the owner and the program.

L. Housing Inspection/Substandard Certification/Work Write Up/Cost Estimate

The Program Inspector will perform a comprehensive inspection to determine what work items are necessary to bring the home up to code, as identified in section III C. Photos will be taken at the comprehensive inspection to document existing conditions. As a result of the comprehensive inspection, the Program Inspector will prepare a work write-up and cost estimate. All repairs needed to bring the home up to code will be identified. This work write-up will include a breakdown of each work item by category and by location in the house. The work write-up will contain information as to the scope of work and specifics on materials such as type, quantity and cost. A total cost estimate will be calculated for each housing unit. The HIP's policy is to create Work Write-Ups and Cost Estimates that fall within the HIP funding caps. In unusual hardship cases and when the cost to correct all code violations exceeds the program funding limit, the HIP will seek the homeowner's monetary contribution. If the homeowner is unable to contribute funds or obtain funds from another funding source, the HIP will request additional funds from the Township of Cranford. If the unit cannot be brought up to code with the combination of funds available, the unit may not proceed.

For houses built prior to 1978, refer to Section VII Lead Based Paint (LBP).

M. Contractor Selection

The homeowner, with the approval of the Program Inspector, will select the contractor. The Case Manager will provide the homeowner with a copy of the work write up and the Program

contractor list. The homeowner will complete the Work Write-Up Review Form indicating review and approval of the work write-up and advising of any contractors currently on the Program contractor list that the homeowner does not wish to have notified of the availability of the bid package. If the homeowner wishes to solicit a bid from a contractor not currently on the Program contractor list, the homeowner will provide the contractor's name, address and telephone number on the Work Write-Up Review Form. Any contractors that have not been previously qualified are eligible to participate but must submit their qualifications as well as their bid in the bid package.

The Case Manager will notify at least three (3) currently active contractors that a bid package for the property is available. Each contractor must contact the Case Manager to obtain a full bid package and the contractor must submit a bid to the Case Manager by the submission deadline (usually within three (3) weeks of the date of the bid notification letter). All submitted bids will be opened and recorded by the Program Administrator at a meeting open to all interested parties.

The submitted bids will be reviewed by the homeowner and the Program Inspector. Generally, the lowest responsible bid from a qualified contractor will be chosen. If the homeowner selects a higher bid, he/she must pay the difference between the chosen and the lowest responsible bid. Contractors will be notified of the results of the bidding within one (1) week of the date the homeowner makes his/her contractor selection.

The Case Manager will provide the Municipal Clerk with the executed Bid Tabulation and contractor bid documents to demonstrate contractor award decision. For contractors who are new to the municipality's payment system, the Case Manager will include the contractor's business registration certificate and W-9 form. Contractor award is passed via resolution by Township Committee. To be placed on the Committee meeting agenda, the documents are to be received two weeks prior to the meeting.

N. Pre-Construction Conference/Contract Signing/Loan Closing

Upon receipt of the Township contractor award resolution, the Program Inspector will schedule and conduct a pre-construction conference with the homeowner and contractor. Prior to the pre-construction conference the homeowner will be provided with copies of the loan documents and the Construction Agreement and the contractor will be provided with a copy of the Construction Agreement for review. At the time of the pre-construction conference, the scope of work will once again be reviewed. The homeowner and contractor responsibilities will also be reviewed, as well as the program's construction procedures and program limitations. The homeowner and contractor will each sign the Construction Agreement and receive copies. The homeowner will sign and receive copies of the Mortgage and Mortgage Note in the amount of the HIP subsidy.

For rental properties, the property owner will also sign the Deed Restriction (COAH form Appendix E-3).

If the homeowner is providing any funds for the rehabilitation of his/her home, those funds must be provided at the time of the pre-construction conference in the form of a certified check or money order made payable to the contractor. The check will be held by the Program and will be applied towards the contractor's first progress payment.

The contractor will be provided with information regarding the Lead-Based Paint Poisoning Prevention Act (4a.U.S.C. 483 1 (b)). The homeowner will be advised of the hazards of lead based paint in houses built prior to 1978 and provided with the EPA booklet Renovate Right. Both contractor and homeowner will each sign the respective Certifications. Additionally, for houses built prior to 1978, Section VII Lead Based Paint (LBP) applies.

Following the pre-construction meeting, the Case Manager will provide the Construction Office with 1) a copy of the first three pages of the Construction Agreement which includes identifying the homeowner, the property and the contractor, and an itemized price list of the work; and 2) the program scope of work to ensure the contractor makes application for the applicable permits. For each job, the Township's Construction office will notify the Case Manager which permits are required to compare to the permit documentation later provided by the contractor.

It is the contractor's responsibility to ensure all required permits are applied for prior to the start of construction and, if applicable, at the time of any change orders.

The construction permitting process is handled by the municipality's Construction office.

O. Initiate Township Voucher

The Township will initiate a purchase order upon the execution of the contractor award resolution. The Township will then forward the purchase order, along with a copy of the resolution, to the Case Manager who in turn will obtain the contractor's signature at the pre-construction construction agreement signing /loan closing. The contractor's signed purchase order will be held by the Case Manager until construction progress is sufficient to submit to the municipality for a contractor payment.

P. Progress Inspections

The Program Inspector will make the necessary inspections of the progress of property improvements. Inspections are necessary to ensure that the ongoing improvements coincide with the scope of work outlined in the work write-up. It is the contractor's responsibility to notify the Program Inspector when a minimum of 40% of the total contract work is completed. The Program

Inspector will schedule the inspection with the homeowner, at which time the Program Inspector will also obtain verbal confirmation from the homeowner that the work is ready for inspection.

If work passes the satisfactory progress inspection, the Case Manager will follow the procedures spelled out in Section V subsection S, *Payment Structure and Process* to process a contractor's progress payment request.

The Program Inspector will notify the contractor and the homeowner in writing of any work deficiencies discovered during the progress inspection. Work deficiencies must be corrected prior to the contractor's request for the next inspection.

For houses built prior to 1978, a work item marked *EPA RRP Rule* cannot be paid for until the contractor provides a post renovation report to the program. Refer to Section VII Lead Based Paint (LBP) for the EPA regulation.

Q. Change Orders

If it is determined during rehabilitation that a change from the original work write-up is required, a Program Change Order Authorization form must be completed and approved by the Homeowner, the Contractor, and the Program. The Case Manager will forward the executed change order to the Township. The contractor will be notified by the Case Manager of the results, and no change order work should be undertaken by the contractor until he has received a copy of the fully executed Change Order Authorization or the contractor risks non-payment for the change order work.

R. Final Inspection

Prior to requesting a final inspection, it is the contractor's responsibility to:

- Properly close out all the permits and to provide proof of closed out permits to the Case Manager via the municipal Certificate of Approval;
- Deliver to the homeowner a complete release of all liens arising out of the Construction Agreement, a receipt in full covering all labor, materials and equipment for which a lien could be filed or a bond satisfactory to the owner indemnifying owner against any lien; and
- Provide the homeowner with all applicable warranties for items installed and work completed during the course of the rehabilitation.

Once the contractor has provided the Case Manager with all required job closeout forms, the contractor will be responsible to request the program's final inspection. The Program Inspector will schedule the final inspection with the homeowner, at which time the Program Inspector will also obtain verbal confirmation from the homeowner that the rehabilitation work has been

completed and is ready for inspection. The Program Inspector will then conduct a final inspection to certify that the required property improvements are complete. The homeowner will be present during the final inspection and the contractor will be present if there are issues to resolve.

Only 100% completed line items will be inspected and considered for payment. If the work passes satisfactory final inspection, the Case Manager will follow the procedures spelled out in Section V subsection *S Payment Structure and Process* to process the contractor's final payment request.

For houses built prior to 1978, a work item marked *EPA RRP Rule* cannot be paid for until the contractor provides a post renovation report to the program. Refer to Section VII Lead Based Paint (LBP) for the EPA regulation.

If the Program Inspector identifies any work deficiencies during the final inspection, the Program Inspector will notify the contractor and the homeowner of the deficiencies in writing and the value of said deficiencies will be deducted from the final payment request. Work deficiencies discovered during the final inspection will require the Program Inspector to conduct a subsequent inspection upon contractor's correction of deficiencies. The Rehabilitation Program reserves the right to hold the contractor responsible to pay the cost of any additional inspections beyond the final inspection at a rate of \$350 per inspection for prematurely requesting the final inspection with the work not 100% completely done in a workman-like manner. Additional inspections are those in excess of the one progress inspection and the final inspection which are needed to inspect corrected deficiencies. The contractor must issue the failed final inspection penalty payment directly to CGP&H via a check prior to the program inspector scheduling and repeating the final inspection process. CGP&H will notify the municipality each time a penalty is levied.

The Program lien period will commence upon satisfactory completion of the final inspection. Photographs will be taken of the rehabilitated housing unit by the Program Inspector at the time of the satisfactory final inspection.

S. Payment Structure and Process

The Township will issue all payments, which may be made according to the following schedule:

One progress payment (representing a minimum of 40% of total contract work completed) will be paid. Upon completion of one hundred percent (100%) of the rehabilitation work, the contractor is eligible for final payment of the contract price.

Upon a satisfactory program inspection, and confirmation from the Case Manager that all contractor's documents have been submitted in accordance with program procedures, the Case Manager will submit to the Township:

- Program's Request for Payment form with homeowner's and Program's written approval
- Contractor signed Township Purchase Order with payment amount identified
- Copy of change order, if one occurred

The payment request is to be sent to the Municipal Clerk for receipt no later than two weeks in advance of the Township Bill List (dates on Municipal website). The Township will forward to the Case Manager a copy of the executed payment to the contractor for case file records.

Upon job completion, the combined Township payments will total the Construction Agreement, including all applicable change order(s) if any, and minus homeowner contribution, if any. The combined Township payments will also match the final Township Voucher amount. Progress and final payments will be made payable to the contractor.

T. Standard Certification

A Certificate of Approval issued by the municipal construction official at the time the contractor closes out the rehabilitation construction permits, will confirm the scope of rehabilitation work has been completed and that the housing unit is now up to code standard. The contractor is to provide the Certificate of Approval to the Case Manager when requesting the final inspection. The Case Manager will ensure that a copy of the Certificate of Approval is placed in the case file.

U. Record Program Mortgage Documentation

At construction completion, the Case Manager shall attach a copy of the contractor's final payment form as Schedule B to the program mortgage to document the commencement date of the program lien period. The Case Manager shall then forward the executed program mortgage to the Municipal Clerk for recording. The Township shall promptly file the mortgage with the County Clerk. For rental properties, the Deed Restriction shall also be recorded.

V. File Closing

The Case Manager will close the homeowner's file after the final payment is made and the mortgage, and when applicable, Deed Restriction is/are returned from the County with recorded date, book and page. A program letter will be sent to the homeowner, thanking him/her for participating in the Program. Enclosed with the letter to the homeowner shall be a copy of the aforementioned Schedule B to attach to the homeowner's copy of the program mortgage for future reference to lien period timeframe.

W. Requests for Subordination or Program Loan Payoff

Cranford may agree to subordination of its program lien if the mortgage company supplies an appraisal showing that the new loan plus the balance(s) on all unpaid loans (including the value of the rehabilitation assistance) does not exceed ninety-five (95%) of the appraised value of the unit. If the homeowner is simply refinancing their primary mortgage to a lower interest rate and

not “cashing out” any equity, Cranford will subordinate up to 100% of the appraised value. The fee to process subordination requests will be paid by the homeowner directly to CGP&H at a rate of \$150 per request.

VI. CONTRACTOR REQUIREMENTS AND RECRUITMENT

A. Marketing

The contractor outreach material will be posted on CGP&H's website. The Program will coordinate with the Township to advertise the availability of construction work on the Township's website and display a contractor outreach poster and business card size handouts in the municipal building, including the local construction office. CGP&H also send contractor outreach postcards via mass mailings to the list of home improvement contractors registered with Consumer Affairs. If determined needed, additional outreach will be conducted in the local newspapers and through the posting of community notices. As necessary, the Program will advertise the availability of construction work by posting information at local building supply dealers. All interested general contractors will have the opportunity to apply for inclusion on the Program contractor list, which will be made available for the homeowner's use in selecting rehabilitation contractors.

B. Contractor Qualifications

To qualify, contractors must meet the following minimum requirements:

- Contractors must carry at least \$1,000,000 in general liability insurance. The Contractor shall carry full workmen's compensation coverage including Employer's Liability limits of at least \$500,000 and statutory state coverage for all his/her employees and those of his/her subcontractors engaged in program rehab work. The Contractor must provide the Case Manager with a certificate of insurance naming the Program as Certificate Holder, and naming the Municipality and CGP&H as additional insureds at time of program job award.
- At least three favorable references on the successful completion of similar work; and
- A reference of permit compliance from a municipal inspector (building inspector, code official, etc.); and
- The Contractor's State Business Registration Certificate; and
- Current Consumer Affairs Home Improvement Contractor license; and

- Applicable lead certifications for contractors working on houses built prior to 1978. As identified in the scope of work, the contractor must comply with the EPA Renovation, Repair and Painting (RRP) Rule regarding certification; and
- If claiming prior experience with local, state or federally funding housing rehabilitation programs, a record of satisfactory performance in a neighborhood rehabilitation program or other federal/state programs; and
- Appropriate licenses; e.g. plumbing, electrical.

Contractors must also complete a Contractor Qualification Form. The contractor's qualifications will be reviewed and the references cited will be checked by the Program Inspector before the contractor is awarded a job.

VII. LEAD BASED PAINT (LBP):

For houses built prior to 1978, contractors must comply with the Environmental Protection Agency Renovation, Repair and Painting Rules (40 CFR Part 745) when any work item is marked with (EPA-RRP Rule) in the work specifications. The requirements are spelled out in the General Conditions of the work specifications.

VIII. RENTAL PROCEDURES:

Rental units are subject to the Uniform Housing Affordability Controls (UHAC) at N.J.A.C. 5-80:26.1 et. seq. once the rental units are rehabilitated. In addition to the mortgage and mortgage note, the controls on affordability shall be in the form of a deed restriction.

The Cranford Home Improvement Program shall be administered in accordance with the following as it pertains to rentals:

- If a unit is vacant, upon initial rental subsequent to rehabilitation, or if a renter-occupied unit is re-rented prior to the end of controls on affordability, the deed restriction shall require the unit be rented to an income eligible household at an affordable rent and affirmatively marketed pursuant to UHAC.
- If a unit is renter-occupied, upon completion of the rehabilitation, the maximum rate of rent shall be the lesser of the current rent or the maximum permitted rent pursuant to UHAC.
- Rental Increases: See section VIII C, below.

The municipality's Administrative Agent will continue to administer the rental affordability controls during the 10-year affordability period for each rental property assisted. Landlords are responsible to pay income certification fees for re-rentals.

A. Determining Initial Affordable Rents

The initial maximum affordable rent for a rehabilitated unit is determined by the program staff based on several NJ rules and regulations. The Administrative Agent will make every attempt to price initial rents to average fifty-two percent (52%) of the median income for the household size appropriate to the sized unit within each individual project (N.J.A.C. 5:80-26.3 (d)). Thirty percent (30%) (N.J.A.C. 5:80-26-12 (a)) of that figure is considered the "maximum base rent." Subtracted from the maximum base rent is the cost of all tenant-paid utilities as defined and calculated by the HUD Utilities Allowance figures (updated annually). The remainder becomes the maximum initial rent for that unit. The Home Improvement Program staff can provide potential applicants/landlords with a reasonable estimate of what the maximum base rent will be on their rental unit if they elect to participate in the program.

B. Pricing by Household Size

Initial rents are based on targeted "model" household sizes for each size home as determined by the number of bedrooms. Initial rents must adhere to the following rules. These rents are based on COAH's Annual Regional Income Limits Chart at the time of occupancy:

Table 5 Investor-Owned Terms & Conditions

Size of Unit	Household Size Used to Determined Max Rent
Studio/Efficiency	1
1 Bedroom	1.5
2 Bedrooms	3
3 Bedrooms	4.5
4 Bedrooms	6

- A studio shall be affordable to a one-person household;
- A one-bedroom unit shall be affordable to a one- and one-half person household;
- A two-bedroom unit shall be affordable to a three-person household;
- A three-bedroom unit shall be affordable to a four- and one-half person household; and
- A four-bedroom unit shall be affordable to a six-person household.

The above rules are only to be used for setting initial rents.

C. Determining Rent Increases

Rents in rehabilitated units may increase annually based on the standards in Appendix B, entitled "Current Income Limits & Rental Increase Procedures" and only upon written notification from the Administrative Agent.

In addition, the Township's Administrative Agent must be used by the Landlord to ensure that all appropriate affirmative marketing and all other affordable housing compliance procedures are followed and will continually oversee compliance for these affordable rental units throughout their restrictive term.

These increases must be filed with and approved by the Administrative Agent. Property managers or landlords who have charged less than the permissible increase may use the maximum allowable rent with the next tenant with permission of the Administrative Agent. Rents may not be increased more than once a year, may not be increased by more than one COAH-approved increment at a time, and may not be increased at the time of new occupancy if this occurs less than one year from the last rental. No additional fees may be added to the approved rent without the express written approval of the Administrative Agent.

IX. MARKETING STRATEGY

In lieu of a separate submission of the Program's marketing plan for DCA (Court Master)'s approval, this section will satisfy the obligation of 5:93-5.2(d). In coordination with the Township, the Program Administrator will employ a variety of proven strategies to advertise the program within Cranford to establish the program's applicant pool/waiting list. The marketing strategy/plan possibilities include but are not limited to:

- Creation and distribution of program homeowner outreach posters, flyers and brochures
- Place program outreach material on the Township's website
- Place program outreach material on CGP&H's website
- Municipal E-newsletter and paper newsletter (if available)
- Appending announcements and/or flyers to other municipal mailings as they become available (tax, etc) or direct mailing, whenever available and appropriate
- Municipal email blasts and Twitter communication (if available)
- Program marketing will be distributed to local community organizations and major employers including religious organizations, civic groups, senior group, ethnic organizations, etc.

- Free local cable TV advertising (when available)
- Periodic Press releases
- Program group presentations to community organizations or at the Township Municipal Building to prospective homeowners and even to local contractors
- Paid newspaper advertisements (last resort) when deemed necessary and appropriate
- The order of method used will be analyzed to implement the most effective combination of strategies. Extensive marketing efforts are essential for all successful housing rehabilitation programs to meet their productivity objectives.

Available rental units assisted via the HIP will be affirmatively marketed in accordance with the Township of Cranford Affordable Housing Affirmative Marketing Plan.

X. MAINTENANCE OF RECORDS AND CLIENT FILES

A. Programmatic Recording

The Program files will include:

- The policies and procedures manual, which will also be updated when applicable.
- An applicant pool will be maintained by the program staff to track intake of the people interested in the program and the corresponding outgoing application invites.
- A rehabilitation log will be maintained by the program staff that depicts the status of all applications in progress.

B. Participant Record keeping

The Program will be responsible for ensuring that individual files for each unit are established, maintained and then submitted to the municipality upon completion. Each completed file will contain a minimum of the following:

- Checklist
- Application form
- Tenant Application form (Rental Units Only) including rental lease
- Proof of ownership
- Income verification (for all households)
- Proof of currency of property tax and sewer accounts
- Proof of homeowner extended coverage/hazard insurance (Declaration Page)

- Proof that the municipal lien plus the total of other liens does not exceed the market value of the unit.
- Certification of Eligible Household or Notice of Ineligible Household (whichever is applicable)
- Homeowner/Program Agreement
- Certificate of Substandard
- Work Specifications/Cost Estimate aka Work Write-Up
- Bid Notice
- Contractor bids
- Bid Tabulation
- Construction Agreement
- Mortgage and Mortgage Note, and for rental properties, Deed Restriction
- Notice of Right of Rescission
- Homeowner Confirmation of Receipt of EPA Lead Information Pamphlet
- Contractor Confirmation of Receipt of Lead Paint Notice
- Copies of all required permits
- Change orders, if any
- Work progress and final inspection reports
- Copies of contractor payment documentation
- Photographs (Before and After)
- Close-out documents
- Certification of Approval

C. Reporting

For each unit, the following information must be retained to be reported annually:

- Street Address
- Block/Lot/Unit Number
- Owner/Renter
- Income: Very Low/Low/Mod

- Final Inspection Date
- Funds Expended on Hard Costs
- Funds Recaptured
- Major Systems Repaired
- Unit Below Code & Raised to Code
- Effective Date of Affordability Controls
- Length of Affordability Controls (years)
- Date Affordability Controls Removed
- Reason for Removal of Affordability Controls

The Program Administrator is responsible for entering each completed unit's data into the State's online CTM system.

D. Financial Recordkeeping

Financial recordkeeping through the State's online CTM system is the responsibility of the Municipal Housing Liaison.

XI. HOUSING ADVISORY COMMITTEE AND APPEALS PROCESS

In homeowner/contractor disputes, as well as disputes with regard to staff decisions, a Housing Advisory Committee formed by the Township will act as a mediator to resolve the differences. Homeowners involved in a dispute will be instructed to submit their concerns in writing. The homeowner may request a hearing conducted by the Housing Advisory Committee. All Housing Advisory Committee decisions are final.

If the reason for the mediation is due to the homeowner's refusal to pay the contractor and work has been done to work specification and to the satisfaction of the Program, it may authorize payment to the contractor directly. However, the Program will make a reasonable attempt to resolve the differences before taking this step.

Additionally, the Housing Advisory Committee may decide on cases that are not clearly determined via the Policy and Procedures Manual, requiring either a change to the Manual, a waiver approval or waiver denial. During this process, when discussing case specifics with and among Committee members, the confidentiality of the individual homeowner will be protected by use of case numbers rather than names.

XII. CONCLUSION

If the procedures described in this manual are followed, the Township of Cranford's Home Improvement Program should operate smoothly and effectively. Where it is found that a new procedure will eliminate a recurring problem, that procedure may be incorporated into the program operation. In addition, this manual may be periodically revised to reflect changes in local, state and federal policies and regulations relative to the Home Improvement Program.

APPENDIX A - LIST OF PROGRAM FORMS

- Application Transmittal Letter
- Program Information Handout
- Application for Assistance- Homeowner
- Application for Assistance- Landlord (Investor)
- Application for Assistance- Tenant
- Eligibility Release Form
- Checklist
- Special Needs Waiver (Eligibility Requirements)
- Special Needs Waiver (Exceed Program Limit)
- Certification of Eligible Household
- Eligibility Determination Form
- Notification of Eligibility
- Notification of Ineligibility
- Homeowner/Program Agreement
- Certificate of Substandard
- Certificate of Substandard – Emergency Situation
- Letter: forward work write-up and contractor list to homeowner
- Work Write-Up Review Form
- Request for Rehabilitation Bid
- Affidavit of Contractor
- Subcontractor Bid Sheet
- Bid Tabulation/Contractor Selection
- Construction Agreement
- Mortgage
- Mortgage Note – single family, multi family, investor versions
- Notice of Right of Rescission
- COAH Deed Restriction (when applicable)
- Homeowner Confirmation of Receipt of EPA Lead Information Pamphlet
- Contractor Confirmation of Receipt of Lead Paint Notice
- Notice to Proceed
- Change Order Authorization (when applicable)
- Contractor's Request for Final Inspection
- Contractor Payment
- Certificate and Release
- Closeout Statement

APPENDIX B - Current Income Limits & Rental Increase Procedures

See following pages

2016 AFFORDABLE HOUSING REGIONAL INCOME LIMITS BY HOUSEHOLD SIZE

Region	Income Level	Regional Income Limits											Max Increase**		Regional Asset Limit***		
		1 Person	*1.5 Person	2 Person	*3 Person	4 Person	*4.5 Person	5 Person	6 Person	7 Person	B+ Person	Rents	Sales				
Region 1 Bergen, Hudson, Passaic and Sussex	Median	\$59,096	\$63,317	\$67,538	\$75,980	\$84,423	\$87,799	\$91,176	\$97,930	\$104,684	\$111,438						
	Moderate	\$47,277	\$50,654	\$54,030	\$60,784	\$67,538	\$70,240	\$72,941	\$78,344	\$83,747	\$89,150						
	Low	\$29,548	\$31,658	\$33,769	\$37,990	\$42,211	\$43,900	\$45,588	\$48,965	\$52,342	\$55,719						\$163,245
Region 2 Essex, Morris, Union and Warren	Very Low	\$17,729	\$18,995	\$20,261	\$22,794	\$25,327	\$26,340	\$27,353	\$29,379	\$31,405	\$33,431						
	Median	\$63,879	\$68,441	\$73,004	\$82,130	\$91,255	\$94,905	\$98,555	\$105,856	\$113,156	\$120,457						
	Moderate	\$51,103	\$54,753	\$58,403	\$65,704	\$73,004	\$75,924	\$78,844	\$84,685	\$90,525	\$96,365						\$175,072
Region 3 Hunterdon, Middlesex and Somerset	Low	\$31,939	\$34,221	\$36,502	\$41,065	\$45,628	\$47,453	\$49,278	\$52,928	\$56,578	\$60,228						
	Very Low	\$19,164	\$20,532	\$21,901	\$24,639	\$27,377	\$28,472	\$29,567	\$31,757	\$33,947	\$36,137						
	Median	\$73,500	\$78,750	\$84,000	\$94,500	\$105,000	\$109,200	\$113,400	\$121,800	\$130,200	\$138,600						\$199,936
Region 4 Mercer, Monmouth and Ocean	Moderate	\$58,800	\$63,000	\$67,200	\$75,600	\$84,000	\$87,360	\$90,720	\$97,440	\$104,160	\$110,880						
	Low	\$36,750	\$39,375	\$42,000	\$47,250	\$52,500	\$54,600	\$56,700	\$60,900	\$65,100	\$69,300						
	Very Low	\$22,050	\$23,625	\$25,200	\$28,350	\$31,500	\$32,760	\$34,020	\$36,540	\$39,060	\$41,580						
Region 5 Burlington, Camden and Gloucester	Median	\$65,030	\$69,675	\$74,320	\$83,610	\$92,900	\$96,616	\$100,332	\$107,764	\$115,196	\$122,628						
	Moderate	\$52,024	\$55,740	\$59,456	\$66,888	\$74,320	\$77,293	\$80,266	\$86,211	\$92,157	\$98,102						
	Low	\$32,515	\$34,838	\$37,160	\$41,805	\$46,450	\$48,308	\$50,166	\$53,882	\$57,598	\$61,314						\$174,747
Region 6 Atlantic, Cape May, Cumberland, and Salem	Very Low	\$19,509	\$20,903	\$22,296	\$25,083	\$27,870	\$28,985	\$30,100	\$32,329	\$34,559	\$36,788						
	Median	\$57,050	\$61,125	\$65,200	\$73,350	\$81,500	\$84,760	\$88,020	\$94,540	\$101,060	\$107,580						
	Moderate	\$45,640	\$48,900	\$52,160	\$58,680	\$65,200	\$67,808	\$70,416	\$75,632	\$80,848	\$86,064						\$151,043
Region 6 Atlantic, Cape May, Cumberland, and Salem	Low	\$28,525	\$30,563	\$32,600	\$36,675	\$40,750	\$42,380	\$44,010	\$47,270	\$50,530	\$53,790						
	Very Low	\$17,115	\$18,338	\$19,560	\$22,005	\$24,450	\$25,428	\$26,406	\$28,362	\$30,318	\$32,274						
	Median	\$51,086	\$54,735	\$58,384	\$65,682	\$72,979	\$75,899	\$78,818	\$84,657	\$90,495	\$96,334						
Region 6 Atlantic, Cape May, Cumberland, and Salem	Moderate	\$40,869	\$43,788	\$46,707	\$52,546	\$58,385	\$60,719	\$63,055	\$67,725	\$72,396	\$77,067						
	Low	\$25,543	\$27,368	\$29,192	\$32,841	\$36,489	\$37,949	\$39,409	\$42,328	\$45,248	\$48,167						
	Very Low	\$15,326	\$16,421	\$17,515	\$19,705	\$21,894	\$22,770	\$23,646	\$25,397	\$27,149	\$28,900						

Moderate income is between 80 and 50 percent of the median income. Low income is 50 percent or less of median income. Very low income is 30 percent or less of median income.

* These columns are for calculating the pricing for one, two and three bedroom sale and rental units as per N.J.A.C. 5:80-26.4(a).

** This column is used for calculating the pricing for resale and rent increases for units as per N.J.A.C. 5:97-9.3. The increase for 2015 was 2.3%, and the increase for 2016 is 1.1%. Landlords who did not increase rents in 2015 may increase rent by the combined 2015 and 2016 increase, or 3.4% percent, but in no case can rent for any particular apartment be increased more than one time per year.

Low income tax credit developments may increase based on the low income tax credit regulations.

*** The Regional Asset Limit is used in determining an applicant's eligibility for affordable housing pursuant to N.J.A.C. 5:80-26.16(b)3.

Note: Since the Regional Income Limits last adopted by COAH in 2014 for Regions 1, 3, 5, and 6 were higher than the 2016 calculations, the 2014 income limits will remain in force for 2016 and until Regional Income Limits surpass the 2014 Regional Income Limits. The Regional Income Limits for Regions 2 and 4 were higher in 2015 than the 2014 Regional Income Limits, and so the Regional Income Limits for Regions 2 and 4 are based on 2015 data and will remain in force for 2016 and until Regional Income Limits surpass the 2015 Regional Income Limits. See N.J.A.C. 5:97-9.2(c).

2015 Regional Income Limits by HHS Region (Midwest Region)

Region	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
1	\$47,277	\$44,000	\$60,794	\$67,598	\$72,943	\$78,344	\$83,747	\$89,150	\$94,552	\$99,955	\$105,357	\$110,760	\$116,163	\$121,566	\$126,969	\$132,372	\$137,775	\$143,178	\$148,581	\$153,984	\$159,387	\$164,790	\$170,193	\$175,596	\$180,999	\$186,402	\$191,805	\$197,208	\$202,611	\$208,014	\$213,417	\$218,820	\$224,223	\$229,626	\$235,029	\$240,432	\$245,835	\$251,238	\$256,641	\$262,044	\$267,447	\$272,850	\$278,253	\$283,656	\$289,059	\$294,462	\$299,865	\$305,268	\$310,671	\$316,074	\$321,477	\$326,880	\$332,283	\$337,686	\$343,089	\$348,492	\$353,895	\$359,298	\$364,701	\$370,104	\$375,507	\$380,910	\$386,313	\$391,716	\$397,119	\$402,522	\$407,925	\$413,328	\$418,731	\$424,134	\$429,537	\$434,940	\$440,343	\$445,746	\$451,149	\$456,552	\$461,955	\$467,358	\$472,761	\$478,164	\$483,567	\$488,970	\$494,373	\$499,776	\$505,179	\$510,582	\$515,985	\$521,388	\$526,791	\$532,194	\$537,597	\$542,999	\$548,402	\$553,805	\$559,208	\$564,611	\$570,014	\$575,417	\$580,820	\$586,223	\$591,626	\$597,029	\$602,432	\$607,835	\$613,238	\$618,641	\$624,044	\$629,447	\$634,850	\$640,253	\$645,656	\$651,059	\$656,462	\$661,865	\$667,268	\$672,671	\$678,074	\$683,477	\$688,880	\$694,283	\$699,686	\$705,089	\$710,492	\$715,895	\$721,298	\$726,701	\$732,104	\$737,507	\$742,910	\$748,313	\$753,716	\$759,119	\$764,522	\$769,925	\$775,328	\$780,731	\$786,134	\$791,537	\$796,940	\$802,343	\$807,746	\$813,149	\$818,552	\$823,955	\$829,358	\$834,761	\$840,164	\$845,567	\$850,970	\$856,373	\$861,776	\$867,179	\$872,582	\$877,985	\$883,388	\$888,791	\$894,194	\$899,597	\$904,999	\$910,402	\$915,805	\$921,208	\$926,611	\$932,014	\$937,417	\$942,820	\$948,223	\$953,626	\$959,029	\$964,432	\$969,835	\$975,238	\$980,641	\$986,044	\$991,447	\$996,850	\$1,002,253	\$1,007,656	\$1,013,059	\$1,018,462	\$1,023,865	\$1,029,268	\$1,034,671	\$1,040,074	\$1,045,477	\$1,050,880	\$1,056,283	\$1,061,686	\$1,067,089	\$1,072,492	\$1,077,895	\$1,083,298	\$1,088,701	\$1,094,104	\$1,099,507	\$1,104,910	\$1,110,313	\$1,115,716	\$1,121,119	\$1,126,522	\$1,131,925	\$1,137,328	\$1,142,731	\$1,148,134	\$1,153,537	\$1,158,940	\$1,164,343	\$1,169,746	\$1,175,149	\$1,180,552	\$1,185,955	\$1,191,358	\$1,196,761	\$1,202,164	\$1,207,567	\$1,212,970	\$1,218,373	\$1,223,776	\$1,229,179	\$1,234,582	\$1,239,985	\$1,245,388	\$1,250,791	\$1,256,194	\$1,261,597	\$1,266,999	\$1,272,402	\$1,277,805	\$1,283,208	\$1,288,611	\$1,294,014	\$1,299,417	\$1,304,820	\$1,310,223	\$1,315,626	\$1,321,029	\$1,326,432	\$1,331,835	\$1,337,238	\$1,342,641	\$1,348,044	\$1,353,447	\$1,358,850	\$1,364,253	\$1,369,656	\$1,375,059	\$1,380,462	\$1,385,865	\$1,391,268	\$1,396,671	\$1,402,074	\$1,407,477	\$1,412,880	\$1,418,283	\$1,423,686	\$1,429,089	\$1,434,492	\$1,439,895	\$1,445,298	\$1,450,701	\$1,456,104	\$1,461,507	\$1,466,910	\$1,472,313	\$1,477,716	\$1,483,119	\$1,488,522	\$1,493,925	\$1,499,328	\$1,504,731	\$1,510,134	\$1,515,537	\$1,520,940	\$1,526,343	\$1,531,746	\$1,537,149	\$1,542,552	\$1,547,955	\$1,553,358	\$1,558,761	\$1,564,164	\$1,569,567	\$1,574,970	\$1,580,373	\$1,585,776	\$1,591,179	\$1,596,582	\$1,601,985	\$1,607,388	\$1,612,791	\$1,618,194	\$1,623,597	\$1,628,999	\$1,634,402	\$1,639,805	\$1,645,208	\$1,650,611	\$1,656,014	\$1,661,417	\$1,666,820	\$1,672,223	\$1,677,626	\$1,683,029	\$1,688,432	\$1,693,835	\$1,699,238	\$1,704,641	\$1,710,044	\$1,715,447	\$1,720,850	\$1,726,253	\$1,731,656	\$1,737,059	\$1,742,462	\$1,747,865	\$1,753,268	\$1,758,671	\$1,764,074	\$1,769,477	\$1,774,880	\$1,780,283	\$1,785,686	\$1,791,089	\$1,796,492	\$1,801,895	\$1,807,298	\$1,812,701	\$1,818,104	\$1,823,507	\$1,828,910	\$1,834,313	\$1,839,716	\$1,845,119	\$1,850,522	\$1,855,925	\$1,861,328	\$1,866,731	\$1,872,134	\$1,877,537	\$1,882,940	\$1,888,343	\$1,893,746	\$1,899,149	\$1,904,552	\$1,909,955	\$1,915,358	\$1,920,761	\$1,926,164	\$1,931,567	\$1,936,970	\$1,942,373	\$1,947,776	\$1,953,179	\$1,958,582	\$1,963,985	\$1,969,388	\$1,974,791	\$1,980,194	\$1,985,597	\$1,990,999	\$1,996,402	\$2,001,805	\$2,007,208	\$2,012,611	\$2,018,014	\$2,023,417	\$2,028,820	\$2,034,223	\$2,039,626	\$2,045,029	\$2,050,432	\$2,055,835	\$2,061,238	\$2,066,641	\$2,072,044	\$2,077,447	\$2,082,850	\$2,088,253	\$2,093,656	\$2,099,059	\$2,104,462	\$2,109,865	\$2,115,268	\$2,120,671	\$2,126,074	\$2,131,477	\$2,136,880	\$2,142,283	\$2,147,686	\$2,153,089	\$2,158,492	\$2,163,895	\$2,169,298	\$2,174,701	\$2,180,104	\$2,185,507	\$2,190,910	\$2,196,313	\$2,201,716	\$2,207,119	\$2,212,522	\$2,217,925	\$2,223,328	\$2,228,731	\$2,234,134	\$2,239,537	\$2,244,940	\$2,250,343	\$2,255,746	\$2,261,149	\$2,266,552	\$2,271,955	\$2,277,358	\$2,282,761	\$2,288,164	\$2,293,567	\$2,298,970	\$2,304,373	\$2,309,776	\$2,315,179	\$2,320,582	\$2,325,985	\$2,331,388	\$2,336,791	\$2,342,194	\$2,347,597	\$2,352,999	\$2,358,402	\$2,363,805	\$2,369,208	\$2,374,611	\$2,380,014	\$2,385,417	\$2,390,820	\$2,396,223	\$2,401,626	\$2,407,029	\$2,412,432	\$2,417,835	\$2,423,238	\$2,428,641	\$2,434,044	\$2,439,447	\$2,444,850	\$2,450,253	\$2,455,656	\$2,461,059	\$2,466,462	\$2,471,865	\$2,477,268	\$2,482,671	\$2,488,074	\$2,493,477	\$2,498,880	\$2,504,283	\$2,509,686	\$2,515,089	\$2,520,492	\$2,525,895	\$2,531,298	\$2,536,701	\$2,542,104	\$2,547,507	\$2,552,910	\$2,558,313	\$2,563,716	\$2,569,119	\$2,574,522	\$2,579,925	\$2,585,328	\$2,590,731	\$2,596,134	\$2,601,537	\$2,606,940	\$2,612,343	\$2,617,746	\$2,623,149	\$2,628,552	\$2,633,955	\$2,639,358	\$2,644,761	\$2,650,164	\$2,655,567	\$2,660,970	\$2,666,373	\$2,671,776	\$2,677,179	\$2,682,582	\$2,687,985	\$2,693,388	\$2,698,791	\$2,704,194	\$2,709,597	\$2,714,999	\$2,720,402	\$2,725,805	\$2,731,208	\$2,736,611	\$2,742,014	\$2,747,417	\$2,752,820	\$2,758,223	\$2,763,626	\$2,769,029	\$2,774,432	\$2,779,835	\$2,785,238	\$2,790,641	\$2,796,044	\$2,801,447	\$2,806,850	\$2,812,253	\$2,817,656	\$2,823,059	\$2,828,462	\$2,833,865	\$2,839,268	\$2,844,671	\$2,850,074	\$2,855,477	\$2,860,880	\$2,866,283	\$2,871,686	\$2,877,089	\$2,882,492	\$2,887,895	\$2,893,298	\$2,898,701	\$2,904,104	\$2,909,507	\$2,914,910	\$2,920,313	\$2,925,716	\$2,931,119	\$2,936,522	\$2,941,925	\$2,947,328	\$2,952,731	\$2,958,134	\$2,963,537	\$2,968,940	\$2,974,343	\$2,979,746	\$2,985,149	\$2,990,552	\$2,995,955	\$3,001,358	\$3,006,761	\$3,012,164	\$3,017,567	\$3,022,970	\$3,028,373	\$3,033,776	\$3,039,179	\$3,044,582	\$3,049,985	\$3,055,388	\$3,060,791	\$3,066,194	\$3,071,597	\$3,076,999	\$3,082,402	\$3,087,805	\$3,093,208	\$3,098,611	\$3,104,014	\$3,109,417	\$3,114,820	\$3,120,223	\$3,125,626	\$3,131,029	\$3,136,432	\$3,141,835	\$3,147,238	\$3,152,641	\$3,158,044	\$3,163,447	\$3,168,850	\$3,174,253	\$3,179,656	\$3,185,059	\$3,190,462	\$3,195,865	\$3,201,268	\$3,206,671	\$3,212,074	\$3,217,477	\$3,222,880	\$3,228,283	\$3,233,686	\$3,239,089	\$3,244,492	\$3,249,895	\$3,255,298	\$3,260,701	\$3,266,104	\$3,271,507	\$3,276,910	\$3,282,313	\$3,287,716	\$3,293,119	\$3,298,522	\$3,303,925	\$3,309,328	\$3,314,731	\$3,320,134	\$3,325,537	\$3,330,940	\$3,336,343	\$3,341,746	\$3,347,149	\$3,352,552	\$3,357,955	\$3,363,358	\$3,368,761	\$3,374,164	\$3,379,567	\$3,384,970	\$3,390,373	\$3,395,776	\$3,401,179	\$3,406,582	\$3,411,985	\$3,417,388	\$3,422,791	\$3,428,194	\$3,433,597	\$3,438,999	\$3,444,402	\$3,449,805	\$3,455,208	\$3,460,611	\$3,466,014	\$3,471,417	\$3,476,820	\$3,482,223	\$3,487,626	\$3,493,029	\$3,498,432	\$3,503,835	\$3,509,238	\$3,514,641	\$3,520,044	\$3,525,447	\$3,530,850	\$3,536,253	\$3,541,656	\$3,547,059	\$3,552,462	\$3,557,865	\$3,563,268	\$3,568,671	\$3,574,074	\$3,579,477	\$3,584,880	\$3,590,283	\$3,595,686	\$3,601,089	\$3,606,492	\$3,611,895	\$3,617,298	\$3,622,701	\$3,628,104	\$3,633,507	\$3,638,910	\$3,644,313	\$3,649,716	\$3,655,119	\$3,660,522	\$3,665,925	\$3,671,328	\$3,676,731	\$3,682,134	\$3,687,537	\$3,692,940	\$3,698,343	\$3,703,746	\$3,709,149	\$3,714,552	\$3,719,955	\$3,725,358	\$3,730,761	\$3,736,164	\$3,741,567	\$3,746,970	\$3,752,373	\$3,757,776	\$3,763,179	\$3,768,582	\$3,773,985	\$3,779,388	\$3,784,791	\$3,790,194	\$3,795,597	\$3,800,999	\$3,806,402	\$3,811,805	\$3,817,208	\$3,822,611	\$3,828,014	\$3,833,417	\$3,838,820	\$3,844,223	\$3,849,626	\$3,855,029	\$3,860,432	\$3,865,835	\$3,871,238	\$3,876,641	\$3,882,044	\$3,887,447	\$3,892,850	\$3,898,253	\$3,903,656	\$3,909,059	\$3,914,462	\$3,919,865	\$3,925,268	\$3,930,671	\$3,936,074	\$3,941,477	\$3,946,880	\$3,952,283	\$3,957,686	\$3,963,089	\$3,968,492	\$3,973,895	\$3,979,298	\$3,984,701	\$3,990,104	\$3,995,507	\$4,000,910	\$4,006,313	\$4,011,716	\$4,017,119	\$4,022,522	\$4,027,925	\$4,033,328	\$4,038,731	\$4,044,134	\$4,049,537	\$4,054,940	\$4,060,343	\$4,065,746	\$4,071,149	\$4,076,552	\$4,081,955	\$4,087,358	\$4,092,761	\$4,098,164	\$4,103,567	\$4,108,970	\$4,114,373	\$4,119,776	\$4,125,179	\$4,130,582	\$4,135,985	\$4,141,388	\$4,146,791	\$4,152,194	\$4,157,597	\$4,162,999	\$4,168,402	\$4,173,805	\$4,179,208	\$4,184,611	\$4,190,014	\$4,195,417	\$4,200,820	\$4,206,223	\$4,211,626	\$4,217,029	\$4,222,432	\$4,227,835	\$4,233,238	\$4,238,641	\$4,244,044	\$4,249,447	\$4,254,850	\$4,260,253	\$4,265,656	\$4,271,059	\$4,276,462	\$4,281,865	\$4,287,268	\$4,292,671	\$4,298,074	\$4,303,477	\$4,308,8

APPENDIX D.
HOME IMPROVEMENT FLYER AND MARKETING PLAN

DOES YOUR HOME NEED REPAIRS?

The Mayor invites you to apply
to the Township of Cranford's *NEW*

HOME IMPROVEMENT PROGRAM

You can receive up to \$20,000 in repairs!

brand new
program!



ELIGIBLE USES OF FUNDS INCLUDE



*Roofs & Foundations
Heating & Electrical
Windows & Insulation
Plumbing and more!*

If you live in Cranford, own your home, and your total gross annual household income falls below the income limit for your household size, you may qualify to participate in the program.

Household size	1	2	3	4	5	6	7	8
Maximum Income	50,744	\$57,993	\$65,242	\$72,492	\$78,291	\$84,090	\$89,890	\$95,689

(income limits updated annually)



- There is **no cost to apply** and it does not affect your credit score.
- Funds are provided as a **no interest** (0%) ten-year forgivable loan.
- A **professional inspector** oversees the process.
- There is **no monthly payment**.

**FIRST COME, FIRST SERVED
TAKE THE FIRST STEP!**

www.hip.cgph.net

Easily submit your preliminary application online!

If you have additional questions, or if you do not have internet access, call the Township Representative at (609) 664-2783.



This program is
sponsored by
the Township
of Cranford

Funding also available for rental properties
Landlords to call for terms

Below are drilled down specific activities that will be implemented, beginning July 14, 2017. Flyer follows on next page.

CGP&H's hip.cgph.net website	ongoing	
Municipal website	Putting promotional material on website on main page	
Program marketing material to be placed in municipal bldg & other local locations	Putting promotional material in muni building (includes - posters, flyers, brochures, and program business cards)	
Municipal newsletter/other mailings	Link to newsletter is already on website. It is also mailed by USPO, and will include advertising for the rehab program, going forward.	Publication is 2x per year. Fall next one - approx. mid-August deadline
Municipal email blasts/Twitter/Facebook	Facebook postings.	Yes to Facebook posts. Town does not do others at this time.
Local cable TV channel	Plan to advertise on TV-35 and Cranford Radio per website.	Westfield Leader, TV 35 public access Ed Gavanport ext 3995
Local newspaper	CGP&H to coordinate with Kathy Scotty.	
Program public presentation	As may be needed, to generate additional interest	
List of community groups/ houses of worship	CGP&H to coordinate with Kathy Scotty.	
Municipal Events	Have handouts distributed at community events.	
Other	Tapinto Cranford (online neighborhood news) - also linked on municipal website	

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APPENDIX E.

TOWNSHIP OF CRANFORD ORDINANCE, CHAPTER 255. LAND DEVELOPMENT,
ARTICLE VIII. AFFORDABLE HOUSING

Chapter 255. Land Development

Article VIII. Affordable Housing

§ 255-66. Municipal fair share obligation established.

The Township of Cranford has a fair share obligation consisting of a one-hundred-forty-eight-unit prior-round obligation and a fifty-five-unit rehabilitation obligation. The Township's third-round obligation has yet to be determined.

§ 255-67. Definitions.

The following terms, when used in this article, shall have the meanings given in this section:

ACT

The Fair Housing Act of 1985, P.L. 1985, c. 222 (N.J.S.A. 52:27D-301 et seq.).

ADAPTABLE

Constructed in compliance with the technical design standards of the Barrier Free Subcode, N.J.A.C. 5:23-7.

ADMINISTRATIVE AGENT

The entity responsible for the administration of affordable units in accordance with this article, N.J.A.C. 5:96 and 5:97 and UHAC (N.J.A.C. 5:80-26).

AFFIRMATIVE MARKETING

A regional marketing strategy designed to attract buyers and/or renters of affordable units pursuant to N.J.A.C. 5:80-26.15.

AFFORDABILITY AVERAGE

The average percentage of median income at which new restricted units in an affordable housing development are affordable to low- and moderate-income households.

AFFORDABLE

A sales price or rent level that is within the means of a low- or moderate-income household as defined in N.J.A.C. 5:97-9 and, in the case of an ownership unit, that the sales price for the unit conforms to the standards set forth in N.J.A.C. 5:80-26.6, as may be amended and supplemented, and, in the case of a rental unit, that the rent for the unit conforms to the standards set forth in N.J.A.C. 5:80-26.12, as may be amended and supplemented.

AFFORDABLE DEVELOPMENT

A housing development of which all or a portion consists of restricted units.

AFFORDABLE HOUSING DEVELOPMENT

A development included in the Housing Element and Fair Share Plan, and includes, but is not limited to, an inclusionary development, a municipal construction project or a one-hundred-percent-affordable housing development.

AFFORDABLE HOUSING PROGRAM(S)

Any mechanism in a municipal fair share plan prepared or implemented to address a municipality's fair share obligation.

AFFORDABLE UNIT

A housing unit proposed or created pursuant to the Act, credited pursuant to N.J.A.C. 5:97-4, and/or funded through an affordable housing trust fund.

AGENCY

The New Jersey Housing and Mortgage Finance Agency established by P.L. 1983, c. 530 (N.J.S.A. 55:14K-1 et seq.).

AGE-RESTRICTED UNIT

A housing unit designed to meet the needs of, and exclusively for, the residents of an age-restricted segment of the population such that:

- A. All the residents of the development where the unit is situated are 62 years of age or older;
- B. At least 80% of the units are occupied by one person that is 55 years of age or older; or
- C. The development has been designated by the Secretary of the United States Department of Housing and Urban Development as "housing for older persons," as defined in Section 807(b)(2) of the Fair Housing Act, 42 U.S.C. § 3607.

ASSISTED LIVING RESIDENCE

A facility that is licensed by the New Jersey Department of Health to provide apartment-style housing and congregate dining and to assure that assisted living services are available when needed for four or more adult persons unrelated to the proprietor and that offers units containing, at a minimum, one unfurnished room, a private bathroom, a kitchenette and a lockable door on the unit entrance.^[1]

CERTIFIED HOUSEHOLD

A household that has been certified by an administrative agent as a low-income household or moderate-income household.

COAH

The Council on Affordable Housing, which is in, but not of, the Department of Community Affairs of the State of New Jersey, as established by the New Jersey Fair Housing Act (N.J.S.A. 52:27D-301 et seq.).

DCA

The State of New Jersey Department of Community Affairs.

DEFICIENT HOUSING UNIT

A housing unit with health and safety code violations that require the repair or replacement of a major system. A major system includes weatherization, roofing, plumbing (including wells), heating, electricity, sanitary plumbing (including septic systems), lead paint abatement and/or load-bearing structural systems.

DEVELOPER

Any person, partnership, association, company or corporation that is the legal or beneficial owner or owners of a lot or any land proposed to be included in a proposed development, including the holder of an option or contract to purchase, or other person having an enforceable proprietary interest in such land.

DEVELOPMENT

The division of a parcel of land into two or more parcels; the construction, reconstruction, conversion, structural alteration, relocation, or enlargement of any use or change in the use of any building or other structure, or of any mining, excavation or landfill; and any use or change in the use of any building or other structure, or land or extension of use of land, for which permission may be required pursuant to N.J.S.A. 40:55D-1 et seq.

INCLUSIONARY DEVELOPMENT

A development containing both affordable units and market-rate units. This term includes, but is not limited to, new construction, the conversion of a nonresidential structure to residential use and the creation of new affordable units through the reconstruction of a vacant residential structure.

LOW-INCOME HOUSEHOLD

A household with a total gross annual household income equal to 50% or less of the median household income.

LOW-INCOME UNIT

A restricted unit that is affordable to a low-income household.

MAJOR SYSTEM

The primary structural, mechanical, plumbing, electrical, fire protection, or occupant service components of a building which include, but are not limited to, weatherization, roofing, plumbing (including wells), heating, electricity, sanitary plumbing (including septic systems), lead paint abatement or load-bearing structural systems.

MARKET-RATE UNITS

Housing not restricted to low- and moderate-income households that may sell or rent at any price.

MEDIAN INCOME

The median income by household size for the applicable housing region, as adopted annually by COAH.

MODERATE-INCOME HOUSEHOLD

A household with a total gross annual household income in excess of 50% but less than 80% of the median household income.

MODERATE-INCOME UNIT

A restricted unit that is affordable to a moderate-income household.

NONEXEMPT SALE

Any sale or transfer of ownership other than the transfer of ownership between husband and wife; the transfer of ownership between former spouses ordered as a result of a judicial decree of divorce or judicial separation, but not including sales to third parties; the transfer of ownership between family members as a result of inheritance; the transfer of ownership through an executor's deed to a Class A beneficiary; and the transfer of ownership by court order.

RANDOM SELECTION PROCESS

A process by which currently income-eligible households are selected for placement in affordable housing units such that no preference is given to one applicant over another except for purposes of matching household income and size with an appropriately priced and sized affordable unit (e.g., by lottery).

REGIONAL ASSET LIMIT

The maximum housing value in each housing region affordable to a four-person household with an income at 80% of the regional median, as defined by COAH's adopted regional income limits, published annually by COAH.

REHABILITATION

The repair, renovation, alteration or reconstruction of any building or structure, pursuant to the Rehabilitation Subcode, N.J.A.C. 5:23-6.

RENT

The gross monthly cost of a rental unit to the tenant, including the rent paid to the landlord, as well as an allowance for tenant-paid utilities computed in accordance with allowances published by DCA for its Section 8 program. In assisted living residences, rent does not include charges for food and services.

RESTRICTED UNIT

A dwelling unit, whether a rental unit or an ownership unit, that is subject to the affordability controls of N.J.A.C. 5:80-26.1, as may be amended and supplemented, but does not include a market-rate unit financed under the Urban Homeownership Recovery Program (UHORP) or Market Oriented Neighborhood Investment Program (MONI).

UHAC

The Uniform Housing Affordability Controls set forth in N.J.A.C. 5:80-26 et seq.

VERY-LOW-INCOME HOUSEHOLD

A household with a total gross annual household income equal to 30% or less of the median household income for the applicable housing region.

VERY-LOW-INCOME UNIT

A restricted unit that is affordable to a very-low-income household.

WEATHERIZATION

Building insulation (for attic, exterior walls and crawl space), siding to improve energy efficiency, replacement storm windows, replacement storm doors, replacement windows and replacement doors, and is considered a major system for purposes of the rehabilitation program.

[1] *Editor's Note: Amended at time of adoption of Code (see Ch. 1, General Provisions, Art. II).*

§ 255-68. Affordable housing programs.

A. Cranford has determined that the following programs will be used to satisfy its affordable housing obligations:

- (1) A rehabilitation program. See § 255-69.
- (2) Inclusionary Multifamily Residence District (Cranford Development Associates) development of Lot 15 in Block 291 and Lot 2 in Block 292, to be developed with a total of 54 affordable dwelling units, which will be non-age-restricted family rental units pursuant to court order dated December 9, 2011, in the matter of Cranford Development Associates, LLC et al. v. The Township of Cranford et al., Superior Court of New Jersey, Law Division, Union County, Docket No. UNN-L-3759-o8.
- (3) Lehigh Acquisition Project, an inclusionary development of Lot 1 in Block 511, to be developed with a total of 24 affordable dwelling units, which will be non-age-restricted family rental units pursuant to court order dated December 9, 2011.
- (4) All of a one-hundred-unit age-restricted rental development completed in the 1990s, known as "Lincoln Apartments," developed on Lot 18.01 of Block 532.
- (5) Needlepoint Homes, consisting of one non-age-restricted rental affordable housing unit already constructed, on Lot 1 of Block 480.
- (6) Riverfront Developers, LLC, consisting of a total of 19 non-age-restricted rental affordable housing units proposed on Lots 1.02, 2.01, 3, 4, 5, 6, 7, 8 and 9 of Block 481 within an inclusionary mixed-use redevelopment site.
- (7) Special needs housing, Community Access Unlimited 1 group home, consisting of four bedrooms on Lot 62 of Block 403.
- (8) Special needs housing, Community Access Unlimited 2 group home, consisting of four bedrooms on Lot 59 of Block 403.
- (9) Special needs housing, SERV Center of NJ group home, consisting of four bedrooms on Lot 3 of Block 514.

B. Percentage of mandatory set-asides for all future residential developments.

[Amended 9-12-2017 by Ord. No. 2017-10]

- (1) If the Township or either the Township Zoning Board of Adjustment or Planning Board permits (or recommend the permission of) the construction of multifamily or single-family attached residential development that is an "approvable site" and a "developable site," as defined at N.J.A.C. 5:93-1.3, the Township or the applicable board shall require that an appropriate percentage of the residential units be set aside for low- and moderate-income households. This requirement shall apply, beginning with the effective date of this subsection, to any multifamily or single-family attached residential development, including the residential portion of a mixed-use project, which consists of five or more new residential units, whether permitted by a zoning amendment, a variance granted by the Zoning Board of Adjustment, or adoption of a redevelopment plan or amended redevelopment plan in areas in need of redevelopment or rehabilitation. For any such development for which the Township's land use ordinances (e.g. zoning or an adopted redevelopment plan) already permitted residential development as of the effective date of this subsection, this requirement shall only apply if the Township or the Township's Land Use Board permits an increase in approvable and developable gross residential density to at least twice the permitted approvable and developable gross residential density as of the effective date of this subsection. Nothing in this subsection precludes the Township or the applicable Board from imposing an affordable housing set-aside in a development not required to have a set-aside pursuant to this subsection consistent with N.J.S.A. 52:27D-311(h) and other applicable law. For inclusionary projects in which the low and moderate units are to be offered for sale, the appropriate set-aside percentage is 20%; for projects in which the low- and moderate-income units are to be offered for rent, the appropriate set-aside percentage is 15%. This requirement does not create any entitlement for a property owner or applicant for a zoning amendment, variance, or adoption of a redevelopment plan or amended redevelopment plan in areas in need of redevelopment or rehabilitation, or for approval of any particular proposed project. This section shall not apply to developments containing four or fewer dwelling units. All subdivision and site plan approvals of qualifying residential developments shall be conditioned upon compliance with the provisions of this section. Where a developer demolishes existing dwelling units and builds new dwelling units on the same site, the provisions of this section shall apply only if the net number of dwelling units is five or more.
- (2) Phasing. Inclusionary developments shall be subject to the following schedule, except where an alternate phasing schedule has been incorporated into a development or redevelopment agreement:

Minimum Percentage of Low- and Moderate-Income Units Completed	Maximum Percentage of Market-Rate Units Completed
0	25
10	25 + 1 Unit
75	75
100	90

- (3) Fractional units. If 15% or 20% of the total number of units in a development results in a fraction or decimal, the developer shall be required to provide an additional affordable unit on site. Example: An eight-unit development requiring an affordable housing set-aside of 1.6 units is proposed. The developer is required to provide two on-site affordable units.
 - (4) Integration of affordable units. In inclusionary developments, to the extent possible, low- and moderate-income units shall be integrated with the market rate units.
 - (5) Utilities. Affordable units shall utilize the same type of heating source as market units within the affordable development.
- C. The following general guidelines apply to all developments that contain low- and moderate-income housing units, including any currently unanticipated future developments that will provide low- and moderate-income housing units.

§ 255-69. Rehabilitation program.

- A. Cranford's rehabilitation program shall be designed to renovate deficient housing units occupied by low- and moderate-income households such that, after rehabilitation, these units will comply with the New Jersey State Housing Code pursuant to N.J.A.C. 5:28. The rehabilitation program shall include an owner occupancy rehabilitation program and a renter occupancy rehabilitation program.
- B. Cranford hereby designates Community Grants, Planning & Housing, LLC, as the administrative agent for its entire rehabilitation program.
[Amended 6-13-2017 by Ord. No. 2017-06]
- C. Both owner-occupied and renter-occupied units shall be eligible for rehabilitation funds.
- D. All rehabilitated units shall remain affordable to low- and moderate-income households for a period of 10 years (the control period). For owner-occupied units, the control period shall be enforced with a lien, and for renter-occupied units the control period shall be enforced with a deed restriction.
- E. Cranford shall dedicate a minimum of \$10,900 for each unit to be rehabilitated through the rehabilitation program, with \$10,000 of this amount reflecting the minimum hard costs of rehabilitation per unit and the remaining \$900 reflecting the cost of the administrative services for each rehabilitation unit.
- F. The Township of Cranford shall adopt a resolution committing to fund any shortfall in the rehabilitation program.
- G. The administrative agent shall provide a rehabilitation manual for the owner occupancy rehabilitation program to be adopted by resolution of the governing body, and the Township of Cranford shall prepare and adopt by resolution a rehabilitation manual for the rental occupancy rehabilitation program to be administered by the administrative agent. Both manuals shall be continuously available for public inspection in the office of the Township Clerk and in the office of the administrative agent.
- H. Units in a rehabilitation program shall be exempt from N.J.A.C. 5:97-9 and UHAC but shall be administered in accordance with the following:
 - (1) Upon the initial rental of a vacant unit subsequent to rehabilitation, or if a renter-occupied unit is re-rented prior to the end of controls on affordability, the deed restriction shall require the unit to be rented to a low- or moderate-income household at an affordable rent and to be affirmatively marketed pursuant to N.J.A.C. 5:97-9 and UHAC.
 - (2) If a unit is renter occupied, upon completion of the rehabilitation, the maximum rent shall be the lesser of the current rent or the maximum permitted rent pursuant to N.J.A.C. 5:97-9 and UHAC.
 - (3) Rents in rehabilitated units may increase annually based on the standards in N.J.A.C. 5:97-9.
 - (4) Applicant and/or tenant households shall be certified as income eligible in accordance with N.J.A.C. 5:97-9 and UHAC, except that households in owner-occupied units shall be exempt from the regional asset limit.

§ 255-70. Permanent supportive living and supportive shared living housing.

- A. The administration of a supportive living housing facility shall be in compliance with N.J.A.C. 5:97-6.10, including the administration thereof in accordance with N.J.A.C. 5:97-9 and UHAC, with the following exceptions:
 - (1) Affirmative marketing (N.J.A.C. 5:80-26.15); provided, however, that the units or bedrooms shall be affirmatively marketed to individuals with special needs in accordance with a plan approved by the court or by COAH's Executive Director, if approval is delegated by the court.
 - (2) Affordability average and bedroom distribution (N.J.A.C. 5:80-26.3).
- B. With the exception of units established with capital funding through a twenty-year operating contract with the Department of Human Services, Division of Developmental Disabilities, supportive living housing facilities shall have the appropriate controls on affordability in accordance with N.J.A.C. 5:97-9 and UHAC.
- C. The service provider for a supportive living housing facility shall act as the administrative agent for the purposes of administering the affirmative marketing and affordability requirements for the supportive living housing facility.

§ 255-71. Phasing schedule for inclusionary zoning.

In inclusionary developments, the following schedule shall be followed:

Maximum Percentage of Market-Rate Units Completed

Minimum Percentage of Low- and Moderate-Income Units Completed

Maximum Percentage of Market-Rate Units Completed

25%
 25% + 1
 50%
 75%
 90%

Minimum Percentage of Low- and Moderate-Income Units Completed

0%
 10%
 50%
 75%
 100%

§ 255-72. New construction.**A. Low/moderate split and bedroom distribution of affordable housing units.**

- (1) The fair share obligation shall be divided equally between low- and moderate-income units, except that where there is an odd number of affordable housing units, the extra unit shall be a low-income unit. At least 10% of all restricted rental units shall be very-low-income units (affordable to a household earning 30% or less of median income). The very-low-income units shall be counted as part of the required number of low-income units within the development.
- (2) In each affordable development, at least 50% of the restricted units within each bedroom distribution shall be low-income units.
- (3) Affordable developments that are not age restricted shall be structured in conjunction with realistic market demands such that:
 - (a) The combined number of efficiency and one-bedroom units shall be no greater than 20% of the total low- and moderate-income units;
 - (b) At least 30% of all low- and moderate-income units shall be two-bedroom units;
 - (c) At least 20% of all low- and moderate-income units shall be three-bedroom units; and
 - (d) The remaining units may be allocated among two- and three-bedroom units at the discretion of the developer.
- (4) Affordable developments that are age restricted shall be structured such that the number of bedrooms shall equal the number of age-restricted low- and moderate-income units within the inclusionary development. This standard may be met by having all one-bedroom units or by having a two-bedroom unit for each efficiency unit.

B. Accessibility requirements.

- (1) The first floor of all restricted townhouse dwelling units and all restricted units in all other multistory buildings shall be subject to the technical design standards of the Barrier Free Subcode, N.J.A.C. 5:23-7 and 5:97-3.14.
- (2) All restricted townhouse dwelling units and all restricted units in other multistory buildings in which a restricted dwelling unit is attached to at least one other dwelling unit shall have the following features:
 - (a) An adaptable toilet and bathing facility on the first floor;
 - (b) An adaptable kitchen on the first floor;
 - (c) An interior accessible route of travel on the first floor;
 - (d) An adaptable room that can be used as a bedroom, with a door or the casing for the installation of a door, on the first floor;
 - (e) An interior accessible route of travel between stories within an individual unit, except that if all of the terms of Subsection **B(2)(a)** through **(d)** above have been satisfied, an interior accessible route of travel shall not be required between stories within an individual unit; and
 - (f) An accessible entranceway as set forth at P.L. 2005, c. 350 (N.J.S.A. 52:27D-311a et seq.), and the Barrier Free Subcode, N.J.A.C. 5:23-7 and 5:97-3.14, or evidence that Cranford has collected funds from the developer sufficient to make 10% of the adaptable entrances in the development accessible.
 - [1] Where a unit has been constructed with an adaptable entrance, upon the request of a disabled person who is purchasing or will reside in the dwelling unit, an accessible entrance shall be installed.
 - [2] To this end, the builder of restricted units shall deposit funds within the Township of Cranford's Affordable Housing Trust Fund sufficient to install accessible entrances in 10% of the affordable units that have been constructed with adaptable entrances.
 - [3] The funds deposited under Subsection **B(2)(f)[2]** above shall be used by the Township of Cranford for the sole purpose of making the adaptable entrance of an affordable unit accessible when requested to do so by a person with a disability who occupies or intends to occupy the unit and requires an accessible entrance.
 - [4] The developer of the restricted units shall submit a design plan and cost estimate for the conversion of adaptable to accessible entrances to the Construction Official of the Township of Cranford.
 - [5] Once the Construction Official has determined that the design plan to convert the unit entrances from adaptable to accessible meets the requirements of the Barrier Free Subcode, N.J.A.C. 5:23-7 and 5:97-3.14, and that the cost estimate of such conversion is reasonable, payment shall be made to the Township's Affordable Housing Trust Fund, in care of the Township Treasurer, who shall ensure that the funds are deposited into the Affordable Housing Trust Fund and appropriately earmarked.
 - [6] Full compliance with the foregoing provisions shall not be required where an entity can demonstrate that it is site impracticable to meet the requirements. Determinations of site impracticability shall be in compliance with the Barrier Free Subcode, N.J.A.C. 5:23-7 and 5:97-3.14.

C. Design.

- (1) In inclusionary developments, to the extent possible, low- and moderate-income units shall be integrated with the market units.
- (2) In inclusionary developments, low- and moderate-income units shall have access to all of the same common elements and facilities as the market units.

D. Maximum rents and sales prices.

- (1) In establishing rents and sales prices of affordable housing units, the administrative agent shall follow the procedures set forth in UHAC, utilizing the regional income limits established by COAH.
- (2) The maximum rent for restricted rental units within each affordable development shall be affordable to households earning no more than 60% of median income, and the average rent for restricted rental units shall be affordable to households earning no more than 52% of median income.
- (3) The developers and/or municipal sponsors of restricted rental units shall establish at least one rent for each bedroom type for both low-income and moderate-income units, provided that at least 10% of all low- and moderate-income rental units shall be affordable to very-low-income households.
- (4) The maximum sales price of restricted ownership units within each affordable development shall be affordable to households earning no more than 70% of median income, and each affordable development must achieve an affordability average of 55% for restricted ownership units; in achieving this affordability average, moderate-income ownership units must be available for at least three different sales prices for each bedroom type, and low-income ownership units must be available for at least two different sales prices for each bedroom type.
- (5) In determining the initial sales prices and rent levels for compliance with the affordability average requirements for restricted units other than assisted living facilities and age-restricted developments, the following standards shall be used:
 - (a) A studio shall be affordable to a one-person household;
 - (b) A one-bedroom unit shall be affordable to a one-and-one-half-person household;
 - (c) A two-bedroom unit shall be affordable to a three-person household;
 - (d) A three-bedroom unit shall be affordable to a four-and-one-half-person household; and
 - (e) A four-bedroom unit shall be affordable to a six-person household.
- (6) In determining the initial sales prices and rents for compliance with the affordability average requirements for restricted units in assisted living facilities and age-restricted developments, the following standards shall be used:
 - (a) A studio shall be affordable to a one-person household;
 - (b) A one-bedroom unit shall be affordable to a one-and-one-half-person household; and
 - (c) A two-bedroom unit shall be affordable to a two-person household or to two one-person households.
- (7) The initial purchase price for all restricted ownership units shall be calculated so that the monthly carrying cost of the unit, including principal and interest (based on a mortgage loan equal to 95% of the purchase price and the Federal Reserve H.15 rate of interest), taxes, homeowner and private mortgage insurance and condominium or homeowners' association fees, does not exceed 28% of the eligible monthly income of the appropriate size household as determined under N.J.A.C. 5:80-26.4, as may be amended and supplemented; provided, however, that the price shall be subject to the affordability average requirement of N.J.A.C. 5:80-26.3, as may be amended and supplemented.
- (8) The initial rent for a restricted rental unit shall be calculated so as not to exceed 30% of the eligible monthly income of the appropriate size household, including an allowance for tenant-paid utilities, as determined under N.J.A.C. 5:80-26.4, as may be amended and supplemented; provided, however, that the rent shall be subject to the affordability average requirement of N.J.A.C. 5:80-26.3, as may be amended and supplemented.
- (9) The price of owner-occupied low- and moderate-income units may increase annually based on the percentage increase in the regional median income limit for each housing region. In no event shall the maximum resale price established by the administrative agent be lower than the last recorded purchase price.
- (10) The rent of low- and moderate-income units may be increased annually based on the permitted percentage increase in the Housing Consumer Price Index for the United States. This increase shall not exceed 9% in any one year. Rents for units constructed pursuant to low-income housing tax credit regulations shall be indexed pursuant to the regulations governing low-income housing tax credits.

§ 255-73. Utilities.

- A. Affordable units shall utilize the same type of heating source as market units within an inclusionary development.
- B. Tenant-paid utilities included in the utility allowance shall be set forth in the lease and shall be consistent with the utility allowance approved by DCA for its Section 8 program.

§ 255-74. Occupancy standards.

In referring certified households to specific restricted units, the administrative agent shall, to the extent feasible and without causing an undue delay in the occupancy of a unit, strive to:

- A. Provide an occupant for each bedroom;
- B. Provide children of different sexes with separate bedrooms;
- C. Provide separate bedrooms for parents and children; and
- D. Prevent more than two persons from occupying a single bedroom.

§ 255-75. Control periods for restricted ownership units.

- A. Control periods for restricted ownership units shall be in accordance with N.J.A.C. 5:80-26.5, as may be amended and supplemented, and each restricted ownership unit shall remain subject to the requirements of this article for a period of at least 30 years, until Cranford takes action to release the unit from such requirements; prior to such action, a restricted ownership unit must remain subject to the requirements of N.J.A.C. 5:80-26.1, as may be amended and supplemented.
- B. The affordability control period for a restricted ownership unit shall commence on the date the initial certified household takes title to the unit.
- C. Prior to the issuance of the initial certificate of occupancy for a restricted ownership unit and upon each successive sale during the period of restricted ownership, the administrative agent shall determine the restricted price for the unit and shall also determine the nonrestricted fair market value of the unit based on either an appraisal or the unit's equalized assessed value without the restrictions in place.
- D. At the time of the initial sale of the unit, the initial purchaser shall execute and deliver to the administrative agent a recapture note obligating the purchaser (as well as the purchaser's heirs, successors and assigns) to repay, upon the first nonexempt sale after the unit's release from the restrictions set forth in this article, an amount equal to the difference between the unit's nonrestricted fair market value and its restricted price, and the recapture note shall be secured by a recapture lien evidenced by a duly recorded mortgage on the unit.
- E. The affordability controls set forth in this article shall remain in effect despite the entry and enforcement of any judgment of foreclosure with respect to restricted ownership units.
- F. A restricted ownership unit shall be required to obtain a continuing certificate of occupancy or a certified statement from the Construction Official stating that the unit meets all code standards upon the first transfer of title following the removal of the restrictions provided under N.J.A.C. 5:80-26.5(a), as may be amended and supplemented.

§ 255-76. Price restrictions for restricted ownership units.

Price restrictions for restricted ownership units shall be in accordance with N.J.A.C. 5:80-26.1, as may be amended and supplemented, including:

- A. The initial purchase price for a restricted ownership unit shall be approved by the administrative agent.
- B. The administrative agent shall approve all resale prices, in writing and in advance of the resale, to assure compliance with the foregoing standards.
- C. The master deeds of inclusionary developments shall provide no distinction between the condominium or homeowners' association fees and special assessments paid by low- and moderate-income purchasers and those paid by market purchasers.
- D. The owners of restricted ownership units may apply to the administrative agent to increase the maximum sales price for the unit on the basis of anticipated capital improvements. Eligible capital improvements shall be those that render the unit suitable for a larger household or the addition of a bathroom. See § 255-79.

§ 255-77. Buyer income eligibility.

- A. Buyer income eligibility for restricted ownership units shall be in accordance with N.J.A.C. 5:80-26.1, as may be amended and supplemented, such that low-income ownership units shall be reserved for households with a gross household income less than or equal to 50% of median income and moderate-income ownership units shall be reserved for households with a gross household income less than 80% of median income.
- B. Notwithstanding the foregoing, however, the administrative agent may, subject to COAH's approval, permit moderate-income purchasers to buy low-income units in housing markets determined by COAH to have an insufficient number of eligible low-income purchasers to permit prompt occupancy of the units. All such low-income units to be sold to moderate-income households shall retain the required pricing restrictions for low-income units.
- C. A certified household that purchases a restricted ownership unit must occupy it as the certified household's principal residence and shall not lease the unit; provided, however, that the administrative agent may permit the owner of a restricted ownership unit, upon application and a showing of hardship, to lease the restricted unit to a certified household for a period not to exceed one year.
- D. The administrative agent shall certify a household as eligible for a restricted ownership unit when the household is a low-income household or a moderate-income household, as applicable to the unit, and the estimated monthly housing cost for the particular unit (including principal, interest, taxes, homeowner and private mortgage insurance and condominium or homeowners' association fees, as applicable) does not exceed 33% of the household's eligible monthly income.

§ 255-78. Limitations on indebtedness secured by ownership unit; subordination.

- A. Prior to incurring any indebtedness to be secured by a restricted ownership unit, the owner shall apply to the administrative agent for a determination, in writing, that the proposed indebtedness complies with the provisions of this section, and the administrative agent shall issue such determination prior to the owner incurring such indebtedness.

- B. With the exception of first-purchase money mortgages, neither an owner nor a lender shall at any time cause or permit the total indebtedness secured by a restricted ownership unit to exceed 95% of the maximum allowable resale price of the unit, as such price is determined by the administrative agent in accordance with N.J.A.C. 5:80-26.6(b).

§ 255-79. Capital improvements to ownership units.

- A. The owners of restricted ownership units may apply to the administrative agent to increase the maximum sales price for the unit on the basis of capital improvements made since the purchase of the unit. Eligible capital improvements shall be those that render the unit suitable for a larger household or that add an additional bathroom. In no event shall the maximum sales price of an improved housing unit exceed the limits of affordability for the larger household.
- B. Upon the resale of a restricted ownership unit, all items of property that are permanently affixed to the unit or were included when the unit was initially restricted (for example, refrigerator, range, washer, dryer, dishwasher, and wall-to-wall carpeting) shall be included in the maximum allowable resale price. Other items may be sold to the purchaser at a reasonable price that has been approved by the administrative agent at the time of the signing of the agreement to purchase. The purchase of central air conditioning installed subsequent to the initial sale of the unit and not included in the base price may be made a condition of the unit resale, provided that the price, which shall be subject to ten-year, straight-line depreciation, has been approved by the administrative agent. Unless otherwise approved by the administrative agent, the purchase of any property other than central air conditioning shall not be made a condition of the unit resale. The owner and the purchaser must personally certify at the time of closing that no unapproved transfer of funds for the purpose of selling and receiving property has taken place at the time of or as a condition of resale.

§ 255-80. Control periods for restricted rental units.

- A. Control periods for restricted rental units shall be in accordance with N.J.A.C. 5:80-26.11, as may be amended and supplemented, and each restricted rental unit shall remain subject to the requirements of this article for a period of at least 30 years, until Cranford takes action to release the unit from such requirements. Prior to such action, a restricted rental unit must remain subject to the requirements of N.J.A.C. 5:80-26.1, as may be amended and supplemented.
- B. Deeds of all real property that include restricted rental units shall contain deed restriction language. The deed restriction shall have priority over all mortgages on the property, and the deed restriction shall be filed by the developer or seller with the records office of the County of Union. A copy of the filed document shall be provided to the administrative agent within 30 days of the receipt of a certificate of occupancy.
- C. A restricted rental unit shall remain subject to the affordability controls of this article despite the occurrence of any of the following events:
- (1) Sublease or assignment of the lease of the unit;
 - (2) Sale or other voluntary transfer of the ownership of the unit; or
 - (3) The entry and enforcement of any judgment of foreclosure on the property containing the unit.

§ 255-81. Rent restrictions for rental units; leases.

- A. A written lease shall be required for all restricted rental units, and tenants shall be responsible for security deposits and the full amount of the rent as stated on the lease. A copy of the current lease for each restricted rental unit shall be provided to the administrative agent.
- B. No additional fees or charges shall be added to the approved rent (except, in the case of units in an assisted living residence, to cover the customary charges for food and services) without the express written approval of the administrative agent.
- C. Application fees (including the charge for any credit check) shall not exceed 5% of the monthly rent of the applicable restricted unit and shall be payable to the administrative agent to be applied to the costs of administering the controls applicable to the unit as set forth in this article.

§ 255-82. Tenant income eligibility.

- A. Tenant income eligibility shall be in accordance with N.J.A.C. 5:80-26.13, as may be amended and supplemented, and shall be determined as follows:
- (1) Very-low-income rental units shall be reserved for households with a gross household income less than or equal to 30% of median income.
 - (2) Low-income rental units shall be reserved for households with a gross household income less than or equal to 50% of median income.
 - (3) Moderate-income rental units shall be reserved for households with a gross household income less than 80% of median income.
- B. The administrative agent shall certify a household as eligible for a restricted rental unit when the household is a very-low-income household, low-income household or a moderate-income household, as applicable to the unit, and the rent proposed for the unit does not exceed 35% (40% for age-restricted units) of the household's eligible monthly income as determined pursuant to N.J.A.C. 5:80-26.16, as may be amended and supplemented; provided, however, that this limit may be exceeded if one or more of the following circumstances exists:
- (1) The household currently pays more than 35% (40% for households eligible for age-restricted units) of its gross household income for rent, and the proposed rent will reduce its housing costs;
 - (2) The household has consistently paid more than 35% (40% for households eligible for age-restricted units) of eligible monthly income for rent in the past and has proven its ability to pay;
 - (3) The household is currently in substandard or overcrowded living conditions;
 - (4) The household documents the existence of assets with which the household proposes to supplement the rent payments; or

- (5) The household documents proposed third-party assistance from an outside source such as a family member in a form acceptable to the administrative agent and the owner of the unit.
- C. The applicant shall file documentation sufficient to establish the existence of the circumstances in Subsection **B(1)** through **(5)** above with the administrative agent, who shall counsel the household on budgeting.

§ 255-83. Municipal Housing Liaison.

- A. The Council on Affordable Housing requires Cranford to appoint a specific municipal employee to serve as a Municipal Housing Liaison responsible for administering the affordable housing program, including affordability controls, the Affirmative Marketing Plan, monitoring and reporting, and, where applicable, supervising any contracted administrative agent. Cranford shall adopt a resolution appointing a Municipal Housing Liaison. The Municipal Housing Liaison shall be appointed by the governing body and may be a full- or part-time municipal employee. The Municipal Housing Liaison shall be approved by the court unless such approval is delegated by the court to COAH and shall be duly qualified before assuming the duties of Municipal Housing Liaison.^[1]
- [1] *Editor's Note: Amended at time of adoption of Code (see Ch. 1, General Provisions, Art. II).*
- B. The Municipal Housing Liaison shall be responsible for oversight and administration of the affordable housing program for Cranford, including the following responsibilities which may not be contracted out to the administrative agent:
- (1) Serving as Cranford's primary point of contact for all inquiries from the state, affordable housing providers, administrative agents and interested households;
 - (2) Monitoring the status of all restricted units in Cranford's Fair Share Plan;
 - (3) Compiling, verifying and submitting annual monitoring reports as required by COAH;
 - (4) Coordinating meetings with affordable housing providers and administrative agents, as needed; and
 - (5) Attending continuing education opportunities on affordability controls, compliance monitoring and affirmative marketing as offered or approved by COAH.
- C. Subject to the approval of the court or of COAH if such approval is delegated to COAH by the court, the Township of Cranford shall designate one or more administrative agents to administer newly constructed affordable units in accordance with N.J.A.C. 5:96 and 5:97 and UHAC. An operating manual shall be provided by the administrative agent(s) to be adopted by resolution of the governing body and subject to approval of the court or of COAH if approval is delegated by the court to COAH. The operating manuals shall be available for public inspection in the office of the Township Clerk and in the office(s) of the administrative agent(s). The Municipal Housing Liaison shall supervise the contracting administrative agent(s).

§ 255-84. Administrative agent.

The administrative agent shall perform the duties and responsibilities of an administrative agent as set forth in UHAC, including those set forth in N.J.A.C. 5:80-26.14, 5:80-26.16 and 5:80-26.18 thereof, which includes:

- A. Affirmative marketing.
- (1) Conducting an outreach process to affirmatively market affordable housing units in accordance with the Affirmative Marketing Plan of the Township of Cranford and the provisions of N.J.A.C. 5:80-26.15; and
 - (2) Providing counseling or contracting to provide counseling services to low- and moderate-income applicants on subjects such as budgeting, credit issues, mortgage qualification, rental lease requirements, and landlord/tenant law.
- B. Household certification.
- (1) Soliciting, scheduling, conducting and following up on interviews with interested households;
 - (2) Conducting interviews and obtaining sufficient documentation of gross income and assets upon which to base a determination of income eligibility for a low- or moderate-income unit;
 - (3) Providing written notification to each applicant as to the determination of eligibility or noneligibility;
 - (4) Requiring that all certified applicants for restricted units execute a certificate substantially in the form, as applicable, of either the ownership or rental certificates set forth in Appendixes J and K of N.J.A.C. 5:80-26.1 et seq.;
 - (5) Creating and maintaining a referral list of eligible applicant households living in the housing region and eligible applicant households with members working in the housing region where the units are located; and
 - (6) Employing a random selection process as provided in the Affirmative Marketing Plan of the Township of Cranford when referring households for certification to affordable units.
- C. Affordability controls.
- (1) Furnishing to attorneys or closing agents forms of deed restrictions and mortgages for recording at the time of conveyance of title of each restricted unit;
 - (2) Creating and maintaining a file on each restricted unit for its control period, including the recorded deed with restrictions, recorded mortgage and note, as appropriate;

- (3) Ensuring that the removal of the deed restrictions and cancellation of the mortgage note are effectuated and properly filed with the Union County Register of Deeds or Union County Clerk's office after the termination of the affordability controls for each restricted unit;
 - (4) Communicating with lenders regarding foreclosures; and
 - (5) Ensuring the issuance of continuing certificates of occupancy or certifications pursuant to N.J.A.C. 5:80-26.10.
- D. Resales and re-rentals.
- (1) Instituting and maintaining an effective means of communicating information between owners and the administrative agent regarding the availability of restricted units for resale or re-rental; and
 - (2) Instituting and maintaining an effective means of communicating information to low- and moderate-income households regarding the availability of restricted units for resale or re-rental.
- E. Processing requests from unit owners.
- (1) Reviewing and approving requests for determination from owners of restricted units who wish to take out home equity loans or refinance during the term of their ownership that the amount of indebtedness to be incurred will not violate the terms of this article;
 - (2) Reviewing and approving requests to increase sales prices from owners of restricted units who wish to make capital improvements to the units that would affect the selling price, such authorizations to be limited to those improvements resulting in additional bedrooms or bathrooms and the depreciated cost of central air-conditioning systems;
 - (3) Notifying the municipality of an owner's intent to sell a restricted unit; and
 - (4) Making determinations on requests by owners of restricted units for hardship waivers.
- F. Enforcement.
- (1) Securing annually from the municipality a list of all affordable housing units for which tax bills are mailed to absentee owners, and notifying all such owners that they must either move back to their unit or sell it;
 - (2) Securing from all developers and sponsors of restricted units, at the earliest point of contact in the processing of the project or development, written acknowledgement of the requirement that no restricted unit can be offered, or in any other way committed, to any person, other than a household duly certified to the unit by the administrative agent;
 - (3) The posting annually in all rental properties, including two-family homes, of a notice as to the maximum permitted rent, together with the telephone number of the administrative agent where complaints of excess rent or other charges can be made;
 - (4) Sending annual mailings to all owners of affordable dwelling units, reminding them of the notices and requirements outlined in N.J.A.C. 5:80-26.18(d)4;
 - (5) Establishing a program for diverting unlawful rent payments to the municipality's Affordable Housing Trust Fund or other appropriate municipal fund approved by the DCA; and
 - (6) Creating and publishing a written operating manual, as approved by COAH, setting forth procedures for administering the affordability controls.
- G. Additional responsibilities.
- (1) The administrative agent shall have the authority to take all actions necessary and appropriate to carry out his responsibilities hereunder.
 - (2) The administrative agent shall prepare monitoring reports for submission to the Municipal Housing Liaison in time for their submission by the Municipal Housing Liaison to COAH, as required by COAH.
 - (3) The administrative agent shall attend continuing education sessions on affordability controls, compliance monitoring, and affirmative marketing as offered or approved by COAH.

§ 255-85. Affirmative marketing requirements.

- A. The Township of Cranford shall adopt, by resolution, an Affirmative Marketing Plan, subject to approval of the court, that is compliant with N.J.A.C. 5:80-26.15, as may be amended and supplemented.
- B. The Affirmative Marketing Plan is a regional marketing strategy designed to attract buyers and/or renters of all majority and minority groups, regardless of race, creed, color, national origin, ancestry, marital or familial status, gender, affectional or sexual orientation, disability, age or number of children, to housing units which are being marketed by a developer, sponsor or owner of affordable housing. The Affirmative Marketing Plan is intended to target those potentially eligible persons who are least likely to apply for affordable units in that region. It is a continuing program that directs marketing activities toward COAH Housing Region 2 and is required to be followed throughout the period of restriction.
- C. The Affirmative Marketing Plan shall provide a regional preference for all households that live and/or work in COAH Housing Region 2, consisting of Morris, Essex, Union and Warren Counties.
- D. The municipality has the ultimate responsibility for adopting the Affirmative Marketing Plan and for the proper administration of the Affirmative Marketing Program, including initial sales and rentals and resales and re-rentals. The administrative agent designated by the Township of Cranford shall implement the Affirmative Marketing Plan to assure the affirmative marketing of all affordable units.
- E. In implementing the Affirmative Marketing Plan, the administrative agent shall provide a list of counseling services to low- and moderate-income applicants on subjects such as budgeting, credit issues, mortgage qualification, rental lease requirements, and landlord/tenant law.

- F. The Affirmative Marketing Plan shall describe the media to be used in advertising and publicizing the availability of housing. In implementing the Affirmative Marketing Plan, the administrative agent shall consider the use of language translations where appropriate.
- G. The affirmative marketing process for available affordable units shall begin at least four months prior to the expected date of occupancy.
- H. Applications for affordable housing shall be available in several locations, including, at a minimum, the county administration building and/or the county library for each county within the housing region; the municipal administration building and the municipal library in the municipality in which the units are located; and the developer's rental office. Applications shall be mailed to prospective applicants upon request.
- I. The costs of advertising and affirmative marketing of the affordable units shall be the responsibility of the developer, sponsor or owner.

§ 255-86. Enforcement; violations and penalties.

- A. Upon the occurrence of a breach of any of the regulations governing the affordable unit by an owner, developer or tenant, the municipality shall have all remedies provided at law or equity, including but not limited to foreclosure, tenant eviction, a requirement for household recertification, acceleration of all sums due under a mortgage, recuperation of any funds from a sale in violation of the regulations, injunctive relief to prevent further violation of the regulations, entry on the premises, and specific performance.
- B. After providing written notice of a violation to an owner, developer or tenant of a low- or moderate-income unit and advising the owner, developer or tenant of the penalties for such violations, the municipality may take the following action(s) against the owner, developer or tenant for any violation that remains uncured for a period of 60 days after service of the written notice:
 - (1) The municipality may file a court action pursuant to N.J.S.A. 2A:58-11 alleging a violation or violations of the regulations governing the affordable housing unit. If the owner, developer or tenant is adjudged by the court to have violated any provision of the regulations governing affordable housing units, the owner, developer or tenant shall be subject to one or more of the following penalties, at the discretion of the court:
 - (a) A fine of not more than \$500 per day or imprisonment for a period not to exceed 90 days, or both, provided that each and every day that the violation continues or exists shall be considered a separate and specific violation of these provisions and not a continuation of the initial offense.
 - (b) In the case of an owner who has rented a low- or moderate-income unit in violation of the regulations governing affordable housing units, payment into the Township of Cranford Affordable Housing Trust Fund of the gross amount of rent illegally collected.
 - (c) In the case of an owner who has rented a low- or moderate-income unit in violation of the regulations governing affordable housing units, payment of an innocent tenant's reasonable relocation costs, as determined by the court.
 - (2) The municipality may file a court action in the Superior Court seeking a judgment that would result in the termination of the owner's equity or other interest in the unit, in the nature of a mortgage foreclosure. Any such judgment shall be enforceable as if the same were a judgment of default of the first purchase money mortgage and shall constitute a lien against the low- or moderate-income unit.
 - (a) The judgment shall be enforceable, at the option of the municipality, by means of an execution sale by the Sheriff, at which time the low- and moderate-income unit of the violating owner shall be sold at a sale price which is not less than the amount necessary to fully satisfy and pay off any first purchase money mortgage and prior liens and the costs of the enforcement proceedings incurred by the municipality, including attorney's fees. The violating owner shall have his right to possession terminated as well as his title conveyed pursuant to the Sheriff's sale.
 - (b) The proceeds of the Sheriff's sale shall first be applied to satisfy the first purchase money mortgage lien and any prior liens upon the low- and moderate-income unit. The excess, if any, shall be applied to reimburse the municipality for any and all costs and expenses incurred in connection with either the court action resulting in the judgment of violation or the Sheriff's sale. In the event that the proceeds from the Sheriff's sale are insufficient to reimburse the municipality in full as aforesaid, the violating owner shall be personally responsible for the full extent of such deficiency, in addition to any and all costs incurred by the municipality in connection with collecting such deficiency. In the event that a surplus remains after satisfying all of the above, such surplus, if any, shall be placed in escrow by the municipality for the owner and shall be held in such escrow for a maximum period of two years or until such earlier time as the owner shall make a claim with the municipality for such. Failure of the owner to claim such balance within the two-year period shall automatically result in a forfeiture of such balance to the municipality. Any interest accrued or earned on such balance while being held in escrow shall belong to and shall be paid to the municipality, whether such balance shall be paid to the owner or forfeited to the municipality.
 - (c) Foreclosure by the municipality due to violation of the regulations governing affordable housing units shall not extinguish the restrictions of the regulations governing affordable housing units as the same apply to the low- and moderate-income unit. Title shall be conveyed to the purchaser at the Sheriff's sale, subject to the restrictions and provisions of the regulations governing the affordable housing unit. The owner determined to be in violation of the provisions of this plan and from whom title and possession were taken by means of the Sheriff's sale shall not be entitled to any right of redemption.
 - (d) If there are no bidders at the Sheriff's sale, or if insufficient amounts are bid to satisfy the first purchase money mortgage and any prior liens, the municipality may acquire title to the low- and moderate-income unit by satisfying the first purchase money mortgage and any prior liens and crediting the violating owner with an amount equal to the difference between the first purchase money mortgage and any prior liens and costs of the enforcement proceedings, including legal fees and the maximum resale price for which the low- and moderate-income unit could have been sold under the terms of the regulations governing affordable housing units. This excess shall be treated in the same manner as the excess which would have been realized from an actual sale as previously described.
 - (e) Failure of the low- and moderate-income unit to be either sold at the Sheriff's sale or acquired by the municipality shall obligate the owner to accept an offer to purchase from any qualified purchaser which may be referred to the owner by the municipality, with such offer to purchase being equal to the maximum resale price of the low- and moderate-income unit as permitted by the regulations governing affordable housing units.
 - (f) The owner shall remain fully obligated, responsible and liable for complying with the terms and restrictions governing affordable housing units until such time as title is conveyed from the owner.

§ 255-87. Appeals.

Appeals from all decisions of an administrative agent appointed pursuant to this article shall be filed, in writing, with the court unless the court delegates this responsibility to the Executive Director of COAH.

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APPENDIX F.

TOWNSHIP OF CRANFORD ORDINANCE, CHAPTER 255 LAND DEVELOPMENT, ARTICLE II.
DEVELOPMENT ADMINISTRATION, SECTION 6: AFFORDABLE HOUSING DEVELOPMENT FEES

Chapter 255. Land Development

Article II. Development Administration

§ 255-6. Affordable housing development fees.

- A. Definitions. The following terms, as used in this section, shall have the following meanings:

AFFORDABLE HOUSING DEVELOPMENT

A development included in the Housing Element and Fair Share Plan, and includes, but is not limited to, an inclusionary development, a municipal construction project or a 100% affordable development.

COAH or THE COUNCIL

The New Jersey Council on Affordable Housing established under the Fair Housing Act^[2] which previously had primary jurisdiction for the administration of housing obligations in accordance with sound regional planning consideration in the state.

DEVELOPER

The legal or beneficial owner or owners of a lot or of any land proposed to be included in a proposed development, including the holder of an option or contract to purchase, or other person having an enforceable proprietary interest in such land.

DEVELOPMENT FEE

Money paid by a developer for the improvement of property as permitted in N.J.A.C. 5:97-8.3.

EQUALIZED ASSESSED VALUE

The assessed value of a property divided by the current average ratio of assessed to true value for the municipality in which the property is situated, as determined in accordance with Sections 1, 5, and 6 of P.L. 1973, c. 123 (N.J.S.A. 54:1-35a through 54:1-35c).

GREEN BUILDING STRATEGIES

Those strategies that minimize the impact of development on the environment and enhance the health, safety and well-being of residents by producing durable, low-maintenance, resource-efficient housing while making optimum use of existing infrastructure and community services.

[2] *Editor's Note: See N.J.S.A. 52:27D-301 et seq.*

- B. Residential development fees.

(1) Imposed fees.

- (a) Within all zoning districts, residential developers, except for developers of the types of development specifically exempted below, shall pay a fee of 1.5% of the equalized assessed value for residential development provided no increased density is permitted.
- (b) When an increase in residential density pursuant to N.J.S.A. 40:55D-70d(5) (known as a "d" variance) has been permitted, developers may be required to pay a development fee of 6% of the equalized assessed value for each additional unit that may be realized. However, if the zoning on a site has changed during the two-year period preceding the filing of such a variance application, the base density for the purposes of calculating the bonus development fee shall be the highest density permitted by right during the two-year period preceding the filing of the variance application.

(2) Eligible exactions, ineligible exactions and exemptions for residential development.

- (a) Affordable housing developments, developments where the developer is providing for the construction of affordable units elsewhere in the municipality, and developments where the developer has made a payment in lieu of on-site construction of affordable units shall be exempt from development fees.
- (b) Developments that have received preliminary or final site plan approval prior to the adoption of a municipal development fee ordinance shall be exempt from development fees, unless the developer seeks a substantial change in the approval. Where a site plan approval does not apply, a zoning and/or building permit shall be synonymous with preliminary or final site plan approval for this purpose. The fee percentage shall be vested on the date that the building permit is issued.
- (c) Owner-occupied residential structures demolished and replaced without an increase in density as a result of a fire, flood, or other natural disaster shall be exempt from paying a development fee.
- (d) Development fees shall be imposed when an existing structure is expanded, renovated in any way, or is demolished and replaced, if the expansion results in an increase in the number of dwelling units on the property in question.

- C. Nonresidential development fees.

(1) Imposed fees.

- (a) Within all zoning districts, nonresidential developers, except for developers of the types of development specifically exempted, shall pay a fee equal to 2.5% of the equalized assessed value of the land and improvements for all new nonresidential construction on an unimproved lot or lots.

- (b) Nonresidential developers, except for developers of the types of development specifically exempted, shall also pay a fee equal to 2.5% of the increase in equalized assessed value resulting from any additions to existing structures to be used for nonresidential purposes.
 - (c) Development fees shall be imposed and collected when an existing structure is demolished and replaced. The development fee of 2.5% shall be calculated on the difference between the equalized assessed value of the preexisting land and improvement and the equalized assessed value of the newly improved structure, i.e., land and improvement, at the time the final certificate of occupancy is issued. If the calculation required under this subsection results in a negative number, the nonresidential development fee shall be zero.
- (2) Eligible exactions, ineligible exactions and exemptions for nonresidential development.
- (a) The nonresidential portion of a mixed-use inclusionary or market-rate development shall be subject to the development fee of 2.5%, unless otherwise exempted below.
 - (b) The fee of 2.5% shall not apply to an increase in equalized assessed value resulting from alterations, change in use within existing footprint, reconstruction, renovations and repairs.
 - (c) Nonresidential developments shall be exempt from the payment of nonresidential development fees in accordance with the exemptions required pursuant to P.L. 2008, c. 46, as specified in the Form N-RDF, State of New Jersey Nonresidential Development Certification/Exemption Form. Any exemption claimed by a developer shall be substantiated by that developer.
 - (d) A developer of a nonresidential development exempted from the nonresidential development fee pursuant to P.L. 2008, c. 46, shall be subject to it at such time the basis for the exemption no longer applies and shall make the payment of the nonresidential development fee, in that event, within three years after that event or after the issuance of the final certificate of occupancy of the nonresidential development, whichever is later.
 - (e) If a property which was exempted from the collection of a nonresidential development fee thereafter ceases to be exempt from property taxation, the owner of the property shall remit the fees required pursuant to this section within 45 days of the termination of the property tax exemption. Unpaid nonresidential development fees under these circumstances may be enforceable by the Township of Cranford as a lien against the real property of the owner.

D. Collection procedures.

- (1) Upon the granting of a preliminary, final or other applicable approval for a development, the applicable approving authority shall direct its staff to notify the construction official responsible for the issuance of a building permit.
- (2) For nonresidential developments only, the developer shall also be provided with a copy of Form N-RDF, State of New Jersey Nonresidential Development Certification/Exemption, to be completed as per the instructions provided. The developer of a nonresidential development shall complete Form N-RDF as per the instructions provided. The construction official shall verify the information submitted by the nonresidential developer as per the instructions provided in the Form N-RDF. The Tax Assessor shall verify exemptions and prepare estimated and final assessments as per the instructions provided in Form N-RDF.
- (3) The construction official responsible for the issuance of a building permit shall notify the local Tax Assessor of the issuance of the first building permit for a development which is subject to a development fee.
- (4) Within 90 days of receipt of that notice, the Municipal Tax Assessor, based on the plans filed, shall provide an estimate of the equalized assessed value of the development.
- (5) The construction official responsible for the issuance of a final certificate of occupancy notifies the local Assessor of any and all requests for the scheduling of a final inspection on property which is subject to a development fee.
- (6) Within 10 business days of a request for the scheduling of a final inspection, the Municipal Assessor shall confirm or modify the previously estimated equalized assessed value of the improvements of the development, calculate the development fee, and thereafter notify the developer of the amount of the fee.
- (7) Should the Township of Cranford fail to determine or notify the developer of the amount of the development fee within 10 business days of the request for final inspection, the developer may estimate the amount due and pay that estimated amount consistent with the dispute process set forth in Subsection b of Section 37 of P.L. 2008, c. 46 (N.J.S.A. 40:55D-8.6).
- (8) Fifty percent of the development fee shall be collected at the time of issuance of the building permit. The remaining portion shall be collected at the issuance of the certificate of occupancy. The developer shall be responsible for paying the difference between the fee calculated at building permit and that determined at issuance of certificate of occupancy.
- (9) Appeal of development fees.
 - (a) A developer may challenge residential development fees imposed by filing a challenge with the Union County Board of Taxation ("Board"). Pending a review and determination by the Board, collected fees shall be placed in an interest-bearing escrow account by the Township of Cranford. Appeals from a determination of the Board may be made to the Tax Court in accordance with the provisions of the State Tax Uniform Procedure Law, N.J.S.A. 54:48-1 et seq., within 90 days after the date of such determination. Interest earned on amounts escrowed shall be credited to the prevailing party.
 - (b) A developer may challenge nonresidential development fees imposed by filing a challenge with the Director of the Division of Taxation. Pending a review and determination by the Director, which shall be made within 45 days of receipt of the challenge, collected fees shall be placed in an interest-bearing escrow account by the Township of Cranford. Appeals from a determination of the Director may be made to the Tax Court in accordance with the provisions of the State Tax Uniform Procedure Law, N.J.S.A. 54:48-1 et seq., within 90 days after the date of such determination. Interest earned on amounts escrowed shall be credited to the prevailing party.

E. Affordable Housing Trust Fund.

- (1) There is hereby created a separate, interest-bearing housing trust fund to be maintained by the Chief Financial Officer for the purpose of depositing development fees collected from residential and nonresidential developers and proceeds from the sale of units with extinguished controls.
- (2) The following additional funds shall be deposited in the Affordable Housing Trust Fund and shall at all times be identifiable by source and amount:
 - (a) Payments in lieu of on-site construction of affordable units;
 - (b) Developer-contributed funds to make 10% of the adaptable entrances in a townhouse or other multistory attached development accessible;
 - (c) Rental income from municipally operated units;
 - (d) Repayments from affordable housing program loans;
 - (e) Recapture funds;
 - (f) Proceeds from the sale of affordable units; and
 - (g) Any other funds collected in connection with the Township of Cranford's affordable housing program.
- (3) Within seven days from the opening of the trust fund account, the Township of Cranford shall provide COAH with written authorization, in the form of a three-party escrow agreement between the municipality, the bank and COAH, to permit COAH to direct the disbursement of the funds as provided for in N.J.A.C. 5:97-8.13(b).
- (4) All interest accrued in the housing trust fund shall only be used on eligible affordable housing activities approved by COAH.

F. Use of funds.

- (1) The expenditure of all funds shall conform to a spending plan approved by COAH. Funds deposited in the housing trust fund may be used for any activity approved by COAH to address the Township of Cranford's fair share obligation and may be set up as a grant or revolving loan program. Such activities include, but are not limited to, preservation or purchase of housing for the purpose of maintaining or implementing affordability controls, rehabilitation, new construction of affordable housing units and related costs, accessory apartment, market to affordable, or regional housing partnership programs, conversion of existing nonresidential buildings to create new affordable units, green building strategies designed to be cost saving and in accordance with accepted national or state standards, purchase of land for affordable housing, improvement of land to be used for affordable housing, extensions or improvements of roads and infrastructure to affordable housing sites, financial assistance designed to increase affordability, administration necessary for implementation of the Housing Element and Fair Share Plan, or any other activity as permitted pursuant to N.J.A.C. 5:97-8.7 through 5:97-8.9 and specified in the approved spending plan.
 - (2) Funds shall not be expended to reimburse the Township of Cranford for past housing activities.
 - (3) At least 30% of all development fees collected and interest earned shall be used to provide affordability assistance to low- and moderate-income households in affordable units included in the Municipal Fair Share Plan. One-third of the affordability assistance portion of development fees collected shall be used to provide affordability assistance to those households earning 30% or less of median income by region.
 - (a) Affordability assistance programs may include down payment assistance, security deposit assistance, low-interest loans, rental assistance, assistance with homeowners' association or condominium fees and special assessments, and assistance with emergency repairs.
 - (b) Affordability assistance to households earning 30% or less of median income may include buying down the cost of low- or moderate-income units in the Municipal Fair Share Plan to make them affordable to households earning 30% or less of median income.
 - (c) Payments in lieu of constructing affordable units on site and funds from the sale of units with extinguished controls shall be exempt from the affordability assistance requirement.
 - (4) The Township of Cranford may contract with a private or public entity to administer any part of its Housing Element and Fair Share Plan, including the requirement for affordability assistance, in accordance with N.J.A.C. 5:96-18.
 - (5) No more than 20% of all revenues collected from development fees may be expended on administration, including but not limited to salaries and benefits for municipal employees or consultant fees necessary to develop or implement a new construction program, a Housing Element and Fair Share Plan, and/or an affirmative marketing program. In the case of a rehabilitation program, no more than 20% of the revenues collected from development fees shall be expended for such administrative expenses. Administrative funds may be used for income qualification of households, monitoring the turnover of sale and rental units, and compliance with COAH's monitoring requirements. Legal or other fees related to litigation opposing affordable housing sites or objecting to the Council's regulations and/or action are not eligible uses of the Affordable Housing Trust Fund.
- G. Monitoring. The Township of Cranford shall complete and return to COAH all monitoring forms included in monitoring requirements related to the collection of development fees from residential and nonresidential developers, payments in lieu of constructing affordable units on site, funds from the sale of units with extinguished controls, barrier-free escrow funds, rental income, repayments from affordable housing program loans, and any other funds collected in connection with Cranford's housing program, as well as to the expenditure of revenues and implementation of the plan approved by the court. All monitoring reports shall be completed on forms designed by COAH.
- H. Ongoing collection of fees. The ability for the Township of Cranford to impose, collect and expend development fees shall expire with its judgment of compliance unless the Township of Cranford has filed an adopted Housing Element and Fair Share Plan with COAH, has petitioned for substantive certification, and has received COAH's approval of its development fee ordinance. If the Township of Cranford fails to renew its ability to impose and collect development fees prior to the expiration of a judgment of compliance, it may be subject to forfeiture of any or all funds remaining within its municipal trust fund. Any funds so forfeited shall be deposited into the New Jersey Affordable Housing Trust Fund established pursuant to Section 20 of P.L. 1985, c. 222 (N.J.S.A. 52:27D-320). The Township of Cranford shall not impose a residential development fee on a development that receives preliminary or final site plan approval after the expiration of its substantive certification or judgment of compliance, nor shall the Township of Cranford retroactively impose a development fee on such a development. The Township of Cranford shall not expend development fees after the expiration of its substantive certification or judgment of compliance.

[1] *Editor's Note: Added at time of adoption of Code (see Ch. 1, General Provisions, Art. II). This section was originally adopted 12-10-2013 by Ord. No. 2013-23.*

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APPENDIX G.

PROFESSIONAL SERVICES AGREEMENT TOWNSHIP OF CRANFORD ADMINISTRATIVE AGENT
FOR AFFORDABLE HOUSING MATTERS BY AND BETWEEN THE TOWNSHIP OF CRANFORD AND
COMMUNITY GRANTS, PLANNING & HOUSING LLC, EFFECTIVE MARCH 9, 2018

PROFESSIONAL SERVICES AGREEMENT
Township of Cranford Administrative Agent for Affordable Housing Matters

THIS AGREEMENT by and between the **Township of Cranford**, a Municipal Corporation of the State of New Jersey (hereinafter referred to as “**Township**”), and **Community Grants, Planning & Housing LLC** (“**CGP&H**”) located at 101 Interchange Plaza, Suite 301, Cranbury, NJ 08512 (hereinafter referred to as **Contractor**”).

WITNESSETH:

WHEREAS, there exists a need to retain an expert responsible for the administration of affordable housing units within the Township; and

WHEREAS, Contractor submitted a proposal, dated March 9, 2018, wherein Contractor proposed administering the Township’s affordable housing units (the “Proposal”); and

WHEREAS, the Township has deemed that the background, experience and qualifications of the Contractor best satisfy the needs of the Township; and

WHEREAS, Contractor has completed and submitted a Business Entity Disclosure Certification which certifies that Contractor has not made any reportable contributions to a political or candidate committee in the Township of Cranford in the previous one (1) year, and that the contract will prohibit Contractor from making any reportable contributions through the term of the contract; and

WHEREAS, Contractor has submitted a Business Entity Contribution Certification which certifies that Contractor has not made any reportable contribution during the past twelve (12) month period, pursuant to N.J.S.A. 19:44A-1 et seq.; and

WHEREAS, by Resolution No. 2018-163, the Township awarded the contract for the administration of affordable housing units to the Contractor at a cost not to exceed Twenty-Thousand Dollars (\$20,000.00);

WHEREAS, the Chief Financial Officer has certified to the availability of funds which is on file with the Township Clerk; and

WHEREAS, the said contract amount shall be charged to Account No. T-23-00-000-101-000; and

WHEREAS, the Township has authorized this written Agreement with the Contractor to provide the aforementioned professional services to the Township in accordance with the compensation set forth herein.

NOW, THEREFORE, in mutual consideration of the covenants, obligations and responsibilities set forth herein, it is agreed by and between the parties as follows:

1. The term of the Agreement shall become effective as of the 9th day of March, 2018 for a period of twelve months (12), terminating at the close of business on the 8th day of March, 2019.
2. CGP&H shall furnish all equipment and materials and shall perform the services set forth in Schedule A, Scope of Services and Compensation. Compensation will be provided as in this Agreement and as awarded in accordance with Compensation Schedule in strict accordance with the contract as the word “contract” is hereinafter defined and in accordance with all other terms and provisions.
3. The “contract” shall consist of the following:
 - a. This Agreement and all Schedules annexed thereto.
 - b. Contractor’s Proposal;
 - c. Resolution of appointment made by the Mayor and Township Council.
 - d. All other terms required by law to be inserted in this contract, whether actually inserted or not.
 - e. The Affirmative Action Requirements annexed hereto, applicable to this contract, as Schedule B.
4. CGP&H hereby represents to the Township that CGP&H is qualified to fulfill the position set forth herein with applicable requirements. CGP&H further represents that CGP&H is familiar with all applicable statutes, laws, regulations, procedures and requirements in connection with this appointment.
5. CGP&H hereby agrees to perform the services set forth under the Scope of Services, Schedule A, for the Township of Cranford during the period set forth herein above.
6. CGP&H shall not assign this contract or any of its rights or monies due hereunder without the previous written consent of the Township as evidenced

by a duly adopted Resolution.

7. CGP&H represents that they currently have professional liability insurance in a minimum amount of \$1,000,000 per occurrence and \$2,000,000 aggregate, and that they shall supply a certificate to the Township showing said coverage. CGP&H further covenants and agrees to protect, keep and hold the Township of Cranford harmless against any and all actions, claims or demands for damages, which may be caused by the negligent error, act or omission of CGP&H or by the improper performance of the contract.
8. Payment to CGP&H shall be made in strict accordance with the terms of the proposal and terms of this contract. It is understood and agreed that in the event CGP&H is required to perform services that are not contemplated and are not within the subject matter of this contract and are extraordinary and are of a kind which would not ordinarily be performed in the normal course of providing services, that CGP&H shall be paid additional sums of money based upon change orders duly approved by Resolution of the Township Council.

AND IT IS FURTHER UNDERSTOOD AND AGREED that the covenants, conditions and agreements herein contained are binding of the parties hereto, their successors, assigns and legal representatives.

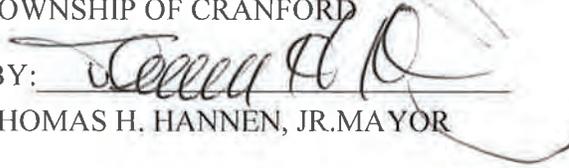
IN WITNESS WHEREOF, the parties hereto have caused their presents to be signed by the respective authorized officers and the proper corporate and/or municipal seals affixed hereto, the date and year first written above.

WITNESS:



TOWNSHIP OF CRANFORD

BY:



THOMAS H. HANNEN, JR. MAYOR

WITNESS:



CGP&H, LLC



RANDALL M. GOTTESMAN
PRESIDENT

SCHEDULE A: SCOPE OF SERVICES AND FEE SCHEDULE

CGP&H will provide Cranford with both Administrative Agent and Housing Rehabilitation services for the Township. This current contract includes all immediately required (PHASE I) activities costing approximately \$2,500 to \$4,000. All other activities (PHASE II) will likely await subsequent approvals from both the Court and the Township, for a total not to exceed amount of \$34,000 for all services including Phase I and Phase II activities. Phase II activities will not commence without prior authorization from the Township of Cranford. CGP&H understands that it may be months before the Township receives satisfactory feedback from the Court prior to authorizing actual implementation activities, and we are prepared to extend any written agreement we enter into with Cranford, accordingly.

ADMINISTRATIVE AGENT SERVICES

PHASE I:

During this initial phase, CGPH will, as Cranford's administrative agent, create an administrative agent operating manual and a related affirmative marketing plan. The services for this first assignment will not exceed \$1,500.00, to be prepared by our Vice President at an hourly rate of \$115.00.

PHASE II:

The second Administrative Agent phase includes the following activities as may be assigned by the Township (these services will not proceed without direct authorization from the Township's designated contact person). These items include, but are not limited to: the one time securing of information from existing landlords currently providing affordable housing in Cranford in order to confirm they are appropriately following all applicable UHAC requirements; reporting to the Township and to the State's CTM system as needed; development and implementation of affordability assistance programs; providing input into the Township's spending plan; and advising Cranford and/or developers on affordable housing requirements, pricing and other requirements. These Phase II activities will not exceed \$3,000 per year without additional authorization from the Township.

Lastly, municipalities sometimes request additional services from CGP&H throughout the court process, including preparation of additional documents for the courts, expert testimony, etc. CGP&H is prepared to assist in these activities as well, upon request, for an additional agreed upon fee and/or at our usual hourly rates as listed herein.

CGP&H will contract directly with developers to provide administrative agent services for new developments. As a result, this contract does not include affirmative marketing, waiting list maintenance, and/or income certifications.

HOUSING REHABILITATION

For services rendered by the Consultant, including that spent in the Consultant's office, under the terms of this contract, the Consultant shall be compensated at a blended hourly rate of \$115.00 per hour as follows:

SERVICE	FEE EXPLANATION
ADMINISTRATIVE SERVICES	
PHASE I: A. Procedures Manual and drafting of a Marketing Strategy and Related Marketing Materials B. Additional Services as Authorized including identifying additional group homes for credit and creating spending plan	Billed hourly. Not to exceed \$1,750.00 Billed hourly. Not to exceed \$3,000.00
PHASE II: A. Housing Rehabilitation Administration Activities	A. Billed hourly. Not to exceed \$3,250 for year one.
B. Ongoing Shared Services	B. Equal monthly payments of \$125 per month. This line item will not commence until the onset of actual program implementation. Not to exceed \$625 in first year.
DIRECT PROGRAMMATIC SERVICES (PHASE II)	
A. Comprehensive Case Management	A. Per Unit (single family or first unit in a multi-family dwelling) billed hourly. Average \$5,500 per unit.
B. Discount for Multiple Dwelling Structures	B. Per each additional unit (within multi-family dwelling) billed hourly. Average \$1,250 per unit.

HOUSING REHABILITATION ADMINISTRATIVE SERVICES - PHASE I:

A. Procedure Manual and Creation of a Marketing Strategy and Implementation

Materials: Creation of Policies and Procedure Manual for administration of the Township's Housing Rehabilitation Program. Development of a comprehensive marketing strategy with input from the Township. Creating appropriate web site postings, flyers, information packages, for initial marketing purposes to develop an active waiting list for the housing rehabilitation program.

HOUSING REHABILITATION ADMINISTRATIVE SERVICES - PHASE II:

These PHASE II services will not commence without authorization from the Township to proceed.

A. Day to Day Housing Rehabilitation Administration Activities: this includes, but is not limited to creation of program forms, conducting ongoing homeowner marketing outreach activities, maintaining applicant pool and follow-up to homeowners invited to apply but yet to submit application, field intake of potential applicants and processing of homeowner preliminary applications, maintenance of program file record-keeping, including an excel or access rehab log; all necessary local and DCA reporting requirements, preparation for and attending required meetings, general program administration and other duties as assigned by the Township. This also includes post kickoff marketing activities.

B. Shared Services: This includes contractor outreach, intake of new interested contractor applications, qualifying new contractors, maintaining contractor database and individual records, updates to rehab work specifications templates and compliance research.

HOUSING REHABILITATION DIRECT PROGRAMATIC SERVICES - PHASE II:

These PHASE II services will not commence without authorization from the Township to proceed.

A. Comprehensive Case Management: Comprehensive case management services as defined in the scope of services, including but not limited to Application Processing, Initial Inspections, Rehab Work Cost Estimate, Bid Specifications, Contractor Bid Process,

Contractor Award Determination, Loan Closings, Construction Inspections, Reporting, and Case Close Out Activities. Includes up to four units in year one. We are recommending approximately 8-10 units a year following the startup year, or whatever is required to meet the Township's 2025 housing rehabilitation (for existing residents) obligation.

B. Multiple Dwelling Structures: Full case management services, as identified above, for each additional unit within dwelling, if and when a multi-family unit is assisted.

The following fees may apply to the Township only if the need arises:

Additional Housing Rehabilitation Services, as Needed	Structure	Fee
Services related to any cases that are terminated due to circumstances outside the control of CGP&H, including determination of either homeowner or property ineligibility, voluntary withdrawal by the homeowner, or homeowner's failure to follow other program rules, including violations of local ordinances, falsification of eligibility documents, etc.	Hourly Per Case	Hourly
For services related to the program inspector's discovery during the initial property inspection of non-compliant occupancy or recently completed or ongoing home improvements without required municipal permits, the consultant will bill hourly, up to 3 hours per case for all work required to get the homeowner to rectify the situation and become municipally compliant before the case can continue in the program with the standard case processing procedures. <i>*Township has the option to pass on this additional cost to the homeowner.</i>	Hourly Per Case	Hourly, up to 3 hours per case for compliance items*
If the homeowner delays the preconstruction process for any reason, including rectifying non-compliance discovery (see above section), which then makes the state mandated certificate of eligibility period expire prior to the signing of the construction agreement, CGP&H will be required to reverify household income. Re-verification of income will also be billed hourly, up to 4 hours per case. <i>* Township has the option to pass on this additional cost to the homeowner.</i>	Hourly Per Case	Hourly, up to 4 hours per case to re-verify income*
On occasion, there are secondary or supplemental funding sources available to assist a unit get fully up to code in cases where the program's funding limits and the homeowner's ability to provide their own funding are insufficient. To avoid abandoning the case since it cannot be brought up to code with available funding, we can partner with other funding sources in some cases to make the project work. The Consultant can bill up to 3 hours for initial research to determine if partnering source is an option for the particular case, and if so, then coordination of same with secondary funding source. If more than 3 hours is needed to fulfill the partnering of funds process, CGP&H will not continue without additional direct written authorization from the municipality to bill beyond the 3 hours to finalize the partnering of funds to bring the unit up to code to obtain COAH credit for that unit.	Hourly Per Case	Hourly, up to 3 hours per case for partnering funds.
While extremely rare, if during or after the completion of a housing rehabilitation case there are contract disputes, warranty claims or other kinds of disputes causing the municipality to request mediation or intervention by CGP&H, this work will only proceed upon written authorization from the municipality and will be conducted at our regular hourly rates. When a homeowner or contractor contacts CGP&H directly, CGP&H can bill up to 2 additional hours to attempt to resolve it expediently, prior to seeking written authorization from the municipality.	Hourly Per Case	Hourly, up to 2 hours per case for warranty claims.
For cases that require more than one bid opening (due to non-receipt of a qualified bid, contractor replacement or specialty contractor need on portion of rehab work); CGP&H will bill hourly per each re-bid process which includes re-sending updated bid notice and bid packages, additional bid opening, and review of bids received.	Hourly Per Case	Hourly, up to 4 hours maximum per case
Reimbursement for direct costs for large scale printing jobs; postage; mailings; poster production; overnight deliveries, etc.	Itemized in Invoice	\$450/year (maximum)

Charges to be paid by the Housing Rehabilitation Contractor to CGP&H

- 1. Failed Final Inspection:** If a contractor requests a final inspection, and fails to meet the specifications of the Work Write-Up, the contractor will be charged \$350.00 to partially cover the cost of having to conduct a second inspection and preparing the accompanying inspection reports. Charges for each failed final inspection will be issued directly from the contractor to CGP&H, as specified in the Housing Rehabilitation Contractor's Agreement. CGP&H will notify the Township if this penalty is ever levied against a contractor.
- 2. Unjustified Construction Delays:** Unjustified Construction Delays that require CGP&H's additional follow-up with contractor. This will be specified in the construction agreement as a \$50 a week penalty to the contractor paid directly to CGP&H if the penalty is imposed. CGP&H will notify the Township if this penalty is ever levied against a contractor.

Charges to be paid by the Homeowner to CGP&H

- 1. Subordination Requests:** To cover the cost of processing of subsequent Program Mortgage Subordination Requests during the affordability control period, the homeowner will be charged a flat fee of \$150 per subordination request.

EXCLUSIONS:

The following services are specifically excluded from the scope of services to be provided under this agreement:

1. All engineering and architectural services related to the rehabilitation of residential structures, and the coordination thereof.
2. In the rare cases where such funding is needed, those costs can come from the construction funding side of the particular case these exceptional services.
3. All legal services as may be required to administer the program or resolve a dispute between a homeowner and a contractor.
4. Direct costs such as advertising, reproduction, and overnight mail or messenger services above the amounts listed in the above fee schedule.
5. Relocation assistance, in the extremely rare event that a household must be relocated during the construction phase.
6. The processing and preparation of subordination agreement

7. CGP&H is not responsible for serving as the property manager of any rental units.
8. Lead based paint testing services. CGP&H owns XRF lead based paint testing instruments. The company has highly trained lead-based paint testing inspectors and we possess all of the necessary NJDEP and NJDCA licenses. While CGP&H is fully prepared to provide these services at the Township's request, it is not a state mandate and is therefore not included in this scope of work. CGP&H will be happy to provide a quote for these services upon the Township's request.

RESPONSIBILITIES OF THE TOWNSHIP

The Township shall:

1. Provide to CGP&H the name, title and telephone number of the municipal official who shall be responsible for liaison with CGP&H on all matters related to this Agreement;
2. Use its best efforts to ensure that applicable local ordinances are not in conflict with either the Rules or the provisions of this Agreement;
3. Ensure that all restricted units are identified as affordable within the tax assessor's office and any municipal utility authority (MUA). The Township and MUA shall attempt to promptly notify CGP&H of a change in billing address, payment delinquency of two billing cycles, transfer of title, or institution of a writ of foreclosure on any affordable units.
4. Provide all reasonable and necessary assistance to CGP&H in support of efforts to enforce provisions of the Act, the Rules, deed covenants, mortgages court decisions or other authorities governing the affordability control services to be provided under the Agreement.

SCHEDULE B
N.J.S.A. 10-5-31 et seq., (N.J.A.C. 17-27)
MANDATORY AFFIRMATIVE ACTION LANGUAGE
GOODS PROFESSIONAL SERVICES AND GENERAL SERVICE CONTRACTS

During the performance of this contract, the contractor agrees as follows:

- a. The contractor or subcontractor, where applicable, will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation or sex. Except with respect to affectional or sexual orientation, the contractor will take affirmative action to ensure that such applicants are recruited and employed, and that employees are treated during employment, without regard to their age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation or sex. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Public Agency Compliance Officer setting forth provisions of this nondiscrimination clause.
- b. The contractor or subcontractor, where applicable will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation or sex.
- c. The contractor or subcontractor, where applicable, will send to each labor union or representative or workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer advising the labor union or workers' representative of the contractor's commitments under this act and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- d. The contractor or subcontractor, where applicable, agrees to comply with the regulations promulgated by the Treasurer pursuant to **N.J.S.A. 10:5-31 et seq.** as amended and supplemented from time to time and the American with Disabilities Act.

- e. The contractor or subcontractor agrees to make good faith efforts to employ minority and women workers consistent with the applicable county employment goals established in accordance with **N.J.A.C 17:-5.2.** or a binding determination of the applicable county employment goals determined by the Division pursuant to **N.J.A.C.17:27-5.2.**
- f. The contractor or subcontractor agrees to inform in writing appropriate recruitment agencies including, but not limited to, employment agencies, placement bureaus, colleges, universities, labor unions, that it does not discriminate on the basis of age, creed, color, national origin, ancestry, marital status, affectional or sexual orientation or sex, and that it will discontinue the use of any recruitment agency which engages in direct or indirect discriminatory practices.
- g. The contractor or subcontractor agrees to revise any of its testing procedures, if necessary, to assure that all personnel testing conforms with the principles of job-related testing, as established by the statutes and court decisions of the State of New Jersey and as established by applicable Federal Law and applicable Federal Court decisions.
- h. In conforming with the applicable employment goals, the contractor or subcontractor agrees to review all procedures to transfer, upgrading, downgrading and layoff to ensure that all such actions are taken without regard to age, creed, color, national origin, ancestry, marital status, affectional or sexual orientation or sex, consistent with the statutes and court decisions of the State of New Jersey, and applicable Federal law and applicable Federal court decisions
- i. The contractor shall submit to the public agency, after notification of award but prior to execution of a goods and services contract, one of the following three documents:

Letter of Federal Affirmative Action Plan Approval

Certificate of Employee Information Report

Employee Information Report Form AA302

- j. The contractor and its subcontractor shall furnish such reports or other documents to the Division of Contract Compliance and EEO as may be requested by the Division from time to time in order to carry out the purposes of these regulations, and public agencies shall furnish such information as may be requested by the Division of Contract Compliance and EEO for conducting a compliance

investigation pursuant to **Subchapter 10 of the Administrative Code at N.J.A.C.17:27.**

COMPANY CGP& H, LLC

SIGNATURE



TITLE

President

DATE

9/14/18

REC'D OCT 05 2018

Township of Cranford

8 Springfield Avenue • Cranford, New Jersey 07016-2199
(908) 709-7200 @ Fax (908) 276-7664
www.cranford.com/township

October 2, 2018

Mr. John Burton, C.O.O
CGP&H
101 Interchange Plaza, Suite 301
Cranbury, NJ 08512-3716

Re: Administration of Affordable Housing Units Contract

Dear Mr. Burton,

Enclosed please find a fully executed contract between CGP&H and the Township of Cranford.

If you have any questions, please do not hesitate to call me at 908-709-3982.

Very truly yours,



Diane Morris
Administrative Assistant
Township Clerk's Office

encl:

cc: Finance Department
Zoning Department

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APPENDIX H.

ORDER GRANTING RELIEF IN EXCLUSIONARY ZONING, DATED DECEMBER 9, 2011

FILED
DEC / 9 2011
HON. LISA F. CRYSTAL JSG

SUPERIOR COURT OF NEW JERSEY
UNION COUNTY - LAW DIVISION
DOCKET NOS. UNN-L-0140-08
UNN-L-003759-08

LEHIGH ACQUISITION CORP.,
Plaintiffs,

vs.

TOWNSHIP OF CRANFORD and
PLANNING BOARD OF THE
TOWNSHIP OF CRANFORD,
Defendants;

and

CRANFORD DEVELOPMENT
ASSOCIATES, LLC, a limited liability
company organized under the laws of
the State of New Jersey, SAMUEL
HEKEMIAN, PETER HEKEMIAN,
JEFFREY HEKEMIAN, and ANN
KRIKORIAN as trustee for RICHARD
HEKEMIAN and MARK HEKEMIAN,
Plaintiffs,

vs.

TOWNSHIP OF CRANFORD, MAYOR
AND COUNCIL OF THE TOWNSHIP
OF CRANFORD and the PLANNING
BOARD OF THE TOWNSHIP OF
CRANFORD,
Defendants.

Civil Action

**ORDER GRANTING RELIEF IN
EXCLUSIONARY ZONING
LITIGATION**

This matter having come before the Court for decision on July 29, 2011,
as to all remaining issues pertaining to the claims made by Cranford
Development Associates et al and the defenses to those claims in the presence
of Stephen Eisdorfer, Esq., counsel for plaintiffs Cranford Development

Associates et al, and Carl Woodward, Esq. and Brian Fenlon, Esq., counsel for defendants Township of Cranford et al; and

The Court having previously resolved certain issues by orders granting partial summary judgment entered on March 20, 2009, and June 23, 2011; and

Issues pertaining to claims made by plaintiff Lehigh Acquisition Corp. having been resolved by negotiated settlement approved by the Court by order entered on January 28, 2011; and

The Court having considered the evidence presented at the plenary bench trial conducted on August 2, August 3, August 5, August 9, August 10, August 11, August 12, August 16, August 18, and September 27, September 28, and September 29, 2100, including the reports and testimony of the court-appointed special master; a view of the property at 215-235 Birchwood Avenue taken by the Court in the presence of counsel and engineering experts for all parties; pretrial briefs, post-trial written summations and proposed findings of fact and conclusions of law submitted by the parties; and oral summations

presented by counsel on December 13, 2010, and

heard arguments on Dec. 9, 2011 and reasons set forth on the record

The Court having determined for reasons set forth in its oral opinion of

July 29, 2011, to grant a site-specific builder's remedy to plaintiffs Cranford

Development Associates et al on specified terms and to award other relief,

It is on this 9th day of Dec, 2011, hereby DECLARED and ORDERED:

1. As of November 12, 2008, the date of the filing of the Cranford

Development Associates litigation, the activities undertaken by Cranford

Township to meet its constitutional fair share housing obligation fell at least 54 units short of meeting its so-called prior round (1987-99) obligation and present indigenous need obligation. It fell short of meeting its fair share housing obligation by at least that margin regardless of what its prospective (post-1999) need obligation might be.

2. Upon defendants' trial motion for reconsideration, based on the additional evidence adduced at trial, of the Court's order of June 23, 2010, granting plaintiffs' motion for partial summary judgment on the defense of good faith negotiations, the June 23, 2010, order is reaffirmed and defendants' motion is denied.

3. Because plaintiffs have satisfied all of the criteria for a site-specific builder's on their property located at 215-235 Birchwood Avenue, Cranford, NJ, they are entitled to construct an inclusionary residential development on that property consisting of up to 360 multifamily residential units, of which 15 percent shall be reserved for, and affordable to, low and moderate income households.

4. Plaintiffs are entitled to construct the inclusionary development in accordance with the concept plan, entitled Concept Site Plan, prepared by the Lessard Group, July 30, 2010, offered in evidence as P-63 and P-63A, subject to the following conditions:

a) The development may include up to, but no more than, 360 multifamily residential units.

- b) The maximum height of Building A shall be three floors of residential units above one level of parking.
- c) The average setback of the buildings from Birchwood Avenue shall be 30 feet, with a minimum setback of 25 feet.
- d) Building A, the garage and the surface parking shall be redesigned to incorporate an additional 10 feet of landscaped buffer along the eastern lot line 235 Birchwood Avenue. The landscaping shall consist of evergreen trees.
- e) An additional row of evergreen trees shall be planted along the southern edge of parking lot.
- f) Sufficient parking shall be provided on the property to maintain a ratio of 1.85 parking spaces per residential unit. If provision of that number of parking spaces requires construction of an additional level of garage parking, plaintiffs shall construct that level as part of the initial construction of the garage.
- g) Total impervious surface of the project, as defined in N.J.A.C. 7:8-1.2 (definition of "impervious surface"), or such successor stormwater management regulations as may be promulgated by the State of New Jersey, shall not exceed the existing impervious surface.
- h) No buildings permits shall be issued for this project unless plaintiffs have secured all necessary permits from the New Jersey Department of Environmental Protection.

- i) The low and moderate income units shall conform to the terms of Uniform Housing Affordability Controls promulgated by the New Jersey Department of Community Affairs, N.J.A.C. 5:80-26.1, or such successor standards as may be promulgated by the State of New Jersey.
 - j) Plaintiffs may alter the layout of the project set forth in Exhibits P-63 and P-63A to bring the project into conformance with the foregoing conditions and the terms of any permits issued by NJDEP.
5. Within 120 days after entry of this order, defendants, acting in consultation with plaintiffs and the Special Master, shall amend the master plan and zoning ordinance of Cranford Township so as to permit development of the property at 215-235 Birchwood Avenue in accordance with the paragraphs 3 and 4 of this Order as a matter of right and without the need for any variances, exceptions or waivers.
6. The Court declares that, upon adoption of a revised housing element and fair share plan incorporating the following elements, provision of the necessary documentation to the Special Master, and adoption of the necessary implementing ordinances, Cranford Township will have satisfied its constitutional fair share housing obligation, including its prior round need obligation, its present indigenous need obligation, and its prospective (post-1999) need obligation and will be eligible for entry of a judgment of compliance:

Activity	Credits (units)
Cranford Development Associates project	54
Lehigh Acquisition project	24
Lincoln Apartments (age-restricted)	37

Lincoln Apartments (excess over prior round cap for age-restricted housing)	63
Alternate Living Arrangements*	20
Riverside Redevelopment	16
Needlepoint Homes	1
Substandard units previously rehabilitated by Union County*	15
Substandard units to be rehabilitated through program to be implemented by Cranford Township	40
	270 (plus such bonus credits as may be authorized by law)

7. Within 120 days after entry of this order, defendants, acting in consultation with plaintiffs and the Special Master, shall amend the Housing Element and Fair Share Plan of Cranford Township to conform to the terms of paragraph 6 above, provide to the Special Master the documentation necessary to demonstrate that the starred items in paragraph 6 create realistic housing opportunities, and adopt all necessary implementing ordinances.

8. Elizabeth McKenzie shall continue to serve as Special Master. She shall consult with the parties to facilitate the implementation of this order. Within 150 days of the entry of this order, the Special Master shall submit a written report to this Court as to extent and adequacy of the actions taken by defendants in implementation of this order.

9. Commencing from the date of entry of this order, the reasonable fees and expenses of the Special Master shall be solely the responsibility of the defendants and shall be paid on timely basis.

10. The Court appoints Douglas Wolfson, Esq. as Special Hearing Examiner in this matter. The Special Hearing Examiner shall assume the jurisdiction of the Planning Board and conduct public hearings consistent with the requirements of the Municipal Land Use Law on applications for preliminary and final site plan approval for the Cranford Developments Associates' project consistent with terms of this Order. The Special Hearing Examiner shall thereafter make a recommendation to the Court concerning approval of the applications. The Court shall either grant or deny the applicants for preliminary and final site plan approvals as well as any relevant ancillary variances pursuant to N.J.S.A. 40:55D-70(c), exceptions or waivers pursuant N.J.S.A. 40:55D-51, and de minimus exceptions to the Residential Site Improvement Standards pursuant to N.J.A.C. 5: 21-3.1. The Court also reserves the right to attach reasonable conditions to any approval.

11. The reasonable fees and expenses of the Special Hearing Examiner shall be ~~solely the responsibility of the defendants~~ *shared 50/50 between the parties* and shall be paid on timely basis.

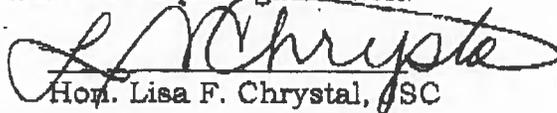
12. Upon compliance by defendants with paragraphs 5 and 7 of this Order, the Court shall, upon application by any party, enter of a final judgment of compliance for a period commencing with date of the entry of the judgment and continuing until December 31, 2018.

13. Defendants' trial motions to exclude from evidence reports and maps prepared by plaintiffs' engineering expert Michael Dipple dated August 6, 2010, and August 19, 2011, and to bar the testimony of Michael Dipple based upon

reports, letters and maps dated August 6, 2011, August 19, 2011, and September 2, 2011, is hereby denied.

14. Defendants' trial motion to bar as "net opinion" testimony by plaintiffs' planning expert David Kinsey concerning parking is hereby denied.

15. Plaintiffs' claim for attorney fees and litigation expenses under the New Jersey Civil Rights Act, N.J.S.A. 10:6-2 and R. 4:42 is hereby denied on the grounds that plaintiffs have not made out a claim under the Civil Rights Act that can be granted and plaintiffs are not otherwise entitled to attorney fees or litigation expenses in connection with an action in lieu of prerogative writ.


Hon. Lisa F. Chrystal, JSC

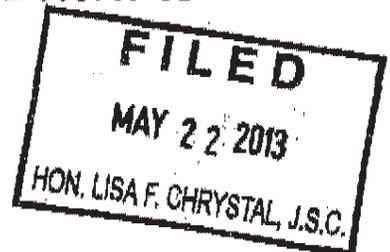
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APPENDIX I.
FINAL JUDGMENT OF COMPLIANCE, DATED MAY 22, 2013

SUPERIOR COURT OF NEW JERSEY
UNION COUNTY - LAW DIVISION
DOCKET NOS. UNN-L-003759-08

CRANFORD DEVELOPMENT ASSOCIATES, LLC, a limited liability company organized under the laws of the State of New Jersey, SAMUEL HEKEMIAN, PETER HEKEMIAN, JEFFREY HEKEMIAN, and ANN KRIKORIAN as trustee for RICHARD HEKEMIAN and MARK HEKEMIAN, Plaintiffs,

Civil Action



FINAL JUDGMENT OF COMPLIANCE

vs.

TOWNSHIP OF CRANFORD, MAYOR AND COUNCIL OF THE TOWNSHIP OF CRANFORD and the PLANNING BOARD OF THE TOWNSHIP OF CRANFORD, Defendants.

This matter having come before the Court on the 22nd day of April 2013, in presence of Stephen Eisdorfer, Esq., counsel for Plaintiffs Cranford Development Associates LLC et al ("CDA"), Carl Rizzo, Esq. counsel for Plaintiff Lehigh Acquisition Corp. ("Lehigh"), Peter Wolfson, Esq., counsel for WP Cranford LLC, Philip Morin, Esq., counsel for Defendants Township of Cranford et al ("Defendants"), and Laura Smith-Denker, Esq., counsel for Objector Fair Share Housing Center, Inc. on the joint motion of CDA and the Defendants for entry of a Final Judgment of Compliance; and

The Court having determined that adequate notice of the hearing and the opportunity to submit written objections was given by publication and by mail

to entities and organizations in the Essex, Morris, Union, and Sussex housing region representing the interests of low and moderate income households; and

The Court having determined the claims by Lehigh Acquisition Corp. for a site specific builders remedy on the its property at 555 South Avenue in Cranford Township, formerly consolidated with the present action, were resolved by negotiated settlement approved by the Court by order entered on January 28, 2011, and that those claims were severed from the present action by Order entered on March 22, 2013; and

The Court having decided certain issues by orders granting partial summary judgment entered on March 20, 2009, and June 23, 2011; and

The Court having determined for reasons set forth in its oral opinion of July 29, 2011, to grant a site-specific builder's remedy to plaintiffs Cranford Development Associates et al on specified terms and to award other relief and having entered an order granting a site specific builder's remedy to plaintiffs on December 9, 2011; and

The Court having set conditions for the entry of a final judgment of compliance in its order of December 9, 2011; and

The Court having denied Defendants' motions for reconsideration of its Order of December 9, 2011, by oral opinion dated January 26, 2012; and for disqualification of the special master and new trial by order entered on December 17, 2012; and

The Court having previously ordered that Lehigh must appear at the hearing on April 22, 2013, and that it would be bound by the terms of any

judgment of compliance in this matter, even though its claims have been severed; and

The Court having reviewed the Housing Element and Fair Share Plan with supporting appendices adopted by the Planning Board of the Township of Cranford and approved the Township Committee of the Township of Cranford, dated April 3, 2013, and the Final Report submitted by Special Master Elizabeth McKenzie dated March 29, 2013; and

The Court having considered written objections submitted by John Hrebin, Elizabeth A. Sweeney, Kevin Campbell, Maria Anderson, Rita LaBrutto, Mark Smith, and the Fair Share Housing Center, Inc.; the oral testimony of Objectors Elizabeth A. Sweeney, Kevin Campbell, Maria Anderson, and Rita LaBrutto, and the arguments of counsel for Objector Fair Share Housing Center, Inc.; and

The Court having considered the oral comments of the Special Master McKenzie, the written responses of the various parties to the objections, and the arguments of the counsel; and

It further appearing to the Court that, for the reasons set forth in its oral opinion of April 22, 2013, a final judgment of compliance should be entered in favor of defendants,

It is on this ____ day of ____, 2013, hereby ORDERED and ADJUDGED as follows:

1. The Court DECLARES that Cranford Township's fair share housing obligation, which is its fair share of the unmet need for safe, decent housing

affordable to low and moderate income households for the Essex-Morris-Sussex-Union Housing Region, is comprised of an indigenous need of 55 units, and a prior round (i.e., pre-1999) need of 138 units, plus that portion of the third round (post-1999) need that can be satisfied on the available vacant developable land and imminently redevelopable land within the municipality (the so-called realistic development potential) of 5 units.

2. The Court DECLARES that the Housing Element and Fair Share Plan dated April 3, 2013, creates sufficient realistic opportunities for the provision of safe, decent housing affordable to low and moderate income households to satisfy Cranford Township's fair share housing obligation quantified in paragraph 1.

3. The Court DECLARES that, in addition to the housing obligation quantified in paragraph 1, Cranford Township may have an additional unmet third round housing obligation that has not yet been quantified. The Court further DECLARES that the Housing Element and Fair Share Plan dated April 3, 2013, creates realistic opportunities for the provision of safe, decent housing affordable to low and moderate income households that satisfies a portion of such additional obligation, if any.

4. The Court ORDERS Defendants to take the steps necessary to effectuate the Housing Element and Fair Share Plan set forth at pages 23 to 26 of the Final Report of the Special Master, which are attached as Exhibit A, and incorporated herein by reference. Except as otherwise specified in the Final Report of the Special Master, all actions required of the defendants, or any of

them, shall be taken within 45 days after the entry of this Judgment of Compliance.

- a) In implementation of its Housing Element and Fair Share Plan, Defendant Township of Cranford may elect to establish a locally administered and controlled Affordable Housing Trust Fund. If it is required to enter into an escrow agreement with the Council on Affordable Housing (COAH), it is ORDERED that, under any circumstances, the funds in the Affordable Housing Trust Fund shall be spent in Cranford for the benefit of its housing programs and shall not be available for appropriation by the State of New Jersey for any other purpose.
- b) Cranford Township may elect to reallocate credit for certain of the low and moderate income housing units provided for by its Housing Element and Fair Share Plan between its Prior Round and Third Round housing obligations: credit for 2 units in the Lehigh Acquisition project allocated in the Housing Element and Fair Share Plan to satisfaction of the Third Round housing obligation may be reallocated to satisfaction of the Second Round housing obligation; credit for 2 units in the CDA project allocated to the Second Round obligation may be reallocated to satisfaction of the Third Round housing obligation. This reallocation of credits shall not have any effect upon the site-specific builder's remedy granted to CDA.

- c) No later than 90 days after the entry of this Judgment of Compliance and every 90 days thereafter, the Special Master shall submit a report in writing to the Court and the parties as to the extent to which Defendants have taken the steps necessary to effectuate the Housing Element and Fair Share Plan set forth at pages 23 to 26 of the Final Report of the Special Master. She shall continue to submit such periodic reports until Defendants have taken all the steps necessary to effectuate the Housing Element and Fair Share Plan set forth at pages 23 to 26 of the Final Report of the Special Master.
- d) If Defendants fail to take the steps necessary to effectuate the Housing Element and Fair Share Plan set forth at pages 23 to 26 of the Final Report of the Special Master, any interested party may, upon written notice to all the parties to this litigation, apply to the Court for further relief or, alternatively, the Court may upon notice to all the parties, entertain such an application sua sponte.

5. The Court ORDERS Lehigh and CDA, and their successors and assigns, to take the steps required of them at pages 23 to 26 of the Final Report of the Special Master to facilitate construction of the low and moderate income housing units in their projects.

6. Except insofar they are expressly modified or vacated by this order, all prior orders entered by the Court in this matter shall remain in force.

7. Elizabeth McKenzie shall continue to serve as Special Master until further order of the Court. She shall consult with the parties as required to facilitate the implementation of this order.
8. The reasonable fees and expenses of the Special Master shall continue to be solely the responsibility of the defendants and shall be paid on timely basis.
9. The Court ORDERS that, upon the entry of this Judgment, the Township of Cranford is entitled to a period of repose from further exclusionary zoning litigation, in accordance with the terms set forth in *Southern Burlington County NAACP v. Mt. Laurel Township*, 92 N.J. 158 (1983). The period during which defendants are deemed to be in compliance with their obligations under the New Jersey Constitution and the Fair Housing Act of 1985 and entitled to repose from further exclusionary zoning litigation shall both continue until December 31, 2018, subject to their continuing compliance with all the terms of this Final Judgment of Compliance.
10. When Cranford Township's Third Round (post-1999) fair share housing obligation is formally quantified by the COAH or a lawfully designated successor entity, Defendants shall amend Cranford Township's Housing Element and Fair Share Plan to address any unmet need resulting from the assignment of a Third Round housing obligation in excess of the five unit realistic development potential (RDP) provided for in its Housing Element and Fair Share Plan. No later than one calendar year after the COAH or a lawfully designated successor entity has taken formal action quantifying Cranford Township's Third Round (post-1999) fair share housing obligation, Defendants

shall apply to the COAH (or its successor entity) or the Court, as may be authorized by law, for approval of such amended Housing Element and Fair Share Plan and shall diligently prosecute that application.

11. The Court retains jurisdiction of this matter for the limited purpose of enforcing this Final Judgment of Compliance and other orders entered in this matter.

12. Except as otherwise provided by the orders of this Court, each party shall bear its own costs and expenses. In accordance with the Court's order of June 23, 2011, CDA is not entitled to award of attorney fees or litigation expenses.

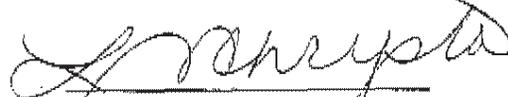

Hon. Lisa F. Chrystal, JSC

EXHIBIT A

ELIZABETH C. MCKENZIE, P.P., P.A.

COMMUNITY PLANNING AND DEVELOPMENT

9 MAIN STREET

FLEMINGTON, NEW JERSEY 08822

TELEPHONE (908) 782-5564

TELEFAX (908) 782-4056

ecmcke@embarqmail.com

REPORT OF THE SPECIAL MASTER FINAL COMPLIANCE REPORT

in

Lehigh Acquisition Corp. v. Township of Cranford, et al., Docket No.:
UNN-L-0140-08, and Cranford Development Associates, LLC, et al. v.
Township of Cranford, et al., Docket No.: UNN-L-3759-08

Township of Cranford, Union County, New Jersey

Submitted to

The Honorable Lisa Chrystal, JSC

March 29, 2013

my recommendation that the Township be entitled to Repose as to both its prior round and third round fair share obligations through December 31, 2018.

1. All inclusionary developments in the Compliance Plan will have to be appropriately deed restricted and administered by the Township's Administrative Agent to ensure that they comply with UHAC Rules regarding administration, affirmative marketing and affordability controls and all other requirements of N.J.A.C. 5:97-6.4, pertaining to inclusionary developments. As well, the CDA development will have to comply with all provisions of the December 9, 2011, Order Granting Relief in Exclusionary Zoning Litigation and all conditions of site plan approval, and the Lehigh development will have to comply with all provisions of the January 28, 2011, Consent Judgment for Builder's Remedy, all conditions of the amended Redevelopment Plan for that site and all conditions of site plan approval.

2. The Township shall adopt its new Affordable Housing Ordinance within 45 days of the entry of a Final Judgment of Compliance and Repose.

3. The Township shall adopt its Affirmative Marketing Plan Resolution within 45 days of the entry of a Final Judgment of Compliance and Repose.

4. The Township shall perfect and adopt its draft Development Fee Ordinance within 45 days of the entry of a Final Judgment of Compliance and Repose. Should the Township elect the option of establishing an Affordable Housing Trust Fund, it shall enter into a three-way escrow agreement with COAH and the Bank. The Development Fee Ordinance (and the executed escrow agreement) shall be forwarded to COAH within seven (7) days of the adoption of the Development Fee Ordinance and/or the establishment of the Trust Fund, whichever occurs later, and no fees shall be collected until COAH has approved these documents.

5. The proposed Spending Plan shall be corrected and adopted by Resolution of the governing body within 45 days of the entry of a Final Judgment of Compliance and Repose. Similarly, the Township shall adopt the proposed Resolution of Intent to Fund any Shortfall in the moneys available for its affordable housing (rehabilitation) program, also within 45 days of the entry of a Final Judgment of Compliance and Repose. Approval of these documents by the Court is for the purpose of directing Cranford to submit them to COAH for review and approval, as COAH has exclusive authority to review and approve Spending Plans for the disposition of funds from an Affordable Housing Trust Fund. Submission of these documents to COAH shall occur simultaneously with the submission of the adopted Development Fee Ordinance and executed escrow agreement addressed in condition 4. herein.

6. The Ordinance to create the position of Municipal Housing Liaison and the Resolution appointing someone to fill the position of Municipal Housing Liaison, as well as the execution of a contract with a duly qualified Administrative Agent shall all occur within 45 days of the entry of a Final Judgment of Compliance and Repose. The costs of the Administrative Agent shall be paid by the owners of inclusionary developments or affordable units for all services rendered in connection with their particular developments or units.

7. The Township shall retain the services of a Rehabilitation Administrator and adopt a customized rehabilitation manual before the end of 2013 and shall continuously fulfill the funding commitments reflected in the approved Spending Plan and the Resolution of Intent to Fund any Shortfall. Additionally, Cranford shall regularly advertise the availability of its housing rehabilitation program. As a minimum, fliers advertising the availability of the program shall be included with the annual municipal tax bills. Nothing herein shall prevent the Township from entering into a shared

services agreement for the administration of the rehabilitation program, as long as the program complies fully with COAH's Rules.

8. Cranford shall have an adjusted third round fair share obligation (RDP) of five (5) units. In addition, Cranford shall be required to return to the Court or to COAH (or COAH's successor agency) within a year of the issuance of third round fair share numbers and present its proposals for addressing any Unmet Need obligation it may have based on the third round obligation assigned to it. The plan to address the Unmet Need, once the third round obligation has been quantified, may be reviewed and approved as an amendment or supplement to the Court-approved Housing Element and Fair Share Plan on which the Township's Final Judgment of Compliance and Repose is based.

9. In order for the remaining three units (not used to satisfy the prior round obligation) in the Riverfront Redevelopers, LLC, project to qualify for crediting against the third round RDP, the filed deed restriction shall reflect the following bedroom mix for all 19 affordable units: a maximum of three (3) one-bedroom units, a minimum of four (4) three-bedroom units and twelve (12) two-bedroom units. This will require two of the two-bedroom market units to be redesignated as affordable units and two of the one-bedroom affordable units to be redesignated as market units.

10. In order to claim credit for the affordable unit in the Needlepoint Homes development against the third round RDP, the Township must ensure that when the affordable unit is vacated by its current (non-qualified) occupant, it will be affirmatively marketed (for a period of 120 days), will be rented only to a qualified low income household at an affordable rent, and will be deed restricted as a low income unit for a period of at least 30 years from the time the unit is leased to a qualified low income household.

11. If the Township is able to obtain all of the necessary documentation for the two Community Access Unlimited special needs homes, it should be able to apply any credits available for these facilities against any portion of the third round obligation.

12. Within 60 days of the entry of the Final Judgment of Compliance and Repose, the Township shall provide COAH with copies of all materials and records of the Court proceedings needed for COAH to undertake annual monitoring of the implementation of the Housing Element and Fair Share Plan.

APPENDIX J.
REPORT OF THE SPECIAL MASTER FINAL COMPLIANCE REPORT,
PREPARED BY ELIZABETH MCKENZIE, DATED MARCH 2013

ELIZABETH C. MCKENZIE, P.P., P.A.

COMMUNITY PLANNING AND DEVELOPMENT

9 MAIN STREET

FLEMINGTON, NEW JERSEY 08822

TELEPHONE (908) 782-5564

TELEFAX (908) 782-4056

ecmcke@embarqmail.com

**REPORT OF THE SPECIAL MASTER
FINAL COMPLIANCE REPORT**

in

**Lehigh Acquisition Corp. v. Township of Cranford, et al., Docket No.:
UNN-L-0140-08, and Cranford Development Associates, LLC, et al. v.
Township of Cranford, et al., Docket No.: UNN-L-3759-08**

Township of Cranford, Union County, New Jersey

Submitted to

The Honorable Lisa Chrystal, JSC

March 29, 2013

TABLE OF CONTENTS

	Page
INTRODUCTION	1
SUMMARY OF PROCEEDINGS TO DATE	2
CRANFORD'S FAIR SHARE OBLIGATION	3
CRANFORD'S PAST AFFORDABLE HOUSING ACTIVITIES	5
CRANFORD'S PROPOSED COMPLIANCE PLAN	12
Prior Round Obligation	12
Rehabilitation Obligation	15
Third Round Obligation	16
Administrative Issues	18
Repose Issues	20
CONCLUSION	22
APPENDICES	following page 26
Fair Share Housing Center Letter of June 5, 2012	
Appendix C of N.J.A.C. 5:97	
CREDENTIALS	following Appendices

INTRODUCTION

This report evaluates the extent to which Cranford Township's amended Housing Plan Element and Fair Share Plan, scheduled for adoption on April 3, 2013, addresses and satisfies the Township's known and anticipated fair share for low and moderate income housing.

It is the conclusion of this report that Cranford's 2013 Housing Plan Element and Fair Share Plan ("the Plan" or "the 2013 Plan") addresses in full the Township's prior round (1986-1999) fair share obligation and its rehabilitation obligation calculated based on year 2000 U.S. Census data and that the Township is eligible for a Judgment of Compliance and Repose.

The Township's capacity to accommodate new development to meet a third round obligation is severely limited, due to the lack of vacant and underdeveloped land remaining in the Township, and it is recommended that the Court approve an adjustment to the third round obligation based upon the Township's analysis of its Realistic Development Potential (RDP) for meeting a third round obligation. Approval of this adjustment would not eliminate any additional third round obligation the Township may have once new third round numbers have been assigned by COAH or a successor agency. If the third round obligation, once it is known, exceeds the Township's ability to satisfy the obligation with its currently proposed affordable housing programs, then the Township may have to further amend its Housing Element and Fair Share Plan to address the Unmet Need.

SUMMARY OF PROCEEDINGS TO DATE

In January of 2008, Lehigh Acquisition Corp. (Lehigh) filed a Mount Laurel lawsuit against the Township of Cranford alleging that the Township had failed to comply with its constitutionally mandated affordable housing obligations.

The property proposed for a builder's remedy by Lehigh was a 5.05 acre former Class II railroad property located at 555 South Avenue East (Block 511, Lot 1). The Lehigh property had already been declared an area in need of redevelopment by the Township and a redevelopment plan had been adopted for it in January of 2006 pursuant to N.J.S.A. 40A:12A-7. The Township's adopted redevelopment plan had permitted 80 *age-restricted* condominium units, of which 9 were to be affordable. Prior to Lehigh's filing of the lawsuit, there had been a period of negotiations between Lehigh and the Township during which time Lehigh had presented proposals for a higher density of development (and asked for removal of the age-restriction) but the density could not be agreed upon and the Township had not at the time consented to remove the age-restriction, so Lehigh sued, seeking the Court's approval for 186 units, with a 15% set-aside for affordable housing. In addition to the builder's remedy, Lehigh's complaint also sought scarce resource restraints on land and sewer service capacity.

In November of 2008, while Cranford Township was still dealing with the Lehigh lawsuit, Cranford Development Associates (CDA) filed a second Mount Laurel lawsuit against the Township of Cranford.

CDA is the owner of a 15.8 acre tract located at 215 and 235 Birchwood Avenue in Cranford (Block 291, Lot 15.01, and Block 292, Lot 2). These lots were zoned O-1; each contained an office building and associated parking lot(s). This tract had been the subject of a hotly contested request for rezoning sought by a prior contract purchaser in 2007. The rezoning sought in 2007 would have permitted a 128 unit *age-restricted*

multi-family inclusionary residential development on the tract. That proposal failed to gain municipal support (due to strong neighborhood opposition relating, primarily, to drainage and flooding concerns) and was ultimately withdrawn. The property owner sold the tract to CDA in 2008, and CDA made a number of unsuccessful attempts to have the Township Committee consider its proposal before filing the lawsuit. CDA's lawsuit sought a 419 unit inclusionary residential project, with a 15 percent set-aside for affordable housing.

The two lawsuits are captioned, respectively, Lehigh Acquisition Corp. v. Township of Cranford, et al, Docket No.: UNN-L-0140-08, and Cranford Development Associates, LLC, et al, v. Township of Cranford, et al, Docket No.: UNN-L-3759-08.

Ultimately, the Township settled with Lehigh agreeing to a development of 163 units, including 24 low and moderate income housing units. A Consent Judgment approving the settlement was entered by the Court in January, 2011, following a Fairness Hearing held in November, 2010.

CDA's proposal was the subject of a lengthy trial, and CDA was ultimately awarded a builder's remedy permitting that site to be developed with 360 total units, of which 15 percent, or 54, would be affordable to low and moderate income households. An Order approving the builder's remedy was entered by the Court on December 9, 2011. As part of that Order, the Honorable Lisa Chrystal, JSC, ordered Cranford to revise its Housing Plan Element and Fair Share Plan and adopt zoning regulations that would address its fair share obligation.

CRANFORD'S FAIR SHARE OBLIGATION

According to the New Jersey Council on Affordable Housing (COAH), Cranford's fair share obligation for the period between the end of 1986 and the end of 1999 is 148

units. These 148 units represent an obligation for the construction of new affordable housing units to meet regional low and moderate income housing obligations. The Township also has an obligation to provide for the rehabilitation of another 55 existing housing units in Cranford that are already occupied by qualified low and moderate income households, based on statistical data derived from the 2000 U.S. Census. In 2008, COAH had also projected a third round "growth share obligation" for Cranford of another 328 units, but the entire notion of using growth share as a means of determining municipal low and moderate income housing obligations was invalidated by the Appellate Court in 2010, so as of this writing, a growth share projection cannot be relied upon as a means of measuring Cranford's third round fair share obligation under the 1983 Mount Laurel II decision and pursuant to the 1985 New Jersey Fair Housing Act.

In light of the void that currently exists at the State level with respect to valid regulations for the determination and fulfillment of municipal third round affordable housing obligations, it is not possible to assign Cranford a definitive third round fair share obligation at this time. This does not mean that the Township does not have a third round obligation; it only means that the third round obligation has yet to be determined.

COAH never adopted revised third round Rules as it had been ordered to do by the Appellate Court in 2010, and it was subsequently abolished as a separate agency of the State of New Jersey under the Governor's Administrative Reorganization. The Appellate Division ruled that the abolition of COAH was illegal and ordered its reinstatement. In June of 2012, the Supreme Court rejected the Governor's request to stay the Appellate Division's decision, effectively reinstating COAH. Nevertheless, COAH has yet to reconvene and resume its duties under the Fair Housing Act. The Fair Housing Act invests COAH with certain powers and responsibilities, including the determination of municipal fair share allocations, which cannot be implemented unless COAH resumes its former role.

The Appellate Division's 2010 decision invalidating large portions of COAH's third round Rules has been appealed, and the Supreme Court has accepted certification and heard oral argument, but it has yet to rule on the issues addressed by the Appellate Division.

In light of the uncertainty surrounding the assignment of third round affordable housing obligations, the focus of this report will be on Cranford's status with respect to its prior round affordable housing obligation as previously determined by COAH and the rehabilitation share calculated by COAH based on the 2000 Census. Despite its invalidation of significant aspects of COAH's third round Rules, including those pertaining to the calculation of the third round fair share obligation, the Appellate Court specifically upheld those portions of the Rules dealing with the prior round obligation and the rehabilitation share.

The report will also look at Cranford's capacity to address a third round obligation based on its available vacant and underdeveloped land, and will evaluate the number of potential credits available to Cranford to satisfy both its Realistic Development Potential (as determined by the vacant land analysis) and any Unmet Need that may be found to exist once the municipal third round obligations have been issued by COAH or a successor agency.

CRANFORD'S PAST AFFORDABLE HOUSING ACTIVITIES

The Township of Cranford had not previously obtained approval of a housing plan element and fair share plan from COAH or from a Court. In fact, it adopted its first Housing Element and Fair Share Plan in December of 2008, after both lawsuits had already been filed.

The Township does have some affordable housing, however.

Lincoln Apartments

The Lincoln Apartments is an older (pre-1980s) affordable senior housing project to which another 100 age-restricted units were added in the early 1990's. The entire project is Township-owned and all of the units are affordable one-bedroom rental units. While not all 100 of the newer units will be eligible for crediting in the prior round, due to a 25 percent cap on the use of age-restricted units to meet the fair share obligation, a substantial number (up to 50) will be eligible, and some of the remaining units can be used to fulfill up to 25 percent of the third round obligation (or, assuming the vacant land adjustment is approved, up to 25 percent of the third round Realistic Development Potential (RDP) and up to 25 percent of the third round Unmet Need). The Appendix to the Township's Housing Element and Fair Share Plan contains the documentation required in COAH's Rules as to the qualification of this project for crediting, and I am satisfied as to the creditworthiness of the 100 age-restricted rental units constructed in 1994.

Even though these units were partially funded with Low Income Housing Tax Credits (LIHTC), under IRS Code Section 42, which regulates the occupancy of these units for a period of only 15 years (or, in this case, until 2009), the owner, Cranford Lincoln Associates, L.P., has executed a Deed of Easement and Restrictive Covenant for Extended Low Income Occupancy which extends these restrictions for a minimum of 30 years, even after the disposition of the project by the LIHTC partnership, or until at least 2024. Moreover, the Township owns the development, and thus it is unlikely that the controls on affordability will ever be released.

There is a provision in COAH's Rules, at N.J.A.C. 5:97-4.3.h., which reads as follows:

Any affordable units where funding was allocated for construction by the Low-Income Housing Tax Credit Program (Internal Revenue Code Section 42h) or Balanced Housing Program (N.J.A.C. 5:43 during the period beginning on or

after December 15, 1986 and before June 6, 1999, and not included in a Housing Element and Fair Share Plan submitted to the Council as of May 6, 2008, shall not be eligible for credit against any portion of the fair share obligation.

Although I had been aware of this provision in COAH's Rules, the issue of its impact on the creditworthiness of a LIHTC project has not arisen in any other municipality in which I have had occasion to work, largely because either the towns with LIHTC projects had filed housing elements and fair share plans with COAH prior to the May, 2008, cut-off date or there were no LIHTC projects that would have been in jeopardy. I became aware of the potential impact on Cranford only after re-reviewing the documentation submitted by the Township in support of the Lincoln Apartments development and noting for the first time the references to the LIHTC funding.

In researching the reason for this provision in COAH's Rules, I learned that COAH had used all LIHTC-funded units in excess of those reported in housing elements and fair share plans COAH had on file as of May, 2008, to reduce the recalculated Statewide need for the prior round period (1993-1999) back down to the level originally calculated so that it would not have to increase municipal prior round obligations across the board to reflect the fact that growth had occurred at higher rates than originally projected (in 1993). This explanation is found in Appendix C of 5:97 (on page 133 – see Appendix to this report). It was confirmed in COAH's Comment and Response document defending the Rules (40 N.J.R. 6004).

For two reasons, however, I believe that Cranford should be entitled to claim credit for these units, despite the use of LIHTC funding to help create the 100 units built in 1994 and despite the Township's failure to file a housing element and fair share plan with COAH declaring these units.

The first reason is that, in 2009, the Legislature adopted a provision in P.L. 2009, Ch. 82, (C.45:22A-46.16), also known as the "Sarlo bill", that reads as follows:

Determination of credits granted against fair share obligation.

14. For the purpose of determining credits to be granted against the fair share obligation of a municipality under the requirements of P.L.1985, c.222 (C.52:27D-301, *et al.*) **and the regulations promulgated to effectuate that act**, a housing unit financed in whole or in part through the allocation of federal Low-Income Housing Tax Credits shall be eligible to be credited if the requirements of federal law pursuant to 26 U.S.C. s.42 have been met for that unit. In the event the federal requirements have been met, the provisions of the Uniform Housing Affordability Controls promulgated by the New Jersey Housing and Mortgage Finance Agency shall not be applied to inhibit or prevent the crediting of the housing unit against the municipal fair share obligation.

(emphasis added)

This portion of the Sarlo bill that was adopted by the Legislature and signed into law on July 2, 2009, was clearly intended to override COAH's Rule at N.J.A.C. 5:97-4.3h. Even if one were to argue that the Legislature's override has undermined the calculation of the prior round need obligation and its action should therefore be invalidated, there is a second reason for awarding Cranford credits for these units.

Cranford had the foresight to impose "at least" 30 year affordability controls on these units (15 years longer than the 15 year controls the federal LIHTC program calls for), so that they will continue to provide affordable housing opportunities through 2024, and beyond (as it is quite unlikely that Cranford would ever release the affordability controls on its own affordable housing development after having invested municipal funds to create these units). COAH's Rules (at N.J.A.C. 5:97-6.14) do permit municipalities to claim new credits against at least the third round portion of the fair share obligation through the extension of affordability controls in accordance with N.J.A.C. 5:97-9 and UHAC, provided the unit meets the criteria for prior cycle or post-1986 credits set forth in N.J.A.C. 5:97-4.2 or 4.3 (subject to the Legislature's subsequent modification of a portion of 4.3); the affordability controls are scheduled to expire during the 1999-2018 period (which they were), the unit continues to meet all code standards and the

Township obtains a certified statement from the municipal building inspector to that effect (not done, but certainly do-able); and that any necessary repair or rehabilitation work shall be funded by the municipality, which may use its affordable housing trust fund for such purposes.

Should the Court have any issues with whether or not these units have had a proper extension of affordability controls per N.J.A.C. 5:97-6.14, the Court could require an inspection and certification as to the compliance of the units with the Uniform Construction Code and could also require the municipality to certify that the controls on affordability will remain in effect until at least 2039, although I do not believe these actions are really necessary in this particular case, since the units are and have been owned continuously by Cranford. In my opinion, the Lincoln Apartments units are creditworthy and should be allowed to be used to help fulfill both Cranford's prior round and third round fair share obligations.

Riverfront Redevelopers, LLC

The Township also has a 108 unit redevelopment project ("Riverfront Redevelopers, LLC") which will yield 19 affordable family rental units. The Redevelopment Plan for this project has been adopted, the redeveloper has been selected, the project has site plan approval and construction has begun. The 19 affordable units represent a set-aside of 17.6 percent, higher than normally required for a rental inclusionary development. Of these 19 units, 5 will be one-bedroom units, 10 will be two-bedroom units and 4 will be three-bedroom units. The bedroom distribution is a bit high on the one-bedroom units, which is limited by COAH regulations to not more than 20 percent of the total, but the number of two and three bedroom units to be provided is consistent with COAH's requirements of 30 percent and at least 20 percent, respectively. It appears that two of the three "extra" affordable units (over the 15 percent minimum) will be one-bedroom units. Apart from the two "extra" one-bedroom units in the Riverfront Redevelopers,

LLC, project, it will, in all other respects, comply fully with COAH's requirements for creditworthiness. As the project is currently under construction, and no deed restriction has, as yet, been filed for any of the affordable units, it is recommended that two of the two-bedroom market units be redesignated as affordable units, and that two of the one-bedroom affordable units be redesignated as market units.

Needlepoint Homes

There is also one (1) affordable housing unit that was approved by the Zoning Board of Adjustment in the Needlepoint Homes development. The unit has been completed and is occupied, but not, apparently, by an income-qualified applicant. The Township is taking steps to correct this situation and will seek credit for this particular unit as part of its plan to address its third round obligation, once the unit has been deed restricted for a period of at least 30 years, has been affirmatively marketed and is occupied by a qualified low income household.

Special Needs Housing

The Township has three group homes for persons with special needs within its boundaries.

Unfortunately, the Township has been unable to obtain all of the information needed to demonstrate that two of these facilities (the two that are owned by Community Access Unlimited or CAU) comply fully with all of COAH's Rules pertaining to special needs housing. Although there is every indication that these units will probably be found to be creditworthy, once all of the documentation is provided, I cannot at this time represent to the Court that they are compliant with COAH's Rules. Consequently, I have recommended that the Township continue its efforts to obtain the requisite

documentation, applying any credits earned on the two CAU facilities against the third round obligation.

The SERV facility has been completely documented and is creditworthy. It is covered by a 20-year capital funding contract with the State of New Jersey, Department of Human Services, as well as annual operational funding, and provides housing for very low income adults ages 18 and over, who are referred to SERV by the Division of Mental Health Services. The unit of crediting for special needs shared housing facilities is the bedroom. The SERV facility includes three special needs bedrooms. It is thus eligible for three credits and also for rental bonuses on all three units (or bedrooms).

Rehabilitated Units

Union County operates a housing rehabilitation program for the benefit of its constituent municipalities. Although the County had allegedly rehabilitated 15 properties in Cranford Township that are owned and occupied by low or moderate income households, Cranford's consultants have determined, based on a closer inspection of the documentation available from the County, that these 15 units would not qualify for crediting against the rehabilitation obligation. The Union County rehabilitation program is limited to owner occupants (it is not available to rental units) and does not meet some of the other criteria in the current Rules for rehabilitation crediting, such as the minimum expenditure for hard costs, the necessity of involving a "major system" in the scope of the rehabilitation, and the imposition of affordability controls on rehabilitated units. Consequently, Cranford has accepted its responsibility to implement and fund a rehabilitation program to address its entire 55 unit rehabilitation obligation.

CRANFORD'S PROPOSED COMPLIANCE PLAN

Cranford's proposed compliance plan is embodied in its 2013 Housing Plan Element and Fair Share Plan, which is scheduled for adoption on April 3, 2013. The 2013 Plan utilizes the affordable units that will be generated by both of the plaintiffs' sites (Lehigh and CDA) as well as the affordable units that already exist or have been approved in Cranford to address the prior round obligation and its Realistic Development Potential for fulfilling the third round obligation.

Prior Round Obligation

The Township proposes to use the following credits to fulfill its prior round obligation:

1. **50 age-restricted units at Lincoln Apartments.** The 50 units of age-restricted housing is permissible based upon the formula set forth at N.J.A.C. 5:97-3.10(c)1, which is 25 percent of the prior round obligation plus the rehabilitation obligation less any rehabilitation credits). Since the Township is not claiming credit for any of the units rehabilitated as a result of Union County's rehabilitation program, it is eligible to claim credit for 50 of its existing age-restricted units as part of its prior round compliance plan, based on COAH's formula. As previously indicated, the necessary documentation has been provided demonstrating the creditworthiness of the Lincoln Apartments units, and these **50 credits are acceptable.**
2. **16 credits for 19 of the affordable units in the Riverfront Developers, LLC, project.** All of the documentation needed to demonstrate the creditworthiness of the 19 affordable units in this development has been supplied. With the exception of the number of one bedroom affordable units, which exceeds by two units the limit set forth in COAH's Rules, this project complies with all of COAH's requirements. Since the Township is only seeking prior round credit for 16 out of the 19 affordable units in the

Riverfront Developers, LLC, project, the excess one-bedroom units can be among those excluded from the prior round, and ***the 16 credited units (4 three-bedroom units, 3 one-bedroom units and 9 two-bedroom units) will comply fully with COAH's requirements and are acceptable.***

3. ***54 credits for the family affordable rental units to be constructed by CDA on the builder's remedy site.*** As this project was the subject of a lengthy trial with extensive site suitability documentation, no further documentation is needed to justify the creditworthiness of this project, although the project will have to comply with UHAC Rules regarding administration, affirmative marketing and affordability controls, as well as all provisions of the December 9, 2011, Order Granting Relief in Exclusionary Zoning Litigation, all conditions of site plan approval, and all requirements of N.J.A.C. 5:97-6.4 pertaining to inclusionary developments. ***These 54 credits are acceptable.***

4. ***22 out of 24 possible credits for the family affordable rental units to be constructed by Lehigh on the settlement site.*** As this project was the subject of a Fairness Hearing, and sufficient site suitability documentation was presented in support of the settlement, no further documentation is needed to justify the creditworthiness of this project, although the project will have to comply with UHAC Rules regarding administration, affirmative marketing and affordability controls, as well as all provisions of the January 28, 2011, Consent Judgment for Builder's Remedy, all conditions of site plan approval, and all requirements of N.J.A.C. 5:97-6.4 pertaining to inclusionary developments. ***All 24 of the units in this project are eligible for crediting, although the Township plans to apply only 22 of the credits from this project toward the prior round.***

5. ***3 group home bedrooms (SERV).*** The three bedrooms in the SERV facility have been demonstrated to be creditworthy. In addition, they are ***eligible for rental***

bonuses at the rate of one bonus credit per unit (or bedroom), earning the Township a total of six (6) credits for this project.

In the December 1, 2010, Supplementary Report of the Court Master to the Court responding to the testimony presented in the CDA trial, I had indicated to the Court that I did not believe that Cranford was eligible for any rental bonuses arising from units that were built after 1999 in fulfillment of the prior round obligation. I had based this opinion on a strict reading of the Appellate Division's October 8, 2010, decision invalidating large portions of COAH's Rules, including its Rules pertaining to the award of rental bonuses for rental units that had been proposed as a way to meet the prior round obligation but *that remained unbuilt* more than a decade after the expiration of the prior round period.

At the time I offered my opinion to the Court, the Appellate Division's decision was still relatively new and was still being interpreted by other Court Masters and by other Superior Court Judges. Since the submission of my Supplementary Report, I have had an opportunity to reconsider my original position in light of how the Appellate Court's ruling is being applied elsewhere, and I have modified it accordingly. It is now my recommendation that Cranford be permitted to take rental bonus credits for eligible completed affordable units (but not from affordable units that are proposed but remain unbuilt) up to the maximum number of units for which rental bonuses can be claimed in the prior round, which is 25 percent of the prior round obligation or, in this case, 37 units. Consequently, Cranford may claim rental bonuses for the three eligible group home bedrooms, since they exist.

Based on the foregoing projects and credits, which include the Court-approved settlement with Lehigh and the Court-awarded builder's remedy to CDA, it is my conclusion and recommendation to the Court that Cranford be found to be in full compliance with its prior round obligation of 148 units.

Rehabilitation Obligation

As to the Township's 55 unit rehabilitation obligation, the Township is no longer claiming credit for the 15 units rehabilitated by the County of Union. Thus, the rehabilitation obligation remains at 55 units. The Township proposes to establish its own rehabilitation program, funded in part by any development fees the Township collects as a result of a newly proposed Development Fee Ordinance, in part by any outside sources of funding the Township is able to access, and by Township funds or bonding to cover any shortfall. The documentation provided within the Housing Element and Fair Share Plan includes a proposed resolution of intent to fund such shortfall, which resolution sets forth a funding schedule for the rehabilitation program (at the rate of 11 units per year for the next five (5) years beginning in 2014) as well as a draft Development Fee Ordinance and a draft Spending Plan. The Township will commit by resolution to appoint a qualified rehabilitation administrator before the end of 2013. A draft rehabilitation manual has been prepared by Cranford. The draft manual tracks COAH's model. It is expected that the appointed rehabilitation administrator will customize the manual to Cranford's program before it is adopted by the governing body.

As long as the Township hires a rehabilitation administrator and adopts a customized rehabilitation manual before the end of 2013 and fulfills its funding commitments, it is recommended that the Court find Cranford to have created a compliant rehabilitation program. Cranford has indicated that it may implement a shared services program with one or more other municipalities in the same housing region. This is a perfectly acceptable means of accomplishing a rehabilitation program, as long as the shared services program also complies with COAH's Rules with respect to funding, administration, program rules and procedures. ***Subject to the Township's timely fulfillment of all of the conditions set forth in this paragraph, its proposed rehabilitation program complies with applicable requirements and is recommended for approval by the Court.***

It is noteworthy that, even though the 2010 U.S. Census data should be available now, the Department of Community Affairs/COAH has yet to publish new municipal rehabilitation obligations based on these data. When the municipal rehabilitation obligations are updated based on the 2010 data, and new rehabilitation share numbers are issued, they will supersede those that were determined based on 2000 Census data, and Cranford's new rehabilitation obligation may rise or fall accordingly.

Third Round Obligation

The Housing Element and Fair Share Plan includes an analysis of Cranford's growth potential based on its remaining vacant developable land.

The raw data pertaining to the vacant parcels of land in Cranford were assembled by T&M Associates and broken out by lots that are privately-owned and lots that are publicly-owned but uncommitted to a public use. Birdsall Engineering revised the analysis originally undertaken by T&M Associates and eliminated any sites of insufficient size to accommodate a development of at least five (5) units based on a density of at least 8 units per acre (COAH's minimum presumptive density for sites in Planning Area One, the Metropolitan Planning Area, in the State Development and Redevelopment Plan), unless the undersized sites were located adjacent to and owned in common with other lands that could be merged to create a sufficiently sized parcel of land. Additionally, sites were eliminated that were subject to known environmental constraints.

Birdsall Engineering came up with a total of 3.09 acres of land in two separate parcels (both made up of a number of smaller parcels). These 3.09 acres of land could, at a density of 8 units per acre, yield a total of 24 dwelling units, five of them affordable, resulting in a Realistic Development Potential (RDP) of 5 units.

It is not suggested that this 5 unit RDP will or should be the sum total of the third round obligation assigned to Cranford. The Township could well be assigned a much higher obligation - depending on the methodology ultimately used. If the Supreme Court upholds the Appellate Court's ruling that growth share is not an appropriate methodology to use in calculating third round fair share obligations, then Cranford will undoubtedly be able to rely on its vacant land capacity (its calculated RDP) to satisfy its third round obligation within the repose period. Any portion of the third round obligation ultimately assigned to Cranford that the Township does not have the capacity to address within the repose period will remain as its Unmet Need obligation. The Unmet Need is that portion of the obligation that may be fulfilled over an extended period of time through opportunities that are not currently anticipated, such as private redevelopment proposals.

Cranford will be able to fulfill its five (5) unit RDP with one of the Lincoln Apartments age-restricted units (which is less than 25% of the RDP), the Needlepoint Homes unit (once the occupancy and deed restriction issues have been corrected), the remaining two (2) Lehigh units and one (1) of the remaining three (3) Riverfront Developers, LLC units. This is a total of five (5) units, all of which are rental units and only one of which is age-restricted. Assuming that there will be an Unmet Need for the third round of some magnitude, the Township can apply some or all of the remaining two (2) Riverfront Developers, LLC, units and the remaining 49 Lincoln Apartments age-restricted units, subject, of course, to whatever rules and statutes will apply at that time.

Cranford cannot now access any rental bonus credits for units fulfilling the prior round obligation that are not yet built. However, once the Lehigh, CDA and Riverfront Developers, LLC, projects are constructed, the Township may receive rental bonuses for the units in these projects - but only up to the amount of the prior round rental obligation (37 rental units). In Cranford's case, this would mean a potential to access up to 37 rental bonuses less the 3 rental bonuses already taken for the three (3) SERV

bedrooms, or 34 more rental bonuses. This would enable Cranford to rearrange its allocation of units between the prior round and the third round, adding 34 rental bonus credits to the prior round plan and moving 34 actual units from the prior round plan into the third round plan to help address the Unmet Need.

Additionally, Cranford will have some time to attempt to document the creditworthiness of the Community Access Unlimited (CAU) special needs bedrooms, which could produce as many as 10 additional credits toward the third round Unmet Need, if necessary.

Finally, the Township could explore the development potential for the Myrtle Avenue and Grant/Arthur Streets sites and either sell these sites to one or more prospective inclusionary developers or find a developer/partner and sponsor one or more municipal affordable housing developments.

It is not necessary or even possible at this time to determine how far the Township will need to go in addressing any third round Unmet Need, as we do not know what the third round obligation will be. What we do know is that the Township can satisfy its third round RDP, in addition to its prior round and rehabilitation obligations. It is suggested that within a specified time after the third round numbers are issued, Cranford be required to return to the Court with an amended Housing Element and Fair Share Plan that quantifies its third round fair share obligation and that includes proposals for addressing any Unmet Need it may have.

Administrative Issues

Cranford's Housing Element and Fair Share Plan includes (in Appendix F) a proposed new Affordable Housing Ordinance, which I have reviewed and find to be consistent

with COAH's Rules and the Uniform Housing Affordability Controls (found at N.J.A.C. 5:80-26.1, *et seq.*).

The Housing Element and Fair Share Plan also includes (in Appendix K) a proposed Resolution adopting an Affirmative Marketing Plan covering all affordable housing projects in the municipality (except those that are specifically exempted by Rule). I have reviewed the Resolution and find it to be acceptable and consistent with COAH's policies.

A proposed Development Fee Ordinance has been drafted for Cranford. It is included in Appendix G of the Housing Element and Fair Share Plan. I have reviewed this document, and find that it generally tracks COAH's model, although there are sections of the model that require a choice to be made between certain alternatives, and this has not yet been done by Cranford. The Township will need to decide whether it intends to open an affordable housing trust fund or allow development fees and other affordable housing revenues to be paid into the State of New Jersey Cash Management Fund. If it chooses the first option of opening an affordable housing trust fund, then the Township will be required by COAH to enter into a three-way escrow agreement with COAH and the Bank to give COAH access to the funds in the account in the event that funds are not spent in accordance with an approved Spending Plan. Additionally, the Township will need to decide whether to collect the entire development fee at the time the Certificate of Occupancy is issued or to collect half of it when the building permit is issued and the balance at the time of the C. of O. The Ordinance is also silent on whether it will charge a residential development fee on improvements to existing residential structures and whether it will charge a non-residential development fee (once the moratorium has been lifted) on changes or improvements to existing non-residential structures. Finally, limiting the applicability of an exemption (from payment of a fee) to *only owner-occupied* residential structures that are demolished and replaced as a result of a fire, flood or other natural disaster may not be constitutional.

Appendix H of the Housing Element and Fair Share Plan includes a proposed Spending Plan as well as a proposed Resolution of Intent to Cover any Shortfall in the funding of its affordable housing programs (specifically, the Rehabilitation Program). The Resolution is ready for adoption. There are still a few editorial changes needed in the Spending Plan before it will be ready to submit to COAH for approval (primarily changing some of the tables to reflect a start year of 2013 and balances as of 2012). Apart from these editorial corrections, however, I believe that the Court can approve the Spending Plan for submission to COAH for its final review and approval.

Appendix L of the Housing Element and Fair Share Plan includes drafts of the Ordinance the Township will need to adopt to create the position of Municipal Housing Liaison and the Resolutions that will be needed to appoint both a Municipal Housing Liaison and an Administrative Agent. It also includes a draft contract with an Administrative Agent that names Birdsell Services Group as the Administrative Agent. I have reviewed each of these documents and find them to be in order, but I have advised the Township that it will need to contract with an Administrative Agent that has specific experience in the field of affordable housing administration and that has been accepted by COAH as a duly qualified Administrative Agent.

It is recommended that the Court's approval of the Township's compliance plan be conditioned on the adoption of all of these Ordinances and Resolutions, subject to certain changes being made to the Development Fee Ordinance and Spending Plan before they are adopted and forwarded to COAH for review and approval.

Repose Issues

In the Supplementary Report of the Special Master dated December 1, 2010, I had recommended that the Court consider permitting Cranford to submit a revised Housing Element and Fair Share Plan covering *not only* the prior round obligation and the

rehabilitation obligation, *but also* an "adjusted" third round obligation. The revised Plan would encompass the settlement with Lehigh, the CDA builder's remedy, some Lincoln Apartments units, the group home bedrooms, the Riverfront Redevelopers, LLC, units, and the Needlepoint Homes unit, along with a program for addressing the Township's remaining rehabilitation obligation. Any "excess" new construction units from the prior round would be treated as third round units. Some or all of the remaining Lincoln Apartments units could also be applied to the third round Unmet Need, if there is one.

I had recommended this rather unorthodox approach in Cranford's case because of my conviction that no matter what the Township's third round obligation is determined to be, it is unlikely that the Township will be able to address it fully, and a vacant land adjustment will be warranted. Cranford would be able to rely on an extended repose (to the end of 2018) now, would see an end to the litigation, and would have the ability to focus municipal planning efforts and resources on other important local issues.

I had pointed out at the time that while it would be a relatively simple matter to determine what Cranford's adjusted third round number (or RDP) should be, there would still be uncertainty regarding the extent of the Unmet Need once Cranford's third round obligation has been determined by COAH or a successor agency.

This issue of the uncertainty associated with the Unmet Need had been raised on behalf of Fair Share Housing Center in a letter to me from Kevin D. Walsh, Esquire, dated June 5, 2012 (appended to this report). I do not agree with all of the arguments presented by Mr. Walsh in support of his position that the Township should not be granted extended repose (or, indeed, any repose as to the third round obligation), and I believe that he has misinterpreted the Court's December 9, 2011, Order and my original recommendation. The sixth point in his letter, that mechanisms for addressing the Unmet Need should be part of any third round plan, is valid, however. Since we do not know the extent of the Unmet Need as this point, it is not possible to address it fully at

this time, but the Township's Housing Element and Fair Share Plan does evaluate the potential availability of credits to satisfy an Unmet Need, should there be one.

I remain convinced that it is appropriate for the Court to approve a third round vacant land adjustment with a calculated RDP of five (5) units. In response to the Unmet Need issue raised by Fair Share Housing Center, however, it would also be reasonable to require Cranford to return to the Court or to COAH or its successor agency within a year of the issuance of third round fair share numbers and present its proposals for addressing whatever Unmet Need obligation it may have based on the third round obligation assigned to it. Meanwhile, Cranford should be able to proceed with the Court's blessing to implement its RDP – which is that portion of the third round obligation that the Township can readily satisfy within the repose period and that is not subject to change. The plan to address the Unmet Need, once the third round obligation has been quantified, can be reviewed and approved as an amendment or supplement to the Court-approved Housing Element and Fair Share Plan on which the Township's Judgment of Compliance and Repose is based.

CONCLUSION

Based upon my review of Cranford's 2013 Housing Element and Fair Share Plan, I am pleased to be able to recommend that the Court grant a Final Judgment of Compliance and Repose to Cranford subject to certain terms and conditions, each of which is discussed more fully in the body of this report. Should the Court concur with these terms and conditions and make them part of the Order granting a Final Judgment of Compliance and Repose, and should Cranford thereafter fail to satisfy any of these terms and conditions within the time periods set by the Court, such failure could become a basis for challenging the Township's continuing entitlement to Repose. As long as Cranford continues to fulfill all of the terms and conditions of the Final Judgment, it is

my recommendation that the Township be entitled to Repose as to both its prior round and third round fair share obligations through December 31, 2018.

1. All inclusionary developments in the Compliance Plan will have to be appropriately deed restricted and administered by the Township's Administrative Agent to ensure that they comply with UHAC Rules regarding administration, affirmative marketing and affordability controls and all other requirements of N.J.A.C. 5:97-6.4, pertaining to inclusionary developments. As well, the CDA development will have to comply with all provisions of the December 9, 2011, Order Granting Relief in Exclusionary Zoning Litigation and all conditions of site plan approval, and the Lehigh development will have to comply with all provisions of the January 28, 2011, Consent Judgment for Builder's Remedy, all conditions of the amended Redevelopment Plan for that site and all conditions of site plan approval.
2. The Township shall adopt its new Affordable Housing Ordinance within 45 days of the entry of a Final Judgment of Compliance and Repose.
3. The Township shall adopt its Affirmative Marketing Plan Resolution within 45 days of the entry of a Final Judgment of Compliance and Repose.
4. The Township shall perfect and adopt its draft Development Fee Ordinance within 45 days of the entry of a Final Judgment of Compliance and Repose. Should the Township elect the option of establishing an Affordable Housing Trust Fund, it shall enter into a three-way escrow agreement with COAH and the Bank. The Development Fee Ordinance (and the executed escrow agreement) shall be forwarded to COAH within seven (7) days of the adoption of the Development Fee Ordinance and/or the establishment of the Trust Fund, whichever occurs later, and no fees shall be collected until COAH has approved these documents.

5. The proposed Spending Plan shall be corrected and adopted by Resolution of the governing body within 45 days of the entry of a Final Judgment of Compliance and Repose. Similarly, the Township shall adopt the proposed Resolution of Intent to Fund any Shortfall in the moneys available for its affordable housing (rehabilitation) program, also within 45 days of the entry of a Final Judgment of Compliance and Repose.

Approval of these documents by the Court is for the purpose of directing Cranford to submit them to COAH for review and approval, as COAH has exclusive authority to review and approve Spending Plans for the disposition of funds from an Affordable Housing Trust Fund. Submission of these documents to COAH shall occur simultaneously with the submission of the adopted Development Fee Ordinance and executed escrow agreement addressed in condition 4. herein.

6. The Ordinance to create the position of Municipal Housing Liaison and the Resolution appointing someone to fill the position of Municipal Housing Liaison, as well as the execution of a contract with a duly qualified Administrative Agent shall all occur within 45 days of the entry of a Final Judgment of Compliance and Repose. The costs of the Administrative Agent shall be paid by the owners of inclusionary developments or affordable units for all services rendered in connection with their particular developments or units.

7. The Township shall retain the services of a Rehabilitation Administrator and adopt a customized rehabilitation manual before the end of 2013 and shall continuously fulfill the funding commitments reflected in the approved Spending Plan and the Resolution of Intent to Fund any Shortfall. Additionally, Cranford shall regularly advertise the availability of its housing rehabilitation program. As a minimum, fliers advertising the availability of the program shall be included with the annual municipal tax bills. Nothing herein shall prevent the Township from entering into a shared

services agreement for the administration of the rehabilitation program, as long as the program complies fully with COAH's Rules.

8. Cranford shall have an adjusted third round fair share obligation (RDP) of five (5) units. In addition, Cranford shall be required to return to the Court or to COAH (or COAH's successor agency) within a year of the issuance of third round fair share numbers and present its proposals for addressing any Unmet Need obligation it may have based on the third round obligation assigned to it. The plan to address the Unmet Need, once the third round obligation has been quantified, may be reviewed and approved as an amendment or supplement to the Court-approved Housing Element and Fair Share Plan on which the Township's Final Judgment of Compliance and Repose is based.

9. In order for the remaining three units (not used to satisfy the prior round obligation) in the Riverfront Redevelopers, LLC, project to qualify for crediting against the third round RDP, the filed deed restriction shall reflect the following bedroom mix for all 19 affordable units: a maximum of three (3) one-bedroom units, a minimum of four (4) three-bedroom units and twelve (12) two-bedroom units. This will require two of the two-bedroom market units to be redesignated as affordable units and two of the one-bedroom affordable units to be redesignated as market units.

10. In order to claim credit for the affordable unit in the Needlepoint Homes development against the third round RDP, the Township must ensure that when the affordable unit is vacated by its current (non-qualified) occupant, it will be affirmatively marketed (for a period of 120 days), will be rented only to a qualified low income household at an affordable rent, and will be deed restricted as a low income unit for a period of at least 30 years from the time the unit is leased to a qualified low income household.

11. If the Township is able to obtain all of the necessary documentation for the two Community Access Unlimited special needs homes, it should be able to apply any credits available for these facilities against any portion of the third round obligation.

12. Within 60 days of the entry of the Final Judgment of Compliance and Repose, the Township shall provide COAH with copies of all materials and records of the Court proceedings needed for COAH to undertake annual monitoring of the implementation of the Housing Element and Fair Share Plan.

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APPENDIX K.

WOODMONT (LEHIGH ACQUISITION PROJECT) RECORDED DEED RESTRICTION



Joanne Rajoppi,
Union County Clerk
 Union County, New Jersey
 Recording Data Cover Page
 Pursuant to N.J.S.A. 46:26A-5



Received & Recorded Deed-1
 Union County, NJ Inst# **299806** Pgs-6
 5/14/2018 8:40
Joanne Rajoppi
County Clerk
 Consider. .00
 RT Fee .00
 Operator
 TARANTINO



DATE OF DOCUMENT April 27, 2018 <i>Feb 9th 2018</i> (W)	TYPE OF DOCUMENT Deed
FIRST PARTY NAME CGP&H, LLC 101 Interchange Plaza, Suite 301 Cranbury, NJ 08512 ("Administrative Agent")	SECOND PARTY NAME WP Cranford, LLC 100 Passaic Avenue Suite 240 Fairfield, NJ 07004
ADDITIONAL FIRST PARTIES Township of Cranford 8 Springfield Avenue Cranford, NJ 07016	ADDITIONAL SECOND PARTIES TOWNSHIP CLERK MAY 16 2018 RECEIVED

THE FOLLOWING SECTION IS REQUIRED FOR DEEDS ONLY

BLOCK 511	LOT 1
MUNICIPALITY Cranford	CONSIDERATION Right to develop property
MAILING ADDRESS OF GRANTEE 8 Springfield Avenue, Cranford, New Jersey 07016	

THE FOLLOWING SECTION IS FOR ORIGINAL MORTGAGE BOOKING & PAGING INFORMATION FOR ASSIGNMENTS, RELEASES, DISCHARGES & OTHER ORIGINAL MORTGAGE AGREEMENTS ONLY

ORIGINAL BOOK	ORIGINAL PAGE
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UNION COUNTY, NEW JERSEY RECORDING DATA PAGE

This cover page is for use in Union County, New Jersey only.
 Please do not detach this page from the original document as it contains important recording information and is part of the permanent record. Forms available at clerk.ucnj.org

After Recording Return To:

Prepared by: Megan York

Megan York
CGP&H
101 Interchange Plaza, Suite 301
Cranbury, NJ 08512

APPENDIX E-2

MANDATORY DEED RESTRICTION FOR RENTAL PROJECTS

Deed Restriction

**DEED-RESTRICTED AFFORDABLE HOUSING PROPERTY
WITH RESTRICTIONS ON RESALE AND REFINANCING**

To Rental Property
With Covenants Restricting Rentals, Conveyance and Improvements
And Requiring Notice of Foreclosure and Bankruptcy

THIS DEED RESTRICTION, entered into as of this the 1st day of February, 2018, by and between the CGP&H, LLC, with offices at 101 Interchange Plaza, Suite 301, Cranbury, NJ 08512 ("Administrative Agent"), or its successor, acting on behalf of the Township of Cranford, with offices at 8 Springfield Avenue, Cranford, New Jersey 07016, and WP Cranford, LLC, a New Jersey Limited Liability Company having offices at 100 Passaic Avenue, Suite 240, Fairfield, New Jersey, 07004, the developer/sponsor (the "Owner") of a residential low- or moderate-income rental project (the "Project"):

WITNESSETH

Article 1. Consideration

In consideration of benefits and/or right to develop received by the Owner from the Municipality regarding this rental Project, the Owner hereby agrees to abide by the covenants, terms and conditions set forth in this Deed restriction, with respect to the land and improvements more specifically described in Article 2, hereof (the Property).

Article 2. Description of Property

The Property consists of all of the land, and a portion of the improvements thereon, that is located in the municipality of the Township of Cranford, County of Union, State of New Jersey, and described more specifically as Block No. 511 Lot 1and with the street address of 555 South Avenue East.

More specifically the 24 units are designated by unit number, unit size, and income restriction are listed below:

Unit #107, 1 Bedroom, Moderate Income
Unit #117, 2 Bedroom, Moderate Income
Unit #127, 2 Bedroom, Low Income
Unit #139, 2 Bedroom, Very Low Income
Unit #141, 3 Bedroom, Low Income
Unit #201, 3 Bedroom, Low Income
Unit #205, 2 Bedroom, Low Income
Unit #207, 1 Bedroom, Very Low Income
Unit #217, 2 Bedroom, Low Income
Unit #227, 2 Bedroom, Low Income
Unit #239, 2 Bedroom, Low Income
Unit #241, 3 Bedroom, Low Income
Unit #301, 3 Bedroom, Moderate Income
Unit #305, 2 Bedroom, Low Income
Unit #307, 1 Bedroom, Very Low Income
Unit #317, 2 Bedroom, Moderate Income
Unit #327, 2 Bedroom, Moderate Income
Unit #339, 2 Bedroom, Moderate Income
Unit #341, 3 Bedroom, Moderate Income
Unit #405, 2 Bedroom, Moderate Income
Unit #407, 1 Bedroom, Moderate Income
Unit #417, 2 Bedroom, Moderate Income
Unit #427, 2 Bedroom, Moderate Income
Unit #439, 2 Bedroom, Low Income

Article 3. Affordable Housing Covenants

The following covenants (the "Covenants") shall run with the land for the period of time (the "Control Period"), determined separately with respect for each dwelling unit, commencing upon the date on which the first certified household occupies the unit, and shall and expire as determined under the Uniform Controls, as defined below.

In accordance with N.J.A.C. 5:80-26.11, each restricted unit shall remain subject to the requirements of this subchapter, the "Control Period," until the municipality in which the unit is located elects to release the unit from such requirements. Prior to such a municipal election, a restricted unit must remain subject to the requirements of this subchapter for a period of at least 30 years; provided, however, that:

1. Units located in high-poverty census tracts shall remain subject to these affordability requirements for a period of at least 10 years; and
2. Any unit that, prior to December 20, 2004, received substantive certification from COAH, was part of a judgment of compliance from a court of competent jurisdiction or became subject to a grant agreement or other contract with either the State or a political subdivision thereof, shall have its control period governed by said grant of substantive certification, judgment or grant or contract.

- A. Sale and use of the Property is governed by regulations known as the Uniform Housing Affordability Controls, which are found in New Jersey Administrative Code at Title 5, chapter 80, subchapter 26 (N.J.A.C. 5:80-26.1, *et seq*, the “Uniform Controls”).
- B. The Property shall be used solely for the purpose of providing rental dwelling units for low- or moderate-income households, and no commitment for any such dwelling unit shall be given or implied, without exception, to any person who has not been certified for that unit in writing by the Administrative Agent. So long as any dwelling unit remains within its Control Period, sale of the Property must be expressly subject to these Deed Restrictions, deeds of conveyance must have these Deed Restrictions appended thereto, and no sale of the Property shall be lawful, unless approved in advance and in writing by the Administrative Agent.
- C. No improvements may be made to the Property that would affect the bedroom configuration of any of its dwelling units, and any improvements to the Property must be approved in advance and in writing by the Administrative Agent.
- D. The Owner shall notify the Administrative Agent and the Municipality of any foreclosure actions filed with respect to the Property within five (5) business days of service upon Owner.
- E. The Owner shall notify the Administrative Agent and the Municipality within three (3) business days of the filing of any petition for protection from creditors or reorganization filed by or on behalf of the Owner.

Article 4. Remedies for Breach of Affordable Housing Covenants

A breach of the Covenants will cause irreparable harm to the Administrative Agent, to the Municipality and to the public, in light of the public policies set forth in the New Jersey Fair Housing Act, the Uniform Housing Affordability Control rules found at N.J.A.C. 5:80-26, and the obligation for the provision of low and moderate-income housing.

- A. In the event of a threatened breach of any of the Covenants by the Owner, or any successor in interest of the Property, the Administrative Agent and the Municipality shall have all remedies provided at law or equity, including the right to seek injunctive relief or specific performance.
- B. Upon the occurrence of a breach of any Covenants by the Grantee, or any successor in interest or other owner of the Property, the Administrative Agent and the Municipality shall have all remedies provided at law or equity including but not limited to forfeiture, foreclosure, acceleration of all sums due under any mortgage, recouping of any funds from a sale in violation of the Covenants, diverting of rent proceeds from illegal rentals, injunctive relief to prevent further violation of said Covenants, entry on the premises, those provided under Title 5, Chapter 80, Subchapter 26 of the New Jersey Administrative Code and specific performance.

IN WITNESS WHEREOF, the Administrative Agent and the Owner have executed this Deed Restriction in triplicate as of the date first above written.

CGP&H, LLC

BY: Megan York
Megan York
Vice President

WP CRANFORD, LLC

BY: Eric Witmond
Eric Witmond
Manager

APPROVED BY THE TOWNSHIP OF CRANFORD

BY: Thomas H. Hannen
Thomas H. Hannen
Mayor

ACKNOWLEDGEMENTS

STATE OF NEW JERSEY)
) SS.:
COUNTY OF Middlesex)

I CERTIFY that on this the 15 day of ~~January~~ February, 2018, Megan York personally came before me and stated to my satisfaction that this person:

- (a) was the maker of the attached instrument;
- (b) was authorized to and did execute this instrument as Administrative Agent for the Township of Cranford, the entity named in this instrument; and
- (c) executed this instrument as the act of the entity named in this instrument.

Katherine E. Moreno
NOTARY PUBLIC



STATE OF NEW JERSEY)
) SS.:
COUNTY OF Essex)

I CERTIFY that on this the 7th day of ~~January~~ February, 2018, Eric Witmond personally came before me and stated to my satisfaction that this person:

- (a) was the maker of the attached instrument;
- (b) was authorized to and did execute this instrument as Manager of WP Cranford, LLC, the entity named in this instrument; and
- (c) executed this instrument as the act of the entity named in this instrument.

Kimberly Sue Priebe
NOTARY PUBLIC

Kimberly Sue Priebe
NOTARY PUBLIC OF N.J. ID # 2382835
COMMISSION EXPIRES 2/2/2020

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APPENDIX L.
NEEDLEPOINT RECORDED DEED RESTRICTION



Joanne Rajoppi,
Union County Clerk
Union County, New Jersey
Recording Data Cover Page
Pursuant to N.J.S.A. 46:26A-5

Official Use Only: Recording Label

DATE OF DOCUMENT

July 13, 2017

TYPE OF DOCUMENT

Deed

FIRST PARTY NAME

CGP&H, LLC
101 Interchange Plaza, Suite 301
Cranbury, NJ 08512
("Administrative Agent")

SECOND PARTY NAME

4 Centennial, LLC
108 North Union Avenue, Suite 5
Cranford, NJ 07016

ADDITIONAL FIRST PARTIES

Township of Cranford
8 Springfield Avenue
Cranford, NJ 07016

ADDITIONAL SECOND PARTIES

THE FOLLOWING SECTION IS REQUIRED FOR DEEDS ONLY

BLOCK

0408

LOT

1

MUNICIPALITY

Cranford

CONSIDERATION

Right to develop property

MAILING ADDRESS OF GRANTEE

8 Springfield Avenue, Cranford, New Jersey 07016

**THE FOLLOWING SECTION IS FOR ORIGINAL MORTGAGE BOOKING & PAGING INFORMATION FOR
ASSIGNMENTS, RELEASES, DISCHARGES & OTHER ORIGINAL MORTGAGE AGREEMENTS ONLY**

ORIGINAL BOOK

ORIGINAL PAGE

UNION COUNTY, NEW JERSEY RECORDING DATA PAGE

This cover page is for use in Union County, New Jersey only.
Please do not detach this page from the original document as it
contains important recording information and is part of the
permanent record. Forms available at clerk.ucnj.org

After Recording Return To:

Prepared by: Megan York

Megan York
CGP&H
101 Interchange Plaza, Suite 301
Cranbury, NJ 08512

APPENDIX E-2

MANDATORY DEED RESTRICTION FOR RENTAL PROJECTS

Deed Restriction

**DEED-RESTRICTED AFFORDABLE HOUSING PROPERTY
WITH RESTRICTIONS ON RESALE AND REFINANCING**

To Rental Property
With Covenants Restricting Rentals, Conveyance and Improvements
And Requiring Notice of Foreclosure and Bankruptcy

THIS DEED RESTRICTION, entered into as of this the 7th day of July, 2017, by and between the CGP&H, LLC, with offices at 101 Interchange Plaza, Suite 301, Cranbury, NJ 08512 ("Administrative Agent"), or its successor, acting on behalf of the Township of Cranford, with offices at 8 Springfield Avenue, Cranford, New Jersey 07016, and 4 Centennial, LLC a New Jersey Limited Liability Company having offices at 108 N. Union Ave, Suite 5, Cranford, New Jersey, 07016, the developer/sponsor (the "Owner") of a residential low- or moderate-income rental project (the "Project"):

WITNESSETH

Article 1. Consideration

In consideration of benefits and/or right to develop received by the Owner from the Municipality regarding this rental Project, the Owner hereby agrees to abide by the covenants, terms and conditions set forth in this Deed restriction, with respect to the land and improvements more specifically described in Article 2, hereof (the Property).

Article 2. Description of Property

The Property consists of all of the land, and a portion of the improvements thereon, that is located in the municipality of the Township of Cranford, County of Union, State of New Jersey, and described more specifically as Block No. 0408 Lot 1, and known by the street address:

4 Centennial Avenue
Cranford, New Jersey 07016

More specifically designated as:

Unit 4A, 1 bedroom, low income

Article 3. Affordable Housing Covenants

The following covenants (the "Covenants") shall run with the land for the period of time (the "Control Period"), determined separately with respect for each dwelling unit, commencing upon the date on which the first certified household occupies the unit, and shall and expire as determined under the Uniform Controls, as defined below.

In accordance with N.J.A.C. 5:80-26.11, each restricted unit shall remain subject to the requirements of this subchapter, the "Control Period," until the municipality in which the unit is located elects to release the unit from such requirements. Prior to such a municipal election, a restricted unit must remain subject to the requirements of this subchapter for a period of at least 30 years; provided, however, that:

1. Units located in high-poverty census tracts shall remain subject to these affordability requirements for a period of at least 10 years; and
 2. Any unit that, prior to December 20, 2004, received substantive certification from COAH, was part of a judgment of compliance from a court of competent jurisdiction or became subject to a grant agreement or other contract with either the State or a political subdivision thereof, shall have its control period governed by said grant of substantive certification, judgment or grant or contract.
- A. Sale and use of the Property is governed by regulations known as the Uniform Housing Affordability Controls, which are found in New Jersey Administrative Code at Title 5, chapter 80, subchapter 26 (N.J.A.C. 5:80-26.1, *et seq.*, the "Uniform Controls").
 - B. The Property shall be used solely for the purpose of providing rental dwelling units for low- or moderate-income households, and no commitment for any such dwelling unit shall be given or implied, without exception, to any person who has not been certified for that unit in writing by the Administrative Agent. So long as any dwelling unit remains within its Control Period, sale of the Property must be expressly subject to these Deed Restrictions, deeds of conveyance must have these Deed Restrictions appended thereto, and no sale of the Property shall be lawful, unless approved in advance and in writing by the Administrative Agent.
 - C. No improvements may be made to the Property that would affect the bedroom configuration of any of its dwelling units, and any improvements to the Property must be approved in advance and in writing by the Administrative Agent.
 - D. The Owner shall notify the Administrative Agent and the Municipality of any foreclosure actions filed with respect to the Property within five (5) business days of service upon Owner.
 - E. The Owner shall notify the Administrative Agent and the Municipality within three (3) business days of the filing of any petition for protection from creditors or reorganization filed by or on behalf of the Owner.

Article 4. Remedies for Breach of Affordable Housing Covenants

A breach of the Covenants will cause irreparable harm to the Administrative Agent, to the Municipality and to the public, in light of the public policies set forth in the New Jersey Fair Housing Act, the Uniform

Housing Affordability Control rules found at N.J.A.C. 5:80-26, and the obligation for the provision of low and moderate-income housing.

- A. In the event of a threatened breach of any of the Covenants by the Owner, or any successor in interest of the Property, the Administrative Agent and the Municipality shall have all remedies provided at law or equity, including the right to seek injunctive relief or specific performance.
- B. Upon the occurrence of a breach of any Covenants by the Grantee, or any successor in interest or other owner of the Property, the Administrative Agent and the Municipality shall have all remedies provided at law or equity including but not limited to forfeiture, foreclosure, acceleration of all sums due under any mortgage, recouping of any funds from a sale in violation of the Covenants, diverting of rent proceeds from illegal rentals, injunctive relief to prevent further violation of said Covenants, entry on the premises, those provided under Title 5, Chapter 80, Subchapter 26 of the New Jersey Administrative Code and specific performance.

IN WITNESS WHEREOF, the Administrative Agent and the Owner have executed this Deed Restriction in triplicate as of the date first above written.

CGP&H, LLC

BY: Megan York
 Megan York
 Vice President

4 CENTENNIAL, LLC

By: Steven Needle
 Steven Needle
 Managing Member

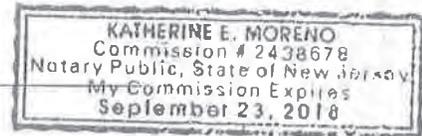
APPROVED BY the TOWNSHIP OF CRANFORD

BY: Thomas H. Hannen
 Thomas H. Hannen
 Mayor

ACKNOWLEDGEMENTS

On this the 13 day of July, 2017 before me came Megan York, to me known and known to me to be the Administrative Agent for the Township of Cranford, who states that (s)he has signed said Agreement on behalf of said Municipality for the purposes stated therein.

Katherine E. Moreno
 NOTARY PUBLIC



On this the 14th day of July, 2017 before me came Steven Needle, to me known and known to me to be Managing Member of 4 Centennial LLC the Owner of the Property, who states that (s)he has signed said Agreement for the purposes stated therein.

Robyn Feldblum
 ROBYN FELDBLUM
 NOTARY PUBLIC OF NEW JERSEY
 My Commission Expires 9/23/2018

NOTARY PUBLIC

On this the *14* day of *July*, 2017 before me came Thomas H. Hannen known and known to me to be Mayor of Township of Cranford, the Municipality identified as such in the foregoing Agreement, who states that (s)he is duly authorized to execute said Agreement on behalf of said Municipality, and that (s)he has so executed the foregoing Agreement for the purposes stated therein.

Cathy A. Scotti

NOTARY PUBLIC

CATHY A. SCOTTI
NOTARY PUBLIC OF NEW JERSEY
Comm. # 2417844
My Commission Expires 3/1/2022

APPENDIX M.
LINCOLN APARTMENTS SUPPORTING DOCUMENTATION

ZONING FOR INCLUSIONARY DEVELOPMENT (N.J.A.C. 5:97-6.4)

(Submit separate checklist for each site or zone)

General Description

Municipality/County: Cranford Township/Union County

Project Name/Zoning Designation: Lincoln Apartments

Block(s) and Lot(s): Block 532, Lot 18.01

Total acreage: approx. 3.27

Proposed density (units/gross acre): 30.58

Affordable Units Proposed: 100

Family: 0

Sale: _____

Rental: 0

Very low-income units: _____

Sale: _____

Rental: _____

Age-Restricted: 100

Sale: _____

Rental: 100

Market-Rate Units Anticipated: _____

Non-Residential Development Anticipated (in square feet), if applicable: _____

Will the proposed development be financed in whole or in part with State funds, be constructed on State-owned property or be located in an Urban Transit Hub or Transit Village? Yes No

Bonuses for affordable units, if applicable:

Rental bonuses as per N.J.A.C. 5:97-3.5: _____

Rental bonuses as per N.J.A.C. 5:97-3.6(a): _____

Very low income bonuses as per N.J.A.C. 5:97-3.7¹: _____

Smart growth bonuses as per N.J.A.C. 5:97-3.18: _____

Redevelopment bonuses as per N.J.A.C. 5:97-3.19: _____

Compliance bonuses as per N.J.A.C. 5:97-3.17: _____

Date inclusionary zoning adopted: _____ Date development approvals granted: _____

Information and Documentation Required with Petition

- Project/Program Information Form (previously known as Project/Program Monitoring Form. If relying on previously submitted 2007 monitoring and/or subsequent CTM update, check here in lieu of submitting forms.)
- Draft or adopted zoning or land use ordinance, which includes the affordable housing requirement and minimum presumptive density for the site/zone.
- Copies of all decisions made on applications for affordable housing development subsequent to adoption of the current zoning

If payments in lieu of on-site construction of the affordable units is an option, submit:

- Proposed or adopted ordinance establishing the amount of the payments
- Spending plan

A general description of the site or zone, including:

- Name and address of owner
- Name and address of developer(s)
- Subject property street location
- Indicate if urban center or workforce housing census tract
- Previous zoning designation and date previous zoning was adopted
- Current zoning and date current zoning was adopted
- Description of any changes to bulk standards intended to accommodate the proposed densities
- Tax maps showing the location of site(s) with legible dimensions (electronic if available)

A description of the suitability of the site, including:

- Description of surrounding land uses
- Demonstration that the site has street access
- Planning Area and/or Special Resource Area designation(s) i.e., PA1, PA2, PA3, PA4, PA5, CAFRA, Pinelands, Highlands, Meadowlands, etc., including a discussion on consistency with the State Development and Redevelopment Plan (SDRP) and/or other applicable special resource area master plans
- Demonstration that there is or will be adequate water capacity per N.J.A.C. 5:97-1.4 or that the site is subject to a durational adjustment per N.J.A.C. 5:97-5.4
- Demonstration that there is or will be adequate sewer capacity per N.J.A.C. 5:97-1.4 or that the site is subject to a durational adjustment per N.J.A.C. 5:97-5.4

A description (including maps if applicable) of any anticipated impacts that result from the following environmental constraints:

- Wetlands and buffers
- Steep slopes
- Flood plain areas

- Stream classification and buffers
- Critical environmental site
- Historic or architecturally important site/district
- Contaminated site(s); proposed or designated brownfield site
- Based on the above, a quantification of buildable and non-buildable acreage

Agreements with developers or approvals for development of specific property, which shall include:

- Number, tenure and type of units
- Compliance with N.J.A.C. 5:97-9 and UHAC
- Progress points at which the developer shall coordinate with the Municipal Housing Liaison

Information and Documentation Required Prior to Marketing the Completed Units

- Resolution or executed contract designating an experienced Administrative Agent, and a statement of his/her qualifications, in accordance with N.J.A.C. 5:96-18
- Adopted operating manual that includes a description of program procedures and administration or a statement indicating that the Administrative Agent designated to run the program uses a COAH-approved manual
- An affirmative marketing plan in accordance with UHAC

Zoning Narrative Section

This is an existing housing project that was constructed in the 1990s.

¹ Pursuant to PL 2008 c.46, Very Low-Income bonuses may only be granted for very low-income units that exceed 13 percent of the of the housing units made available for occupancy by low-income and moderate income households.

CRANFORD LINCOLN SENIOR APARTMENTS

Phone (908) 931-0194
Fax (908) 272-8730

800 East Lincoln Avenue
Cranford, New Jersey 07016-3154

November 29, 2012

San Chavan, P.P., AICP
Birdsall Services Group, Inc.
611 Industrial Way West
Eatontown, NJ 07724

Dear San:

The following information is enclosed:

1. The most complete data on the funding of Cranford-Lincoln is contained in the annual audit. I am enclosing the most recent report.
2. Certificate of Occupancy is included.
3. Copy of the Deed of Easement
4. Cranford-Lincoln was funded in part by LIHTC as shown on the enclosed 8609 form.
5. All prospective residents must submit the required income information as indicated on the letter that is sent to the applicants when they are notified of an available unit. We then complete the Tenant Income Certification page and report all information on the "MIDAS" computer system as required by NJ Housing Mortgage & Finance Agency.
6. Cranford-Lincoln has 100 one bedroom units plus one two bedroom unit for the superintendent.

Please contact me if you need further information.

Sincerely,



Adele Gilman, Executive Director
Cranford Senior Housing

LIHTC # 75

02041

Prepared by:

Stephen R. Farber
Signature
STEPHEN R. FARBER, ESQ.
Print Name

DEED OF EASEMENT AND RESTRICTIVE COVENANT
FOR EXTENDED LOW-INCOME OCCUPANCY

THIS DEED OF EASEMENT and RESTRICTIVE COVENANT shall run with the land and is granted by CRANFORD LINCOLN ASSOCIATES, L.P. its successors and assigns (the "Owner") to the New Jersey Housing and Mortgage Finance Agency, its successors and assigns (the "HMFA") and to income eligible members of the public as defined below. As conditioned below this Deed of Easement and Restrictive Covenant restricts occupancy of the described premises to income eligible occupants for a specified period of time. This Deed of Easement and Restrictive Covenant is made in satisfaction of the requirements of Section 42 of the Federal Tax Reform Act of 1986, P.L. 99-514, as amended, ("Tax Code").

WHEREAS, the Owner whose principal address is 720 Lincoln Avenue Cranford, NJ 07016

has received a Low-Income Housing Tax Credit ("LIHTC") allocation in the amount of \$ 672,666, from the HMFA, the designated LIHTC allocating agency for the State of New Jersey, for the taxable year ending December 31, 1991, for the qualified low-income occupancy building or buildings known as Cranford Lincoln Senior Housing

which is located at:
Municipal Tax Map Block No. 532, Lot No. 14.02, 18, 19 and 20
Street Address 800 Lincoln Avenue
Municipality Cranford County Union

(the "Building"), which Building part of the qualified low-income housing project known as Cranford-Lincoln Senior Housing (the "Project"), and title to which has been recorded in the County Clerk or Register's Office in Deed Book No. 3646 at Page No. 0108, being more fully described as set forth in Attachment A hereto.

WHEREAS, as a condition and in consideration of receipt of the LIHTC allocation the Owner covenants that it and all successors in interest to the Building and, as applicable, the Project, that said Building and Project (or applicable portion of the Project) shall comply with all terms of this Deed of Easement and Restrictive Covenant and this Deed of Easement and Restrictive

Covenant shall constitute the Agreement between the Owner and HMFA required by Section 42(h)(6) of the Tax Code to extend the use of the Building for low-income occupancy for a period of 15 years, or more as specified in paragraph 3 below, beyond the initial 15 year compliance period, except that during said period of extended use this Deed of Easement and Restrictive Covenant shall terminate in accordance with Section 42 (h)(6)(E) on the date the Building is acquired by foreclosure (or instrument in lieu of foreclosure); or shall terminate on the last day of the one-year period beginning on the date after the 14th year of the initial compliance period that the Owner submits a written request to the HMFA to find a person to acquire the Owner's interest in the low-income portion of the Building, but shall terminate in such case only if the HMFA is unable to present during said one year period of time a qualified contract (as described in the Tax Code or Federal Regulations) for the acquisition of the low-income portion of the Building by any person who will continue to operate such portion as a qualified low-income Building; and

WHEREAS, the terms of the extended commitment for low-income occupancy of the Building shall be as set forth in this Deed of Easement and Restrictive Covenant.

NOW THEREFORE BE IT COVENANTED that the Owner and all successors in interest to the Building and Project (or applicable portion of the Project) as a condition of and in consideration for receipt of the LIHTC allocation from the HMFA shall be bound and restricted as follows:

1. The "applicable fraction," as that term is defined in Section 42(c)(1) of the Tax Code, of low-income units or floor space of low-income units for the Building is 100.
2. The applicable fraction for the Building for each taxable year in the extended use period will not be less than the applicable fraction set forth in paragraph 1 above.
3. The extended use period for the Building shall be the period beginning on the first day in the initial 15 year compliance period on which the Building is part of a qualified low-income housing project and ending on the expiration of 15 years after the expiration the initial compliance period. The first day of the initial 15 year compliance period is January 1, 1994.

4. This Deed of Easement and Restrictive Covenant is binding on all successors in interest to the Building and Project (or applicable portion of the Project) and shall run with the land until the end of the extended use period, unless terminated prior to said date in accordance with all provisions of the Tax Code regarding premature termination including Section 42(h)(6)(B)(ii) prohibiting eviction of existing low-income tenants for three years after such premature termination.

5. This Deed of Easement and Restrictive Covenant is given in satisfaction of the requirements of the Tax Code and the terms of the this Deed of Easement and Restrictive Covenant, including those set forth in the recitals, shall be interpreted, conditioned and supplemented in accordance with and by Section 42 of the Tax Code and Federal Regulations promulgated thereunder, all of which are incorporated herein by reference, whether or not such provisions of the Tax Code or Federal Regulations are expressed or referenced herein. In the event of a conflict between the terms of this Deed of Easement and Restrictive Covenant and the Tax Code, the Tax Code shall govern.

6. This Deed of Easement and Restrictive Covenant shall constitute an agreement between the HMFA and the Owner and is enforceable in the courts of the State of New Jersey by the HMFA or by an individual or individuals whether prospective, present or former occupants of the Building, who meet the low-income eligibility standards applicable to the Building under Section 42(g) of the Tax Code, said individual(s) being beneficiaries of the agreement which is expressed herein between the HMFA and the Owner.

7. This Deed of Easement and Restrictive Covenant may be amended with the prior written approval of the HMFA to reflect changes in the Tax Code, the Federal Regulations and any Revenue Ruling promulgated thereunder. No amendment to this Deed of Easement and Restrictive Covenant may be made without the prior written approval of the HMFA. The Owner hereby expressly agrees to enter into all amendments hereto which, in the opinion of HMFA, are reasonably necessary or desirable for maintaining compliance under Section 42 of the Code.

8. The invalidity of any clause, part or provision of this Deed of Easement and Restrictive Agreement shall not affect the validity of the remaining portions thereof.

Signatures: This Deed of Easement and Restrictive Covenant is granted by the undersigned whose duly authorized representative's signature appears below. If the undersigned is a corporation its corporate seal is affixed.

INDIVIDUAL,
CORP. OR PARTNERSHIP:

WITNESSED/ATTEST:

William P. Brady

(If you are a corporation,
affix the corporate seal here.)

CRANFORD LINCOLN ASSOCIATES, L.P.
(Print Name of Corp. or Partnership,
if applicable)

BY: CRANFORD HOUSING BOARD, INC., GENERAL PARTNER

BY: Roman G. Chavlsky
NAME: ROMAN CHAVLSKY, PRESIDENT
TITLE:

BY: Shirley Wilner
NAME: Shirley Wilner
TITLE:

JK/rp/03/048

ACKNOWLEDGMENT
(CORPORATE FORM)

STATE OF NEW JERSEY
COUNTY OF UNION SS.:

I CERTIFY that on December 14, 1993,

SHIRLEY WILNER

(Insert name of attesting witness)

and personally came before me acknowledged under oath, to my satisfaction,
that:

SHIRLEY WILNER

- (a) this person is the Secretary or Assistant Secretary of the
(Cranford Housing Board, Inc.)
corporation named in this document;
- (b) this person is the attesting witness to the signing of this document
by the proper corporate officer who is the President or Vice-
President of the corporation, the General Partner of Cranford Lincoln
Associates, L.P.
- (c) this document was signed and delivered by the corporation as its
voluntary act duly authorized by a proper resolution at its Board of
Directors;
- (d) this person knows the proper seal of the corporation which was
affixed to this document; and
- (e) this person signed this proof to attest to the truth of these facts.

Shirley Wilner

(Signature of attesting witness)

SHIRLEY WILNER

(Print name of attesting witness)

Signed and sworn to before me on the

14 day of Dec, 1993.

Joan F. Laezza
Notary Public or Attorney at Law

JOAN F. LAEZZA
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Jan. 28, 1998

JK/rp/03/048

Building	1	2	3	4	5	6	Total
Building Identification Number	NY 9120701						X
Building Address or Site Description	720 Lincoln Ave.						X
Type of Building (new construction, rehabilitation, acquisition) *	New construction						X
Expected Placed in Service Date	12/31/93						X
Reasonably Anticipated Eligible Basis **	7,678,834						X
Estimated Applicable Fraction **	100%						X
Estimated Qualified Basis	7,678,834						X
Maximum Credit Percentage ***	8.76%						X
Maximum Credit Allocated	\$672,666						

* Required to be provided only if the owner has elected to fix the credit percentage pursuant to Section 42 (b)(2)(A)(i)(X).

** If provided, these figures are estimates for compensation purposes only. For purposes of the Carryover Allocation, "reasonably expected basis" pursuant to Section 42 (b)(1)(E)(ii) need not be the same as eligible basis and is computed for an entire project, rather than building-by-building.

*** If the owner has elected to fix the credit percentage pursuant to Section 42(b)(2)(A)(i)(X), this credit percentage is fixed and binding upon all buildings in the project with respect to which the election is made, and upon the owner and all successors as owners of those buildings in the project. If no such election has been made, this credit percentage is an estimate for purposes of making the Carryover Allocation.

Township of Cranford
Building Department
18 Springfield Avenue
Cranford, New Jersey 07016

IDENTIFICATION



CERTIFICATE

Date Issued 3/23/95
Contract #
Permit # 93-637

Block 512 Lot 1B
Work Site Location 720 Lincoln Avenue, East Cranford, N.J. 07016
Owner In Fee Cranford Housing Board
Address Lincoln Avenue, East Cranford, NJ 07016
Tele. ()
Contractor Damon G. Douglas Co.
Address 245 Birchwood Avenue Cranford, NJ 07016
Tele. () 272-0100
Lic. No. or Bldr. Reg. No.
Federal Emp. No. 220868300
or Social Security No.

Home Warranty No.
Use Group R-2
Maximum Live Load
Description of Work/Use:
New three-story, 100 unit senior citizen housing complex
Construction cost - \$5,000,000
Type of Warranty Plan: [] State [] Private
Construction Classification 53
Maximum Occupancy Load 540

CERTIFICATE OF OCCUPANCY/APPROVAL

- CERTIFICATE OF OCCUPANCY
This serves notice that said building, structure, or equipment has been constructed or installed in accordance with the New Jersey Uniform Construction Code, and is approved for use and/or occupancy.
- CERTIFICATE OF CONTINUED OCCUPANCY
This serves notice that based on a general inspection of the visible parts of the building there are no imminent hazards and the building is approved for continued occupancy.
- TEMPORARY CERTIFICATE OF OCCUPANCY
If this is a Temporary Certificate of Occupancy the following conditions must be met no later than , 19 or the owner will be subject to a fine or order to vacate:

CONSTRUCTOR OFFICIAL
John Hall

Fee \$
Paid [] Check No.
Collected by:

APPENDIX N.
HOMEFIRST SUPPORTING DOCUMENTATION

4130

Record and Return to:

Gloria Mehnert
New Jersey Housing and Mortgage Finance Agency
637 South Clinton Avenue
P.O. Box 18550
Trenton, New Jersey 08650-2085

2014 00025-A

Chicago Title Company, LLC
3705 Quakerbridge Road, Ste. 202
Mercerville, NJ 08619

CRANFORD BENJAMIN HOMES
HMFA#02931
SSNHTF #37

CDBG LOAN AGREEMENT AND DEED RESTRICTION

between

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY

and

HOMEFIRST INTERFAITH HOUSING AND FAMILY SERVICES, INC.

Prepared by:



Nels J. Lauritzen
Deputy Attorney General

	Received & Recorded	Mortgage-2
	Union County, NJ	Inst# 591387
	8/08/2014 11:35	Pgs-45
	Joanne Rajoppi	Consider. .00
	County Clerk	RT Fee .00
	Operator VEGA	

M13801-0177

CDBG LOAN AGREEMENT AND DEED RESTRICTION

BETWEEN

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY

AND

HOMEFIRST INTERFAITH HOUSING AND FAMILY SERVICES, INC.

THIS CDBG LOAN AGREEMENT AND DEED RESTRICTION (the "Loan Agreement") is hereby made on the 30th day of July, 2014, by and between the **NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY** (the "Agency") and **HOMEFIRST INTERFAITH HOUSING AND FAMILY SERVICES, INC.**, a non-profit corporation, having its offices located at 1009 Park Avenue, Plainfield, New Jersey 07060 (hereinafter the "Sponsor" or "Borrower;" the Agency and the Sponsor are, collectively, the "Parties").

WITNESSETH:

WHEREAS, in the aftermath of Superstorm Sandy, the United States Congress enacted the Disaster Relief Appropriations Act of 2013 (Public Law 113-2, approved January 29, 2013 the "Act") to aid in the recovery of the State of New Jersey (the "State"); and

WHEREAS, on April 29, 2013, the Department of Housing and Urban Development ("HUD") approved the Action Plan of the State (the "Action Plan"), which demonstrated how the State intended to expend the disaster relief funds; and

WHEREAS, the New Jersey Department of Community Affairs' ("DCA") received a grant of CDBG funds provided by HUD pursuant to the Act and DCA allocated a portion of such funds to the Agency; and

WHEREAS, on June __, 2013, the DCA and Agency executed a Subrecipient Agreement in respect to the implementation and administration of the Community Development Block Grant ("CDBG" program; and

WHEREAS, consistent with the Action Plan, the Agency created the Fund for Restoration of Multi-Family Housing, and the Sandy Special Needs Housing Assistance Fund ("CDBG-DR Programs"); and

WHEREAS, the Agency approved, at its board meeting on April 25, 2013, the CDBG-DR Programs' guidelines, as subsequently amended (collectively the "Guidelines"); and

WHEREAS, the Borrower seeks to construct three (3) rental units and related facilities for a

M13801-0178

project commonly known as Cranford Benjamin Homes, NJHMFA #02931 SSNHF#37 (the "Project") and has requested construction and permanent financing from the Agency, which will be administered by the Agency; and

WHEREAS, the Borrower has met the eligibility requirements of the CDBG-DR Programs, in accordance with the requirements of the Guidelines; and

WHEREAS, contemporaneously herewith Borrower has executed a Note, Mortgage and other loan documents evidencing a CDBG loan from the Agency (hereinafter referred to as the "CDBG Loan"); and

WHEREAS, to evidence its understanding of the terms and conditions of the CDBG Loan and the CDBG Program requirements the Sponsor shall execute this Loan Agreement, a Mortgage and a Note in favor of the Agency that describe the terms and conditions of the CDBG Loan; and

WHEREAS, in consideration of the receipt of the CDBG financing, the Sponsor understands that the Project will be subject to tenant affordability restrictions and Agency oversight;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained the Parties do hereby covenant and agree each with the other as follows:

1. **Applicable Law:** This Loan Agreement shall be governed by and construed in accordance with the Disaster Relief Appropriations Act, 2013, Public Law 113-2 and any Treasury, HUD or DCA regulations, guidelines and applicable notices and bulletins thereto (the "Act") and the laws and regulations of the State of New Jersey including, but not limited to, the New Jersey Fair Housing Act of 1985, N.J.S.A. 52:27D-301 et seq. (the "Fair Housing Act"), New Jersey Administrative Code, and the CDBG Guidelines (the "Guidelines" or "CDBG Guidelines"), all as may be amended and supplemented from time to time. Collectively these authorities are the "Applicable Law". To the extent possible, these authorities shall be construed in such a manner as to complement one another and not conflict. However, in the event of a conflict, the most restrictive authority shall prevail.
2. **Superiority:** Should any of the terms and conditions of this Loan Agreement conflict with those of the Mortgage and/or the Note, the provisions of this Loan Agreement shall prevail, except with respect to the CDBG Addendum, which shall prevail over this Loan Agreement in the event of direct conflict.
3. **Amendments:** The parties agree to make no changes, amendments and/or to seek suspension or termination of this Loan Agreement without the prior written approval of the Agency.
4. **Proceeds:** Proceeds from the CDBG Loan shall be paid to the Sponsor at such times and in such manner as such funds are advanced by the Agency in accordance with payment procedures outlined in this Loan Agreement.

5. **Definitions:** Capitalized terms used herein shall have the following meanings:

"Act" means the Disaster Relief Appropriations Act, 2013 (Public Law 113-2, as amended from time to time, and the regulations, guidelines and notices promulgated by HUD thereunder.

"Affordable" means the rents for units at the Project complies with the requirements of the New Jersey Fair Housing Act of 1985, N.J.S.A. 52:27D-301, and the regulations promulgated thereunder, including but not limited to the standards set forth in N.J.A.C. 5:80-26.12."

"Agency" means the New Jersey Housing and Mortgage Finance Agency or its authorized officer or representative.

"Agency Financing" means the construction and/or permanent mortgage loan(s) authorized by the Agency Board of Trustees for the Project.

"Architect" means the Architect of Record as designated by the Construction Contract.

"Borrower" means Homefirst Interfaith Housing and Family Services, Inc., a New Jersey non-profit corporation.

"Code" means the Internal Revenue Service Code of 1986, as it may, from time to time, be amended.

"Commissioner" means the Commissioner of the DCA.

"Construction Completion Date" means the date specified for completion of all stages of the work under the Construction Contract, which is ninety (90) days after the issuance of building permits, unless otherwise modified pursuant to the terms of the Construction Contract.

"Construction Contract" means the contract between the Borrower and the Contractor, for the construction /rehabilitation of the Project.

"Construction Lender" means the Agency in its role as Lender of \$664,433 to the Borrower for the acquisition, and/or construction/rehabilitation of the Project, which construction loan is secured by a first mortgage.

"Construction Loan" means the construction loan made to the Borrower by the Construction Lender to finance a portion of the cost of the acquisition and construction/rehabilitation of the Project as evidenced by a Note and secured by a Mortgage.

"Construction Period" means the time period prior to the issuance of a Certificate of Occupancy for all of the units constructed on the premises.

"Contractor" means Brick Brothers Construction & Masonry, LLC, a New Jersey Limited Liability Company.

"Day" means calendar day unless otherwise indicated.

"Draw Schedule" means the schedule of all sources and uses of funding for the project to which this CDBG financing is provided.

"Energy Star" means the Agency's Energy Star program.

"Event of Default" means any of the events set forth in Section 24 of this Loan Agreement.

"Land" means the real property of the Project, described in Schedule "A" attached hereto.

"Loan Documents" means this Loan Agreement, the Mortgage, the Note and any other documents executed by Borrower related to the CDBG Loan.

"Mortgage" means the CDBG Mortgage and Security Agreement that secures the CDBG Loan and the CDBG Note and the terms of which, by reference hereto, are incorporated herein.

"Mortgaged Premises" means the Project and the Land that secure the CDBG Loan and Note.

"NJAG" means New Jersey Affordable Green Homes program and its requirements.

"Note" means the interest-bearing, conditional, non-recourse promissory note that contains the promise of the Borrower to pay the sum of money stated therein at the times stated therein, evidences the obligation of the Borrower to repay the CDBG Loan, and the terms of which, by reference hereto, are incorporated herein.

"Payment and Performance Bonds" mean the bond or bonds securing the payment of the Contractor's obligations to subcontractors and workers relating to the construction of the Project and the performance of the Work pursuant to this Loan Agreement and the Construction Contract. This definition shall also include any letter of credit, maintenance or warranty bond or other form of performance guarantee acceptable to the Agency.

"Plans and Specifications" means the plans and specifications for the Project submitted by the Architect.

"Project" means the real property as more specifically described in Schedule "A" attached hereto, and all improvements constructed thereon and personal property and fixtures located thereon pursuant to the Construction Contract.

"Qualified Project Period" means the period beginning on the first day on which 10 percent of the residential units in the Project are occupied and ending on the latest of--

- (i) the date which is 15 years after the date on which 50 percent of the residential units in the Project are occupied,
- (ii) the first day on which no tax-exempt private activity bond issued with respect to the Project is outstanding, or
- (iii) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates, if applicable.

"Recapture" means the Project's loss of CDBG Funds not yet disbursed to it for failure to comply with the April 29, 2015 expenditure requirement as set forth at Section 11 hereof.

"Recapture Date" means the specific date or dates by which all of the CDBG Funds must be expended pursuant to the Act. Any CDBG Funds not expended by the Recapture Date will be recaptured and no longer available for use by the Project and may result in rescission of all CDBG Funds previously disbursed to the Project. For this Project, all CDBG Funds must be expended by April 29, 2015.

"Rules and Guidelines" includes all administrative rules, criteria, notices and program guidelines promulgated by the Agency to implement the CDBG Loan Program.

"Specifications" means the Project Specifications and all additions hereafter issued by the Architect as provided in the Loan Documents, together with such other addenda as may be agreed upon by the parties.

"Subcontractor" means those who directly contract with the Contractor to perform any part of the Work (as hereinafter defined), including those who furnish substantial on-site labor, or substantial on-site labor and materials, but shall not include anyone furnishing materials without furnishing on-site labor.

"Tax Credits" means low income housing tax credits that the Project may receive pursuant to the Code, if applicable.

"Title Company" means the New Jersey licensed title insurance firm that provides title insurance to the Agency for the CDBG Loan.

6. **The Act/Rules:** In addition to complying with any other laws, rules, regulations and other authorities that may be applicable to the performance of this Loan Agreement, the Sponsor shall comply with all applicable provisions of the Act, the Rules and Guidelines.
7. **Federal Low Income Housing Tax Credits:** In addition to complying with any other laws, rules and regulations that may be applicable to the performance of this Loan Agreement, the Sponsor shall comply with all applicable provisions of the statutes, regulations, rules, and other authorities governing federal low income housing tax credits ("Tax Credits"), including but not limited to, 26 U.S.C.A. § 42, 26 C.F.R. §§1.42-1 et seq., and N.J.A.C. 5:80-33.1 et seq.

8. **Agency Financing:** In addition to complying with any other laws, rules and regulations that may be applicable to the performance of this Loan Agreement, in the event the Project is receiving Agency Financing, the Sponsor shall comply with all applicable provisions of all statutes, rules, guidelines, policies, procedures and other authorities governing and regulating such Agency construction and/or permanent financing, including, but not limited to, N.J.S.A. 55:14K-1 et seq., N.J.A.C. 5:80-1.1 et seq., and the Agency Multifamily Underwriting Guidelines as currently in effect.
9. **Affordable Units:**
The Sponsor will acquire/construct/rehabilitate three (3) units, of which the Sponsor agrees to rent 100% of the units at the Project to tenants whose income does not exceed sixty (60%) percent of the area's median income ("AMI") adjusted for family size, as median income is defined by the United States Department of Housing and Urban Development, from time to time. 100% of the units will be set-aside for individuals and/or families who are homeless.
10. **Affordability Period; Advance Amortization Payments:** The Parties agree that this Project shall be primarily subject to the affordability restrictions governing and elected by the Sponsor with respect to any Tax Credits and Agency construction and/or permanent financing that this Project is receiving. Additionally, this Project shall be subject to the following affordability requirements:
- a. The units funded by the CDBG Loan ("Project Units") shall remain affordable for a period of thirty (30) years ("Affordability Period"). The Affordability Period shall commence simultaneously with that of the Agency Financing.
 - b. Because the public purposes of the Agency include maximizing the period during which the residential units in the Project are available to persons of low and moderate income, any advance principal repayment shall not release the Borrower from any obligation incurred under the Note or under any agreement with the Agency that contains obligations that provide that a percentage of the units remain affordable to persons of low- and moderate-income for the Project's full Affordability Period. Such obligations shall remain whether or not Borrower has tendered to or deposited with the Agency an amount otherwise sufficient to pay the CDBG Loan, including interest accrued and payable, in full.
 - c. In addition, CDBG Loan requirements include the obligation of the Borrower to allocate 5% of units to be accessible for persons with mobility impairments, and an additional 2% of units to be accessible for persons with hearing and/or vision impairments.
11. **Timetable:** The timetable for this Project is as follows:
- Financing closing date(s): July 30, 2014
- Construction start date: August 1, 2014

Construction completion date: September 30, 2014

THE PARTIES AGREE THAT TIME IS OF THE ESSENCE AND THAT ALL CDBG PROCEEDS MUST BE EXPENDED NO LATER THAN APRIL 29, 2015. THE BORROWER SHALL IMMEDIATELY NOTIFY THE AGENCY IN WRITING WITHIN TEN DAYS OF ANY EVENT AFFECTING THE PROJECT'S IMPROVEMENTS COMPLETION, TIMETABLE, AND/OR FINANCING. FAILURE TO MEET THE ABOVE TIMETABLE MAY RESULT IN AN EVENT OF DEFAULT AS SET FORTH IN SECTION 24 HEREIN AND THE AGENCY'S EXERCISE OF ITS REMEDIES SET FORTH IN SECTION 25 OF THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO, RECAPTURE OF ALL CDBG FUNDS COMMITTED TO THE PROJECT.

12. Construction of Project and Determination of Actual Project Cost. The Borrower covenants, warrants and agrees to diligently proceed with the construction/rehabilitation of the Project in accordance with the Plans and Specifications for the Project as approved by the Agency.

No substantial revision of the approved Plans and Specifications, which revision would either (a) affect the nature of the Project as described in Section 3 of the Mortgage, or (b) in the aggregate increase the cost of the Project as shown on the Project Development Budget, may be made without the prior express written consent of the Agency. Construction of the Project shall at all times be subject to the inspection, review and approval of the Agency or its duly authorized representatives. Any such inspection, review or approval of the Agency shall be solely for its benefit for the purpose of assuring that the programs and goals of the Agency and the CDBG Program are being fulfilled and shall not be construed as making the Agency a party to any contract to which it is not already in connection with the construction of the Project, nor shall it relieve the Borrower of any of its obligations under this Loan Agreement, the Mortgage or the Note.

Upon completion of the Project, the Borrower shall certify to the Agency or its designee, successor and/or assign the actual cost of the Project. This cost certification shall be performed by a Certified Public Accountant chosen by the Borrower and approved by the Agency. The cost certification must be independent as defined by the American Institute of Certified Public Accountants. The Borrower shall, promptly upon completion of the cost certification, forward it to the Agency, its designee, successor and/or assign. Costs associated with the preparation of the cost certification shall be borne by the Borrower.

13. Termination: In the event of termination of this Loan Agreement and the other Loan Documents due to an Event of Default of the Sponsor, the Agency, at its sole discretion, may require part or all of the CDBG Loan funds advanced to be returned to the Agency within 90 days of the date of termination or as otherwise required by USHUD; however, the Sponsor agrees that even in the event of such termination, all affordability restrictions created hereunder shall continue in full force and effect for the full Affordability Period as set forth in Section 10 hereof.

14. Use of Funds and Method of Payment: Funds provided for under this Loan Agreement will be

used only for the purposes described in the Agency form 10, or as otherwise approved by the Agency.

The following items must be submitted to the Agency to begin drawdowns:

- 1) Original, executed Note;
- 2) Copy of the executed Mortgage;
- 3) Copy of this executed Loan Agreement;
- 4) Proof from the Sponsor of all required insurances as outlined in this Loan Agreement, the Mortgage and the Note and as further required by the Agency and/or the Department;
- 5) Completed requisition AIA G702/G703 forms for CDBG funds, with continuation sheets, to be signed by the Architect of record unless otherwise approved by the Agency;
- 6) Certification of compliance with the provisions of the CDBG Addendum.

Approved draws on CDBG Loan proceeds [and NJAG funds] under this Loan Agreement are to be paid by the Agency within fifteen (15) business days of the Agency's receipt of each requisition and shall be paid in accordance with the following process, or as may be otherwise authorized, in writing, by the Agency:

- 1) Draws should be made in accordance with the attached Draw Schedule, and in accordance with the Schedule of Values or Trade Payment Breakdowns, unless otherwise approved by the Agency.
- 2) For each draw, the Agency shall require a completed CDBG Form of Requisition, along with any back-up documentation, as required. Additionally, a copy of the CDBG Requisition Form shall be sent to the Construction Lender or Lead Lender simultaneously with the submission to the Agency. A copy of any requisition submitted to the Construction Lender or Lead Lender shall also be sent simultaneously to the Agency.
- 3) For each draw, the Agency shall request a construction rundown search from the Title Company retained on behalf of the Project. Upon notice from the Title Company that there are no encumbrances against the title except as may be expressly approved by the Agency and review of such rundown by the Agency, checks shall be issued to the designated vendors as authorized by the Sponsor, unless otherwise agreed upon, in writing, by the Agency and the Sponsor.
- 4) The Sponsor will submit to the Agency the final development cost audit and a certificate of occupancy for all of the units constructed/rehabilitated on the Mortgaged Premises, along with satisfying the Agency's document checklist requirements for final mortgage close-out.
- 5) Additionally, the following items are required to be submitted to the New Jersey Green Homes Office in connection with the NJAG program:
 - Job/Site meeting minutes to date;
 - Final Energy Star inspection reports;
 - Proof of Energy Star certification (Energy Star certificate);
 - Developer/Architect to submit a one-page narrative describing

experiences and lessons learned as it relates to the green high performance features

- Upon request, Sponsor to provide copies of invoices for NJAG funded materials or systems and copies of any certifications such as FSC or Smartwood chain of custody certificates;
- New Jersey Green Homes Office Fuel Release form from each tenant household.

15. **Use of Insurance Proceeds:** The Sponsor covenants and agrees to cause the buildings on the Land and any improvements thereto and the fixtures and articles on the Land and any improvements thereto and the fixtures and articles of personal property covered by the Mortgage to be insured against loss by fire and by such other hazards as may be required by the Agency or its successors and/or assigns for the benefit of the Agency, as approved by the Agency and in accordance with the current Agency insurance requirements. Such insurance shall be written by such companies, in such amounts and in forms as are satisfactory to the Agency. The Sponsor will assign and deliver the certificates of insurance along with the insurance policies to the Agency. Such policies shall provide that the insurer may not cancel the policy and will not refuse to renew the policy except after thirty (30) days written notice to the Agency. If the Agency shall not receive evidence satisfactory to it of the existence of effective insurance coverage as required by the Agency, the Agency may (but shall not be required to) obtain such coverage, and the Sponsor will reimburse the Agency, on demand for any premiums paid for insurance procured by the Agency, and until so reimbursed, the amount of such premiums shall be added to the principal of the Note and bear interest at a rate equal to the yield rate on a 30-year U.S. Treasury bond at the time of making of such payment(s) by the Agency.

In the event of substantial damage to the Project by the occurrence of an insured casualty or the taking of a substantial portion of the Project by condemnation, if, in the sole judgment of the Agency (which judgment shall be conclusive), (a) the Project can be replaced or restored in whole or in part to a condition at least comparable to that of the Project immediately prior to the insured casualty or taking, and (b) the Project as so replaced will produce sufficient income to meet the then obligations of the Sponsor under the Mortgage and the Note, the proceeds of insurance or condemnation, if sufficient, to the extent necessary for the purpose, shall be made available to the Sponsor upon satisfaction by the Sponsor of the conditions precedent to disbursements, for such replacement or restoration. To the extent the Project is not replaced or restored, such proceeds shall be applied to the indebtedness secured hereby after payment of fees and charges due and payable (as defined and provided for in the Mortgage). Nothing in this Section shall affect the lien of the Mortgage or the liability of the Sponsor for payment of the entire balance of the Mortgage indebtedness.

16. **Liens:** The Sponsor covenants, warrants and agrees to maintain its right, title and interest in the Mortgaged Premises (including the Project and Land) and all items enumerated in Section 5 of the Mortgage free and clear of all liens and security interests except the liens of the Mortgage, and the liens of other mortgagees described in Section 3 of the Mortgage and those exceptions identified and set forth in a certain title commitment issued by Chicago

Title Insurance Company numbered 2014-00025-A and dated May 9, 2014, as approved by the Agency. The Agency shall be furnished with a current standard ALTA form of title insurance policy with extended coverage, insuring that the Mortgage is a valid first lien on the Land and Project. Prior to any disbursement under this Loan Agreement and the Mortgage, the Sponsor shall provide evidence satisfactory to the Agency of the recording of the Mortgage. Except with the written consent of the Agency, the Sponsor will not install any item of tangible personal property as a part of the fixtures or furnishings of the Project that is subject to a purchase money lien or security interest.

17. Encumbrances and Sale of Project:

- a. The Sponsor covenants, warrants and agrees not to sell, lease or otherwise encumber the Mortgaged Premises, or any part thereof, or the rents or revenues thereof without the prior written consent of the Agency, except by leasing to eligible residential tenants.
- b. The Agency may allow certain "permitted encumbrances" on the Mortgaged Premises, which means (i) utility, access and other easements and rights of way, restrictions and exceptions that do not, individually or in the aggregate, materially impair the utility or value of the property affected thereby for the purposes for which it is intended; (ii) liens for taxes at the time not delinquent, (iii) liens for taxes which, if delinquent, are being contested in good faith and for which the Sponsor has provided security satisfactory to the Agency, (iv) liens superior to or subordinate to the lien of the Mortgage securing any monies loaned in connection with the Project or other monies loaned to the Sponsor by the Agency and any department, agency, public corporation or commission of the United States, the State of New Jersey or a political subdivision of the State of New Jersey.
- c. The Sponsor acknowledges and agrees that failure by the Sponsor to comply with Loan Agreement stipulations, standards, or conditions may give the Agency just cause to suspend this Loan Agreement and withhold further payments, prohibit additional obligations of Project funds pending corrective action, disallow all or part of the cost associated with the noncompliance, terminate this Loan Agreement or seek any other remedies that may be legally available.

18. Inspection: The Sponsor covenants, warrants and agrees to permit the Agency, its agents or representatives, to inspect the Mortgaged Premises at any and all reasonable times with or without notice.

19. Statutory Powers and Restrictions: The CDBG Loan provided for herein shall be subject to statutory and regulatory restrictions contained in the Act and accompanying regulations and guidelines, and in connection therewith the Agency shall have the powers set forth in the Act as have been delegated by the Department, and the Sponsor hereby consents to such restrictions and powers and agrees to be bound thereby. Such powers and restrictions shall be in addition to and not in limitation of the rights of the Agency expressly set forth in the Loan Documents and in the statutes and regulations of the Agency. The Borrower covenants and agrees to comply with the CDBG rules, regulations, and guidelines. If any provision of

this Loan Agreement shall be determined to be inconsistent with the CDBG Program rules, regulations and guidelines that have not been waived, the CDBG Program rules shall govern. The CDBG Program specifically requires that the Sponsor adhere to the requirements set forth in the CDBG Addendum for the improvement work to be done at the Project, and such provisions are incorporated herein. In addition, the Parties confirm the following understandings:

- (a) The Agency and the Sponsor hereby declare their understanding and intent that the burden of the covenants, reservations and restrictions set forth in this Agreement touch and concern the Land in that the Sponsor's legal interest in the Project and Land is rendered less valuable thereby. The Agency and the Sponsor hereby further declare their understanding and intent that the benefit of such covenants, reservations and restrictions touch and concern the Project and Land by enhancing and increasing the enjoyment and use of the Project and the Land by the tenants, contemplated under this Agreement and by furthering the public purposes for which the CDBG Loan is made. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project and Land. Except as provided in subsection (b) below, the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the Land and hereof and shall pass to and be binding upon the Sponsor's assigns and successors in title to the Land or Project. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or the Land or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments. If a portion or portions of the Project or Land are conveyed, all of such covenants, reservations and restrictions shall run to each portion of the Project and Land.
- (b) Upon termination of the "Affordability Period" set forth in Section 10 of this Agreement, the said covenants, reservations and restrictions shall expire and in such event, the Agency shall, at the expense of the Sponsor, execute any and all instruments reasonably required to evidence the record of cancellation or discharge of the aforesaid covenants, reservations and restrictions.
- (c) All terms and conditions of the attached CDBG Addendum are true and correct, and Borrower, its agents, licensees, invitees, contractors, architects, subcontractors and all other parties involved with the Project shall comply with the terms in the Addendum before, during and after completion of the Project. A violation of the Addendum shall constitute a default under the Loan Documents and shall entitle the Agency to immediately declare the Mortgage due and payable.

20. Energy Star: All project owners must participate in the Agency's Energy Star program.

21. Accounting in Event of Default: Upon the occurrence of an Event of Default and within

five (5) business days of demand therefore by the Agency, the Sponsor will furnish to the Agency in writing a statement of the principal amount remaining due on the Note together with a statement of any defenses which may exist as to any liability of the Sponsor under the Loan Documents.

22. **Personal Liability:** The Agency agrees, on behalf of itself and any future holder of this Loan Agreement, the Note and the Mortgage, that the liability of the Sponsor, any general or limited partner, member or shareholder of the Sponsor and their respective heirs, representatives, successors and assigns, for the payment and performance of its obligations hereunder and under the Note and the Mortgage, shall be limited to the collateral pledged under the Mortgage and that the Agency shall have no right to seek a personal judgment against the Sponsor, any general or limited partner, member or shareholder of the Sponsor or their respective heirs, representatives, successors and assigns, individually, but shall look only to such collateral for the payment and performance of such obligations; provided, however, that the Agency shall retain the right to exercise any and all remedies granted to it under the Loan Documents. The foregoing limitation of liability shall not apply to any party to the extent such party has committed fraudulent, criminal or other unlawful acts.
23. **Assignment by the Agency:** The Sponsor hereby consents to any assignment of the CDBG Loan and the Loan Documents by the Agency.
24. **Defaults:** Each of the following shall be an Event of Default:
- (a) failure of the Sponsor to pay when due any installment of principal or interest on the CDBG Loan or any other payment required by the Sponsor to the Agency or any other person pursuant to the terms of the Loan Documents;
 - (b) commission by the Sponsor of any act prohibited by the terms of the Loan Documents, failure by the Sponsor to perform or observe in timely fashion any action or covenant required by any of the terms of the Loan Documents, or failure by the Sponsor to produce satisfactory evidence of compliance therewith;
 - (c) the filing by the Sponsor under any federal or state bankruptcy or insolvency law or other similar law of any petition in bankruptcy or for reorganization or composition with creditors or the making of an assignment for the benefit of creditors;
 - (d) the filing against the Sponsor under any federal or state bankruptcy or insolvency law or other similar law of a petition seeking the Sponsor's adjudication as a bankrupt or the appointment of a receiver or other custodian for the benefit of its creditors which shall not be dismissed within thirty (30) days of the filing thereof, or the adjudication of the Sponsor as a bankrupt, or the appointment by court order of a custodian (such as a receiver, liquidator or trustee) of possession of the Sponsor or any of its property for the benefit of its creditors and such order remains in effect or such possession continues for more than thirty (30) days;
 - (e) the occurrence of substantial destruction of the Project by an uninsured casualty;

- (f) any representation in conjunction with the CDBG Loan, the Loan Documents or the Project by or on behalf of the Sponsor that is false or misleading in any material respect or any covenant or warranty of the Sponsor that is breached;
- (g) any breach by the Sponsor of its obligations or any failure to observe its covenants under any superior mortgage or note that results in an event of default thereunder, or the Sponsor's failure to observe the covenants as contained in any deed restriction associated with such superior mortgage or note, if applicable;
- (h) failure to obtain or retain the Agency Financing, if applicable;
- (i) failure to obtain or retain Tax Credits, if applicable;
- (j) failure to expend CDBG funds by April 29, 2015; or
- (k) use of CDBG funds for a use not permitted by Act, Rules and Guidelines; or
- (l) violation of the provisions of the CDBG Addendum.

An event set forth in subsection(g) of this Section shall not constitute an Event of Default until the prohibited act, failure to perform or observe, or breach shall remain uncured for a period of thirty (30) days after Agency's written notice to Sponsor, specifying such prohibited act, failure or breach and requesting that it be remedied, unless the Agency shall agree in writing to an extension of such time prior to its expiration, and further so long as the event does not trigger a breach of the CDBG Program. If the prohibited act, failure, or breach stated in each notice is correctable but cannot be corrected within the 30 day period, the Agency may consent to an extension of up to 120 days from the delivery of the written notice referred to herein if corrective action is instituted by the Sponsor within the initial 30 day period and diligently pursued.

Within five (5) business days of receiving notice from the Agency that it believes an Event of Default has occurred with respect to the Project, time being of the essence, the Sponsor shall furnish to the Agency, HUD and DCA, in writing, a statement of any defenses which it claims may exist as to any liability of the Borrower hereunder.

25. **Remedies:** Upon the occurrence of any Event of Default, the Agency, subject to any superior mortgages(s), may, at its option, take any one or more of the following actions or remedies and failure to exercise any remedy or take any action enumerated shall not constitute a waiver of such right or preclude a subsequent exercise by the Agency of any such remedy:

- a. Rescind any CDBG Funds if not expended by the Construction Completion Date as described in Section 11 hereof;
- b. declare the entire principal sum of the CDBG Loan, together with all other liabilities of the Sponsor under the Note and the Mortgage, to be immediately due and payable;

- c. cease making disbursements to the Sponsor or withhold or suspend, in whole or in part, funds awarded under the program or recover misspent funds following an audit;
- d. apply any reserves held by the Agency or the balance in the accounts for Project disbursements and revenues, or any combination of these moneys, to the payment of the Sponsor's liabilities hereunder;
- e. foreclose the lien of the Mortgage on the Mortgaged Premises. In any action to foreclose, the Agency shall be entitled to the appointment of a receiver of the rents and profits of the Project as a matter of right and without notice, with power to collect the rents, uses, and profits of the Project, due and becoming due during the pending of the foreclosure suit, such rents and profits being hereby expressly assigned and pledged as additional security for the payment of the indebtedness secured and evidenced by the Loan Documents without regard to the value of the Project or the solvency of any person or persons liable for the payment of the mortgaged indebtedness. The Sponsor, for itself and any subsequent owner, hereby waives any and all defenses to the application for a receiver as set forth above and hereby specifically consents to such appointment without notice, but nothing herein contained is to be construed to deprive the holder of the Mortgage of any other right, remedy or privilege it may now have under the law to have a receiver appointed. The provisions for the appointment of a receiver of the rents and profits and the assignment of such rents and profits, is made an express condition upon which the CDBG Loan hereby secured is made. Upon such foreclosure, the Agency shall have the right to have a receiver appointed for the Project and the rentals from the Project;
- f. take possession of all or part of the Mortgaged Premises, subject to rights of permitted superior lienholders;
- g. without judicial process, collect all rents and other revenue including federal and state subsidies as the agent of the Sponsor (which upon the occurrence of any Event of Default the Agency is deemed to have been irrevocably appointed by the Sponsor), and apply them at the Agency's option to the liabilities of the Sponsor under this Loan Agreement;
- h. take possession of equipment, appliances and other tangible personal property in which a security interest has been granted by the Loan Documents and dispose of the same in any commercially reasonable manner. The Agency shall have the option to dispose of any such equipment and personal property either separately from the Mortgaged Premises or in conjunction with a sale of the Mortgaged Premises, and the Sponsor agrees that either method of disposition shall be commercially reasonable; and/or
- i. sue the Sponsor for a mandatory injunction or other equitable relief requiring performance by the Sponsor of any of its obligations under the Loan Documents. The Sponsor agrees with the Agency that the Agency's remedy at law for the

violation or the nonperformance of the Sponsor's obligations under the Loan Documents is not adequate by reason, among other things, of the Agency's public purpose to provide adequate, safe and sanitary dwelling units for families of low and moderate income; and/or

- j. If the event constitutes a violation of the CDBG Program to the extent that the Agency is required to refund monies disbursed to the Borrower back to DCA/HUD/the Federal Government, then the Borrower shall be responsible for refunding such monies to the Agency.

Notwithstanding the above enumeration of remedies, the agency shall have available to it any remedies provided to it by law.

26. **Expenses Due to Default:** All reasonable expenses (including reasonable attorney's fees, costs and allowances) incurred in connection with an action to foreclose the Mortgage or in exercising any other remedy provided by the Loan Documents, including the curing of any Event of Default, shall be paid by the Sponsor, together with interest at a rate equal to the yield rate on a 30-year U.S. Treasury bond at the time of making of such payment(s) by the Agency. Any such sum or sums and the interest thereon shall be a further lien on the Mortgaged Premises and shall be secured by the Mortgage.

27. **Amendments, Notices, Waivers:**

- a. This Loan Agreement may be amended only by an instrument in writing executed and acknowledged on behalf of the Agency and the Sponsor in such manner that the instrument may be recorded. No waiver by the Agency in any particular instance of any Event of Default or required performance by the Sponsor and no course of conduct of the Parties or failure by the Agency to enforce or insist upon performance of any of the obligations of the Sponsor under this Loan Agreement or the other Loan Documents at any time shall preclude enforcement of any of the terms of this Loan Agreement or the other Loan Documents thereafter.
- b. Any provision of this Loan Agreement and the other Loan Documents requiring the consent or approval of the Agency prior to the taking of any action or the omission of any action requires such consent by the Agency in writing signed by a duly authorized officer of the Agency. Any such consent or approval, unless it expressly states otherwise, is limited to the particular action or omission referred to therein and does not apply to subsequent similar actions or omissions.
- c. Notice provided for under this Loan Agreement and the other Loan Documents shall be given in writing signed by a duly authorized officer and any notice required to be given hereunder shall be given by courier, regular mail, or by certified or registered mail, postage prepaid, return receipt requested, at the addresses specified below, or at such other addresses as may be specified in writing by the Parties hereto:

Borrower: Homefirst Interfaith Housing and Family Services, Inc.
1009 Park Avenue
Plainfield, NJ 07060

Borrower's Attorney: Harold J. Poltrock, Esq.
75 Main Street
Millburn, NJ 07041

Agency: **New Jersey Housing and Mortgage Finance Agency**
637 S. Clinton Avenue
P.O. Box 18550
Trenton, New Jersey 08650-2085
Attention: Director of Finance

28. **Severability:** The invalidity of any part or provision of this Loan Agreement shall not affect the validity of the remaining portions thereof.

29. **Disclaimer of Warranties, Liability, Indemnification:**

- a. The Sponsor acknowledges and agrees that (i) the Agency has not heretofore and does not make any warranty or representation, either express or implied as to the value, condition, or fitness for particular purpose or fitness for any use of the Mortgaged Premises or any portion thereof or any other warranty or representation with respect thereto; (ii) in no event shall the Agency or its agents or employees be liable or responsible for any incidental, indirect, special, consequential, or punitive damages in connection with or arising out of this Loan Agreement, the Loan Documents or the development of the Project or the existence, functioning or use of the Project or any items or services provided for in the Mortgage; and (iii) during the term of this Loan Agreement and to the fullest extent permitted by law, the Sponsor shall indemnify and hold the Agency harmless against, and the Sponsor shall pay any and all liability, loss, cost, damage, claims, judgments or expense of any and all kinds or nature and however arising, imposed by law, which the Sponsor and the Agency may sustain, be subject to, or be caused to incur by reason of any claim, suit or action based upon personal injury, death or damage to property, whether real, personal or mixed, or upon or arising out of contracts entered into by the Sponsor, or arising out of the Sponsor's ownership of the Project or out of the development, or management of the Project.
- b. It is mutually agreed by the Sponsor and the Agency that the Agency and its directors, officers, agents, servants and employees shall not be liable for any action performed under this Loan Agreement or the other Loan Documents, and that the Sponsor shall hold them harmless from any claim or suit of whatever nature.
- c. Any claims asserted against the Agency shall be subject to the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1, et seq. (except for N.J.S.A. 59:13-9 thereof) and the provisions of the New Jersey Tort Claims Act, N.J.S.A. 59:1-1 et seq.

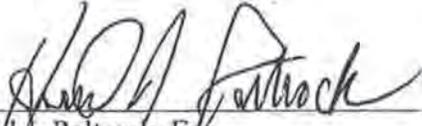
30. **Counterparts:** This Loan Agreement may be executed in counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.
31. **Venue:** If any legal action should be filed by the Borrower against the Agency in connection with the CDBG Loan, this Loan Agreement, or the other Loan Documents, the venue and forum for such action shall be the Superior Court of New Jersey, Mercer County.
32. **Filing:** This Loan Agreement shall be duly recorded in the Office of the Clerk for the county in which the Land is located at the sole cost and expense of the Borrower.
33. **Equal Opportunity and Non-Discrimination:** The Sponsor covenants, warrants and agrees that it will comply with the Agency guidelines with respect to equal opportunity and non-discrimination in its purchase of goods and services for the operation and maintenance of the Project throughout the term of this Loan Agreement.
34. **Applicability and Conflict of Terms and Conditions:** The terms and conditions of this Loan Agreement are applicable for the entire term of this Loan Agreement (as set forth in Section 10 hereof) unless otherwise set forth in this Loan Agreement. In the event of any conflict or inconsistency between the terms and conditions of any of the Loan Documents and this Agreement, the terms and conditions of this Loan Agreement shall prevail, except with respect to the terms contained in the CDBG Addendum. Notwithstanding the foregoing, the Sponsor agrees that the Agency may render a decision concerning the intent and/or applicability of any term or condition of the Loan Documents and unless such decision is found to be arbitrary or capricious by a court of competent jurisdiction, the Agency decision shall be final.
35. **Miscellaneous:** Unless the context clearly requires otherwise, as used in this Loan Agreement and the other Loan Documents, words of the masculine, feminine or neutral gender shall be construed to include any other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. The Loan Documents and all the terms and provisions thereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The titles and headings of the sections of this Loan Agreement and the other Loan Documents have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing the Loan Documents or any provisions thereof or in ascertaining intent, if any question of intent shall arise.

SEE CDBG LOAN AGREEMENT ADDENDUM ANNEXED HERETO AND MADE A PART HEREOF

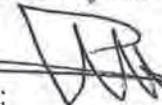
IN WITNESS WHEREOF, this Loan Agreement is duly executed by the Sponsor and Agency on the date first set forth above and, by signing below; the Sponsor acknowledges that it has received a true copy of this Loan Agreement, without charge.

(SEAL)
WITNESS/ATTEST



Harold S. Poltrook, Esq.

BORROWER:
Homefirst Interfaith Housing
and Family Services, Inc.

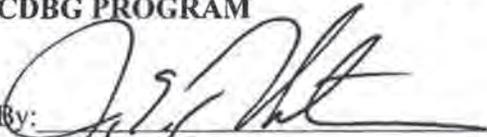

By: _____
Ellen M. McGovern
Executive Director

(SEAL)
ATTEST



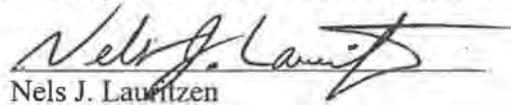
Jennifer H. Linett
Assistant Secretary

**NEW JERSEY HOUSING & MORTGAGE
FINANCE AGENCY on behalf of the
CDBG PROGRAM**


By: _____
James E. Robertson
Chief of Legal and Regulatory Affairs

This Loan Agreement has been reviewed and Approved as to form only.

JOHN J. HOFFMAN
Acting Attorney General of the State of New Jersey

By: 

Nels J. Lauritzen
Deputy Attorney General

EXHIBIT "A"
Legal Description

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE TOWNSHIP OF CRANFORD,
COUNTY OF UNION, AND STATE OF NEW JERSEY, AND IS DESCRIBED AS FOLLOWS:
AS TO LOT 5, BLOCK 418

BEING KNOWN AND DESIGNATED AS LOTS 119 & 120 ON A MAP ENTITLED, "LAND OF
ESTATE OF BENJAMIN F. HAM AT CRANFORD, SECTION TWO," SAID MAP BEING FILED ON
OCTOBER 10, 1911 AS MAP NO. 175-B, BEING FURTHER DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTHEASTERLY LINE OF BENJAMIN STREET (50 FEET
WIDE), SAID POINT BEING DISTANT 200.00 FEET NORTHEASTERLY FROM THE
INTERSECTION OF THE SOUTHEASTERLY LINE OF BENJAMIN STREET AND THE
NORTHEASTERLY LINE OF MARSH STREET (60 FEET WIDE), AND RUNNING THENCE;

1. ALONG THE SOUTHEASTERLY LINE OF BENJAMIN STREET, NORTH 38 DEGREES 27
MINUTES 00 SECONDS EAST, A DISTANCE OF 50.00 FEET TO A POINT, THENCE;
2. SOUTH 51 DEGREES 33 MINUTES 00 SECONDS EAST, A DISTANCE OF 11 6.56 FEET TO A
POINT, THENCE;
3. SOUTH 38 DEGREES 27 MINUTES 00 SECONDS WEST, A DISTANCE OF 50.00 FEET TO A
POINT, THENCE;
4. NORTH 51 DEGREES 33 MINUTES 00 SECONDS WEST, A DISTANCE OF 116.56 FEET TO
THE POINT AND PLACE OF BEGINNING.

THE ABOVE DESCRIPTION IS DRAWN IN ACCORDANCE WITH A SURVEY MADE BY JAMES
R. WATSON, OCTOBER 3, 2013.

AS TO LOT 22, BLOCK 417

WHICH ON A MAP ENTITLED "LANDS OF ESTATE OF BENJAMIN P. HEM AT CRANFORD,
N.J., SECTION TWO" WHICH MAP WAS FILED IN THE OFFICE OF THE REGISTER OF UNION
COUNTY ON OCTOBER 10, 1911 AS MAP NO. 175B, AND WHICH PREMISES AND PROPERTY
ARE REFLECTED THEREON AS BEING KNOWN AND DESIGNATED AS LOTS, NUMBERS
NINETY-THREE (93) AND NINETY-FOUR (94).

WHICH PREMISES AND PROPERTY ARE FURTHER DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE NORTHWESTERLY SIDE LINE OF BENJAMIN STREET
DISTANT 200 FEET IN A NORTHEASTERLY DIRECTION FROM THE INTERSECTION OF THE
NORTHEASTERLY SIDE LINE OF MARSH STREET FROM SAID POINT OF BEGINNING; AND
RUNNING THENCE

1. NORTH 51 DEGREES 33 MINUTES WEST A DISTANCE OF 117.0 FEET TO A POINT;
THENCE
2. NORTH 38 DEGREES 27 MINUTES EAST A DISTANCE OF 50.0 FEET TO A POINT;
THENCE
3. SOUTH 51 DEGREES 33 MINUTES EAST A DISTANCE OF 117.0 FEET TO A POINT IN
THE AFORESAID NORTHWESTERLY SIDE LINE OF BENJAMIN STREET; THENCE
4. ALONG THE SAME ON A COURSE OF SOUTH 38 DEGREES 27 MINUTES WEST A
DISTANCE OF 50.0 FEET TO THE POINT AND PLACE OF BEGINNING.

THE ABOVE DESCRIPTION IS DRAWN IN ACCORDANCE WITH A SURVEY MADE BY JOHN
J. BUTLER, BUTLER SURVEYING & MAPPING, INC., JULY 1, 2013.

BEING ALSO KNOWN AS (REPORTED FOR INFORMATIONAL PURPOSES ONLY):
Block 417, Lot 22 on the official tax map of the Township of Cranford, County of Union, State of New
Jersey

Block 418, Lot 5 on the official tax map of the Township of Cranford, County of Union, State of New
Jersey

M13801-0197

CDBG LOAN AGREEMENT ADDENDUM

WHEREAS, the Borrower, **Homefirst Interfaith Housing and Family Services, Inc.**, seeks to construct three (3) rental units and related facilities for a project commonly known as Cranford Benjamin Homes, NJHMFA #02931 SSNHF#37 (the "Project") and has requested construction and permanent financing from the New Jersey Housing and Mortgage Finance Agency (the "Agency"), which will be administered by the Agency; and

WHEREAS, contemporaneously herewith Borrower has executed a Note, Mortgage, Loan Agreement and other loan documents evidencing a CDBG loan from the Agency (hereinafter referred to as the "CDBG Loan"); and

WHEREAS, in the aftermath of Superstorm Sandy, the United States Congress enacted the Disaster Relief Appropriations Act of 2013 (Public Law 113-2, approved January 29, 2013) to aid in the recovery of the State of New Jersey (the "State"); and

WHEREAS, on April 29, 2013, the Department of Housing and Urban Development ("HUD") approved the Action Plan of the State (the "Action Plan"), which demonstrated how the State intended to expend the disaster relief funds ("Action Plan"); and

WHEREAS, consistent with the Action Plan, the Agency created the Fund for Restoration of Multi-Family Housing, and the Sandy Special Needs Housing Assistance Fund ("CDBG-DR Programs"); and

WHEREAS, the Agency approved, at its board meeting of April 25, 2013, the CDBG-DR Programs' guidelines as subsequently amended (collectively the "Guidelines"); and

WHEREAS, the Borrower has met the eligibility requirements of the CDBG-DR Programs, in accordance with the requirements of the Guidelines and in accordance with the terms and conditions of this Addendum; and

WHEREAS, in order for the Borrower to be eligible to receive and utilize the CDBG Loan, it must also certify that it will comply with certain provisions of the Guidelines as are set forth below;

NOW, THEREFORE, Borrower, for and in consideration of the CDBG Loan, and intending to be legally bound hereby, agrees that the Mortgage shall be amended to include the following provisions and that these provisions shall be paramount and controlling as to

the rights and obligations of the Borrower and the Agency and shall supersede any other provisions of the Mortgage and other Loan Documents to the contrary:

STANDARD PROVISIONS

GENERAL

I. Borrower's Representations

- (i) Borrower has been duly organized and validly exists, has power to enter into the Mortgage, Loan Agreement and other Loan Documents and this Addendum and has authorized the signing of the Loan Documents and this Addendum and taking the actions contemplated by this Addendum.
- (ii) To the best of the Borrower's knowledge, and upon due inquiry, there is no action or proceeding, pending or threatened, against the Borrower before any court or administrative agency that might adversely affect the ability of the to perform its obligations under the Loan Documents and this Addendum and all consents, authorizations, and approvals of governmental bodies or agencies required in connection with the performance of the Borrower's obligations under the Loan Documents and this Addendum have been obtained and will be obtained whenever required hereunder or by law.
- (iii) Neither the execution and delivery of the Loan Documents nor this Addendum and the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of the Loan Documents and this Addendum is prevented, limited by, or conflicts with or results in a breach of, the terms, conditions, or provisions of any corporate restrictions or any evidence of indebtedness, agreement, or instrument of whatever nature to which the is bound, or constitutes a default under any of the foregoing.
- (iv) All statements, representations and warranties made by Borrower in the Loan Documents were true when made, are true, in all material respects, as of the date hereof, and shall remain and be true and correct during the term of the Loan Documents, it being understood by Borrower that all such statements, representations and warranties have been relied upon by the Agency as an inducement to make the Agency funding and shall continue to be relied upon by the Agency in administering the Agency funding. Borrower further understands and agrees that, if, during the term of the Mortgage and other Loan Documents, any such statements, representations and warranties become untrue or false, it shall have a duty to immediately notify the Agency in writing of such fact.
- (v) Borrower represents that it has at all times relevant to the CDBG Loan been represented by advisors of its own selection, including, but not limited to, attorneys at law and/or certified public accountants; that it has not relied upon any statement, representation, warranty, agreement or information provided by the Agency; that it acknowledges that it is informed by its advisors of its respective rights, duties, and obligations with respect to the transaction which is the subject of the Loan Documents under all applicable laws, and that it has no set-offs, defenses or counterclaims against the Agency with respect to the transaction.

- (vi) The representations and warranties made in this Paragraph shall survive the expiration or earlier termination of the Loan Documents.
- (vii) If during the duration of the Loan Documents the Borrower becomes aware of any facts, occurrences, information, statements, or events that render any of the foregoing representations or warranties herein untrue or materially misleading or incomplete, it shall immediately notify the Agency in writing of such facts, occurrences, information, statements or events.

2. WARRANTIES AND COVENANTS

- (i) Borrower shall use the Agency funding solely in connection with funding the Project. The Agency funding may be used solely for the purposes contemplated by the Mortgage and other Loan Documents.
- (ii) In relation to the Project, Borrower shall comply with all Federal, State and municipal laws, rules and regulations applicable to all activities it performs and those that are performed on its behalf.
- (iii) Borrower acknowledge that the use of small businesses, minority owned firms and women's business enterprises for contractors, suppliers, labor and products is preferred and agrees that, to the extent feasible and as represented in its Proposal, it shall use such businesses in connection with the Project.
- (iv) Borrower agrees that all hired Contractors and Sub-contractors are not on the Federal excluded parties list.
- (v) Borrower shall execute an agreement with each Contractor containing labor standards and other required provisions, such as equal opportunity and general conditions. This may be accomplished by the execution of a CDBG Contractor's Addendum as provided to Borrower by the Agency.
- (vi) Borrower acknowledges that all construction work will have received environmental approval from the New Jersey Department of Environmental Protection ("DEP") and/or the Agency prior to the commencement of any construction.

3. ASSIGNMENTS

Borrower shall not assign its interests in the Loan Documents to another without the prior written consent of the Agency. Unless otherwise indicated by the Agency in writing, any obligations hereunder shall become the obligations of any assignee or successor of the Borrower.

4. MISCELLANEOUS

- (i) **Forum and Venue.** Unless otherwise provided, all actions related to the matters which are the subject of this Addendum shall be formed and venue in a court of competent jurisdiction in Mercer County New Jersey.
- (ii) **Entire Agreement.** This Addendum along with the Loan Documents and any documents referred to herein constitute the complete understanding of the Agency and the Borrower (hereinafter, collectively referred to as the "Parties") and merge and supersede any and all other discussions, agreements and understandings,

either oral or written, between the Parties with respect to the subject matter of this Addendum.

- (iii) **Severability.** Whenever possible, each provision of this Addendum shall be interpreted in such manner as to be effective and valid pursuant to applicable law, but if any provision of the Loan Documents or this Addendum is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions of this Addendum, unless the Agency shall in its sole and absolute discretion deem the invalidated provision essential to the accomplishment of the public purposes served by the Loan Documents and this Addendum, in which case the Agency has the right to terminate the Loan/Loan Documents and all benefits provided to Borrower hereunder upon the giving of sixty (60) days prior notice.
- (iv) **Compliance with All Applicable Law.** Failure to expressly reference any applicable federal or State regulation, statute, public law, Executive order, agency directive or OMB Circular will not exempt Borrower from compliance with such applicable law or regulation, and all applicable provisions not included will be deemed as inserted herein.
- (v) **Amendments or Modifications.** The Loan Documents and this Addendum may only be amended in writing executed by both Parties. Such Amendments or Modifications shall become effective only upon execution of same by both Parties.
- (vi) **Notices.** All notices, requests and other communications shall be in writing and shall be deemed duly given [when personally delivered or sent by United States mail, registered or certified, return receipt requested, postage prepaid] to the addresses set forth hereunder

Agency: **New Jersey Housing and Mortgage Finance Agency**
637 South Clinton Avenue
PO Box 18550
Trenton, New Jersey 08550-2085
Attention: Director, Special Needs Lending

Borrower: Homefirst Interfaith Housing and Family Services, Inc.
1009 Park Avenue
Plainfield, NJ 07060

- (vii) **Contractual Liability Act.** The rights and remedies of the under the Loan Documents and this Addendum shall be subject to the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 et seq., the provisions of which are incorporated herein by reference. While this statute is not applicable by its terms to claims arising under the Loan Documents Borrower agrees that it shall be applicable to claims arising under this Addendum or any other documents associated with this Project. Further, it is acknowledged by the parties that the Agency is a public entity covered by the provisions of the New Jersey Tort Claims Act, N.J.S.A. 59:1-1 et seq.

UNIFORM ADMINISTRATIVE REQUIREMENTS

Borrower shall adhere to the following administrative requirements:

1. DUPLICATION OF BENEFITS

Borrower will adhere to 76 FR 71060 (published November 16, 2011) regarding duplication of benefit requirements applicable to the Community Development Block Grant-Disaster Recovery ("CDBG-DR") program.

2. CONFLICT OF INTEREST

Borrower has reviewed and shall adhere to the Agency's Conflict of Interest policy, which incorporates both the State Conflict of Interest Law, N.J.S.A. 52:13D-1 et seq. and applicable federal law. It will abide by and enforce the conflict of interest requirement set forth in 24 CFR §570.611, 24 CFR §85.36 and 24 CFR §84.42. No one who exercises any functions or responsibilities, or who is in a position to participate in a decision-making process or gain inside information, may obtain a financial interest or benefit from a CDBG-assisted activity (or have a financial interest in any Loan, contract, sub-contract, or agreement with respect to a CDBG assisted facility.)

3. HATCH ACT

Borrower covenants that no Agency funding shall be used to finance the use of facilities or equipment for political purposes, or engage in other partisan activities (e.g. candidate forums, voter transportation, or voter registration). It will comply with the provisions of the Hatch Act that limit the political activity of employees and the HUD regulations governing political activity at 24 CFR §570.207.

4. RELIGIOUS ACTIVITY

Borrower will comply with HUD rules prohibiting the use of CDBG funds for inherently religious activities, as set forth in 24 CFR §570.200(j), except for circumstances specified in the HUD Allocations, Common Application, Waivers, and Alternative Requirements for Grantees Receiving Community Development Block Grant (CDBG) Disaster Recovery Funds in Response (March 5, 2013). Funding for rehabilitating or reconstructing a storm-damaged or destroyed building may be appropriate where a facility is not used exclusively for the benefit of the religious congregation (i.e., a homeless shelter, food pantry, adult literacy or child care center). When used for both religious and secular purposes, CDBG-DR funds may pay the portion of eligible rehabilitation or construction costs attributable to the non-religious use.

5. RECORDS

- (i) Borrower will give the State and HUD, and any of their representatives or agents, access to and the right to examine all records, books, papers, or documents related to the Agency funding.
- (ii) All records required by the Loan Documents and this Addendum, including financial records, ledgers, bank statements, contracts, invoices and receipts related to the Agency funding must be retained for five years from Project Closeout, which is deemed after the affordability period has expired. However, if any litigation, claim, or audit is started before the expiration of the five (5) year period, then records must be retained for five (5) years after the litigation, claim, or audit is resolved. All of Borrower's books and records relating to the Agency funding will be located at 1009 Park Avenue, Plainfield, New Jersey 07060.
- (iii) Borrower will notify the Agency in writing of any change in the location of such books and records prior to any such relocation. Borrower agrees to grant access to inspect, copy, audit and examine at all reasonable times these records to any representative of the Agency, State, Inspector General, HUD and General Accounting Office of the United States.

6. LOBBYING

Borrower certifies that no federally appointed funds will be used for lobbying purposes regardless of level of government.

7. DRUG FREE WORKPLACE

Borrower will comply with the drug-free workplace requirements contained at 24 CFR, Part 24, and Subpart F and established by the Drug-Free Workplace Act

8. COMPLIANCE WITH LAW

Borrower agrees to comply with the following requirements:

- a. Borrower agrees to comply with all applicable federal, State and local laws, regulations and policies governing the Agency funding available under the Loan Documents and this Addendum to supplement rather than supplant funds otherwise available.
- b. Borrower agrees that its Contractor and Sub-Contractors are not and will not be on the list of excluded from Federal Procurement or Non-procurement Programs promulgated in accordance with Executive Orders 12549 and 12689, "Debarment and Suspension," as set forth at 24 CFR part 24 (CDBG funds may not be provided to excluded or disqualified persons).
- c. Borrower shall comply with the following mandatory provisions relating to **FINANCIAL MANAGEMENT AND PROCUREMENT**:

1. If you are a non-profit, guidelines for financial and compliance audits of federally assisted programs which are OMB Circular A-133 (Audits of States, Local Governments, and Non-Profit Organizations), revised, and administrative requirements for non-profits, 24 C.F.R. Part 84.
 2. 24 CFR 570.490: Recordkeeping requirements, which requires that all records be kept for a minimum of five years after grant close-out ; and
 3. Borrower will comply with all requirements imposed by the State concerning special requirements of law, program requirements, and other administrative requirements.
- d. Borrower will adhere to 24 CFR Section 570.489(j) regarding change of use of real property. These standards apply to real property within Owner's control which was acquired in whole or in part using CDBG-DR funds in excess of the small purchase procurement threshold in 24 CFR 85.36. These standards apply from the date CDBG-DR funds are first spent until five years after the closeout of the Program.

Borrower may not change the use or planned use of any property (including the beneficiaries of such use) from that for which the acquisition or improvement was made, without first providing citizen review and comment and either:

1. The new use meets one of the national objectives and is not a building for the general conduct of government;
2. The requirement of 24 CFR Section 570.489(j) are met.

9. ENVIRONMENTAL IMPACT

Borrower may not begin any Project Activities without prior written consent of the Agency, as follows.

For all activities undertaken, Borrower agrees to provide information as needed to the DEP and/or the Agency for site-specific activities.

This will include, but is not limited to:

- a. Providing the names of all facilities receiving federal assistance so that the DEP and/or the Agency can ensure that the facilities are not listed on the United States Environmental Protection Agency's (EPA) list of violating;
- b. Providing site-specific information regarding the age, location and prior ground disturbance of all facilities assisted, to determine compliance requirements with Section 106 of the National Historic Preservation Act of 1966, and the

Preservation of Archaeological and Historical Data Act of 1966. And the provisions of 24 CFR Part 55 and Executive Order 11988, as amended by Executive Order 12148, relating to evaluation of flood hazards;

- c. Complying with the flood insurance purchase requirement of Section 202(a) of the Flood Disaster Protection Act of 1973, 42 U.S.C. §4001 et seq., which requires the purchase of flood insurance in communities where such insurance is available as a condition for the receipt of any federal financial assistance for construction or acquisition purposes for use in any area that has been identified by the Secretary of the Department of HUD as an area having special flood hazards. For purposes herein, the phrase "federal financial assistance" includes any form of loan, grant, guaranty, insurance payment, rebate, subsidy, disaster assistance loan or grant, or any other form of direct or indirect federal funding. Additionally:

- I. *Flood insurance purchase requirements.* HUD does not prohibit the use of CDBG-DR funds for [existing residential buildings] in the Special Flood Hazard Area (SFHA) (or "100-year" floodplain). With respect to flood insurance, a HUD-assisted [homeowner] for a property located in the SFHA must obtain and maintain flood insurance in the amount and duration prescribed by FEMA's National Flood Insurance Program. Section 102(a) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) mandates the purchase of flood insurance protection for any HUD assisted property within the SFHA.
- II. *Future Federal assistance to Borrowers remaining in a floodplain.* (1) Section 582 of the National Flood Insurance Reform Act of 1994, as amended, (42 U.S.C. 5154a) prohibits flood disaster assistance in certain circumstances. No Federal disaster relief assistance may be used to make a payment (including any loan assistance payment) to a person for repair, replacement, or restoration for damage to any personal, residential, or commercial property if that person at any time has received Federal flood disaster assistance that was conditioned on the person first having obtained flood insurance and the person has subsequently failed to obtain and maintain flood insurance. Borrower may not receive CDBG disaster assistance for the repair, replacement, or restoration if it has failed to meet this requirement.
- III. In the event of transfer of any property having received CDBG-DR assistance, the Borrower will notify the transferee in writing of the requirements to 1) Obtain flood insurance, if the property is not insured as of the date of transfer; 2) Maintain flood insurance; 3) Require the transferor, if there is failure to notify the transferee, to reimburse the federal government in the amount of any subsequent disaster relief assistance if such funds are expended on the property after the date of transfer.
- IV. Borrower will cooperate with the DEP and/or the Agency so that all assisted properties will be elevated, repaired, reconstructed or newly-constructed (including both commercial and residential properties) in

accordance with the newly-released FEMA Base Flood Elevation Maps (reference table 2-6 in the state's Action Plan).

- V. In accordance with 24 CFR 58.6(b), Borrower acknowledges that the Agency will not provide any Agency funding to a small business that had previously received federal flood disaster assistance conditioned on obtaining and maintaining flood insurance and the small business failed to obtain and maintain such insurance.
- VI. The Borrower acknowledges that any facility to be utilized in the performance of any nonexempt contract or subcontract is not listed on the List of Violating Facilities, issued by the EPA pursuant to 40 CFR 15.20.
- VII. Prompt notice must be given of any notification received from the Director, Office of Federal Activities, and EPA, indicating that a facility utilized or to be utilized for the Loan under consideration is to be listed on the EPA list of Violating Facilities.
- VIII. In no event shall any amount of assistance provided under this ADDENDUM be utilized with respect to a facility which has given rise to a conviction under section 113(c) (1) of the Clean Air Act or Section 309(c) of the Federal Water Pollution Control Act.
- IX. The Borrower agrees to comply with all the requirements of section 114 of the Clean Air Act, as amended (42 USC 1857c-8-0 and section 308 of the Federal Water Pollution Control Act, as amended (33 USC 1318) relating to inspection, monitoring, entry, reports and information, as well as all other requirements specified in said section 114 and 308, and all regulations and guidelines issued thereunder.
- X. The Borrower acknowledges that all work has ceased on the Project pending final DEP and/or Agency environmental review approval.
- XI. Borrower will comply with:
 - 1. Executive Order 11990, Protection of Wetlands;
 - 2. the Coastal Zone Management Act Sections 307(c)(d);
 - 3. In relation to water quality:
 - a. Executive Order 12088, as amended by Executive Order 12580, relating to the prevention, control and abatement of water pollution;
 - b. The Safe Drinking Water Act of 1974 (42 U.S.C. §§ 201, 300(f) et seq. and U.S.C. §349), as amended, particularly Section 1424(e) (42 U.S.C. §§ 300h-303(e)), which is intended to protect underground sources of water. No commitment for federal financial assistance can be entered into for any project which the U.S. Environmental Protection Agency determines may contaminate an aquifer which is the sole or principal drinking water source for an area; and

- c. Executive Order 12088, as amended by Executive Order 12580, relating to the prevention, control and abatement of water pollution; The Federal Water Pollution Control Act of 1972, as amended, including the Clean Water Act of 1977, Public Law 92-212 (33 U.S.C. §1251, et seq.) which provides for the restoration and maintenance of the chemical, physical and biological integrity of the nation's water.
4. The Endangered Species Act of 1973 (50 CFR 402), as amended;
5. The Fish and Wildlife Coordination Act of 1958, as amended;
6. Wild and Scenic Rivers Act of 1968 {Sections 7(b) and (c)}, as amended;
7. Executive Order 11738, providing for administration of the Clean Air Act and the Federal Water Pollution Control Act With Respect to Federal Contracts, Grants, or Loans, and EPA regulations (40 CFR part 15);
8. The Clean Air Act of 1970 (Sections 176(c), (d), and 40 CFR 6, 51, 93), which prohibits engaging in, supporting in any way, or providing financial assistance for, licensing or permitting, or approving any activity which does not conform to the State implementation plan for national primary and secondary ambient air quality standards;
9. The Farmland Protection Policy Act, 7 U.S.C.A. §4201 et seq., which requires recipients of federal assistance to minimize the extent to which their projects contribute to the unnecessary and irreversible commitment of farmland to nonagricultural uses;
10. Executive Order 12898: Federal Actions To Address Environmental Justice in Minority Populations and Low-Income Populations, February 11, 1994;
11. Noise abatement and control requirement found at 24 CFR 51B;
12. Provisions of 24 CFR 51C, explosive and flammable operations;
13. Provisions of 24 CFR 58.5(i) relating to toxic chemicals and radioactive materials;
14. [Sections 1012 and 1013 of Title X of the Housing and Community Development Act of 1992 (Public Law 102-550, as amended). The regulation appears within Title 24 of the Code of

Federal Regulation as part 35 (codified in 24 CFR 35). The purpose of this regulation is to protect young children from lead-based paint hazards in housing that is financially assisted by the Federal government or sold by the government. This regulation applies only to structures built prior to 1978. It will also comply with the Lead Safety Housing Regulation covering prohibited methods of paint removal (24 CFR Part 35.140) and occupant protection (24 CFR Part 35.1345);]

15. Borrower will comply with the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. §6901, et seq.);
16. Borrower will comply with mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub. L. 94A 163, 89 Stat. 871).
- XII. Borrower agrees that the use of lead-based paint, that is any paint containing more than 1% lead by weight, is strictly prohibited from use on any interior surface or exterior surface in any building being rehabilitated. Additionally, any evidence of a health hazard, which is, defined as cracking, scaling, peeling and loose lead-based paint must be treated to prevent the ingestion of the contaminated paint. It is further necessary to assume that any of the above conditions constitute an immediate or potential hazard and must be corrected using appropriate methods as detailed in Title IV of the Lead Based Paint Poisoning Prevention Act.

10. LABOR STANDARDS

1. Borrower will adhere to the labor standards requirement set forth in 24 CFR §570.603 and any other regulations issued to implement such requirements;
2. Borrower will comply with Section 110 of the Housing and Community Development Act of 1974, as amended and as set forth in 24 CFR §570.603;
3. Borrower will comply with the Davis-Bacon Act, as amended (40 U.S.C. §3141 et seq.);
4. Borrower acknowledges that the prevailing wage rate shall be determined by the Davis-Bacon Act and not State prevailing wage pursuant to N.J.S.A. 55:14K-42.
5. Borrower will comply with the Contract Work Hours and Safety Standards Act (40 U.S.C. §327 et seq.), requiring that mechanics and laborers (including watchmen and guards) employed on federally assisted contracts be paid wages of

not less than one and one-half times their basic wage rates for all hours worked in excess of forty in a work-week;

6. Borrower will comply with the Federal Fair Labor Standards Act (29 U.S.C. §201 et seq.), requiring that covered employees be paid at least the minimum prescribed wage, and also that they be paid one and one-half times their basic wage rate for all hours worked in excess of the prescribed work-week;
7. Borrower will comply with the Copeland "Anti-Kickback" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR part 3);
8. Borrower will comply with the following HUD regulations and/or guidance:
 - 24 CFR 570.489(l): Debarment and suspension.
 - 24 CFR 570.603: Labor standards.
 - 24 CFR 570.609: Use of debarred, suspended, or ineligible contractors or sub-recipients.
 - Form HUD 4010 Federal Labor Standards Provisions
9. Borrower will comply with the following United States Department of Labor regulations in parallel with HUD requirements above:
 - 29 CFR Part 1: Procedures for Predetermination of Wage Rates.
 - 29 CFR Part 3: Contractors and Sub-contractors on Public Building or Public Work Financed In Whole or In Part by Loans or Grants from the United States.
 - 29 CFR Part 5: Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction (Also, Labor Standards Provisions Applicable to Non-construction Contracts Subject to the Contracts Work Hours and Safety Standards Act).
 - 29 CFR Part 5: Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction (Also, Labor Standards Provisions Applicable to Non-construction Contracts Subject to the Contracts Work Hours and Safety Standards Act).
 - 29 CFR Part 6: Rules of Practice for Administrative Proceedings Enforcing Labor Standards in Federal and Federally Assisted Construction Contracts and Federal Service Contracts.
 - 29 CFR Part 7: Practice before the Administrative Review Board With Regard to Federal and Federally Assisted Construction Contracts.

11. EQUAL OPPORTUNITY

For Contracts above \$10,000:

1. During the Agency funding term, the Borrower agrees as follows:
 - a) It will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. It will take affirmative

action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. It agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of the nondiscrimination clause.

- b) It will, in all solicitations or advertisements for employees, state that all qualified applicants will receive considerations for employment without regard to race, color, religion, sex, or national origin.
- c) It will send to each labor union or representative of workers with which it has a collective bargaining agreement or other Contract or understanding, a notice to be provided advising the said labor union or workers' representatives of their commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- d) It will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.
- e) It will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- f) In the event of the Borrower's noncompliance with the nondiscrimination clauses of this Addendum or with any of the said rules, regulations, or orders, this Loan may be canceled, terminated, or suspended in whole or in part and the Borrower may be declared ineligible for further Government Contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- g) It agrees to include the provisions a through f in this Equal Opportunity Section in every contract, sub-contract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to section 204 of executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each contractor, sub-contractor or vendor.
- h) It agrees to comply with Executive Order 11246 as to maintaining non-segregated facilities and establishments and does not permit employees to perform services at any location under their control where segregated facilities are maintained.

For Loans \$10,000 and below:

- a) Borrower shall not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. It shall take affirmative action to ensure that applicants for employment are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.
- b) It shall post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause. They shall state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.
- c) The Borrower and all contractors and sub-contractors shall incorporate the foregoing requirements in all contracts.

12. ACQUISITION AND RELOCATION

Borrower agrees to comply with the following statutes and regulations:

1. Title II (Uniform Relocation Assistance) and Sections 301-304 of Title III (Uniform Real Property Acquisition Policy) of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. Chapter 61), and HUD implementing instructions at 24 CFR Part 42 and 24 CFR §570.606;
2. Section 104(d) of the Housing and Community Development Act of 1974, as amended;
3. It will comply with 42 U.S.C. 3537c (Prohibition of Lump Sum Payments);
4. It will comply with 49 CFR Part 24 (Uniform Relocation and Real Property Acquisition ("URA") for Federal and Federally-Assisted Programs);
5. URA Fixed Residential Moving Cost Schedule;
6. 24 CFR Part 42 (Displacement, Relocation Assistance and Real Property Acquisition for HUD and HUD-Assisted Programs); and
7. 24 CFR 570.606 (Displacement, Relocation, Acquisition and Replacement of Housing).

Borrower agrees to provide relocation assistance to those that are displaced as a direct result of acquisition, rehabilitation, demolition or conversion for a CDBG-DR assisted

project, with the exception of:

1. The one-for-one replacement requirements at Section 104(d)(2)(A)(i)-(ii) and (d)(3) and 24 CFR 42.375 which have been waived by HUD;
2. The relocation assistance requirements at section 104(d)(2)(A) and 24 CFR 42.350 to the extent that they differ from the requirements of the URA and implementing regulations at 49 CFR part 24, as modified by the Act for activities related to disaster recovery;
3. Arms-length voluntary purchase requirements at 49 CFR 24.101(b)(2)(i)-(ii) are waived to the extent that they apply to an arm's length voluntary purchase carried out by a person who uses funds allocated under this Addendum and does not have the power of eminent domain;
4. Rental assistance to a displaced person: The requirements at sections 204(a) and 206 of the URA, and 49 CFR 24.2(a)(6)(viii), 24.402(b)(2), and 24.404 are waived to the extent that they require the Borrower to use 30 percent of a low-income displaced person's household income in computing a rental assistance payment if the person had been paying more than 30 percent of household income in rent/utilities without "demonstrable hardship" before the project;
5. Tenant-based rental assistance requirements of sections 204 and 205 of the URA, and 49 CFR 24.2(a)(6)(ix) and 24.402(b) are waived to the extent necessary to permit a Borrower to meet all or a portion of a Borrower's replacement housing financial assistance obligation to a displaced tenant by offering rental housing through a tenant-based rental assistance (TBRA) housing program subsidy, provided that the tenant is provided referrals to comparable replacement dwellings in accordance with 49 CFR 24.204(a) where the owner is willing to participate in the TBRA program, and the period of authorized assistance is at least 42 months;
6. Moving expense requirements at section 202(b) of the URA and 49 CFR 24.302; the Borrower may instead choose to establish a "moving expense and dislocation allowance" under a schedule of allowances that is reasonable takes into account the number of rooms in the displacement dwelling; and

The regulation at 24 CFR 570.606(d) is waived to the extent that it requires optional relocation policies to be established; units of local government receiving CDBG-DR funds may establish separate optional policies.

13. FAIR HOUSING AND NON-DISCRIMINATION

Any act of unlawful discrimination committed by Borrower or failure to comply with the following statutory and regulatory obligations when applicable shall be grounds for termination of the Loan and this Addendum or other enforcement action; and Borrower agrees to comply with:

1. Title VI of the Civil Rights Act of 1964 and as amended in 1988, 42 U.S.C. §200d et seq., as amended, and the regulations issued pursuant thereto (24 CFR Part I), which provide that no person in the United States shall on the grounds or race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the Project receives federal financial assistance and will immediately take any measures necessary to effectuate this assurance. If any real property or structure thereon is provided or improved with the aid of federal financial assistance extended to the Borrower, this assurance shall obligate the Borrower, or in the case of any transfer of such property, and transferee, for the period during which the property or structure is used for another purpose involving the provision of similar services or benefits.
2. Architectural Barriers Act of 1968, as amended 42 U.S.C. § 4151 et seq.
3. Title IX of the Education Amendments Act of 1972, as amended 20 U.S.C. §1681 et seq.
4. Section 504 of the Rehabilitation Act of 1973, as amended 29 U.S.C. §701, which provides that no otherwise qualified individual shall, solely by reason of his or her handicap be excluded from participation, denied program benefits or subjected to discrimination on the basis of age under any program receiving federal funding assistance, with special provisions for Grantees with 15 or more employees requiring a formal, written grievance procedure for resolution of complaints.
5. Section 508 of the Rehabilitation Act of 1973 as amended 29 U.S.C. §794, requiring that electronic and information technology be accessible to people with disabilities, including employees and members of the public.
6. Section 109 of Title I of the Housing and Community Development Act of 1974, and the regulations issued pursuant thereto (24 CFR Part §570.602), which provides that no person in the United States shall, on the grounds of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds provided under that Part. Section 109 further prohibits discrimination to an otherwise qualified individual with a handicap, as provided under Section 504 of the Rehabilitation Act of 1973, as amended, and prohibits discrimination based on age as provided under the Age Discrimination Act of 1975. The policies and procedures necessary to ensure enforcement of section 109 are codified in 24 CFR Part 6.
7. Section 104(b) (2) of the Housing Community Development Act of 1974, implementing Section 109.
8. Age Discrimination Act of 1975 (42 U.S.C. 1601 et seq.), prohibiting discrimination on the basis of age.
9. Title II of the Americans with Disabilities Act of 1990, prohibiting discrimination and ensuring equal opportunity for persons with disabilities in employment, and commercial facilities.

10. Title III of the Americans with Disabilities Act of 1990 (42 U.S.C.A. § 12101 et seq.).
11. Borrower must use its best efforts to afford small businesses, minority business enterprises, and women's business enterprises the maximum practicable opportunity to participate in the performance of the Loan Documents. As used in this Addendum, the terms "small business" means a business that meets the criteria set forth in section 3(a) of the Small Business Act, as amended (15 U.S.C. 632), and "minority and women's business enterprise" means a business at least fifty-one (51) percent owned and controlled by minority group members or women. For the purpose of this definition, "minority group members" are Afro-Americans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, Asian-Americans, and American Indians. Borrower may rely on written representations by businesses regarding their status as minority and female business enterprises in lieu of an independent investigation.
12. Section 3, Housing and Urban Development Act of 1968. Section 3 requirements will apply to all individual properties assisted with these funds if amounts exceed \$100,000, regardless of the actual amount spent on each individual unit/property. Compliance with the provisions of Section 3 of the HUD Act of 1968, as amended, and as implemented by the regulations set forth in 24 CFR 135, and all applicable rules and orders issued hereunder prior to the execution of this Addendum, shall be a condition of the Federal financial assistance provided under the Loan Documents and binding upon the Borrower and third-party entities. The Borrower certifies and agrees that no contractual or other disability exists that would prevent compliance with these requirements.

These responsibilities include:

- a. Making efforts to meet the minimum numerical goals found at 24 CFR Part 135.30;
- b. Complying with the specific responsibilities at 24 CFR Part 135.32; and
- c. Submitting Annual Summary reports in accordance with 24 CFR Part 135.90.

The following language must be included in all contracts and sub-contracts if the award exceeds \$100,000:

- a. The work to be performed under the contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income

- persons, particularly persons who are recipients of HUD assistance for housing.
- b. Borrower will comply with HUD's regulations in 24 CFR part 135, which implement section 3. As evidenced by its execution of this Addendum Borrower certifies that it is under no contractual or other impediment that would prevent it from complying with the part 135 regulations.
 - c. The Borrower agrees to send to each labor organization or representative of workers with which it has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the Borrower's commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
 - d. The Borrower agrees to include this section 3 clause in every sub-contract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the contract or in this section 3 clause, upon a finding that the contractor is in violation of the regulations in 24 CFR part 135. The Borrower will not sub-contract with any sub-contractor where the Borrower has notice or knowledge that the sub-contractor has been found in violation of the regulations in 24 CFR part 135.
 - e. The Borrower will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor or sub-contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the Borrower's obligations under 24 CFR part 135.
 - f. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of the Loan, and debarment or suspension from future HUD assisted contracts and loans.

Borrower will further comply with:

- a. Executive Order 11246: EEO and Affirmative Action Guidelines for Federal Contracts Regarding Race, Color, Gender, Religion, and National Origin, September 25, 1965 and Executive Order 11375: Amending Executive Order No. 11246, October 13, 1967, which provide that no person shall be discriminated against on the basis of race, color, religion,

sex, or national origin in all phases of employment during the performance of federal or federally assisted construction contracts. Further contractors and sub-contractors on federal and federally assisted construction contracts shall take affirmative action to insure fair treatment in employment, upgrading, demotion, or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training and apprenticeship.

During the performance of the Loan Documents, the Borrower agrees as follows:

- i. It will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. It will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. It agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
- ii. It will, in all solicitations or advertisements for employees placed by it or on its behalf, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.
- iii. It will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the Agency contracting officer, advising the labor union or workers' representative of the Borrower's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- iv. It will comply with all provisions of Executive Order No. 11246 of Sept. 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

- v. It will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the Agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
 - vi. In the event of the Borrower's noncompliance with the nondiscrimination clauses of this Addendum or with any of such rules, regulations, or orders, the Loan cancelled, terminated, accelerated or suspended in whole or in part and the Borrower may be declared ineligible for further Government loans and/or contracts in accordance with procedures authorized in Executive Order No. 11246 of Sept. 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
 - vii. It will include the provisions of paragraphs (1) through (7) in every contract and sub-contract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each contractor, sub-contractor or vendor. It will take such action with respect to any contract or sub-contract or purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions including sanctions for noncompliance: *Provided, however,* that in the event the Borrower becomes involved in, or is threatened with, litigation with a contractor, sub-contractor or vendor as a result of such direction, it may request the United States to enter into such litigation to protect the interests of the United States.
- b. Executive Order 12086: Consolidation of Contracts compliance functions for equal employment opportunity, October 5, 1978.
 - c. Executive Order 12898: Federal Actions To Address Environmental Justice in Minority Populations and Low-Income Populations, February 11, 1994.
 - d. Executive Order 13166: Improving Access to Services for Persons with Limited English Proficiency, August 11, 2000.

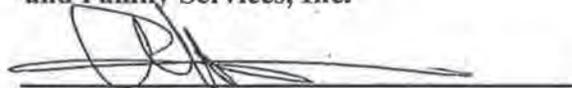
And Borrower affirms it will comply with implementing regulations for the above:

- I. 24 Code of Federal Regulations Part 1: Nondiscrimination in Federally Assisted Programs of HUD.
- II. 24 Code of Federal Regulations Part 5.105: Other Federal Requirements.
- III. 24 Code of Federal Regulations Part 6: Nondiscrimination in Programs, Activities Receiving Assistance under Title I of the Housing and Development Act of 1974.
- IV. 24 Code of Federal Regulations Part 8: Nondiscrimination Based on Handicap in Federally Assisted Programs and Activities of the HUD.
- V. 24 CFR Code of Federal Regulations Parts 50.4 (I) and 58.5 (j): Environmental Justice.
- VI. 24 Code of Federal Regulations Part 91.325(b)(5): Compliance with Anti-discrimination laws.
- VII. 24 Code of Federal Regulations Part 91.520: Performance Reports.
- VIII. 24 CFR Part 121: Collection of Data.
- IX. 24 CFR Part 135: Economic Opportunities for Low- and Very Low-Income Persons.
- X. 24 CFR Part 146: Non-discrimination on the Basis of Age in HUD Programs or Activities Receiving Federal Financial Assistance.
- XI. 24 Code of Federal Regulations Part 570.487(e): Contractual Barriers Act and Americans with Disabilities Act (State Community Development Block Grant grantees).
- XII. 24 Code of Federal Regulations Part 570.490(a) (b): Recordkeeping requirements.
- XIII. 24 Code of Federal Regulations 570.491: Performance Reviews and Audits.
- XIV. 24 Code of Federal Regulations Part 570.495(b): HCDA Section 109 nondiscrimination.
- XV. 24 Code of Federal Regulations Part 570.506(g): Fair Housing and equal opportunity records.

- XVI. 24 Code of Federal Regulations Part 570.608 and Part 35: Lead-Based Paint.
 - XVII. 24 Code of Federal Regulations Part 570.614: Contractual Barriers Act and Americans with Disabilities Act.
 - XVIII. 24 Code of Federal Regulations Part 570.904: Equal Opportunity and Fair Housing Review.
 - XIX. 24 Code of Federal Regulations Part 570.912: Nondiscrimination compliance.
13. Section 503 of the Rehabilitation Act of 1973 requires the following clauses in all contracts and sub-contracts involving federal funds of \$10,000 or more.
- 1. Borrower will not discriminate against any employee or applicant for employment because of physical or mental handicap in regard to any position for which the employee or applicant for employment is qualified. Borrower agrees to take affirmative action to employ, advance in employment and otherwise treat qualified handicapped individuals without discrimination based upon their physical or mental handicap in all employment practices such as the following: employment, upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.
 - 2. Borrower agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the Act.
 - 3. In the event of the Borrower's non-compliance with the requirements of this clause, actions for non-compliance may be taken in accordance with the rules, regulations and relevant orders of the secretary of labor issued pursuant to the Act.
 - 4. Borrower agrees to post in conspicuous places, available to employees and applicants for employment, notices stating the Borrower's obligation under the law to take affirmative action to employ and advance in employment qualified handicapped employees and applicants for employment, and the rights of applicants and employees.
 - 5. Borrower will notify each labor union or representative of workers with which it has a collective bargaining agreement or other Loan Documents understanding, that the Borrower is bound by the terms of Section 503 of the Rehabilitation of 1973, and is committed to take affirmative action to employ and advance in employment physically and mentally handicapped individuals.

6. Borrower will include the provisions of this clause in every contract, sub-contract or purchase order of \$10,000 or more of federal funding unless exempted by rules, regulations, or orders of the (federal) secretary issued pursuant to Section 503 of the Act, so that such provisions will be binding upon each contractor, sub-contractor or vendor. The Borrower will take such action with respect to any contract, sub-contract and purchase order as the director of the Office of Federal Loan Documents Compliance Programs may direct to enforce such provisions, including action for non-compliance (41 CFR 60-741.4.4).

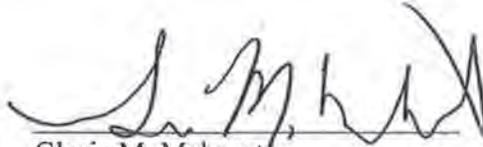
BORROWER:
**Homefirst Interfaith Housing
and Family Services, Inc.**



Ellen M. McGovern
Executive Director

STATE OF NEW JERSEY, COUNTY OF MERCER SS:

I CERTIFY that on July 30, 2014, Jennifer H. Linett, personally came before me, Gloria M. Mehnert, and acknowledged under oath, to my satisfaction, that (a) she is the Assistant Secretary of NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY acting on behalf of the COMMUNITY DEVELOPMENT BLOCK GRANT DIASTER RECOVERY PROGRAM, the Agency named in this document; (b) she is the attesting witness to the signing of this document by the proper Agency officer, who is James E. Robertson, Chief of Legal and Regulatory Affairs of the Agency; (c) this document was signed and delivered by the Agency as its voluntary act duly authorized by a proper resolution of its Board of Directors; and (d) he signed this proof to attest to the truth of these facts.



Gloria M. Mehnert
Notary Public of New Jersey
My commission expires: December 14, 2014

END OF DOCUMENT

CHICAGO TITLE COMPANY LLC
3705 QUAKERBRIDGE RD STE 202

MERCERVILLE

Mortgage

NJ 08619
Recording Fee
RT Fee

Inst.#
591387
Paid
473.00
.00

APPENDIX O.

COMMUNITY ACCESS UNLIMITED SUPPORTING DOCUMENTATION: FUNDING AGREEMENT FOR
CONSTRUCTION, PURCHASE, OR PURCHASE AND RENOVATION OF COMMUNITY BASED
FACILITIES WITH THE NEW JERSEY DEPARTMENT OF HUMAN SERVICES

Michelle Lamar

From: Michelle Lamar
Sent: Thursday, July 06, 2017 12:38 PM
To: 'bgriswold@caunj.org'
Cc: 't-wall@cranfordnj.org'; Randy Gottesman
Subject: Cranford Township - Group Homes/Supportive Housing

Tracking:	Recipient	Delivery
	'bgriswold@caunj.org'	
	't-wall@cranfordnj.org'	
	Randy Gottesman	Delivered: 7/6/2017 12:38 PM

Good afternoon Ms. Griswold,

I called CAUNJ this afternoon and spoke with Marisol Aponte who provided me with your email address. As I explained to Ms. Aponte, CGP&H is assisting Cranford Township with its affordable housing requirements, and in providing related submissions to the court (which due to scheduling issues are to be filed next week).

Specifically, I am researching existing group homes/supportive housing in Cranford Township and for each one identified, I am seeking to obtain documentation confirming the non-profit nature of the organization as well as the restricted use of the property for a group home/supportive housing. Based on a review of exempt properties on the property tax lists in Cranford, I identified three properties that appear to be group home/supportive housing residences owned by CAUNJ and/or Creative Property Management of NJ:

Name of Owner	B / L	Address
Community Access Unlimited Inc. "CAUNJ"	208/7	112 Glenwood Road
Creative Property Management of NJ (CAUNJ)	403/59	54 Johnson Avenue
CAUNJ	403/62	48 Johnson Avenue

For each residence identified, I would like to obtain basic information regarding affordability controls including:

- Total number of bedrooms
- Total number of consumers being served at each site

- Documentation detailing affordability controls (for example, deed restriction, mortgage and/or mortgage note with deed restriction)
- Length of controls, i.e., number of years
- If a licensed facility, indicate licensing agency
- Additionally, does CAUNJ and/or Creative Property Management own any other group home/supportive housing properties in Cranford?

I would greatly appreciate it if you or a member of your staff could get back to me by week's end (via phone or email – whichever easiest) to discuss this information request. I have taken the liberty of copying Terence Wall, the Township Cranford Administrator, as well as Randy Gottesman, the President of CGP&H.

Best Regards,

Michelle Lamar

Michelle Lebovitz Lamar
Corporate Counsel/Senior Planner
michelle@cgph.net
609.664.2769, ext. 31
101 Interchange Plaza, Suite 301
Cranbury, NJ 08512-3716
Fax 609.664.2786



Company Website: www.cgph.net
Home Improvement Program Website: www.hip.cgph.net
Affordable Homes For Sale and Rent: www.affordablehomesnewjersey.com

Michelle Lamar

From: Michelle Lamar
Sent: Friday, July 07, 2017 11:55 AM
To: 'bgriswold@caunj.org'
Cc: 't-wall@cranfordnj.org'; Randy Gottesman
Subject: RE: Cranford Township - Group Homes/Supportive Housing - Follow Up

Tracking:	Recipient	Delivery
	'bgriswold@caunj.org'	
	't-wall@cranfordnj.org'	
	Randy Gottesman	Delivered: 7/7/2017 11:55 AM

Dear Ms. Griswold,

I am writing to follow up on yesterday's email. Please feel free to call me if it is easier at 609.664.2769, ext. 31.

Thank you and regards,

Michelle Lamar

From: Michelle Lamar
Sent: Thursday, July 06, 2017 12:38 PM
To: 'bgriswold@caunj.org' <bgriswold@caunj.org>
Cc: 't-wall@cranfordnj.org' <t-wall@cranfordnj.org>; Randy Gottesman <randy@cgph.net>
Subject: Cranford Township - Group Homes/Supportive Housing

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Michelle Lamar

Michelle Lebovitz Lamar
Corporate Counsel/Senior Planner
michelle@cgph.net
 609.664.2769, ext. 31
 101 Interchange Plaza, Suite 301
 Cranbury, NJ 08512-3716
 Fax 609.664.2786



Company Website: www.cgph.net
 Home Improvement Program Website: www.hip.cgph.net
 Affordable Homes For Sale and Rent: www.affordablehomesnewjersey.com

Michelle Lamar

From: Michelle Lamar
Sent: Friday, July 07, 2017 2:35 PM
To: 'bgriswold@caunj.org'
Cc: 't-wall@cranfordnj.org'; Randy Gottesman
Subject: RE: Cranford Township - Group Homes/Supportive Housing - Follow Up

With apologies for sending multiple emails, however we are under a court imposed deadline to obtain information. Accordingly, I am reaching out once again. Best regards, Michelle Lamar

From: Michelle Lamar
Sent: Friday, July 07, 2017 11:55 AM
To: 'bgriswold@caunj.org' <bgriswold@caunj.org>
Cc: 't-wall@cranfordnj.org' <t-wall@cranfordnj.org>; Randy Gottesman <randy@cgph.net>
Subject: RE: Cranford Township - Group Homes/Supportive Housing - Follow Up

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Thank you and regards,

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Sent: Thursday, July 06, 2017 12:38 PM
To: 'bgriswold@caunj.org' <bgriswold@caunj.org>
Cc: 't-wall@cranfordnj.org' <t-wall@cranfordnj.org>; Randy Gottesman <randy@cgph.net>
Subject: Cranford Township - Group Homes/Supportive Housing

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Best Regards,

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 Fax 609.664.2786



Company Website: www.cgph.net

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Affordable Homes For Sale and Rent: www.affordablehomesnewjersey.com

Community Access Unlimited

STATE OF NEW JERSEY - DEPARTMENT OF HUMAN SERVICES

STANDARD LANGUAGE

FUNDING AGREEMENT FOR CONSTRUCTION, PURCHASE, OR
PURCHASE AND RENOVATION OF COMMUNITY-BASED FACILITIES

TABLE OF CONTENTS

I. DEFINITIONS

Agreement	1
Agreement Ceiling	1
Agreement Funds	2
Annex(es)	2
Community-Based	2
Current Fair Market Value	2
Days	3
Department Clients	3
Division	3
Facility	3
Mortgage	3
Notice	3
Project	3
Project Expenditures	3
Project Period	4
State	4
Total Project Cost	4

II. BASIC OBLIGATIONS OF THE DEPARTMENT

2.01 Payment	4
2.02 Inspection and Monitoring	4
2.03 Referenced Materials	4

III. BASIC OBLIGATIONS OF THE AGENCY

3.01 Project Implementation and Completion	4
3.02 Expenditure of Agreement Funds	4
3.03 Mortgage	4
3.04 Matching Funds	4
3.05 Facility Restrictions	4
3.06 Project Director	6
3.07 Documents and Information	6
3.08 Compliance with Laws	6

IV.	<u>SERVICE CONTRACT</u>	6
V.	<u>MORTGAGE</u>	
	5.01 Mortgage Execution	7
	5.02 Mortgage Satisfaction	8
VI.	<u>PAYMENT</u>	
	6.01 General Payment Obligation	9
	6.02 Method and Schedule of Payment	9
	6.03 Payments Conditional	9
VII.	<u>BOOKS AND RECORDS; REPORTING REQUIREMENTS; VISITATION AND INSPECTION; AUDIT</u>	
	7.01 Books and Records	9
	7.02 Reporting Requirements	10
	7.03 Visitation and Inspection	10
	7.04 Audit	10
VIII.	<u>AGREEMENT TERM; PROJECT PERIOD; AMENDMENTS AND MODIFICATIONS; CLOSEOUT</u>	
	8.01 Agreement Term	11
	8.02 Project Period	12
	8.03 Amendments and Modifications	12
	8.04 Closeout	12
IX.	<u>DEFAULT</u>	
	9.01 Causes	12
	9.02 Procedures	14
	9.03 Remedy	14
X.	<u>MISCELLANEOUS</u>	
	10.01 Assignment and Subcontracts	15
	10.02 Procurement	15
	10.03 Insurance	15
	10.04 Indemnification	16
	10.05 Insufficiency of Funds	16
	10.06 Exercise of Rights	17
	10.07 Application of New Jersey Law	17
	10.08 Title to Facility	17
	10.09 Renewability	17
	<u>AGREEMENT SIGNATURES AND DATE</u>	18

AGREEMENT effective as of the date recorded on the signature page between the New Jersey Department of Human Services (the "Department") and the signatory agency (the "Agency") identified on the signature page.

WHEREAS the New Jersey Legislature has from time to time authorized the Department to expend such funds as are appropriated for the construction, purchase, or purchase and renovation of Community-Based facilities for certain Department Clients; and

WHEREAS the Department has established a capital funding program to carry out such authorizations; and

WHEREAS the Agency, as a Community-Based private agency or a local government agency, is eligible and desires to utilize funding under the aforementioned appropriations;

THEREFORE the Department and the Agency agree as follows:

I. DEFINITIONS

For the purposes of this document, the following terms, when capitalized, shall have meanings as stated:

Agreement means this document, the Annex(es), all additional appendices and attachments (including the Mortgage and any approved assignments, subcontracts, amendments and modifications) and all supporting documents. The Agreement constitutes the entire agreement between the parties.

Agreement Ceiling means the amount so designated in the Annex(es) and reflects the total amount of funding committed by the Department under this Agreement.

Agreement Funds means funds committed by the Department to the Agency pursuant to this Agreement.

Annex(es) means the attachment(s) to this document containing at least the following information: a description of the Project; schedules for Project implementation and completion, Agency reporting of Project progress and Expenditures, and payment of Agreement Funds by the Department to the Agency; the commencement and expiration dates of the Agreement and the Project Period; the time period during which use of the Facility shall be restricted pursuant to the terms of Section 3.05 Facility Restrictions; the names of the Project director, the Agency officer authorized to sign this document and any other documents and papers under this Agreement, and the persons to whom Notices shall be directed; the title(s) of the Department officer(s) authorized to sign this document and any other documents and papers under this Agreement; the duties and responsibilities of the Project director; the Project budget, identifying both the Total Project Cost and the Agreement Ceiling; the sources and amounts of all funds supporting the Project; and a description of the services required to be provided in the Facility subsequent to its inspection and approval by the Department or the Division and subsequent to any required licensure. Copies of the forms of the mortgage and promissory note to be executed pursuant to Section 3.01 Mortgage Execution are appended to the Annex(es).

Community-Based means those service delivery programs or facilities which are not located on the grounds of or operated by a State institution.

Current Fair Market Value means the value of the Facility as determined by a reputable real estate appraiser approved by the Department. All appraisals must be independent of any influence either by the Agency or the Department. When used in connection with the satisfaction of the Mortgage, the Current Fair Market Value must be determined as close in time as possible to the date of such satis-

Section 3.02 Expenditure of Agreement Funds. The Agency shall expend Agreement Funds for the Project in accordance with the budget contained in the Annex(es) and for no purpose other than as reflected therein. Salaries and travel expenses for Agency employees shall not be paid by Agreement Funds, except as may be specifically approved by the Department and budgeted in the Annex(es).

With exceptions only as expressly approved by the Department, the Agency may expend Agreement Funds only during the Project Period specified in the Annex(es). When circumstances force Agency expenditures for Project-related activities prior to the Project Period, such circumstances shall be documented by the Agency and forwarded in writing to the Department. At the discretion of the Department, part or all of such expenditures may be recoverable from Agreement Funds. The Department makes no assurance that it shall permit such recovery.

Section 3.03 Mortgage. The Agency shall execute and satisfy a Mortgage in accordance with Article V of this document.

Section 3.04 Matching Funds. The Department may require that the Agency provide or obtain matching funds for the Project. Any required Agency match shall be provided in accordance with Departmental specifications, and the source(s) and amount(s) of such match shall be recorded in the Annex(es).

Section 3.05 Facility Restrictions. The Agency shall maintain the Facility as an approved facility for Department Clients for a period of time stipulated by the Department in accordance with written Division policies. Such time period constitutes the Agreement term and is recorded in the Annex(es). Unless otherwise stipulated in the Annex(es), the Agency shall reserve 100 percent of the Facility's maximum client capacity for Division referrals, except during such times as the Division may determine that a lesser percent is adequate.

Section 3.06 Project Director. Under the direction of the Agency's governing body, the Project director named in the Annex(es) shall be responsible for all Project activities.

Section 3.07 Documents and Information. The Agency shall furnish the Department or the Division with all documents and information required by this Agreement, as well as with any additional material which may be considered necessary by the Department or the Division in support of the Agreement.

Section 3.08 Compliance with Laws. In fulfilling its commitment under this Agreement, the Agency shall comply with all applicable federal, State and local laws, rules and regulations (collectively, "laws"), including but not limited to the following: the federal Civil Rights Act of 1964, as amended; P.L. 1933, Chapter 277, of the State of New Jersey, as amended (N.J.S.A. 10:2-1 et seq.) and P.L. 1975, Chapter 127, of the State of New Jersey (N.J.S.A. 10:5-11 et seq.) pertaining to affirmative action and nondiscrimination in public contracts; the federal Equal Employment Opportunity Act; Section 504 of the federal Rehabilitation Act of 1973 pertaining to nondiscrimination on the basis of handicap; the federal Age Discrimination Act of 1975; and the New Jersey Conflicts of Interest Law (N.J.S.A. 52:11D-12 et seq.), including but not limited to those sections pertaining to contracting, solicitation and the provision of inducements to State legislators, officers or employees. In addition, the Agency shall comply with all applicable State and local laws relating to licensure, with standards specified by the Department as appropriate to the Facility, and with all applicable policies and procedures issued by the Department or the Division.

IV. SERVICE CONTRACT

The execution of this Agreement shall require execution of separate contract(s) or affiliation agreement(s) for the provision of services in the Facility. The parties to such service contract(s)

or agreement(s) shall be the Division and the Agency or, alternatively, the Division and another entity approved by the Division. The services to be provided in the Facility are described in the Annex(es).

This Article, in conjunction with Section 3.05 Facility Restrictions, binds the Agency to make the Facility available for the provision of Department-approved services for the entire term of the Agreement. This Article shall not be construed, however, to obligate the Division or the Department to continue to fund such services throughout the Agreement term. The Division may choose or may be forced to discontinue such funding; and such discontinuance may, at the option of the Department, result in termination of this Agreement. Should such termination occur, the Department may act in accordance with any appropriate option set forth in Section 5.02 Mortgage Satisfaction.

7. MORTGAGE

Section 5.01 Mortgage Execution. The Agency shall execute and deliver to the Department a promissory note and a mortgage against the Facility. Execution of such documents shall be authorized by a resolution of the Agency's governing body. The amounts of both the note and the Mortgage shall be equal to the Agreement Ceiling. At the conclusion of the Project Period, should the actual amount of Project Expenditures approved for payment by the Department differ from the Agreement Ceiling as budgeted in the Annex(es), an additional note and an additional mortgage shall be executed by the Agency in the amount actually paid or approved for payment in excess of the original Agreement Ceiling. The original Mortgage and any additional Mortgage shall be filed by the Agency for recording in the county in which the Facility is located, and proof of such filing shall be delivered to the Department within seven Days thereafter. The original Mortgage and any additional Mortgage shall continue in full force and

amount until or unless the Department acts in accordance with any of its options set forth in Section 5.02 Mortgage Satisfaction.

Section 5.02 Mortgage Satisfaction. The Department may, upon expiration or termination of the Agreement, exercise any of the following options:

- (a) If the Agreement Ceiling equals the Total Project Cost, the Department may require that the Agency transfer the Facility's title either to the Department or to an entity designated by the Department.
- (b) If the Agreement Ceiling is less than the Total Project Cost, the Department may pay the Agency for the Agency's interest in the Facility, and upon such payment the Agency shall transfer the Facility's title either to the Department or to an entity designated by the Department. In such case, the amount of the Department's payment to the Agency shall be calculated by multiplying the Current Fair Market Value of the Facility by the percentage of the original investment represented by Agency funds.
- (c) Regardless of the relationship of the Agreement Ceiling to the Total Project Cost, the Department may require payment by the Agency to satisfy the Mortgage. If the Agency must sell the Facility in order to satisfy the Mortgage, and if the proceeds of such sale are less than the amount of the Mortgage, the Department's fair share of such proceeds may be deemed to satisfy the Agency's indebtedness under the Mortgage. The Department's fair share of the sale proceeds shall be the same percentage as the percentage of the original investment represented by Department funds. No amount less than the full amount of the Mortgage shall be deemed to satisfy the Agency's indebtedness to the

Department unless the Agency furnishes the Department with an appraisal indicating the Current Fair Market Value at the time of such sale and unless the Department is satisfied that the sale price was reasonable in light of such appraisal.

VI. PAYMENT

Section 6.01 General Payment Obligation. Except as otherwise limited or precluded in this Agreement, and contingent upon satisfactory fulfillment of the Agency's obligations as set forth in Section 3.01 Project Implementation and Completion, the Department shall pay the Agency the lesser of (a) the Agreement Ceiling or (b) an amount which bears the same percentage relationship to aggregate Project Expenditures as the Agreement Ceiling bears to the Total Project Cost.

Section 6.02 Method and Schedule of Payment. The Agency shall be paid under this Agreement in accordance with the method and schedule outlined in the Annex(es). Where applicable, the Department reserves the right to require written verification from the Project architect, contractor or other appropriate person, certifying the percentage of the Project completed to the date of Agency billing. In addition, the Department may require copies of statements from parties involved in Project activities.

Section 6.03 Payments Conditional. All payments by the Department under this Agreement shall be subject to revision on the basis of an audit conducted under Section 7.04 Audit.

VII. BOOKS AND RECORDS; REPORTING REQUIREMENTS; VISITATION AND INSPECTION; AUDIT

Section 7.01 Books and Records. The Agency shall maintain such books, records and accounts as are considered necessary by the

Department to ensure an accurate and adequate accounting of all receipts, expenditures and available funds, regardless of their source, relating to the Project. A separate bank account shall be established for Agreement Funds to ensure that they are identifiable for monitoring and auditing purposes and that co-mingling of Agreement Funds does not occur.

All books, records and documents of any kind pertaining to this Agreement shall be retained by the Agency for a minimum of four years after expiration or termination of the Agreement or ten years after completion of the Project, whichever is later. Such requirement can be waived only by written authorization of the Department.

Section 7.02 Reporting Requirements. The Agency shall report Project progress and Expenditures to the Department in accordance with the schedule and procedures established in the Annex(es).

Section 7.03 Visitation and Inspection. The Agency's books, records and facilities, as well as the Project site itself, shall be available for inspection by authorized representatives of the Department, the Division and any other appropriate unit, agency or agent of State or local government. At the discretion of the Department, visitations and inspections may be at any time and may be announced or unannounced. The Agency's obligation to make available its books and records for on-site inspection, however, shall be limited to regular business hours.

Section 7.04 Audit. At any time during the Agreement term, the Agency's overall operations, its compliance with specific Agreement provisions, and the operations of any assignees or subcontractors engaged by the Agency under Section 10.01 Assignment and Subcontracts may be subject to audit by the Department, by any other appropriate unit or agency of State government, or by a private firm retained or approved by the Department for such purpose.

ment upon six months' Notice to the other. Should such termination occur, the Department may act in accordance with any appropriate option set forth in Section 5.02 Mortgage Satisfaction.

Section 8.02 Project Period. The Project Period shall commence on the same date as the Agreement and shall expire on the date specified in the Annex(es). The Project Period may be extended only upon written authorization of the Department.

Section 8.03 Amendments and Modifications. Except as may otherwise be provided for in this document, all amendments and modifications to the terms of this Agreement shall be consistent with Department or Division policies and shall be accomplished by means of a written agreement signed by the parties' authorized agents identified in the Annex(es). All written amendments and modifications shall become part of this Agreement and shall be appended to this document.

Section 8.04 Closeout. All financial accounts under this Agreement, with the exception of the Mortgage, shall be settled as accurately as possible within 90 Days after expiration of the Project Period and shall be settled finally based upon the findings of the final audit conducted under Section 7.04 Audit. Any unexpended Agreement Funds in the possession of the Agency shall be returned to the Department within the 90-Day closeout period. The Mortgage shall be satisfied in accordance with Section 5.02 Mortgage Satisfaction.

Except as may otherwise be provided for in this document, all non-financial obligations of both parties shall continue after the Project Period and shall cease on the effective date of expiration or termination of the Agreement.

IX. DEFAULT

Section 9.01 Causes. The occurrence of any of the following shall be considered by the Department as Agency default of this Agreement.

- (a) Agency failure, judged to be substantial by the Department, to abide by Project specifications stipulated in the Annex(es);
- (b) Agency failure, judged to be substantial by the Department, to adhere to the schedule established in the Annex(es) for Project implementation and completion;
- (c) any Agency use of Agreement Funds for purposes other than as approved by the Department and specified in the Annex(es);
- (d) Agency submission to the Department or the Division of reports or other documents that are inaccurate or incomplete in any material respect;
- (e) Agency refusal or failure to permit the Department, the Division or a designee of the Department to inspect the Agency's facilities, including the Project site, or to review and monitor Agency administrative records and operational practices;
- (f) Agency allowance, in the absence of Departmental approval, of the placement of any lien, mortgage or other encumbrance on the Facility during the term of this Agreement, other than as provided for in Section 5.01 Mortgage Execution or identified in the Annex(es);
- (g) Agency use of Agreement Funds to employ or otherwise compensate directly or indirectly any employee of the Department;
- (h) Department discovery, in the absence of Agency disclosure, of any pecuniary or personal interest by the Agency, its

officers, trustees, directors or employees in any assignment or subcontract executed pursuant to Section 10.01 Assignment and Subcontracts;

- (i) conduct or acts, including but not limited to alleged or adjudged criminal activity, on the part of the Agency, its officers, trustees, directors or employees, which are detrimental to the reputation of the Agency or the Department;
- (j) any Agency failure, judged to be substantial by the Department, to comply with the terms and conditions of this Agreement, including any failure to maintain an approved use of the Facility pursuant to Section 3.05 Facility Restrictions.

Section 9.02 Procedures. Upon occurrence of any of the events enumerated in Section 9.01 Causes, the Department shall give Notice to the Agency that it is in default of this Agreement and shall elect either to terminate the Agreement on a date of the Department's choosing or to invoke the remedy provision set forth in Section 9.03 Remedy. Should the Agreement be terminated pursuant to this section, the Department shall act in accordance with any appropriate option set forth in Section 5.02 Mortgage Satisfaction.

Section 9.03 Remedy. In lieu of terminating this Agreement in the event of default, the Department may advise the Agency, in the Notice of default, of specific measures the Agency must undertake to remedy the default by a date of the Department's choosing. Such date shall be no more than six months from the date of the Notice of default and may be extended only at the discretion of the Department and upon Notice to the Agency. The Department's election of this provision shall in no way limit or preclude its right to terminate the Agreement upon Notice to the Agency, should the Agency fail to adhere to the remedy measures or the time schedule specified in the Notice of default.

X. MISCELLANEOUS

Section 10.01 Assignment and Subcontracts. No rights or obligations of the Agency under this Agreement may be assigned or subcontracted by the Agency, nor may the Agency sell or transfer title to the Facility, except as may be provided within the terms of this Agreement or with the prior written approval of the Department. All approved assignments and subcontracts shall become part of this Agreement and shall be subject to its terms. The Agency shall bear full responsibility, without recourse to the State or any of its subdivisions, for performance under any approved assignment or subcontract. The Agency shall forward copies of all assignment and subcontract documents to the Department and shall retain copies of them on file together with this document.

Section 10.02 Procurement. The Agency shall bear full responsibility, without recourse to the State or any of its subdivisions, for the settlement and satisfaction of any issues arising from any procurement arrangement entered into in support of this Agreement.

Section 10.03 Insurance. The Agency and any assignees or subcontractors engaged in construction or renovation of the Facility shall obtain the following types of insurance in coverage amounts judged adequate by the Department and indicated in the Annex(es):

- (a) workers' compensation;
- (b) general liability, including completed operations, broad form property damage and broad form contractual coverage;
- (c) fire insurance with extended coverage, such coverage to be equal to the replacement value of the Facility without any co-insurance; and

(d) builder's risk, on an all-risk basis.

In addition, the Department may require the Agency and any assignees or subcontractors to obtain a completion bond and/or to maintain any other type of insurance coverage considered necessary by the Department. The State, which shall include the Department, shall be included as an additional named insured on any insurance policy applicable to the Project. The Department may require such proof of the required insurance and/or bond as it deems appropriate at any time during the Project Period.

Section 10.04 Indemnification. The Agency shall defend, indemnify and otherwise save harmless the State of New Jersey, its agencies, departments, bureaus, boards, officials and employees from any and all claims or actions at law, whether for personal injury, property damage or liabilities, including the costs of defense (a) which arise from acts or omissions, whether negligent or not, of the Agency or its agents, employees, servants, subcontractors, material suppliers or others working for the Agency, irrespective of whether such risks are within or beyond the control of the Agency, or (b) which arise from any failure to perform the Agency's obligations under this Agreement or any improper performance.

Notwithstanding the Agency's responsibilities outlined above in this section, the State reserves the right to provide its own attorney(s) to assist in the defense of any legal actions which may arise as a result of this Agreement.

Section 10.05 Insufficiency of Funds. The Agency and the Department recognize that this Agreement is dependant upon funding through State appropriations. The Department shall not be held responsible for any breach of this Agreement arising due to insufficiency of such appropriations.

Section 10.06 Exercise of Rights. A failure or a delay on the part of the Department or the Agency in exercising any right, power or privilege under this Agreement shall not waive that right, power or privilege. Moreover, a single or a partial exercise shall not prevent another or a further exercise of that or of any other right, power or privilege.

Section 10.07 Application of New Jersey Law. The parties to this Agreement hereby acknowledge that this Agreement is governed by New Jersey law, including the provisions of the New Jersey Contractual Liability Act (N.J.S.A. 39:13-1 et seq.) governing the Department's liability in any dispute that may arise under this Agreement.

Section 10.08 Title to Facility. The title to the Facility shall be and remain in the Agency until such time as the Agreement has expired or been terminated for any reason. At such time, the Department's choosing of certain options set forth in Section 5.02 Mortgage Satisfaction may result in transfer of the Facility's title either to the Department or to an entity designated by the Department.

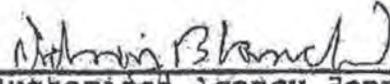
Section 10.09 Renewability. Upon expiration of the Agreement term specified in the Annex(es), this Agreement may be renewed only on the condition that such renewal is desired and its terms are fully agreed upon by both the Department (or its successor) and the Agency in a renewal agreement. Nothing either explicit or implicit in this Agreement shall be construed as granting to the Agency an automatic right of renewal. The Department reserves the right, for any reason whatsoever, to refrain from renewing this Agreement.

Should the Agreement be renewed in accordance with the terms of this section, the Mortgage shall also be renewed; and the Agency's liability to satisfy the Mortgage shall continue under and be governed by the renewal agreement.

AGREEMENT SIGNATURES AND DATE

The terms of this Agreement have been read and understood by the persons whose signatures appear below. The parties agree to comply with the terms and conditions of the Agreement as set forth in Article I through Article X above.

BY: 
Assistant Commissioner, New Jersey
Department of Human Services

BY:  U.S.
Authorized Agency Representative

NAME: Sidney Blanchard
TITLE: Executive Director
AGENCY: Community Access
ADDRESS: 80 W. Grand Street
Elizabeth, NJ 07202

AGREEMENT DATED:
MARCH 22, 1999

PURCHASE + RENOVATE.

30yr Contract 9/11
REV-322 1-2

COMMUNITY RESIDENTIAL FACILITY FUNDING PROGRAM
STATE OF NEW JERSEY - DEPARTMENT OF HUMAN SERVICES
DIVISION OF DEVELOPMENTAL DISABILITIES

ANNEX A - PROJECT SUMMARY

1. This Agreement commences on _____ and expires on 30yrs.

2. Legal Name of Agency: Community Access

3. Agency Address (Including P.O. Box, City, State, Zip Code, County):
80 West Grand Street
Elizabeth, NJ 07202
Union County

4. Date of Agency Incorporation: 12/13/77

5. Federal I.D. Number: 22-231 85 86

6. Project Location (Street, Address, City, State, County):

7. Project Scope:
 Purchase Land Existing Building/s
 Renovation Expansion of Existing Facility
 New Construction Equipment

8. The Project Period commences on _____ and expires on 6 months

9. Project Director: _____ 10. Agency Officer authorized to sign this and other documents:

Name: Laura Williams
Address: _____
(Same as Above)

Name: Sidney Blanchard
Address: _____
(Same as Above)

Phone: _____

Phone: _____

11. Persons to whom Notices sh-'ll be directed:

a) Agency
Name: Sidney Blanchard
Address: (Same as Above)

b) Department
Name: Joan Lewicki
Address: DDD-UCRO RAD Office
275 Greenbrook Road
Greenbrook, NJ 08812

COMMUNITY RESIDENTIAL FACILITY FUNDED PROGRAM
STATE OF NEW JERSEY - DEPARTMENT OF HUMAN SERVICES
DIVISION OF DEVELOPMENTAL DISABILITIES

ANNEX A - ATTACHMENT A: DUTIES AND RESPONSIBILITIES OF PROJECT DIRECTOR

The Project Director of Community Access Unlimited is responsible for:

- (1) reporting the progress of the construction and related work to the Department through the Program Development Unit, DDD;
- (2) paying all contractor's and other bills as appropriate;
- (3) submitting the invoices to the State for payment as per the Schedule in Annex C of this Agreement;
- (4) verifying that the work is completed as approved by the Department.

**COMMUNITY RESIDENTIAL FACILITY FUNDING PROGRAM
STATE OF NEW JERSEY - DEPARTMENT OF HUMAN SERVICES
DIVISION OF DEVELOPMENTAL DISABILITIES**

ANNEX B - PROJECT BUDGET: PURCHASE AND RENOVATION

<u>1. PROJECT COSTS:</u>	<u>PROJECT TOTAL</u>	<u>AGREEMENT AMT.</u>	<u>AGENCY AMT.</u>	<u>BASIS*</u>
A. Purchase of Facility:				
1) Purchase Price	\$ 275,000	\$ 275,000	\$	Purchase
2) Closing costs, including legal fees, studies & survey	\$ 5,350	\$ 5,350	\$	Appraisal Legal Closing
B. Architect	\$	\$	\$	
C. Appliances	\$ 3,000	\$ 3,000	\$	2 Washer/Dryers 2 Refrigerators
D. Carpeting	\$	\$	\$	
E. Renovations, including general contract, fire alarm/detection & equipment	\$	\$	\$	
F. Other	\$	\$	\$	
G. Total Project cost	\$ 283,350	\$ 283,350	\$	
2. AGREEMENT CEILING:	\$			
3. SOURCES OF FUNDS TO SUPPORT PROJECT (use additional sheet if necessary):				

DHS CAPITAL GRANT

*List the basis for each element of the Project Cost - e.g., architect's estimate, contractor's estimate, agency estimate, consultant's estimate, purchase price.

**COMMUNITY RESIDENTIAL FACILITY FUNDING PROGRAM
STATE OF NEW JERSEY - DEPARTMENT OF HUMAN SERVICES
DIVISION OF DEVELOPMENTAL DISABILITIES**

ANNEX C - PROJECT PROGRESS AND PAYMENT : PURCHASE AND RENOVATION

1. Reports and Inspections.

- A. The Agency will report Project progress and expenditures as requested, but not less frequently than monthly, to the Department through the Program Development Unit, Division of Developmental Disabilities.
- B. The Department will make periodic site inspections as necessary. At minimum, the following inspections will be made:
 - 1. site inspection prior to purchase of facility
 - 2. renovation inspection at 50% completion
 - 3. final inspection upon completion of Project, prior to final payment of capital funds.

2. Payment of Capital Funds by the Department to the Agency

- A. Upon commencement of the Agreement, the Department will make an initial payment of the following budgeted costs as specified:

	<u>AMOUNT TO BE PAID</u>	<u>% OF BUDGETED AMT (PER ANNEX B)</u>
1. Purchase of facility	\$ 275,000	\$ 100%
2. Closing costs	\$ 5,350	\$ 100%
3. Architect	\$ _____	\$ _____
4. Appliances	\$ 3,000	\$ 100%
5. Carpeting	\$ _____	\$ _____
6. Renovations	\$ _____	\$ _____
7. Other	\$ _____	\$ _____
TOTAL TO BE PAID	\$ 283,350	

- B. Subsequently, upon receipt from the Agency of billings and written verification of the percentage of the project completed to date, the Department will pay renovations costs as follows:

	<u>% OF PROJECT COMPLETED</u>	<u>% OF BUDGETED RENOVATIONS AMOUNT (PER ANNEX B) TO BE PAID</u>	<u>DOLLAR TO BE P.</u>
1.	50%		
2.	100%	N/A	

An adjustment based on actual costs may be made in the second payment to compensate for any previous over or underpayment made based on estimated costs.

- C. Subsequent to the final inspection required in 1B3 above, the Department will pay the remainder of the documented approved Project costs up to, but not to exceed, the Agreement Ceiling.

ANNEX D - DESCRIPTION OF SERVICES TO BE DELIVERED IN FACILITY

The Agency shall maintain the Facility as a licensed community residence for the Developmentally Disabled housing 6 persons. The facility shall provide food, shelter and personal guidance for Developmentally Disabled persons who require assistance, temporarily or permanently, in order to live independently in the community.

PROMISSORY NOTE

\$ 283,350.00

MARCH 22, 19 99

In accordance with a Capital Funding Agreement dated _____

MARCH 22, 19 99, Community Access Unlimited

promises to pay on demand to the order of the State of New Jersey,
Department of Human Services, \$283,350.00
dollars, payable at Capital Place One, 222 South Warren Street,
Trenton, New Jersey 08625.

BY: *Sidney Blanchard* L.S.
Authorized Agency Representative

NAME: Sidney Blanchard

TITLE: Executive Director

AGENCY: Community Access Unlimited

ADDRESS: 80 West Grand Street

Elizabeth, NJ 07202

Joseph A. Gioia
JOSEPH A. GIOIA
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Aug. 19, 2003



PAYMENT VOUCHER (VENDOR INVOICE)

PO # _____

PV DATE _____

TO AGENCY NUMBER	TO AGENCY NUMBER	(A) VENDOR ID NUMBER
PP-START NO. BY YR	SCHED PAY. MO. DY YR	222318586
OFF LIAB	F A	RF TY
OK FL		

CONTRACT NO.	AGENCY REF	BUYER	(B) TERMS	PAYEE SEE INSTRUCTIONS FOR COMPLETING ITEMS (A) THROUGH (G)	(C) TOTAL AMOUNT
					\$283,350.00

(D) PAYEE NAME AND ADDRESS	(E) SEND COMPLETED FORM TO:
Community Access 80 West Grand Street Elizabeth, NJ 07202	

(F) PAYEE DECLARATIONS
I CERTIFY THAT THE WITHIN PAYMENT VOUCHER IS CORRECT IN ALL ITS PARTICULARS, THAT THE DESCRIBED GOODS OR SERVICES HAVE BEEN FURNISHED OR RENDERED AND THAT NO BONUS HAS BEEN GIVEN OR RECEIVED ON ACCOUNT OF SAID DOCUMENT.

Adriana Blanche
PAYEE SIGNATURE
Executive Director
PAYEE TITLE
BILLING DATE

LINE NO	REFERENCE				PAYEE REFERENCE
	CD	AGY	NUMBER	LINE	
1					
2					
3					

FUND	AGCY	ORG CODE	SUB-ORG	APPR UNIT	ACTIVITY CD	OBJECT CD	SUB-OBJ	REV SRCE	SUB-REV	PROJECT/JOB NO
561	054	7600		001	LLL	710				
2										
3										

RPT CT	BS AQT	DT	DESCRIPTION	QUANTITY	AMOUNT	ID	PF	TX
1								
2								
3								

ITEM NO.	COMMODITY CODE/DESCRIPTION OF ITEM	QUANTITY	UNIT	UNIT PRICE	AMOUNT
	PURCHASE OF DDD group home at [REDACTED]				\$283,350.00
	AO 75066002855				

TOTAL \$283,350.00

CERTIFICATION BY RECEIVING AGENCY: I certify that the above articles have been received or services rendered as stated herein.

X. *[Signature]*
Signature
Title _____ Date _____

CERTIFICATION BY APPROVAL OFFICER: I certify that this Payment Voucher is correct and just, and payment is approved.

Authorized Signature
Title _____ Date _____

PURCHASE MONEY MORTGAGE

MORTGAGE made this 4th day of June, 1999,
between the Mortgagor, Community Access Unlimited, Inc.

and the Mortgagee, the State of New Jersey, Department of Human Services, Division of Developmental Disabilities,
Trenton, New Jersey.

WHEREAS the Mortgagor is indebted to the Mortgagee in the sum of Two Hundred Eighty Three Hundred Fifty dollars (\$283,350 00/xx), which indebtedness is evidenced by a promissory note dated March 22, 1999, and by a certain agreement dated March 22, 1999;

THEREFORE to secure the indebtedness of \$283,350 00/xx lawful money of the United States, to be paid in accordance with the aforesaid agreement, the Mortgagor does hereby mortgage the following described property located in the Township of Cranford, County of Union State of New Jersey, and more particularly described in Exhibit A annexed hereto and made a part hereof, the aforesaid property being designated as Block 403 (), Lot (), on the tax map of said Cranford, and having a street address of [REDACTED]



Received & Recorded Mortgage
Union County, NJ Inet. # 128804
8/02/1999 14:40
Joanne Rajoppi Conelder. .00
County Clerk RT Fee .00
Operator AZYDZIK

MB7326-0206

Upon default by the Mortgagor in the performance of any term, provision or requirement of the aforesaid agreement of March 22, 19 99, or upon no-fault termination of said agreement pursuant to Section 8.01 thereof, the entire amount of this mortgage shall, at the option of the Mortgagee, immediately become due and payable. Alternatively, upon Mortgagor default or upon no-fault termination of the agreement of March 22, 19 99 the Mortgagee may exercise other options as set forth in Section 5.02 of said agreement.

The Mortgagor agrees that if default shall be made in any term, provision or requirement of the agreement of March 22, 1999, the Mortgagee shall have the right forthwith, after any such default, to enter upon and take possession of the said mortgaged premises and to operate same in accordance with the aforesaid agreement.

The Mortgagor shall keep the building or buildings and improvements now on said premises, or that may hereafter be erected thereon, in good and substantial repair, and, upon failure to do so, the whole indebtedness secured and represented by this mortgage and the note accompanying same shall, at the option of the Mortgagee, become immediately due and payable; and also the Mortgagee may enter upon the premises and repair and keep in repair the same, and the expense thereof shall be added to the sum secured hereby.

In the event that the aforesaid property is condemned, the proceeds of any award for damages, direct as well as consequential, or the proceeds of any conveyance in lieu of condemnation, are hereby assigned and shall be paid to the Mortgagee.

IN WITNESS HEREOF, the Mortgagor has hereto set its hand and seal the day and year first written above.

COMMUNITY ACCESS UNLIMITED, INC.
Agency Name (Mortgagor)

BY: *Sidney Blanchard* L.S.
SIDNEY BLANCHARD, EXEC.DN.

ATTEST:
Laura Williams L.S.
Assistant Secretary
LAURA WILLIAMS

State of New Jersey, County of Essex ss.: Be it Remembered,
that on June 4, 19 99 , before me, the subscriber,
personally appeared Laura Williams

who, being by me duly sworn on her oath, deposes and makes proof to my satisfaction, that she is the Assistant Secretary of Community Access Unlimited, Inc., the agency named in the within Instrument; that Sidney Blanchard is the chief executive officer of said agency; that the execution, as well as the making of this Instrument, has been duly authorized by a proper resolution of the governing body of the said agency; that deponent well knows the seal of said agency; and that the seal affixed to said Instrument is the proper seal and was thereto affixed and said Instrument signed and delivered by said chief executive officer as and for the voluntary act and deed of said agency, in the presence of deponent, who thereupon subscribed her name thereto as attesting witness.

Sworn to and subscribed before me,
the date aforesaid.

Harold J. Poltrock
HAROLD J. POLTROCK
Prepared by:

Laura Williams
LAURA WILLIAMS

ATTORNEY AT LAW
STATE OF NEW JERSEY

PUDER & POLTROCK
PARK PLAZA
75 MAIN STREET
MILLBURN

Mortgage

Inst.# 128804
NJ 07041
Recording Fee 21.00
RT Fee .00
Paid 3.00

MB7326-0209

END OF DOCUMENT

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APPENDIX P.
SERV SUPPORTING DOCUMENTATION

SERV

STATE OF NEW JERSEY - DEPARTMENT OF HUMAN SERVICES
STANDARD LANGUAGE
FUNDING AGREEMENT FOR CONSTRUCTION, PURCHASE, OR
PURCHASE AND RENOVATION OF COMMUNITY-BASED FACILITIES

AGENCY: SERV Centers of NJ, Inc.
PROJECT NUMBER: X94-03-98

TABLE OF CONTENTS

I. DEFINITIONS

Agreement	1
Agreement Ceiling	1
Agreement Funds	2
Annex(es)	2
Community-Based	2
Current Fair Market Value	2
Days	3
Department Clients	3
Division	3
Facility	3
Mortgage	3
Notice	3
Project	3
Project Expenditures	3
Project Period	4
State	4
Total Project Cost	4

II. BASIC OBLIGATIONS OF THE DEPARTMENT

2.01 Payment	4
2.02 Inspection and Monitoring	4
2.03 Referenced Materials	4

III. BASIC OBLIGATIONS OF THE AGENCY

3.01 Project Implementation and Completion	4
3.02 Expenditure of Agreement Funds	5
3.03 Mortgage	5
3.04 Matching Funds	5
3.05 Facility Restrictions	5
3.06 Project Director	6
3.07 Documents and Information	6
3.08 Compliance with Laws	6

IV.	<u>SERVICE CONTRACT</u>	6
V.	<u>MORTGAGE</u>	
	5.01 Mortgage Execution	7
	5.02 Mortgage Satisfaction	8
VI.	<u>PAYMENT</u>	
	6.01 General Payment Obligation	9
	6.02 Method and Schedule of Payment	9
	6.03 Payments Conditional	9
VII.	<u>BOOKS AND RECORDS; REPORTING REQUIREMENTS; VISITATION AND INSPECTION; AUDIT</u>	
	7.01 Books and Records	9
	7.02 Reporting Requirements	10
	7.03 Visitation and Inspection	10
	7.04 Audit	10
VIII.	<u>AGREEMENT TERM; PROJECT PERIOD; AMENDMENTS AND MODIFICATIONS; CLOSEOUT</u>	
	8.01 Agreement Term	11
	8.02 Project Period	12
	8.03 Amendments and Modifications	12
	8.04 Closeout	12
IX.	<u>DEFAULT</u>	
	9.01 Causes	12
	9.02 Procedures	14
	9.03 Remedy	14
X.	<u>MISCELLANEOUS</u>	
	10.01 Assignment and Subcontracts	15
	10.02 Procurement	15
	10.03 Insurance	15
	10.04 Indemnification	16
	10.05 Insufficiency of Funds	16
	10.06 Exercise of Rights	17
	10.07 Application of New Jersey Law	17
	10.08 Title to Facility	17
	10.09 Renewability	17
	<u>AGREEMENT SIGNATURES AND DATE</u>	18

AGREEMENT effective as of the date recorded on the signature page between the New Jersey Department of Human Services (the "Department") and the signatory agency (the "Agency") identified on the signature page.

WHEREAS the New Jersey Legislature has from time to time authorized the Department to expend such funds as are appropriated for the construction, purchase, or purchase and renovation of Community-Based facilities for certain Department Clients; and

WHEREAS the Department has established a capital funding program to carry out such authorizations; and

WHEREAS the Agency, as a Community-Based private agency or a local government agency, is eligible and desires to utilize funding under the aforementioned appropriations;

THEREFORE the Department and the Agency agree as follows:

I. DEFINITIONS

For the purposes of this document, the following terms, when capitalized, shall have meanings as stated:

Agreement means this document, the Annex(es), all additional appendices and attachments (including the Mortgage and any approved assignments, subcontracts, amendments and modifications) and all supporting documents. The Agreement constitutes the entire agreement between the parties.

Agreement Ceiling means the amount so designated in the Annex(es) and reflects the total amount of funding committed by the Department under this Agreement.

Agreement Funds means funds committed by the Department to the Agency pursuant to this Agreement.

Annex(es) means the attachment(s) to this document containing at least the following information: a description of the Project; schedules for Project implementation and completion, Agency reporting of Project progress and Expenditures, and payment of Agreement Funds by the Department to the Agency; the commencement and expiration dates of the Agreement and the Project Period; the time period during which use of the Facility shall be restricted pursuant to the terms of Section 3.05 Facility Restrictions; the names of the Project director, the Agency officer authorized to sign this document and any other documents and papers under this Agreement, and the persons to whom Notices shall be directed; the title(s) of the Department officer(s) authorized to sign this document and any other documents and papers under this Agreement; the duties and responsibilities of the Project director; the Project budget, identifying both the Total Project Cost and the Agreement Ceiling; the sources and amounts of all funds supporting the Project; and a description of the services required to be provided in the Facility subsequent to its inspection and approval by the Department or the Division and subsequent to any required licensure. Copies of the forms of the mortgage and promissory note to be executed pursuant to Section 5.01 Mortgage Execution are appended to the Annex(es).

Community-Based means those service delivery programs or facilities which are not located on the grounds of or operated by a State institution.

Current Fair Market Value means the value of the Facility as determined by a reputable real estate appraiser approved by the Department. All appraisals must be independent of any influence either by the Agency or the Department. When used in connection with the satisfaction of the Mortgage, the Current Fair Market Value must be determined as close in time as possible to the date of such satisfaction.

Days means calendar days.

Department Clients means, as appropriate, clients of the Division of Youth and Family Services, the Division of Mental Retardation or the Division of Mental Health and Hospitals.

Division means, as appropriate, the Division of Youth and Family Services, the Division of Mental Retardation or the Division of Mental Health and Hospitals.

Facility means the building constructed, purchased, or purchased and renovated in whole or in part under this Agreement and includes the land on which such building is situated.

Mortgage means the mortgage or mortgages executed pursuant to Section 5.01 Mortgage Execution and also includes the promissory note(s) secured by such mortgage(s).

Notice means an official written communication between the Department or the Division and the Agency. All Notices shall be delivered in person or by certified mail, return receipt requested, and shall be directed to the persons at the addresses specified for such purpose in the Annex(es) or to such other persons as either party may designate in writing.

Project means the project described in the Annex(es) for construction, purchase, or purchase and renovation of a Community-Based facility for Department Clients and may include acquisition of land for such purpose. The Project may be wholly or partially financed with Agreement Funds.

Project Expenditures (also Expenditures) means expenditures made by the Agency in accordance with the Project budget contained in the Annex(es).

Project Period means the period, specified in the Annex(es), which spans the time from implementation to completion of the Project.

State means the State of New Jersey.

Total Project Cost means the amount so designated in the Annex(es) and reflects the total cost of the Project. If the Agency provides or obtains funding in addition to Agreement Funds to support the Project, the Total Project Cost will exceed the Agreement Ceiling by the amount of such additional funds.

II. BASIC OBLIGATIONS OF THE DEPARTMENT

Section 2.01 Payment. Payment of Agreement Funds to the Agency shall be in accordance with Article VI of this document.

Section 2.02 Inspection and Monitoring. The Department or its designee shall inspect the Project site and shall monitor Project activities for conformity with the terms of this Agreement, as well as with all other applicable Departmental specifications.

Section 2.03 Referenced Materials. Upon written request of the Agency, the Department or the Division shall make available to the Agency copies of federal and State regulations and other materials specifically referenced in this document.

III. BASIC OBLIGATIONS OF THE AGENCY

Section 3.01 Project Implementation and Completion. The Agency shall implement and complete the Project in accordance with the schedule outlined in the Annex(es).

Section 3.02 Expenditure of Agreement Funds. The Agency shall expend Agreement Funds for the Project in accordance with the budget contained in the Annex(es) and for no purpose other than as reflected therein. Salaries and travel expenses for Agency employees shall not be paid by Agreement Funds, except as may be specifically approved by the Department and budgeted in the Annex(es).

With exceptions only as expressly approved by the Department, the Agency may expend Agreement Funds only during the Project Period specified in the Annex(es). When circumstances force Agency expenditures for Project-related activities prior to the Project Period, such circumstances shall be documented by the Agency and forwarded in writing to the Department. At the discretion of the Department, part or all of such expenditures may be recoverable from Agreement Funds. The Department makes no assurance that it shall permit such recovery.

Section 3.03 Mortgage. The Agency shall execute and satisfy a Mortgage in accordance with Article V of this document.

Section 3.04 Matching Funds. The Department may require that the Agency provide or obtain matching funds for the Project. Any required Agency match shall be provided in accordance with Departmental specifications, and the source(s) and amount(s) of such match shall be recorded in the Annex(es).

Section 3.05 Facility Restrictions. The Agency shall maintain the Facility as an approved facility for Department Clients for a period of time stipulated by the Department in accordance with written Division policies. Such time period constitutes the Agreement term and is recorded in the Annex(es). Unless otherwise stipulated in the Annex(es), the Agency shall reserve 100 percent of the Facility's maximum client capacity for Division referrals, except during such times as the Division may determine that a lesser percent is adequate.

Section 3.06 Project Director. Under the direction of the Agency's governing body, the Project director named in the Annex(es) shall be responsible for all Project activities.

Section 3.07 Documents and Information. The Agency shall furnish the Department or the Division with all documents and information required by this Agreement, as well as with any additional material which may be considered necessary by the Department or the Division in support of the Agreement.

Section 3.08 Compliance with Laws. In fulfilling its commitment under this Agreement, the Agency shall comply with all applicable federal, State and local laws, rules and regulations (collectively, "laws"), including but not limited to the following: the federal Civil Rights Act of 1964, as amended; P.L. 1933, Chapter 277, of the State of New Jersey, as amended (N.J.S.A. 10:2-1 et seq.) and P.L. 1975, Chapter 127, of the State of New Jersey (N.J.S.A. 10:5-31 et seq.) pertaining to affirmative action and nondiscrimination in public contracts; the federal Equal Employment Opportunity Act; Section 504 of the federal Rehabilitation Act of 1973 pertaining to nondiscrimination on the basis of handicap; the federal Age Discrimination Act of 1975; and the New Jersey Conflicts of Interest Law (N.J.S.A. 52:13D-12 et seq.), including but not limited to those sections pertaining to contracting, solicitation and the provision of inducements to State legislators, officers or employees. In addition, the Agency shall comply with all applicable State and local laws relating to licensure, with standards specified by the Department as appropriate to the Facility, and with all applicable policies and procedures issued by the Department or the Division.

IV. SERVICE CONTRACT

The execution of this Agreement shall require execution of separate contract(s) or affiliation agreement(s) for the provision of services in the Facility. The parties to such service contract(s)

or agreement(s) shall be the Division and the Agency or, alternatively, the Division and another entity approved by the Division. The services to be provided in the Facility are described in the Annex(es).

This Article, in conjunction with Section 3.05 Facility Restrictions, binds the Agency to make the Facility available for the provision of Department-approved services for the entire term of the Agreement. This Article shall not be construed, however, to obligate the Division or the Department to continue to fund such services throughout the Agreement term. The Division may choose or may be forced to discontinue such funding; and such discontinuance may, at the option of the Department, result in termination of this Agreement. Should such termination occur, the Department may act in accordance with any appropriate option set forth in Section 5.02 Mortgage Satisfaction.

V. MORTGAGE

Section 5.01 Mortgage Execution. The Agency shall execute and deliver to the Department a promissory note and a mortgage against the Facility. Execution of such documents shall be authorized by a resolution of the Agency's governing body. The amounts of both the note and the Mortgage shall be equal to the Agreement Ceiling. At the conclusion of the Project Period, should the actual amount of Project Expenditures approved for payment by the Department differ from the Agreement Ceiling as budgeted in the Annex(es), an additional note and an additional mortgage shall be executed by the Agency in the amount actually paid or approved for payment in excess of the original Agreement Ceiling. The original Mortgage and any additional Mortgage shall be filed by the Agency for recording in the county in which the Facility is located, and proof of such filing shall be delivered to the Department within seven Days thereafter. The original Mortgage and any additional Mortgage shall continue in full force and

amount until or unless the Department acts in accordance with any of its options set forth in Section 5.02 Mortgage Satisfaction.

Section 5.02 Mortgage Satisfaction. The Department may, upon expiration or termination of the Agreement, exercise any of the following options:

- (a) If the Agreement Ceiling equals the Total Project Cost, the Department may require that the Agency transfer the Facility's title either to the Department or to an entity designated by the Department.
- (b) If the Agreement Ceiling is less than the Total Project Cost, the Department may pay the Agency for the Agency's interest in the Facility, and upon such payment the Agency shall transfer the Facility's title either to the Department or to an entity designated by the Department. In such case, the amount of the Department's payment to the Agency shall be calculated by multiplying the Current Fair Market Value of the Facility by the percentage of the original investment represented by Agency funds.
- (c) Regardless of the relationship of the Agreement Ceiling to the Total Project Cost, the Department may require payment by the Agency to satisfy the Mortgage. If the Agency must sell the Facility in order to satisfy the Mortgage, and if the proceeds of such sale are less than the amount of the Mortgage, the Department's fair share of such proceeds shall be deemed to satisfy the Agency's indebtedness under the Mortgage. The Department's fair share of the sale proceeds shall be the same percentage as the percentage of the original investment represented by Department funds. No amount less than the full amount of the Mortgage shall be deemed to satisfy the Agency's indebtedness to the

Department unless the Agency furnishes the Department with an appraisal indicating the Current Fair Market Value at the time of such sale and unless the Department is satisfied that the sale price was reasonable in light of such appraisal.

VI. PAYMENT

Section 6.01 General Payment Obligation. Except as otherwise limited or precluded in this Agreement, and contingent upon satisfactory fulfillment of the Agency's obligations as set forth in Section 3.01 Project Implementation and Completion, the Department shall pay the Agency the lesser of (a) the Agreement Ceiling or (b) an amount which bears the same percentage relationship to aggregate Project Expenditures as the Agreement Ceiling bears to the Total Project Cost.

Section 6.02 Method and Schedule of Payment. The Agency shall be paid under this Agreement in accordance with the method and schedule outlined in the Annex(es). Where applicable, the Department reserves the right to require written verification from the Project architect, contractor or other appropriate person, certifying the percentage of the Project completed to the date of Agency billing. In addition, the Department may require copies of statements from parties involved in Project activities.

Section 6.03 Payments Conditional. All payments by the Department under this Agreement shall be subject to revision on the basis of an audit conducted under Section 7.04 Audit.

VII. BOOKS AND RECORDS; REPORTING REQUIREMENTS; VISITATION AND INSPECTION; AUDIT

Section 7.01 Books and Records. The Agency shall maintain such books, records and accounts as are considered necessary by the

Department to ensure an accurate and adequate accounting of all receipts, expenditures and available funds, regardless of their source, relating to the Project. A separate bank account shall be established for Agreement Funds to ensure that they are identifiable for monitoring and auditing purposes and that co-mingling of Agreement Funds does not occur.

All books, records and documents of any kind pertaining to this Agreement shall be retained by the Agency for a minimum of four years after expiration or termination of the Agreement or ten years after completion of the Project, whichever is later. Such requirement can be waived only by written authorization of the Department.

Section 7.02 Reporting Requirements. The Agency shall report Project progress and Expenditures to the Department in accordance with the schedule and procedures established in the Annex(es).

Section 7.03 Visitation and Inspection. The Agency's books, records and facilities, as well as the Project site itself, shall be available for inspection by authorized representatives of the Department, the Division and any other appropriate unit, agency or agent of State or local government. At the discretion of the Department, visitations and inspections may be at any time and may be announced or unannounced. The Agency's obligation to make available its books and records for on-site inspection, however, shall be limited to regular business hours.

Section 7.04 Audit. At any time during the Agreement term, the Agency's overall operations, its compliance with specific Agreement provisions, and the operations of any assignees or subcontractors engaged by the Agency under Section 10.01 Assignment and Subcontracts may be subject to audit by the Department, by any other appropriate unit or agency of State government, or by a private firm retained or approved by the Department for such purpose.

Whether or not such audits are conducted during the Agreement term, a final financial and compliance audit of Project operations, including the relevant operations of any assignees or subcontractors, shall be conducted. Generally such audit shall be initiated within two years after expiration of the Project Period. Should extraordinary circumstances prevent this from occurring, the final audit shall commence as soon as feasible thereafter. The final audit shall be performed by a unit or agency of State government or by a private firm retained for such purpose by the Department or the Agency and shall follow guidelines issued by the Department. Final financial settlement of this Agreement shall be contingent upon the findings of the final audit.

All provisions of Section 7.03 Visitation and Inspection shall apply to the Agency and to any assignees or subcontractors in the case of any visitations or inspections made for the purpose of audit. The Department reserves the right to have access to all written material, including but not limited to work papers, generated in connection with any audit conducted. Should the Agency retain a private auditing firm, the Agency shall ensure that the instrument used to engage such firm contains express reference to the Department's right of access pursuant to this section.

VIII. AGREEMENT TERM; PROJECT PERIOD; AMENDMENTS AND MODIFICATIONS;
CLOSEOUT

Section 8.01 Agreement Term. This Agreement shall commence and expire on the dates specified in the Annex(es). The Agreement's expiration date shall coincide with the date on which the Agency shall have satisfied its obligation to the Department as established pursuant to the terms of Section 3.05 Facility Restrictions and recorded in the Annex(es).

Notwithstanding the foregoing, the Department and the Agency retain the right, during the Agreement term, to terminate this Agree-

ment upon six months' Notice to the other. Should such termination occur, the Department may act in accordance with any appropriate option set forth in Section 5.02 Mortgage Satisfaction.

Section 8.02 Project Period. The Project Period shall commence on the same date as the Agreement and shall expire on the date specified in the Annex(es). The Project Period may be extended only upon written authorization of the Department.

Section 8.03 Amendments and Modifications. Except as may otherwise be provided for in this document, all amendments and modifications to the terms of this Agreement shall be consistent with Department or Division policies and shall be accomplished by means of a written agreement signed by the parties' authorized agents identified in the Annex(es). All written amendments and modifications shall become part of this Agreement and shall be appended to this document.

Section 8.04 Closeout. All financial accounts under this Agreement, with the exception of the Mortgage, shall be settled as accurately as possible within 90 Days after expiration of the Project Period and shall be settled finally based upon the findings of the final audit conducted under Section 7.04 Audit. Any unexpended Agreement Funds in the possession of the Agency shall be returned to the Department within the 90-Day closeout period. The Mortgage shall be satisfied in accordance with Section 5.02 Mortgage Satisfaction.

Except as may otherwise be provided for in this document, all non-financial obligations of both parties shall continue after the Project Period and shall cease on the effective date of expiration or termination of the Agreement.

IX. DEFAULT

Section 9.01 Causes. The occurrence of any of the following shall be considered by the Department as Agency default of this Agreement:

- (a) Agency failure, judged to be substantial by the Department, to abide by Project specifications stipulated in the Annex(es);
- (b) Agency failure, judged to be substantial by the Department, to adhere to the schedule established in the Annex(es) for Project implementation and completion;
- (c) any Agency use of Agreement Funds for purposes other than as approved by the Department and specified in the Annex(es);
- (d) Agency submission to the Department or the Division of reports or other documents that are inaccurate or incomplete in any material respect;
- (e) Agency refusal or failure to permit the Department, the Division or a designee of the Department to inspect the Agency's facilities, including the Project site, or to review and monitor Agency administrative records and operational practices;
- (f) Agency allowance, in the absence of Departmental approval, of the placement of any lien, mortgage or other encumbrance on the Facility during the term of this Agreement, other than as provided for in Section 5.01 Mortgage Execution or identified in the Annex(es);
- (g) Agency use of Agreement Funds to employ or otherwise compensate directly or indirectly any employee of the Department;
- (h) Department discovery, in the absence of Agency disclosure, of any pecuniary or personal interest by the Agency, its

officers, trustees, directors or employees in any assignment or subcontract executed pursuant to Section 10.01 Assignment and Subcontracts;

- (i) conduct or acts, including but not limited to alleged or adjudged criminal activity, on the part of the Agency, its officers, trustees, directors or employees, which are detrimental to the reputation of the Agency or the Department;
- (j) any Agency failure, judged to be substantial by the Department, to comply with the terms and conditions of this Agreement, including any failure to maintain an approved use of the Facility pursuant to Section 3.05 Facility Restrictions.

Section 9.02 Procedures. Upon occurrence of any of the events enumerated in Section 9.01 Causes, the Department shall give Notice to the Agency that it is in default of this Agreement and shall elect either to terminate the Agreement on a date of the Department's choosing or to invoke the remedy provision set forth in Section 9.03 Remedy. Should the Agreement be terminated pursuant to this section, the Department shall act in accordance with any appropriate option set forth in Section 5.02 Mortgage Satisfaction.

Section 9.03 Remedy. In lieu of terminating this Agreement in the event of default, the Department may advise the Agency, in the Notice of default, of specific measures the Agency must undertake to remedy the default by a date of the Department's choosing. Such date shall be no more than six months from the date of the Notice of default and may be extended only at the discretion of the Department and upon Notice to the Agency. The Department's election of this provision shall in no way limit or preclude its right to terminate the Agreement upon Notice to the Agency, should the Agency fail to adhere to the remedy measures or the time schedule specified in the Notice of default.

X. MISCELLANEOUS

Section 10.01 Assignment and Subcontracts. No rights or obligations of the Agency under this Agreement may be assigned or subcontracted by the Agency, nor may the Agency sell or transfer title to the Facility, except as may be provided within the terms of this Agreement or with the prior written approval of the Department. All approved assignments and subcontracts shall become part of this Agreement and shall be subject to its terms. The Agency shall bear full responsibility, without recourse to the State or any of its subdivisions, for performance under any approved assignment or subcontract. The Agency shall forward copies of all assignment and subcontract documents to the Department and shall retain copies of them on file together with this document.

Section 10.02 Procurement. The Agency shall bear full responsibility, without recourse to the State or any of its subdivisions, for the settlement and satisfaction of any issues arising from any procurement arrangement entered into in support of this Agreement.

Section 10.03 Insurance. The Agency and any assignees or subcontractors engaged in construction or renovation of the Facility shall obtain the following types of insurance in coverage amounts judged adequate by the Department and indicated in the Annex(es):

- (a) workers' compensation;
- (b) general liability, including completed operations, broad form property damage and broad form contractual coverage;
- (c) fire insurance with extended coverage, such coverage to be equal to the replacement value of the Facility without any co-insurance; and

(d) builder's risk, on an all-risk basis.

In addition, the Department may require the Agency and any assignees or subcontractors to obtain a completion bond and/or to maintain any other type of insurance coverage considered necessary by the Department. The State, which shall include the Department, shall be included as an additional named insured on any insurance policy applicable to the Project. The Department may require such proof of the required insurance and/or bond as it deems appropriate at any time during the Project Period.

Section 10.04 Indemnification. The Agency shall defend, indemnify and otherwise save harmless the State of New Jersey, its agencies, departments, bureaus, boards, officials and employees from any and all claims or actions at law, whether for personal injury, property damage or liabilities, including the costs of defense (a) which arise from acts or omissions, whether negligent or not, of the Agency or its agents, employees, servants, subcontractors, material suppliers or others working for the Agency, irrespective of whether such risks are within or beyond the control of the Agency, or (b) which arise from any failure to perform the Agency's obligations under this Agreement or any improper performance.

Notwithstanding the Agency's responsibilities outlined above in this section, the State reserves the right to provide its own attorney(s) to assist in the defense of any legal actions which may arise as a result of this Agreement.

Section 10.05 Insufficiency of Funds. The Agency and the Department recognize that this Agreement is dependent upon funding through State appropriations. The Department shall not be held responsible for any breach of this Agreement arising due to insufficiency of such appropriations.

Section 10.06 Exercise of Rights. A failure or a delay on the part of the Department or the Agency in exercising any right, power or privilege under this Agreement shall not waive that right, power or privilege. Moreover, a single or a partial exercise shall not prevent another or a further exercise of that or of any other right, power or privilege.

Section 10.07 Application of New Jersey Law. The parties to this Agreement hereby acknowledge that this Agreement is governed by New Jersey law, including the provisions of the New Jersey Contractual Liability Act (N.J.S.A. 59:13-1 et seq.) governing the Department's liability in any dispute that may arise under this Agreement.

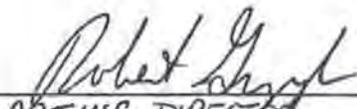
Section 10.08 Title to Facility. The title to the Facility shall be and remain in the Agency until such time as the Agreement has expired or been terminated for any reason. At such time, the Department's choosing of certain options set forth in Section 5.02 Mortgage Satisfaction may result in transfer of the Facility's title either to the Department or to an entity designated by the Department.

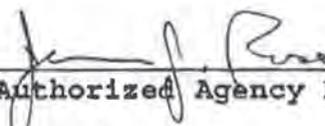
Section 10.09 Renewability. Upon expiration of the Agreement term specified in the Annex(es), this Agreement may be renewed only on the condition that such renewal is desired and its terms are fully agreed upon by both the Department (or its successor) and the Agency in a renewal agreement. Nothing either explicit or implicit in this Agreement shall be construed as granting to the Agency an automatic right of renewal. The Department reserves the right, for any reason whatsoever, to refrain from renewing this Agreement.

Should the Agreement be renewed in accordance with the terms of this section, the Mortgage shall also be renewed; and the Agency's liability to satisfy the Mortgage shall continue under and be governed by the renewal agreement.

AGREEMENT SIGNATURES AND DATE

The terms of this Agreement have been read and understood by the persons whose signatures appear below. The parties agree to comply with the terms and conditions of the Agreement as set forth in Article I through Article X above.

BY: 
ACTING DIRECTOR, New Jersey
Department of Human Services

BY:  L.S.
Authorized Agency Representative
NAME: James J. Rose
TITLE: President, C.E.O.
AGENCY: SERV Centers of NJ, Inc.
ADDRESS: 380 Scotch Road
West Trenton, NJ 08628

AGREEMENT DATED:

August 24, 1998

COMMUNITY FACILITY GRANT AGREEMENT - ANNEX A
(Project Number X94-03-98)

ANNEX A is written in accordance with the definitions provided within Article I, DEFINITIONS, for the terms "Agreement" and "Annex(es)" as listed on Pages 1 and 2 of the DEPARTMENT OF HUMAN SERVICES' AGREEMENT DOCUMENT - FUNDING AGREEMENT FOR CONSTRUCTION, PURCHASE OR PURCHASE AND RENOVATION OF COMMUNITY-BASED FACILITIES. ANNEX A is a part of that Agreement between the New Jersey Department of Human Services and SERV Centers of NJ, Inc. ("SERV" or "the Agency"), and is subject to its terms. As used within ANNEX A of this Agreement, the term "Division" means the Division of Mental Health Services within the Department of Human Services. The contents of ANNEX A are contained in Pages A1 through A9.

AGENCY: SERV Centers of NJ, Inc.
380 Scotch Road
West Trenton, NJ 08628

AUTHORIZED AGENCY REPRESENTATIVE: James J. Rose
President and CEO

PROJECT DIRECTOR: Jeffrey Nearby
Pres. & CEO of Property Management

AUTHORIZED AGENCY REPRESENTATIVE: Assistant Commissioner
New Jersey Department of
Human Services

NOTICES DIRECTED TO:
FOR THE AGENCY: The Project Director
(As Above)

FOR THE DEPARTMENT: Frank C. DeVito
Capital Program Supervisor
Div. of Mental Health Services
CN 727
Trenton, NJ 08625

PROJECT PERIOD: Nine (9) Months

AGREEMENT PERIOD: 20 Years, 9 Months

COMMENCING: August 24, 1998

ENDING: MAY 23, 2019

PROJECT SCOPE AND SERVICES TO BE PROVIDED

Under the terms of this Agreement, and pursuant to the resolution of the Department's Capital Facilities Approval Unit (CFAU) at its regular meeting on July 22, 1998, SERV Centers of NJ, Inc. (the Agency) will receive \$236,325, to be applied to the acquisition of the split-level residence located at [REDACTED] Block 514, Lot 3, Cranford Township, NJ 07016, which will provide an adult residential program to be operated by SERV, under the terms of a contract between the Agency and the New Jersey Division of Mental Health Services (DMHS).

The Capital Project Scope is to acquire the aforementioned property and develop an adult mental health residential program. SERV will provide supportive mental health services and other social services to individuals in these facilities, tailored to their specific needs. The Agency will operate this facility as a community residence for a period of 20 years, pursuant to the terms of this Agreement and N.J.S.A. 40:55D-66.1 et seq. Throughout the term of this Agreement, the Agency agrees to provide 24-hour supportive services in accordance with the Rules and Regulations Governing Community Mental Health Services and State Aid under the Community Mental Health Services Act (N.J.S.A.30:9A), and in accordance with the Consolidated Funding Agreement issued by the New Jersey Division of Mental Health Services. The facility will be operated in accordance with all applicable State and local requirements. This Agreement will be amended at a future date to include additional Agreement Funds for renovation.

ANNEX A DOCUMENTS AND CORRESPONDENCE

The following is a list of documents and correspondence containing information and data which have contributed to the formulation of this Agreement. Other information, which may not be listed but is included in project file X94-03-98, has also been utilized in forming this agreement. During the Agreement Period, as a condition for the fulfillment of this Agreement, the Department reserves the right to request any additional information and documentation which may be related to the terms of this Agreement. These shall be received as support documents which pertain to the various components of this Annex and are therefore subject to the terms of this Agreement.

1. The Division's completed Community Capital Program Application and required supporting documents submitted by the Agency.
2. The Department of Human Services' Application to the Capital Facilities Approval Unit for Purchase, Renovation, or Construction.
3. The Department's Office of Facilities and Maintenance Facility Inspection Checklist, dated March 4, 1998.
4. Appraisal Report, dated April 28, 1998 for the [REDACTED] site (appraised at \$236,000) from Property Appraisal Consultants, Inc. to SERV.
5. Final Sales Agreement, dated May 13, 1998, between Armando and America Diaz and SERV Centers of NJ. Inc.
6. Project Summary DMHS Community Capital Unit to All Members of the Department's Capital Facilities Approval Unit.
7. Copies of all closing documents relating to the Agency's purchase of the sites.
8. A copy of the Agency's insurance policy for the new facility, in accordance with Section 10.3 of this Agreement.
10. Following the completion of renovation work, the Agency will submit copies of the required insurance coverage for the replacement value of the facility.
11. All documents and correspondence which must be supplied, as available, by the Agency and any assignees, in accordance with the terms of this Agreement.

DUTIES AND RESPONSIBILITIES OF THE PROJECT DIRECTOR

With the execution of this Agreement, the Authorized Agency Representative agrees that the Project Director will perform all tasks required by the terms of this Agreement, including the execution of all Agency responsibilities in accordance with Article III, Sections 3.06, 3.07, and 3.08; Article IV; Article VII, Sections 7.02 and 7.03; Article VIII, Section 8.03; Article IX, Section 9.01; and all other applicable Sections of this Agreement.

The Project Director will be responsible for the following:

1. Acting as the Agency's representative in ensuring the Agency's compliance with the terms of this Agreement, and the terms of any subsequent amendments to or modifications of this Agreement, during the Agreement period.
2. Ensuring that facility development occurs, and that contractual services are rendered, in full compliance with the terms contained in all contracts into which the Agency has entered for development of the facility during the Project Period. It is his/her further responsibility to immediately inform the Department, in writing, concerning any deviation from or amendments to such contracts or schedules for Project Development.
3. Notifying the Department concerning any proposed change orders and all additions, deletions, or other revisions which affect the Project.
4. Submitting State vouchers for payment.
5. Satisfactorily fulfilling all requirements listed in the Community Capital Improvement application and supplying all relevant documents for Department review in accordance with the terms of this Agreement.
6. Performing other duties which effect the fulfillment of the terms of this Agreement and are mutually approved, in writing, by the Department and the Agency.

PROJECT PERIOD

The Project Period will commence on the date that this Agreement is signed by the Assistant Commissioner of the Department or his/her designee, and will terminate no later than nine (9) months from that date. Any alteration of the Project Period must be noted, in writing, by mutual agreement of the Department and the Agency.

PROJECT BUDGET

This Agreement provides for a maximum Agreement Ceiling for Acquisition of \$236,325, to pay for all eligible capital costs which pertain to the acquisition of the property specified above (see Project Scope), and for related closing costs, inspections, and legal fees.

AGREEMENT TERM, MORTGAGE, AND PROMISSORY NOTE

This Agreement will commence on the date that it is signed by the Assistant Commissioner of the Department or his/her designee, and will expire 20 years from the final date of the Project Period pursuant to Article III, section 3.01 and 3.05; Article IV; Article V; and Article VIII, section 8.01 through 8.04. In accordance with Article V, Section 5.01 of this Agreement, the Agency will complete and execute a Purchase Money Mortgage for \$236,325 in Agreement funds to be issued under this Agreement. The Purchase Money Mortgage shall be evidenced by a Promissory Note for the same amount, and these documents shall become part of this Agreement.

By the terms of this Agreement, the Agency agrees to complete, execute, and register (within the County of Union) the Purchase Money Mortgage. The Purchase Money Mortgage and the accompanying Promissory Note shall continue in full force and amount until such a time as this Agreement is terminated as per Article V, Section 5.02, or renewed as per Article X, Section 10.09.

Following Project renovation and close-out, when any final adjustments of the Project Agreement Ceiling amount will be known, the Agency will complete, execute, and register the Purchase Money Mortgage. Also at that time, should adjustments to the Agreement Ceiling be required, a final Promissory Note document will also be executed by the Agency, and the Agreement will be amended to reflect the final adjustments.

PAYMENT SCHEDULE AND PROCEDURES

Books and records are to be kept in accordance with Article VII, Section 7.01, and the Agency shall establish a **separate, non-interest-bearing bank account** for these Agreement Funds, to ensure that they are identifiable for monitoring and auditing purposes and that commingling of Agreement Funds does not occur.

A payment of Agreement Funds, for Acquisition, will be issued in a lump sum prior to the closing on the site. The State Voucher Form must be completed and signed by the Authorized Agency Representative. This Form will be processed within the Department, and the necessary funds will be issued within fifteen (15) working days following receipt in the Department. Any Agreement Funds which are advanced for acquisition but remain unexpended (due to uncertainty with respect to the final closing costs) following acquisition of the site, will be refunded to the Department of Human Services, or, upon amendment of the Agreement, used for renovation of the facility.

Prior to acquisition, the Agency shall provide a copy of the insurance policy, which insures the Agency against loss for the full replacement value of the facility and includes the State (which includes the Department) as an additionally named insured, in accordance with Section 10.03 of this Agreement. Any revisions or alterations of this payment schedule must be mutually agreed upon, in writing, by the Agency and the Department.

PURCHASE MONEY MORTGAGE
(X94-03-98)

MORTGAGE made this _____ day of _____, 19_____, between the Mortgagor, SERV Centers of NJ, Inc., 380 Scotch Road, West Trenton, New Jersey, and the Mortgagee, the State of New Jersey, Department of Human Services, Capital Place One, PO Box 700, Trenton, New Jersey 08625.

Whereas the Mortgagor is indebted to the Mortgagee in the sum of Two Hundred Thirty-Six Thousand, Three Hundred Twenty-Five dollars (\$236,325), which indebtedness is evidenced by a promissory note dated _____, 19_____, and by a certain Agreement dated _____, 19_____;

THEREFORE to secure the indebtedness of \$236,325 lawful money of the United States of America, to be paid in accordance with the aforesaid Agreement, the Mortgagor does hereby mortgage the following described property located in the Township of Cranford, County of Union, State of New Jersey, the aforesaid property being designated as Block 514, Lot 3, on the tax map of said Cranford Township, and having a street address of [REDACTED]

Upon default by the Mortgagor in the performance of any term, provision, or requirement of the aforesaid Agreement of _____, 19_____, or upon no-fault termination of said Agreement pursuant to Section 8.01 thereof, the entire amount of

this mortgage shall, at the option of the Mortgagee, immediately become due and payable. Alternatively, upon Mortgagor default or upon no-fault termination of the Agreement of _____, 19____, the Mortgagee may exercise other options as set forth in Section 5.02 of said Agreement.

The Mortgagor agrees that if default shall be made in any term, provision, or requirement of the Agreement of _____, 19_, the Mortgagee shall have the right forthwith, after any such default, to enter upon and take possession of the said mortgaged premises and to operate same in accordance with the aforesaid Agreement.

The Mortgagor shall keep the building or buildings and improvements now on said premises, or that may hereafter be erected thereon, in good and substantial repair, and, upon failure to do so, the whole indebtedness secured and represented by this mortgage and the note accompanying same shall, at the option of the Mortgagee, become immediately due and payable; and also the Mortgagee may enter upon the premises and repair and keep in repair the same, and the expense thereof shall be added to the sum secured hereby.

In the event that the aforesaid property is condemned, the proceeds of any award for damage, direct as well as consequential, or the proceeds of any conveyance in lieu of

condemnation, are hereby assigned and shall be paid to the Mortgagee.

IN WITNESS HEREOF, the Mortgagor has hereto set its hand and seal the day and year first written above.

BY: _____

ATTEST:

Secretary

State of New Jersey, County of _____ ss. : Be it
Remembered, that on _____, 19 _____, before me, the
subscriber, _____
personally appeared _____
, who, being duly sworn on h oath, deposes and makes proof
to my satisfaction, that he is the _____ Secretary of
_____, the agency named in the within
Instrument; that _____ is the
chief executive officer of said agency; that the execution, as
well as the making of this Instrument, has been duly authorized
by a proper resolution of the governing body of the said agency;
that the deponent well knows the seal of said agency; and that
the seal affixed to said Instrument is the proper seal and was
thereto affixed and said Instrument signed and delivered by said
chief executive officer as and for the voluntary act and deed of
said agency, in the presence of deponent, who thereupon
subscribed h _____ name thereto as attesting witness.

Sworn to and subscribed before me,
the date aforesaid.

Prepared by:

A8-IV

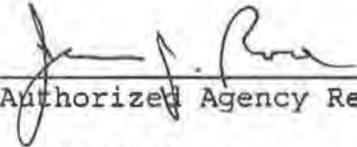
METES AND BOUNDS

PROMISSORY NOTE
(X94-03-98)

\$236,325 _____

August 24, 19 98

In accordance with the terms of a Funding Agreement for Construction, Purchase, or Purchase and Renovation of Community-Based Facilities dated August 24, 19 98, SERV Centers of NJ, Inc., 380 Scotch Road, West Trenton, New Jersey 08628 promises to pay on demand to the order of the State of New Jersey, Department of Human Services, Two Hundred Thirty-Six Thousand, Three Hundred Twenty-Five dollars (\$236,325), payable at Capital Place One, 222 South Warren Street, Trenton, New Jersey 08625.

BY:  L.S.
Authorized Agency Representative

NAME: James J. Rose

TITLE: President, C.E.O.

AGENCY: SERV Centers of NJ, Inc.

ADDRESS: 380 Scotch Road

West Trenton, NJ 08628



Received & Recorded Mortgage
 Union County, NJ Inst. # 187102
 9/21/2001 14:55
 Joanne Rajoppi Consider. .00
 County Clerk RT Fee .00
 Operator BRADLEY

A7-I

PURCHASE MONEY MORTGAGE
(X94-03-98)

MORTGAGE made this 2nd day of August, 2001, between the Mortgagor, SERV Centers of NJ, Inc., 380 Scotch Road, West Trenton, NJ 08628, and the Mortgagee, the State of New Jersey, Department of Human Services, Capital Place One, P.O. Box 700, Trenton, New Jersey 08625.

Whereas the Mortgagor is indebted to the Mortgagee in the sum of Two Hundred Eighty-Seven Thousand One Hundred Five Dollars (\$287,105), which indebtedness is evidenced by a promissory note dated July 2, 1999, and by a certain Agreement dated July 13, 1999;

THEREFORE, to secure the indebtedness of \$287,105 lawful money of the United States of America, to be paid in accordance with the aforesaid Agreement, the Mortgagor does hereby mortgage the following described property located in the Township of Cranford, County of Union, State of New Jersey, the aforesaid property being designated as Block 514, Lot 3, on the tax map of said Cranford Township, and having a street address of [REDACTED] Cranford, New Jersey.

Upon default by the Mortgagor in the performance of any term, provision, or requirement of the aforesaid Agreement of July 13, 1999, or upon no-fault termination of said Agreement pursuant to Section 8.01 thereof, the entire amount of this mortgage shall, at the option of the Mortgagee, immediately become due and payable. Alternatively, upon Mortgagor default or upon no-fault termination of the Agreement of July 13, 1999, the Mortgagee may exercise other options as set forth in Section 5.02 of said Agreement.

#88541-0035

A7-II

The Mortgagor agrees that if default shall be made in any term, provision, or requirement of the Agreement of July 13, 1999, the Mortgagee shall have the right forthwith, after any such default, to enter upon and take possession of the said mortgaged premises and to operate same in accordance with the aforesaid Agreement.

The Mortgagor shall keep the building or buildings and improvements now on said premises, or that may hereafter be erected thereon, in good and substantial repair, and, upon failure to do so, the whole indebtedness secured and represented by this mortgage and the note accompanying same shall, at the option of the Mortgagee, become immediately due and payable; and also the Mortgagee may enter upon the premises and repair and keep in repair the same, and the expense thereof shall be added to the sum secured hereby.

In the event that the aforesaid property is condemned, the proceeds of any award for damage, direct as well as consequential, or the proceeds of any conveyance in lieu of condemnation, are hereby assigned and shall be paid to the Mortgagee.

#B8541-0036

IN WITNESS HEREOF, the Mortgagor has hereto set its hand and seal the day and year first written above.

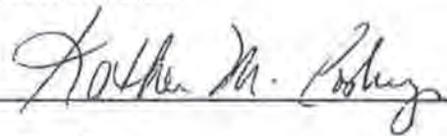
SERV CENTERS OF NEW JERSEY, INC.

BY: 
Gary Van Nostrand, President & CEO

ATTEST:

Secretary

State of New Jersey, County of Mercer ss.: Be it Remembered, that on August 2, 2001, before me, the subscriber, GARY VAN NOSTRAND, who, being duly sworn on h oath, deposes and makes proof to my satisfaction, that he is the President & CEO ~~Secretary~~ of SERV CENTERS OF NJ, the agency named in the within Instrument; that ~~is the chief executive officer of said agency;~~ that the execution, as well as the making of this Instrument, has been duly authorized by a proper resolution of the governing body of the said agency; that the deponent well knows the seal of said agency; and that the seal affixed to said Instrument is the proper seal and was thereto affixed and said Instrument signed and delivered by said chief executive officer as and for the voluntary act and deed of said agency. ~~In the presence of deponent, who has signed this instrument as attesting witness.~~

Sworn to and subscribed before me,
the date aforesaid.


Prepared by: KATHLEEN M. POSLUSZNY
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Dec. 19, 2004

RECORD AND RETURN TO

MASON, GRIFFIN & PIERSON
101 Poor Farm Road
P.O. Box 391
Princeton, New Jersey 08540

MB8541-0037

AMENDMENT TO THE A
OF COMMUNITY FACILIT
BETWEEN
THE DEPARTMENT OF HUMA

3

AGENCY: SERV Centers
FACILITY ADDRESS: [REDACTED]
Cranford Tow

The amount of the Agreement dated August 24, 1998 is increased from \$236,325 to \$287,105. This increase is due to additional costs for the following:

Addition of costs for renovation of this five-bed home (\$50,780). Expense remains below Concept Approval limit approved by DHS Capital Facilities Approval Unit on July 22, 1998 (\$54,000).

JUSTIFICATION: Vinyl siding: \$8,931; windows: \$5,979; roof replacement: \$6,287; gutters and leaders: \$1,484; electrical: \$2,505; interior painting: \$4,300; carpeting: \$7,054; alarm system: \$8,325; fence: \$717; HVAC: \$3,900; miscellaneous interior work: \$1,298.

Approved by:

DATE: 7/13/99

DATE: 7/2/99

DATE: 7/13/99

[Signature]
Authorized State Field Representative

[Signature]
Authorized Agency Representative

X [Signature]
Authorized State Representative

JZ

PURCHASE MONEY MORTGAGE

(X94-01-2006)

MORTGAGE made this 1st date of August, 2012

between the Mortgagor, **SERV Centers of New Jersey, Inc.**, (and its affiliate SERV Properties and Management, Inc.), and the Mortgagee, the **State of New Jersey, Department of Human Services**, Capital Place One, 222 South Warren Street, Trenton, New Jersey, 08625.

WHEREAS the Mortgagor is indebted to the Mortgagee in the sum of **Two Hundred Thousand Dollars (\$200,000.00)**, which indebtedness is evidenced by an Agreement and a Promissory Note dated August 21, 2006 and last amended on June 27, 2007.

THEREFORE to secure the indebtedness of **\$200,000.00** lawful money of the United States, to be paid in accordance with the aforesaid Agreement, the Mortgagor does hereby mortgage the following described property located in the City of Cranford, County of Union, State of New Jersey, the aforesaid property, having a street address of 125 Dietz Street, Cranford, New Jersey, Lot 8, Block 569 and being fully described in the attached **Schedule A - Legal Description**.

Upon default by the Mortgagor in the performance of any term, provision or requirement of the aforesaid Agreement of August 21, 2006, and as amended, or upon no-fault termination of said Agreement pursuant to Section 8.01 thereof, the entire amount of this Mortgage shall, at the option of the Mortgagee immediately become due and payable. Alternatively, upon Mortgagor default or upon no-fault termination of the Agreement of August 21, 2006, and as amended, the Mortgagee may exercise other options as set forth in **Section 5.02** of said agreement.

Received & Recorded Mortgage-2
Union County, NJ Inst# 553822 Pgs 5
8/07/2012 9:10 Consider. .00
Joanne Rajoppi RT Fee .00
County Clerk Operator VEGA



The Mortgagor agrees that if default shall be made in any term, provision or requirement of the Agreement of August 21, 2006, and as amended, the Mortgagee shall have the right forthwith, after any such default, to enter upon and take possession of the said mortgaged premises and to operate same in accordance with the aforesaid Agreement.

The Mortgagor shall keep the building or buildings and improvements now on said premises, or that may hereafter be erected thereon, in good and substantial repair, and, upon failure to do so, the whole indebtedness secured and represented by this mortgage and the note accompanying same shall, at the option of the Mortgagee, become immediately due and payable; and also the Mortgagee may enter upon the premises and repair and keep in repair the same, and the expense thereof shall be added to the sum secured hereby.

In the event that the aforesaid property is condemned, the proceeds of any award for damages, direct as well as consequential, or the proceeds of any conveyance in lieu of condemnation, are hereby assigned and shall be paid to the Mortgagee to satisfy the indebtedness and any other amounts due and payable under the Agreement of August 21, 2006. and as amended on June 27, 2007.

M13384-0404

**SCHEDULE A
LEGAL DESCRIPTION**

All that certain Lot, piece or parcel of land, with the buildings and improvements thereon created, situate, lying and being in the Township of Cranford, County of Union, State of New Jersey.

BEING KNOWN AND DESIGNATED as Lots 446, 447 and 448 in Block 117 on a certain map entitled "Map of Property at Aldene" said map being filed in the Union County Clerk's Office on November 27, 1891 as Map No. 130-C.

BEGINNING at a point on the northerly sideline of Dietz Street (Formerly 6th Street), said point being distant 175.00 feet easterly from the intersection of the northerly sideline of Dietz Street and the southeasterly sideline of Bryant Avenue, from the beginning point; thence

- (1) North 31 degrees 51 minutes East, 100.00 feet to a point; thence
- (2) South 58 degrees 09 minutes East, 75.00 feet to a point; thence
- (3) South 31 degrees 51 minutes West, 100.00 feet to the aforesaid sideline of Dietz Street; thence
- (4) Continuing along the same, North 58 degrees 09 minutes West, 75.00 feet to the point or place of BEGINNING.

FOR INFORMATION ONLY: The premises are also known as Lot 8 in Block 569 as shown on the Township of Cranford Tax Map.

IN WITNESS HEREOF, the Mortgagor has hereto set its hand and seal the day and year first written above.

SERV Centers of New Jersey, Inc.

Agency Name (Mortgagor)

BY: Caren C. Jesseman .S.
Caren C. Jesseman, C.F.O.

ATTEST: 
Secretary L.S.

SERV Properties and Management, Inc.

BY: Dominic Longo L.S.
Dominic Longo, C.O.O.

ATTEST: 
Secretary L.S.

M13384-0406

State of New Jersey, County of Mercer ss.: Be it Remembered,
that on August 1, 2012, before me, the subscriber,
personally appeared Caren Jesseman
who, being by me duly sworn on his/her oath, deposes and makes proof to my
satisfaction, that he is the Secretary of SERV Centers of New Jersey, Inc, the
agency named in the within Instrument; that Gary Van Nostrand is the chief
executive officer of said agency; that the execution, as well as the making of this
Instrument, has been duly authorized by a proper resolution of the governing body
of the said agency; that deponent well knows the seal of said agency; and that the
seal affixed to said Instrument is the proper seal and was thereto affixed and said
Instrument signed and delivered by said chief executive officer as and for the
voluntary act and deed of said agency, in the presence of deponent, who
thereupon subscribed his/her name thereto as attesting witness.

Sworn to and subscribed before me,
the date aforesaid.

Lisa Gertz
Prepared by:

LISA GERTH
NOTARY PUBLIC OF NEW JERSEY
ID # 2417721
My Commission Expires 2/27/2017

State of New Jersey, County of Mercer ss.: Be it Remembered,
that on August 1, 2012, before me, the subscriber,
personally appeared Dominic Longo
who, being by me duly sworn on his/her oath, deposes and makes proof to my
satisfaction, that he is the Secretary of SERV Properties and Management, Inc,
the agency named in the within Instrument; that Gary Van Nostrand is the chief
executive officer of said agency; that the execution, as well as the making of this
Instrument, has been duly authorized by a proper resolution of the governing body
of the said agency; that deponent well knows the seal of said agency; and that the
seal affixed to said Instrument is the proper seal and was thereto affixed and said
Instrument signed and delivered by said chief executive officer as and for the
voluntary act and deed of said agency, in the presence of deponent, who
thereupon subscribed his/her name thereto as attesting witness.

END OF DOCUMENT

Sworn to and subscribed before me,
the date aforesaid.

Lisa Gertz

LISA GERTH
NOTARY PUBLIC OF NEW JERSEY
ID # 2417721
My Commission Expires 2/27/2017

Record & Return to:

SCHENKMAN JENNINGS LLC
13 ROZEL RD STE C-225

Inst.#
553822

PRINCETON

NJ 08540
Recording Fee
RT Fee

Paid
73.00
.00

Mortgage

M13384-0407

PURCHASE MONEY MORTGAGE

(X94-01-2006)

MORTGAGE made this 1st date of August, 2012

between the Mortgagor, **SERV Centers of New Jersey, Inc.**, (and its affiliate SERV Properties and Management, Inc.), and the Mortgagee, the **State of New Jersey, Department of Human Services**, Capital Place One, 222 South Warren Street, Trenton, New Jersey, 08625.

WHEREAS the Mortgagor is indebted to the Mortgagee in the sum of **Two Hundred Thousand Dollars (\$200,000.00)**, which indebtedness is evidenced by an Agreement and a Promissory Note dated August 21, 2006 and last amended on June 27, 2007.

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Received & Recorded Mortgage-2
Union County, NJ Inst# 553822 Pgs 5
8/07/2012 9:10 Consider. .00
Joanne Rajoppi RT Fee .00
County Clerk Operator VEGA



The Mortgagor agrees that if default shall be made in any term, provision or requirement of the Agreement of August 21, 2006, and as amended, the Mortgagee shall have the right forthwith, after any such default, to enter upon and take possession of the said mortgaged premises and to operate same in accordance with the aforesaid Agreement.

The Mortgagor shall keep the building or buildings and improvements now on said premises, or that may hereafter be erected thereon, in good and substantial repair, and, upon failure to do so, the whole indebtedness secured and represented by this mortgage and the note accompanying same shall, at the option of the Mortgagee, become immediately due and payable; and also the Mortgagee may enter upon the premises and repair and keep in repair the same, and the expense thereof shall be added to the sum secured hereby.

In the event that the aforesaid property is condemned, the proceeds of any award for damages, direct as well as consequential, or the proceeds of any conveyance in lieu of condemnation, are hereby assigned and shall be paid to the Mortgagee to satisfy the indebtedness and any other amounts due and payable under the Agreement of August 21, 2006. and as amended on June 27, 2007.

M13384-0404

**SCHEDULE A
LEGAL DESCRIPTION**

All that certain Lot, piece or parcel of land, with the buildings and improvements thereon created, situate, lying and being in the Township of Cranford, County of Union, State of New Jersey.

BEING KNOWN AND DESIGNATED as Lots 446, 447 and 448 in Block 117 on a certain map entitled "Map of Property at Aldene" said map being filed in the Union County Clerk's Office on November 27, 1891 as Map No. 130-C.

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- (3) South 31 degrees 51 minutes West, 100.00 feet to the aforesaid sideline of Dietz Street; thence
- (4) Continuing along the same, North 58 degrees 09 minutes West, 75.00 feet to the point or place of BEGINNING.

FOR INFORMATION ONLY: The premises are also known as Lot 8 in Block 569 as shown on the Township of Cranford Tax Map.

IN WITNESS HEREOF, the Mortgagor has hereto set its hand and seal the day and year first written above.

SERV Centers of New Jersey, Inc.

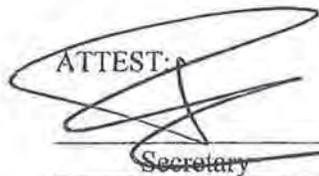
Agency Name (Mortgagor)

BY: Caren C. Jesseman .S.
Caren C. Jesseman, C.F.O.

ATTEST: 
Secretary L.S.

SERV Properties and Management, Inc.

BY: Dominic Longo L.S.
Dominic Longo, C.O.O.

ATTEST: 
Secretary L.S.

M13384-0406

State of New Jersey, County of Mercer ss.: Be it Remembered,
that on August 1, 2012, before me, the subscriber,
personally appeared Caren Jesseman
who, being by me duly sworn on his/her oath, deposes and makes proof to my
satisfaction, that he is the Secretary of SERV Centers of New Jersey, Inc, the
agency named in the within Instrument; that Gary Van Nostrand is the chief
executive officer of said agency; that the execution, as well as the making of this
Instrument, has been duly authorized by a proper resolution of the governing body
of the said agency; that deponent well knows the seal of said agency; and that the
seal affixed to said Instrument is the proper seal and was thereto affixed and said
Instrument signed and delivered by said chief executive officer as and for the
voluntary act and deed of said agency, in the presence of deponent, who
thereupon subscribed his/her name thereto as attesting witness.

Sworn to and subscribed before me,
the date aforesaid.

Lisa Gerth
Prepared by:

LISA GERTH
NOTARY PUBLIC OF NEW JERSEY
ID # 2417721
My Commission Expires 2/27/2017

State of New Jersey, County of Mercer ss.: Be it Remembered,
that on August 1, 2012, before me, the subscriber,
personally appeared Dominic Longo
who, being by me duly sworn on his/her oath, deposes and makes proof to my
satisfaction, that he is the Secretary of SERV Properties and Management, Inc,
the agency named in the within Instrument; that Gary Van Nostrand is the chief
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thereupon subscribed his/her name thereto as attesting witness.

END OF DOCUMENT

Sworn to and subscribed before me,
the date aforesaid.

Lisa Gerth

LISA GERTH
NOTARY PUBLIC OF NEW JERSEY
ID # 2417721
My Commission Expires 2/27/2017

Record & Return to:

SCHENKMAN JENNINGS LLC
13 ROZEL RD STE C-225

Inst.#
553822

PRINCETON

NJ 08540
Recording Fee
RT Fee

Paid
73.00
.00

Mortgage

M13384-0407

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APPENDIX Q.
BRIDGEWAY SUPPORTING DOCUMENTATION

STATE OF NEW JERSEY - DEPARTMENT OF HUMAN SERVICES

STANDARD LANGUAGE

FUNDING AGREEMENT FOR CONSTRUCTION, PURCHASE, OR
PURCHASE AND RENOVATION OF COMMUNITY-BASED FACILITIES

TABLE OF CONTENTS

I. DEFINITIONS

Agreement	1
Agreement Ceiling	1
Agreement Funds	2
Annex(es)	2
Community-Based	2
Current Fair Market Value	2
Days	3
Department Clients	3
Division	3
Facility	3
Mortgage	3
Notice	3
Project	3
Project Expenditures	3
Project Period	4
State	4
Total Project Cost	4

II. BASIC OBLIGATIONS OF THE DEPARTMENT

2.01 Payment	4
2.02 Inspection and Monitoring	4
2.03 Referenced Materials	4

III. BASIC OBLIGATIONS OF THE AGENCY

3.01 Project Implementation and Completion	4
3.02 Expenditure of Agreement Funds	5
3.03 Mortgage	5
3.04 Matching Funds	5
3.05 Facility Restrictions	5
3.06 Project Director	6
3.07 Documents and Information	6
3.08 Compliance with Laws	6

IV.	<u>SERVICE CONTRACT</u>	6
V.	<u>MORTGAGE</u>	
	5.01 Mortgage Execution	7
	5.02 Mortgage Satisfaction	8
VI.	<u>PAYMENT</u>	
	6.01 General Payment Obligation	9
	6.02 Method and Schedule of Payment	9
	6.03 Payments Conditional	9
VII.	<u>BOOKS AND RECORDS; REPORTING REQUIREMENTS; VISITATION AND INSPECTION; AUDIT</u>	
	7.01 Books and Records	9
	7.02 Reporting Requirements	10
	7.03 Visitation and Inspection	10
	7.04 Audit	10
VIII.	<u>AGREEMENT TERM; PROJECT PERIOD; AMENDMENTS AND MODIFICATIONS; CLOSEOUT</u>	
	8.01 Agreement Term	11
	8.02 Project Period	12
	8.03 Amendments and Modifications	12
	8.04 Closeout	12
IX.	<u>DEFAULT</u>	
	9.01 Causes	12
	9.02 Procedures	14
	9.03 Remedy	14
X.	<u>MISCELLANEOUS</u>	
	10.01 Assignment and Subcontracts	15
	10.02 Procurement	15
	10.03 Insurance	15
	10.04 Indemnification	16
	10.05 Insufficiency of Funds	16
	10.06 Exercise of Rights	17
	10.07 Application of New Jersey Law	17
	10.08 Title to Facility	17
	10.09 Renewability	17
	<u>AGREEMENT SIGNATURES AND DATE</u>	18

AGREEMENT effective as of the date recorded on the signature page between the New Jersey Department of Human Services (the "Department") and the signatory agency (the "Agency") identified on the signature page.

WHEREAS the New Jersey Legislature has from time to time authorized the Department to expend such funds as are appropriated for the construction, purchase, or purchase and renovation of Community-Based facilities for certain Department Clients; and

WHEREAS the Department has established a capital funding program to carry out such authorizations; and

WHEREAS the Agency, as a Community-Based private agency or a local government agency, is eligible and desires to utilize funding under the aforementioned appropriations;

THEREFORE the Department and the Agency agree as follows:

I. DEFINITIONS

For the purposes of this document, the following terms, when capitalized, shall have meanings as stated:

Agreement means this document, the Annex(es), all additional appendices and attachments (including the Mortgage and any approved assignments, subcontracts, amendments and modifications) and all supporting documents. The Agreement constitutes the entire agreement between the parties.

Agreement Ceiling means the amount so designated in the Annex(es) and reflects the total amount of funding committed by the Department under this Agreement.

Agreement Funds means funds committed by the Department to the Agency pursuant to this Agreement.

Annex(es) means the attachment(s) to this document containing at least the following information: a description of the Project; schedules for Project implementation and completion, Agency reporting of Project progress and Expenditures, and payment of Agreement Funds by the Department to the Agency; the commencement and expiration dates of the Agreement and the Project Period; the time period during which use of the Facility shall be restricted pursuant to the terms of Section 3.05 Facility Restrictions; the names of the Project director, the Agency officer authorized to sign this document and any other documents and papers under this Agreement, and the persons to whom Notices shall be directed; the title(s) of the Department officer(s) authorized to sign this document and any other documents and papers under this Agreement; the duties and responsibilities of the Project director; the Project budget, identifying both the Total Project Cost and the Agreement Ceiling; the sources and amounts of all funds supporting the Project; and a description of the services required to be provided in the Facility subsequent to its inspection and approval by the Department or the Division and subsequent to any required licensure. Copies of the forms of the mortgage and promissory note to be executed pursuant to Section 5.01 Mortgage Execution are appended to the Annex(es).

Community-Based means those service delivery programs or facilities which are not located on the grounds of or operated by a State institution.

Current Fair Market Value means the value of the Facility as determined by a reputable real estate appraiser approved by the Department. All appraisals must be independent of any influence either by the Agency or the Department. When used in connection with the satisfaction of the Mortgage, the Current Fair Market Value must be determined as close in time as possible to the date of such satisfaction.

Days means calendar days.

Department Clients means, as appropriate, clients of the Division of Youth and Family Services, the Division of Mental Retardation or the Division of Mental Health and Hospitals.

Division means, as appropriate, the Division of Youth and Family Services, the Division of Mental Retardation or the Division of Mental Health and Hospitals.

Facility means the building constructed, purchased, or purchased and renovated in whole or in part under this Agreement and includes the land on which such building is situated.

Mortgage means the mortgage or mortgages executed pursuant to Section 5.01 Mortgage Execution and also includes the promissory note(s) secured by such mortgage(s).

Notice means an official written communication between the Department or the Division and the Agency. All Notices shall be delivered in person or by certified mail, return receipt requested, and shall be directed to the persons at the addresses specified for such purpose in the Annex(es) or to such other persons as either party may designate in writing.

Project means the project described in the Annex(es) for construction, purchase, or purchase and renovation of a Community-Based facility for Department Clients and may include acquisition of land for such purpose. The Project may be wholly or partially financed with Agreement Funds.

Project Expenditures (also Expenditures) means expenditures made by the Agency in accordance with the Project budget contained in the Annex(es).

Project Period means the period, specified in the Annex(es), which spans the time from implementation to completion of the Project.

State means the State of New Jersey.

Total Project Cost means the amount so designated in the Annex(es) and reflects the total cost of the Project. If the Agency provides or obtains funding in addition to Agreement Funds to support the Project, the Total Project Cost will exceed the Agreement Ceiling by the amount of such additional funds.

II. BASIC OBLIGATIONS OF THE DEPARTMENT

Section 2.01 Payment. Payment of Agreement Funds to the Agency shall be in accordance with Article VI of this document.

Section 2.02 Inspection and Monitoring. The Department or its designee shall inspect the Project site and shall monitor Project activities for conformity with the terms of this Agreement, as well as with all other applicable Departmental specifications.

Section 2.03 Referenced Materials. Upon written request of the Agency, the Department or the Division shall make available to the Agency copies of federal and State regulations and other materials specifically referenced in this document.

III. BASIC OBLIGATIONS OF THE AGENCY

Section 3.01 Project Implementation and Completion. The Agency shall implement and complete the Project in accordance with the schedule outlined in the Annex(es).

Section 3.02 Expenditure of Agreement Funds. The Agency shall expend Agreement Funds for the Project in accordance with the budget contained in the Annex(es) and for no purpose other than as reflected therein. Salaries and travel expenses for Agency employees shall not be paid by Agreement Funds, except as may be specifically approved by the Department and budgeted in the Annex(es).

With exceptions only as expressly approved by the Department, the Agency may expend Agreement Funds only during the Project Period specified in the Annex(es). When circumstances force Agency expenditures for Project-related activities prior to the Project Period, such circumstances shall be documented by the Agency and forwarded in writing to the Department. At the discretion of the Department, part or all of such expenditures may be recoverable from Agreement Funds. The Department makes no assurance that it shall permit such recovery.

Section 3.03 Mortgage. The Agency shall execute and satisfy a Mortgage in accordance with Article V of this document.

Section 3.04 Matching Funds. The Department may require that the Agency provide or obtain matching funds for the Project. Any required Agency match shall be provided in accordance with Departmental specifications, and the source(s) and amount(s) of such match shall be recorded in the Annex(es).

Section 3.05 Facility Restrictions. The Agency shall maintain the Facility as an approved facility for Department Clients for a period of time stipulated by the Department in accordance with written Division policies. Such time period constitutes the Agreement term and is recorded in the Annex(es). Unless otherwise stipulated in the Annex(es), the Agency shall reserve 100 percent of the Facility's maximum client capacity for Division referrals, except during such times as the Division may determine that a lesser percent is adequate.

Section 3.06 Project Director. Under the direction of the Agency's governing body, the Project director named in the Annex(es) shall be responsible for all Project activities.

Section 3.07 Documents and Information. The Agency shall furnish the Department or the Division with all documents and information required by this Agreement, as well as with any additional material which may be considered necessary by the Department or the Division in support of the Agreement.

Section 3.08 Compliance with Laws. In fulfilling its commitment under this Agreement, the Agency shall comply with all applicable federal, State and local laws, rules and regulations (collectively, "laws"), including but not limited to the following: the federal Civil Rights Act of 1964, as amended; P.L. 1933, Chapter 277, of the State of New Jersey, as amended (N.J.S.A. 10:2-1 et seq.) and P.L. 1975, Chapter 127, of the State of New Jersey (N.J.S.A. 10:5-31 et seq.) pertaining to affirmative action and nondiscrimination in public contracts; the federal Equal Employment Opportunity Act; Section 504 of the federal Rehabilitation Act of 1973 pertaining to nondiscrimination on the basis of handicap; the federal Age Discrimination Act of 1975; and the New Jersey Conflicts of Interest Law (N.J.S.A. 52:13D-12 et seq.), including but not limited to those sections pertaining to contracting, solicitation and the provision of inducements to State legislators, officers or employees. In addition, the Agency shall comply with all applicable State and local laws relating to licensure, with standards specified by the Department as appropriate to the Facility, and with all applicable policies and procedures issued by the Department or the Division.

IV. SERVICE CONTRACT

The execution of this Agreement shall require execution of separate contract(s) or affiliation agreement(s) for the provision of services in the Facility. The parties to such service contract(s)

or agreement(s) shall be the Division and the Agency or, alternatively, the Division and another entity approved by the Division. The services to be provided in the Facility are described in the Annex(es).

This Article, in conjunction with Section 3.05 Facility Restrictions, binds the Agency to make the Facility available for the provision of Department-approved services for the entire term of the Agreement. This Article shall not be construed, however, to obligate the Division or the Department to continue to fund such services throughout the Agreement term. The Division may choose or may be forced to discontinue such funding; and such discontinuance may, at the option of the Department, result in termination of this Agreement. Should such termination occur, the Department may act in accordance with any appropriate option set forth in Section 5.02 Mortgage Satisfaction.

V. MORTGAGE

Section 5.01 Mortgage Execution. The Agency shall execute and deliver to the Department a promissory note and a mortgage against the Facility. Execution of such documents shall be authorized by a resolution of the Agency's governing body. The amounts of both the note and the Mortgage shall be equal to the Agreement Ceiling. At the conclusion of the Project Period, should the actual amount of Project Expenditures approved for payment by the Department differ from the Agreement Ceiling as budgeted in the Annex(es), an additional note and an additional mortgage shall be executed by the Agency in the amount actually paid or approved for payment in excess of the original Agreement Ceiling. The original Mortgage and any additional Mortgage shall be filed by the Agency for recording in the county in which the Facility is located, and proof of such filing shall be delivered to the Department within seven Days thereafter. The original Mortgage and any additional Mortgage shall continue in full force and

amount until or unless the Department acts in accordance with any of its options set forth in Section 5.02 Mortgage Satisfaction.

Section 5.02 Mortgage Satisfaction. The Department may, upon expiration or termination of the Agreement, exercise any of the following options:

- (a) If the Agreement Ceiling equals the Total Project Cost, the Department may require that the Agency transfer the Facility's title either to the Department or to an entity designated by the Department.
- (b) If the Agreement Ceiling is less than the Total Project Cost, the Department may pay the Agency for the Agency's interest in the Facility, and upon such payment the Agency shall transfer the Facility's title either to the Department or to an entity designated by the Department. In such case, the amount of the Department's payment to the Agency shall be calculated by multiplying the Current Fair Market Value of the Facility by the percentage of the original investment represented by Agency funds.
- (c) Regardless of the relationship of the Agreement Ceiling to the Total Project Cost, the Department may require payment by the Agency to satisfy the Mortgage. If the Agency must sell the Facility in order to satisfy the Mortgage, and if the proceeds of such sale are less than the amount of the Mortgage, the Department's fair share of such proceeds shall be deemed to satisfy the Agency's indebtedness under the Mortgage. The Department's fair share of the sale proceeds shall be the same percentage as the percentage of the original investment represented by Department funds. No amount less than the full amount of the Mortgage shall be deemed to satisfy the Agency's indebtedness to the

Department unless the Agency furnishes the Department with an appraisal indicating the Current Fair Market Value at the time of such sale and unless the Department is satisfied that the sale price was reasonable in light of such appraisal.

VI. PAYMENT

Section 6.01 General Payment Obligation. Except as otherwise limited or precluded in this Agreement, and contingent upon satisfactory fulfillment of the Agency's obligations as set forth in Section 3.01 Project Implementation and Completion, the Department shall pay the Agency the lesser of (a) the Agreement Ceiling or (b) an amount which bears the same percentage relationship to aggregate Project Expenditures as the Agreement Ceiling bears to the Total Project Cost.

Section 6.02 Method and Schedule of Payment. The Agency shall be paid under this Agreement in accordance with the method and schedule outlined in the Annex(es). Where applicable, the Department reserves the right to require written verification from the Project architect, contractor or other appropriate person, certifying the percentage of the Project completed to the date of Agency billing. In addition, the Department may require copies of statements from parties involved in Project activities.

Section 6.03 Payments Conditional. All payments by the Department under this Agreement shall be subject to revision on the basis of an audit conducted under Section 7.04 Audit.

VII. BOOKS AND RECORDS; REPORTING REQUIREMENTS; VISITATION AND INSPECTION; AUDIT

Section 7.01 Books and Records. The Agency shall maintain such books, records and accounts as are considered necessary by the

Department to ensure an accurate and adequate accounting of all receipts, expenditures and available funds, regardless of their source, relating to the Project. A separate bank account shall be established for Agreement Funds to ensure that they are identifiable for monitoring and auditing purposes and that co-mingling of Agreement Funds does not occur.

All books, records and documents of any kind pertaining to this Agreement shall be retained by the Agency for a minimum of four years after expiration or termination of the Agreement or ten years after completion of the Project, whichever is later. Such requirement can be waived only by written authorization of the Department.

Section 7.02 Reporting Requirements. The Agency shall report Project progress and Expenditures to the Department in accordance with the schedule and procedures established in the Annex(es).

Section 7.03 Visitation and Inspection. The Agency's books, records and facilities, as well as the Project site itself, shall be available for inspection by authorized representatives of the Department, the Division and any other appropriate unit, agency or agent of State or local government. At the discretion of the Department, visitations and inspections may be at any time and may be announced or unannounced. The Agency's obligation to make available its books and records for on-site inspection, however, shall be limited to regular business hours.

Section 7.04 Audit. At any time during the Agreement term, the Agency's overall operations, its compliance with specific Agreement provisions, and the operations of any assignees or subcontractors engaged by the Agency under Section 10.01 Assignment and Subcontracts may be subject to audit by the Department, by any other appropriate unit or agency of State government, or by a private firm retained or approved by the Department for such purpose.

Whether or not such audits are conducted during the Agreement term, a final financial and compliance audit of Project operations, including the relevant operations of any assignees or subcontractors, shall be conducted. Generally such audit shall be initiated within two years after expiration of the Project Period. Should extraordinary circumstances prevent this from occurring, the final audit shall commence as soon as feasible thereafter. The final audit shall be performed by a unit or agency of State government or by a private firm retained for such purpose by the Department or the Agency and shall follow guidelines issued by the Department. Final financial settlement of this Agreement shall be contingent upon the findings of the final audit.

All provisions of Section 7.03 Visitation and Inspection shall apply to the Agency and to any assignees or subcontractors in the case of any visitations or inspections made for the purpose of audit. The Department reserves the right to have access to all written material, including but not limited to work papers, generated in connection with any audit conducted. Should the Agency retain a private auditing firm, the Agency shall ensure that the instrument used to engage such firm contains express reference to the Department's right of access pursuant to this section.

VIII. AGREEMENT TERM; PROJECT PERIOD; AMENDMENTS AND MODIFICATIONS; CLOSEOUT

Section 8.01 Agreement Term. This Agreement shall commence and expire on the dates specified in the Annex(es). The Agreement's expiration date shall coincide with the date on which the Agency shall have satisfied its obligation to the Department as established pursuant to the terms of Section 3.05 Facility Restrictions and recorded in the Annex(es).

Notwithstanding the foregoing, the Department and the Agency retain the right, during the Agreement term, to terminate this Agree-

ment upon six months' Notice to the other. Should such termination occur, the Department may act in accordance with any appropriate option set forth in Section 5.02 Mortgage Satisfaction.

Section 8.02 Project Period. The Project Period shall commence on the same date as the Agreement and shall expire on the date specified in the Annex(es). The Project Period may be extended only upon written authorization of the Department.

Section 8.03 Amendments and Modifications. Except as may otherwise be provided for in this document, all amendments and modifications to the terms of this Agreement shall be consistent with Department or Division policies and shall be accomplished by means of a written agreement signed by the parties' authorized agents identified in the Annex(es). All written amendments and modifications shall become part of this Agreement and shall be appended to this document.

Section 8.04 Closeout. All financial accounts under this Agreement, with the exception of the Mortgage, shall be settled as accurately as possible within 90 Days after expiration of the Project Period and shall be settled finally based upon the findings of the final audit conducted under Section 7.04 Audit. Any unexpended Agreement Funds in the possession of the Agency shall be returned to the Department within the 90-Day closeout period. The Mortgage shall be satisfied in accordance with Section 5.02 Mortgage Satisfaction.

Except as may otherwise be provided for in this document, all non-financial obligations of both parties shall continue after the Project Period and shall cease on the effective date of expiration or termination of the Agreement.

IX. DEFAULT

Section 9.01 Causes. The occurrence of any of the following shall be considered by the Department as Agency default of this Agreement:

- (a) Agency failure, judged to be substantial by the Department, to abide by Project specifications stipulated in the Annex(es);
- (b) Agency failure, judged to be substantial by the Department, to adhere to the schedule established in the Annex(es) for Project implementation and completion;
- (c) any Agency use of Agreement Funds for purposes other than as approved by the Department and specified in the Annex(es);
- (d) Agency submission to the Department or the Division of reports or other documents that are inaccurate or incomplete in any material respect;
- (e) Agency refusal or failure to permit the Department, the Division or a designee of the Department to inspect the Agency's facilities, including the Project site, or to review and monitor Agency administrative records and operational practices;
- (f) Agency allowance, in the absence of Departmental approval, of the placement of any lien, mortgage or other encumbrance on the Facility during the term of this Agreement, other than as provided for in Section 5.01 Mortgage Execution or identified in the Annex(es);
- (g) Agency use of Agreement Funds to employ or otherwise compensate directly or indirectly any employee of the Department;
- (h) Department discovery, in the absence of Agency disclosure, of any pecuniary or personal interest by the Agency, its

officers, trustees, directors or employees in any assignment or subcontract executed pursuant to Section 10.01 Assignment and Subcontracts;

- (i) conduct or acts, including but not limited to alleged or adjudged criminal activity, on the part of the Agency, its officers, trustees, directors or employees, which are detrimental to the reputation of the Agency or the Department;
- (j) any Agency failure, judged to be substantial by the Department, to comply with the terms and conditions of this Agreement, including any failure to maintain an approved use of the Facility pursuant to Section 3.05 Facility Restrictions.

Section 9.02 Procedures. Upon occurrence of any of the events enumerated in Section 9.01 Causes, the Department shall give Notice to the Agency that it is in default of this Agreement and shall elect either to terminate the Agreement on a date of the Department's choosing or to invoke the remedy provision set forth in Section 9.03 Remedy. Should the Agreement be terminated pursuant to this section, the Department shall act in accordance with any appropriate option set forth in Section 5.02 Mortgage Satisfaction.

Section 9.03 Remedy. In lieu of terminating this Agreement in the event of default, the Department may advise the Agency, in the Notice of default, of specific measures the Agency must undertake to remedy the default by a date of the Department's choosing. Such date shall be no more than six months from the date of the Notice of default and may be extended only at the discretion of the Department and upon Notice to the Agency. The Department's election of this provision shall in no way limit or preclude its right to terminate the Agreement upon Notice to the Agency, should the Agency fail to adhere to the remedy measures or the time schedule specified in the Notice of default.

X. MISCELLANEOUS

Section 10.01 Assignment and Subcontracts. No rights or obligations of the Agency under this Agreement may be assigned or subcontracted by the Agency, nor may the Agency sell or transfer title to the Facility, except as may be provided within the terms of this Agreement or with the prior written approval of the Department. All approved assignments and subcontracts shall become part of this Agreement and shall be subject to its terms. The Agency shall bear full responsibility, without recourse to the State or any of its subdivisions, for performance under any approved assignment or subcontract. The Agency shall forward copies of all assignment and subcontract documents to the Department and shall retain copies of them on file together with this document.

Section 10.02 Procurement. The Agency shall bear full responsibility, without recourse to the State or any of its subdivisions, for the settlement and satisfaction of any issues arising from any procurement arrangement entered into in support of this Agreement.

Section 10.03 Insurance. The Agency and any assignees or subcontractors engaged in construction or renovation of the Facility shall obtain the following types of insurance in coverage amounts judged adequate by the Department and indicated in the Annex(es):

- (a) workers' compensation;
- (b) general liability, including completed operations, broad form property damage and broad form contractual coverage;
- (c) fire insurance with extended coverage, such coverage to be equal to the replacement value of the Facility without any co-insurance; and

(d) builder's risk, on an all-risk basis.

In addition, the Department may require the Agency and any assignees or subcontractors to obtain a completion bond and/or to maintain any other type of insurance coverage considered necessary by the Department. The State, which shall include the Department, shall be included as an additional named insured on any insurance policy applicable to the Project. The Department may require such proof of the required insurance and/or bond as it deems appropriate at any time during the Project Period.

Section 10.04 Indemnification. The Agency shall defend, indemnify and otherwise save harmless the State of New Jersey, its agencies, departments, bureaus, boards, officials and employees from any and all claims or actions at law, whether for personal injury, property damage or liabilities, including the costs of defense (a) which arise from acts or omissions, whether negligent or not, of the Agency or its agents, employees, servants, subcontractors, material suppliers or others working for the Agency, irrespective of whether such risks are within or beyond the control of the Agency, or (b) which arise from any failure to perform the Agency's obligations under this Agreement or any improper performance.

Notwithstanding the Agency's responsibilities outlined above in this section, the State reserves the right to provide its own attorney(s) to assist in the defense of any legal actions which may arise as a result of this Agreement.

Section 10.05 Insufficiency of Funds. The Agency and the Department recognize that this Agreement is dependent upon funding through State appropriations. The Department shall not be held responsible for any breach of this Agreement arising due to insufficiency of such appropriations.

COMMUNITY FACILITY GRANT AGREEMENT - ANNEX A
(Project Number P37-01-96)

ANNEX A is written in accordance with the definitions provided within Article I, DEFINITIONS, for the terms "Agreement" and "Annex(es)" as listed on Pages 1 and 2 of the DEPARTMENT OF HUMAN SERVICES' AGREEMENT DOCUMENT - FUNDING AGREEMENT FOR CONSTRUCTION, PURCHASE OR PURCHASE AND RENOVATION OF COMMUNITY-BASED FACILITIES. ANNEX A is a part of that Agreement between the New Jersey Department of Human Services and Bridgeway House and is subject to its terms. As used within ANNEX A of this Agreement, the term "Division" means the Division of Mental Health Services within the Department of Human Services. The contents of ANNEX A are contained in Pages A1 through A9.

AGENCY: Bridgeway House
615 North Broad Street
Elizabeth, NJ 07208

AUTHORIZED AGENCY REPRESENTATIVE: Cory Storch
Executive Director

PROJECT DIRECTOR: Cory Storch
Executive Director

AUTHORIZED AGENCY REPRESENTATIVE: Assistant Commissioner
New Jersey Department of
Human Services

NOTICES DIRECTED TO:
FOR THE AGENCY: The Project Director
(As Above)

FOR THE DEPARTMENT: Frank C. DeVito
Capital Program Supervisor
Div. of Mental Health Services
CN 727
Trenton, NJ 08625

PROJECT PERIOD: Nine (9) Months

AGREEMENT PERIOD: 20 Years, 9 Months

COMMENCING: Sept. 6, 1996

ENDING: JUNE 5, 2017

PROJECT SCOPE AND SERVICES TO BE PROVIDED

Under the terms of this Agreement, and pursuant to the resolution of the Department's Capital Facilities Approval Unit (CFAU) at its regular meeting on August 14, 1996, Bridgeway House (the Agency) will receive up to \$94,000, to be applied as a portion of the acquisition and closing costs related to the acquisition of the two-bedroom residences located at [REDACTED] Unit 411, Block 201, Lot 12, Linden City, Union County, NJ 07036, and [REDACTED] Unit 304, Cranford Township, NJ 07106, which will provide two of four sites for an adult supported residential program to be operated by Bridgeway House, under the terms of a contract between the Agency and the United States Department of Housing and Urban Development (HUD).

Under Subtitle C of Title IV of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11381 et seq.), HUD is providing up to \$497,882 to the Agency, up to \$250,000 of which is available to cover acquisition and renovation of the four sites which form the overall scope of the project. HUD is making available \$297,882, spread over three (3) years, for operational costs associated with the project. Per the terms of a letter of commitment to the Agency from Division Director Alan Kaufman, and per the Concept Approval granted by the CFAU at its regular meeting on August 14, 1996, the Department will make available up to \$250,000 for acquisition and associated closing costs under this project.

The Capital Project Scope is to acquire the aforementioned properties (and subsequently two other two-bedroom sites) and develop an adult supported residential program. These four sites will be used for homeless mentally ill individuals. Bridgeway House will provide supportive mental health services and other social services to individuals in these facilities, tailored to their specific needs. Bridgeway House will operate these facilities as community mental health residential programs for a period of 20 years, pursuant to the terms of this Agreement and N.J.S.A. 40:55D-66.1 et seq. Throughout the term of this Agreement, the Agency agrees to provide supportive services in accordance with the Rules and Regulations Governing Community Mental Health Services and State Aid under the Community Mental Health Services Act (N.J.S.A.30:9A), and in accordance with the Consolidated Funding Agreement issued by the New Jersey Division of Mental Health Services. Specifically, pertaining to the Rules and Regulations, the Agency agrees to provide residential services in accordance with the provisions of N.J.A.C 10:37-5.37 through 5.45, related to Residential Services. The facility will be operated in accordance with all applicable State and local requirements, including the Division's Policy Statement on Supportive Housing Programs. Staffing for this program will be provided in accordance with the Agency's operational contract with the U.S. Department of Housing and Urban

Development (HUD), which is providing operational funding for this program.

ANNEX A DOCUMENTS AND CORRESPONDENCE

The following is a list of documents and correspondence containing information and data which have contributed to the formulation of this Agreement. Other information, which may not be listed but is included in project file P37-01-96, has also been utilized in forming this agreement. During the Agreement Period, as a condition for the fulfillment of this Agreement, the Department reserves the right to request any additional information and documentation which may be related to the terms of this Agreement. These shall be received as support documents which pertain to the various components of this Annex and are therefore subject to the terms of this Agreement.

1. The Division's completed Community Capital Program Application and required supporting documents submitted by the Agency.
2. The Department of Human Services' Application to the Capital Facilities Approval Unit for Purchase, Renovation, or Construction.
3. The Department's Office of Facilities and Maintenance Facility Inspection Checklists, dated April 25, 1996.
4. Appraisal Report, dated June 7, 1996 for the 10 N. Wood Avenue site (appraised at \$93,000) from John Van Horn, CRE, SCGRE, to Bridgeway House, and dated July 5, 1996, for the [REDACTED] East site (appraised at \$85,000), same appraiser to Agency.
5. Final Sales Agreements, between Anthony Kotsinis and Bridgeway House, (for the Linden site), and between Lou and Barbara Posyton and Bridgeway House, for the Cranford site.
6. Project Summary DMHS Community Capital Unit to All Members of the Department's Capital Facilities Approval Unit.
7. Copies of all closing documents relating to the Agency's purchase of the sites.
8. A copy of the Agency's insurance policy for the new facility, in accordance with Section 10.3 of this Agreement.
10. A copy of the Grant Agreement between the Agency and HUD, dated July 10, 1995, and referencing HUD's project number for this project, NJ39B95-0303.

11. A copy of the letter of commitment, dated April 5, 1995, from Alan Kaufman, Director of the Division of Mental Health Services, to the Agency.
12. Following the completion of renovation work, the Agency will submit copies of the required insurance coverage for the replacement value of the facility.
13. All documents and correspondence which must be supplied, as available, by the Agency and any assignees, in accordance with the terms of this Agreement.

DUTIES AND RESPONSIBILITIES OF THE PROJECT DIRECTOR

With the execution of this Agreement, the Authorized Agency Representative agrees that the Project Director will perform all tasks required by the terms of this Agreement, including the execution of all Agency responsibilities in accordance with Article III, Sections 3.06, 3.07, and 3.08; Article IV; Article VII, Sections 7.02 and 7.03; Article VIII, Section 8.03; Article IX, Section 9.01; and all other applicable Sections of this Agreement.

The Project Director will be responsible for the following:

1. Acting as the Agency's representative in ensuring the Agency's compliance with the terms of this Agreement, and the terms of any subsequent amendments to or modifications of this Agreement, during the Agreement period.
2. Ensuring that facility development occurs, and that contractual services are rendered, in full compliance with the terms contained in all contracts into which the Agency has entered for development of the facility during the Project Period. It is his/her further responsibility to immediately inform the Department, in writing, concerning any deviation from or amendments to such contracts or schedules for Project Development.
3. Notifying the Department concerning any proposed change orders and all additions, deletions, or other revisions which affect the Project.
4. Submitting State Form AR 50/54 vouchers for payment.

5. Satisfactorily fulfilling all requirements listed in the Community Capital Improvement application and supplying all relevant documents for Department review in accordance with the terms of this Agreement.
6. Performing other duties which effect the fulfillment of the terms of this Agreement and are mutually approved, in writing, by the Department and the Agency.

PROJECT PERIOD

The Project Period will commence on the date that this Agreement is signed by the Assistant Commissioner of the Department or his/her designee, and will terminate no later than nine (9) months from that date. Any alteration of the Project Period must be noted, in writing, by mutual agreement of the Department and the Agency.

PROJECT BUDGET

This Agreement provides for a maximum Agreement Ceiling for Acquisition of \$94,000, to pay for all eligible capital costs which pertain to the acquisition of the property specified above (see Project Scope), and for related closing costs, inspections, and legal fees.

AGREEMENT TERM, MORTGAGE, AND PROMISSORY NOTE

This Agreement will commence on the date that it is signed by the Assistant Commissioner of the Department or his/her designee, and will expire 20 years from the final date of the Project Period pursuant to Article III, section 3.01 and 3.05; Article IV; Article V; and Article VIII, section 8.01 through 8.04. In accordance with Article V, Section 5.01 of this Agreement, the Agency will complete and execute a Purchase Money Mortgage for \$94,000 in Agreement funds to be issued under this Agreement. The Purchase Money Mortgage shall be evidenced by a Promissory Note for the same amount, and these documents shall become part of this Agreement.

By the terms of this Agreement, the Agency agrees to complete, execute, and register (within the County of Union) the Purchase Money Mortgage. The Purchase Money Mortgage and the accompanying Promissory Note shall continue in full force and amount until such a time as this Agreement is terminated as per Article V, Section 5.02, or renewed as per Article X, Section 10.09.

Following Project renovation and close-out, when any final adjustments of the Project Agreement Ceiling amount will be known, the Agency will complete, execute, and register the Purchase Money Mortgage. Also at that time, should adjustments to the Agreement Ceiling be required, a final Promissory Note document will also be executed by the Agency, and the Agreement will be amended to reflect the final adjustments.

PAYMENT SCHEDULE AND PROCEDURES

Books and records are to be kept in accordance with Article VII, Section 7.01, and the Agency shall establish a separate, non-interest-bearing bank account for these Agreement Funds, to ensure that they are identifiable for monitoring and auditing purposes and that comingling of Agreement Funds does not occur.

A payment of Agreement Funds, for Acquisition, will be issued in a lump sum prior to the closing on the site. The State Form AR 50/54 must be completed and signed by the Authorized Agency Representative. This Form will be processed within the Department, and the necessary funds will be issued within fifteen (15) working days following receipt in the Department. Any Agreement Funds which are advanced for acquisition but remain unexpended (due to uncertainty with respect to the final closing costs) following acquisition of the site, will be refunded to the Department of Human Services.

Prior to acquisition, the Agency shall provide a copy of the insurance policy, which insures the Agency against loss for the full replacement value of the facility and includes the State (which includes the Department) as an additionally named insured, in accordance with Section 10.03 of this Agreement.

PURCHASE MONEY MORTGAGE
(P37-01-96)

MORTGAGE made this _____ day of _____, 19_____,
between the Mortgagor, Bridgeway House, 615 North Broad Street,
Elizabeth, NJ, and the Mortgagee, the State of New Jersey,
Department of Human Services, Capital Place One, CN 700, Trenton,
New Jersey 08625.

Whereas the Mortgagor is indebted to the Mortgagee in the
sum of Ninety-Four Thousand dollars (\$94,000) which
indebtedness is evidenced by a promissory note dated _____
_____, 19_____, and by a certain Agreement dated _____
_____, 19_____;

THEREFORE to secure the indebtedness of \$94,000___lawful money of
the United States of America, to be paid in accordance with the
aforesaid Agreement, the Mortgagor does hereby mortgage the
following described properties located in the City of
Linden, and the Township, of Cranford, County of Union,
State of New Jersey, the aforesaid properties being designated,
respectively, as Block 201, Lot 12, and Block 505.1, Lot 1, on
the tax map of said City and Township, and having street
addresses, respectively, of _____ unit 411. and
_____ Unit 304.

Upon default by the Mortgagor in the performance of any term,
provision, or requirement of the aforesaid Agreement of _____

, 19_____, or upon no-fault termination of said Agreement pursuant to Section 8.01 thereof, the entire amount of this mortgage shall, at the option of the Mortgagee, immediately become due and payable. Alternatively, upon Mortgagor default or upon no-fault termination of the Agreement of _____, 19_____, the Mortgagee may exercise other options as set forth in Section 5.02 of said Agreement.

The Mortgagor agrees that if default shall be made in any term, provision, or requirement of the Agreement of _____, 19_, the Mortgagee shall have the right forthwith, after any such default, to enter upon and take possession of the said mortgaged premises and to operate same in accordance with the aforesaid Agreement.

The Mortgagor shall keep the building or buildings and improvements now on said premises, or that may hereafter be erected thereon, in good and substantial repair, and, upon failure to do so, the whole indebtedness secured and represented by this mortgage and the note accompanying same shall, at the option of the Mortgagee, become immediately due and payable; and also the Mortgagee may enter upon the premises and repair and keep in repair the same, and the expense thereof shall be added to the sum secured hereby.

In the event that the aforesaid property is condemned, the

proceeds of any award for damage, direct as well as consequential, or the proceeds of any conveyance in lieu of condemnation, are hereby assigned and shall be paid to the Mortgagee.

IN WITNESS HEREOF, the Mortgagor has hereto set its hand and seal the day and year first written above.

BY: _____

ATTEST:

Secretary

State of New Jersey, County of _____ ss. : Be it Remembered, that on _____, 19 _____, before me, the subscriber, _____ personally appeared _____, who, being duly sworn on h oath, deposes and makes proof to my satisfaction, that he is the _____ Secretary of _____, the agency named in the within Instrument; that _____ is the chief executive officer of said agency; that the execution, as well as the making of this Instrument, has been duly authorized by a proper resolution of the governing body of the said agency; that the deponent well knows the seal of said agency; and that the seal affixed to said Instrument is the proper seal and was thereto affixed and said Instrument signed and delivered by said chief executive officer as and for the voluntary act and deed of said agency, in the presence of deponent, who thereupon subscribed h _____ name thereto as attesting witness.

Sworn to and subscribed before me,
the date aforesaid.

Prepared by:

A9

PROMISSORY NOTE
(P37-01-96)

\$94,000 _____

Sept. 6, 19 96

In accordance with the terms of a Funding Agreement for Construction, Purchase, or Purchase and Renovation of Community-Based Facilities dated Sept. 6, 19 96, Bridgeway House, 615 North Broad Street, Elizabeth, NJ

promises to pay on demand to the order of the State of New Jersey, Department of Human Services, Ninety-Four Thousand (\$94,000) dollars, payable at Capital Place One, 222 South Warren Street, Trenton, New Jersey 08625.

By:  _____ L.S.
Authorized Agency Representative

NAME: Peter Carlin
TITLE: President, Board of Trustees
AGENCY: Bridgeway House, Inc
ADDRESS: 615 North Broad Street
Elizabeth, NJ 07208

APPENDIX R.
BIRCHWOOD SUPPORTING DOCUMENTATION

**TOWNSHIP OF CRANFORD
CRANFORD, NEW JERSEY**

RESOLUTION NO. 2017-188A

**RESOLUTION DESIGNATING THE "BIRCHWOOD AVENUE
STUDY AREA," LOCATED AT BLOCK 291, LOT 15.01
AND BLOCK 292, LOT 2, AS A NON-CONDEMNATION
AREA IN NEED OF REDEVELOPMENT**

WHEREAS, by Resolution No. 2016-393, dated January 19, 2017, and pursuant to the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 *et seq.* (the "Redevelopment Law"), the Township Committee of the Township of Cranford directed the Planning Board of the Township of Cranford to conduct a preliminary investigation and public hearing to determine whether all or part of the area known and designated on the Tax Map of the Township of Cranford as Block 291, Lot 15.01, and Block 292, Lot 2 (collectively the "Property") is an Area in Need of Redevelopment in accordance with N.J.S.A. 40A:12A-6; and

WHEREAS, the Planning Board, following an initial review of the proposed area for redevelopment, directed that a map be prepared depicting the boundaries of the Property, pursuant to N.J.S.A. 40A:12A-6(b)(1); and

WHEREAS, the firm of Maser Consulting submitted a report dated February 6, 2017 to the Planning Board entitled "Redevelopment/Rehabilitation Study Area Determination of Need, Birchwood Avenue Study Area" ("Preliminary Investigation"); and

WHEREAS, as required by N.J.S.A. 40A:12A-6, the Planning Board held a public hearing on April 20, 2017, to determine whether all or part of the Property is an area in need of redevelopment in accordance with the Redevelopment Law and thereupon, duly adopted a resolution recommending to the Township Committee of the Township of Cranford that the Property be designated as an area in need of redevelopment; and

WHEREAS, The Planning Board finds that conditions as set forth in N.J.S.A. 40A:12A-5 are found to be present at the Property; and

WHEREAS, following the public hearing of April 20, 2017, the Planning Board issued a Resolution dated April 20, 2017 recommending that the Township Committee of the Township of Cranford adopt a resolution designating the Property a Non-Condemnation Area in Need of Redevelopment; and

WHEREAS, the Township Committee has considered the recommendation of the Planning Board and the Preliminary Investigation; and

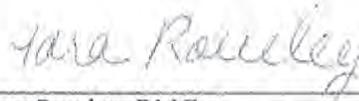
WHEREAS, the Preliminary Investigation and the recommendations of the Planning Board recommend the designation of the Property based on Criterion (c) N.J.S.A. 40A:12A-5; and

NOW, THEREFORE, BE IT RESOLVED, on this 25th day of April 2017:

1. The Township Committee evaluated the Preliminary Investigation of the Property and the testimony presented by Kristin J. Russell, the Planner from Maser Consulting, who prepared the Preliminary Investigation at its Official Meeting on April 25, 2017, in accordance with the requirements of N.J.S.A. 40A:12A-6.
2. The Township Committee considered the Planning Board's recommendation that the Property be designated a Non-Condensation Area in Need of Redevelopment.
3. The Township Committee finds, consistent with the findings of the Planning Board, as follows:
 - a) The Property includes approximately 15.861 acres and consists of two (2) tax lots.
 - b) The Property is currently vacant.
 - c) Environmental studies indicate that portions of the Property contain marginally contaminated fill which would inhibit or increase the cost of redevelopment.
 - d) The Property condition meets Criterion "c" of N.J.S.A. 40A:12A-5 of the Redevelopment Law.
4. Accordingly based upon the property analysis in the Preliminary Investigation and the findings of the Planning Board, the entire Property meets the statutory criteria for redevelopment:

Block 291, Lot 15.01, and Block 292, Lot 2
5. Therefore, the Township Committee determines that the Property identified above, and highlighted on the map hereto affixed as Attachment A, should be and hereby are designated as a Non-Condensation Area in Need of Redevelopment, as provided in N.J.S.A.40A:12A-5.
6. The Township Clerk shall forthwith transmit a copy of this resolution to the Commissioner of the Department of Community Affairs ("DCA") , in accordance with N.J.S.A. 40A:12A-6.
7. Within ten (10) days of the approval of this resolution by DCA, the Township Clerk shall further serve a notice of the determination of the Township Committee to designate the Birchwood Avenue Property as Non-Condensation Area in Need of Redevelopment upon each person, if any, who filed a written objection thereto and supplied an address to which such notice can be sent.

Certified to be a true copy of a resolution adopted by the Township Committee of the Township Committee at a meeting held April 25, 2017



Tara Rowley, RMC
Township Clerk

Dated: 4/26/17

ATTACHMENT A

MAP OF NON-CONDEMNATION AREA IN NEED OF REDEVELOPMENT

BLOCK 291, LOT 15.01 and BLOCK 292, LOT 2

215 and 235 BIRCHWOOD AVENUE

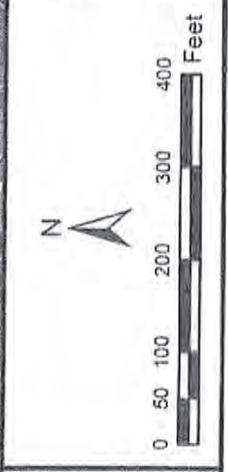
CRANFORD TOWNSHIP, UNION COUNTY



Legend

-  Subject Site
-  Local Road

Scale: 1 inch = 200 feet
Date: December 2016
MC Project No: CDZ172



**Proposed Area in
Need of Redevelopment**

Block 291 Lot 15.01 &
Block 292 Lot 2
Cranford Township
Union County, New Jersey



Corporate Headquarters
331 Newnan Springs Road
Suite 203
Red Bank, NJ 07701
T: 732.383.1950
F: 732.383.1984
www.maserconsulting.com

**TOWNSHIP OF CRANFORD
CRANFORD, NEW JERSEY**

RESOLUTION NO. 2017-285C

RESOLUTION DESIGNATING BIRCHWOOD DEVELOPERS ASSOCIATES, LLC AS THE DEVELOPER OF PROPERTY, CONDITIONED AS SET FORTH HEREIN, FOR THE PROPERTY LOCATED AT 215 AND 235 BIRCHWOOD AVENUE (BLOCK 291, LOT 15.01 AND BLOCK 292, LOT 2) IN THE TOWNSHIP OF CRANFORD, UNION COUNTY

WHEREAS, the Township of Cranford (“Township”) owns property designated on the Tax Map of the Township of Cranford as Block 291, Lot 15.01, and Block 292, Lot 2 (collectively the “Birchwood Property”); and

WHEREAS, by Resolution No. 2017-188A, dated April 26, 2017 (“Redevelopment Resolution”), the Township Committee of the Township of Cranford (“Township Committee”) designated the Property as a Non-Condemnation Area in Need of Redevelopment, as provided in N.J.S.A.40A:12A-5; and

WHEREAS, the Redevelopment Resolution was transmitted to the Commissioner of the New Jersey Department of Community Affairs (“DCA”) via overnight delivery on April 26, 2017, in accordance with N.J.S.A. 40A: 12A-6; and

WHEREAS, the DCA had 30 days to respond to the Redevelopment Resolution and did not respond to the Township Committee, the Resolution is deemed approved as of May 26, 2017, in accordance with N.J.S.A. 40A:12A-6(b)(5)(c); and

WHEREAS, the DCA also approved the Redevelopment Resolution by letter dated May 30, 2017; and

WHEREAS, a redevelopment project located in an Area in Need of Redevelopment must be undertaken in accordance with a Redevelopment Plan, in accordance with N.J.S.A. 40A:12A-7; and

WHEREAS, by Resolution No. 2017-239 dated June 14, 2017, the Township directed the Planning Board of the Township of Cranford (“Planning Board”) to authorize preparation of a Redevelopment Plan; and

WHEREAS, by Resolution No. 2017-182 dated April 18, 2017, the Township authorized the issuance of a Request for Proposal (“RFP”) to solicit proposals for purchase and redevelopment of the Property; and

WHEREAS, on June 19, 2017 and in accordance with the RFP, the Township received a proposal in response to the RFP from Birchwood Developers Associates, LLC.

NOW, THEREFORE, BE IT RESOLVED, on this 18th day of July 2017:

The Township designates Birchwood Developers Associates, LLC (“Designated Developer”) as the designated developer of the Birchwood Property, conditioned on the items set forth below:

1. Completion of the Redevelopment Plan by the Planning Board and adoption of the Redevelopment Plan by the Township pursuant to N.J.S.A. 40A:12A-7;
2. Execution of a Purchase and Sale Agreement between the Township and Designated Developer, which agreement shall have substantially the same terms set forth in the Designated Developer’s proposal, as revised or amended as agreed by the parties;
3. Execution of a Redevelopment Agreement, between the Township and Designated Developer, which agreement shall have substantially the same terms set forth in the Designated Developer’s proposal, as revised or amended as agreed by the parties;
4. Execution of an agreement for Payments in Lieu of Taxes, if applicable, and any other agreement deemed necessary and appropriate by the parties; and
5. With the above items being completed and approved by the Township Committee within 120 days of the date of this Resolution, which timeframe may be extended by the mutual consent of the Township and the Designated Developer, which consent shall not be unreasonably withheld.

Certified to be a true copy of a resolution adopted by the Township Committee of the Township of Cranford at a meeting held July 18, 2017.



Tara Rowley, RMC
Township Clerk

Dated: 7/18/17

**TOWNSHIP OF CRANFORD
CRANFORD, NEW JERSEY**

RESOLUTION NO. 2018 - 144

**EXECUTION OF REDEVELOPMENT AGREEMENT IN FURTHERANCE OF
REDEVELOPMENT OF PROPERTY LOCATED AT 215 AND 235
BIRCHWOOD AVENUE (BLOCK 291, LOT 15.01 AND BLOCK 292, LOT 2) IN
THE TOWNSHIP OF CRANFORD, UNION COUNTY**

WHEREAS, on February 7, 2017, the Township of Cranford acquired property located at 215 and 235 Birchwood Avenue, Block 291, Lot 15.01 and Block 292, Lot 2, in Cranford, Union County, New Jersey (hereinafter the "Property"); and

WHEREAS, by Resolution No. 2017-188A, dated April 26, 2017 ("Redevelopment Resolution"), the Township Committee of the Township of Cranford ("Township Committee") designated the Property as a Non-Condensation Area in Need of Redevelopment, as provided in N.J.S.A.40A:12A-5; and

WHEREAS, the Redevelopment Resolution was transmitted to the Commissioner of the New Jersey Department of Community Affairs ("DCA") via overnight delivery on April 26, 2017, and was deemed approved on May 26, 2017; DCA provided notice of its approval of the Redevelopment Resolution by letter dated May 30, 2017; and

WHEREAS, by Resolution No. 2017-182, dated April 18, 2017, the Township authorized the issuance of a Request for Proposal ("RFP") to solicit proposals for purchase and redevelopment of the Property; and

WHEREAS, by Resolution No. 2017-285C, dated July 18, 2017, the Township conditionally designated Birchwood Developers Associates, LLC ("BDA"), who submitted a Proposal on June 19, 2017 in response to the RFP, as the Designated Developer of the Project; and

WHEREAS, by Ordinance No. 2017-14, adopted November 28, 2017, the Township adopted a Redevelopment Plan for a Non-Condensation Area in Need of Redevelopment for the Property ("Redevelopment Plan");

NOW, THEREFORE, BE IT RESOLVED, on this 27th day of February 2018 by the Township Committee of the Township of Cranford, New Jersey:

1. The Township of Cranford is committed to the redevelopment of the Property; and

2. The redevelopment of the Property will require the Township to execute a Redevelopment Agreement with BDA with terms consistent with BDA's June 19, 2017 Proposal and in accordance with the Redevelopment Plan; and
3. Thomas H. Hannen, Jr., Mayor of the Township, or his designee, is hereby authorized to execute the Redevelopment Agreement in substantially the form presented to and considered by the Township Committee and related documents on behalf of the Township of Cranford in furtherance of the redevelopment of the Property.

Certified to be a true copy of a resolution adopted by the Township Committee of the Township of Cranford at a meeting held on February 27, 2018.



Patricia Donahue, RMC
Township Clerk

Dated: February 27, 2018

REDEVELOPMENT AGREEMENT

BY AND BETWEEN

THE TOWNSHIP OF CRANFORD

AND

BIRCHWOOD DEVELOPERS ASSOCIATES LLC

FOR

215 and 235 BIRCHWOOD AVENUE

(BLOCK 291, LOT 15.01 AND BLOCK 292 LOT 2)

IN THE

**TOWNSHIP OF CRANFORD
UNION COUNTY, NEW JERSEY**

DATED AS OF MARCH 12, 2018

TABLE OF CONTENTS

SECTION 1. RECITALS.....	1
SECTION 2. DEFINITIONS.....	3
2.1 Definitions	3
2.2 Interpretation and Construction	9
SECTION 3. OVERVIEW	10
3.1 Purpose and Background	10
SECTION 4. THE REDEVELOPMENT PROJECT	10
4.1 Redevelopment Project.....	10
4.2 Designation of Redeveloper	11
4.3 Transfer of Title to the Project Site	11
4.4 Offsite Improvements	12
4.5 Project Schedule	15
4.6 Commencement of Redevelopment Project.....	15
4.7 Certificates of Completion.....	16
4.8 Certificates of Occupancy.....	16
4.9 Approval of Redevelopment Project Concept; Pre-Approval of Site Plan	17
4.10 Affordable Housing Obligation	17
4.11 Long Term Tax Exemption	19
SECTION 5. GRANT OF EASEMENTS/NO RELIANCE ON OTHER INVESTIGATIONS.....	20
5.1 Grant of Easements.....	20
5.2 No Reliance on Other Investigations.....	20
SECTION 6. ENVIRONMENTAL.....	20
6.1 Environmental Obligations	20
6.2 Redeveloper Environmental Compliance	22
6.3 Environmental Information	22
6.4 Survival.....	22
6.5 Environmental Waiver and Release.....	23
SECTION 7. REDEVELOPMENT PROJECT OVERSIGHT.....	23
7.1 Progress Meetings.....	23
7.2 Progress Reports	24
7.3 Access to Project Site	24
SECTION 8. REPRESENTATIONS AND WARRANTIES.....	25
8.1 The Redeveloper.....	25
8.2 The Township.....	26
SECTION 9. REDEVELOPER COVENANTS.....	26
9.1 Redeveloper Covenants	26
9.2 Compliance with Redevelopment Plan.....	30
9.3 Redevelopment Project Completion	30
9.4 Execution of Documents	30
9.5 Fees.....	30
9.6 Construction Assurances	30
9.7 Delivery of Consultants' Reports	30

SECTION 10. REDEVELOPER’S FINANCIAL OBLIGATIONS 31

 10.1 Redeveloper’s Equity 31

 10.2 Payment to Township 31

SECTION 11. INDEMNIFICATION 31

 11.1 Indemnification 31

 11.2 Survival of Indemnity 33

SECTION 12. DEFAULT PROVISIONS 34

 12.1 Redeveloper Default 34

 12.2 Township Default 35

 12.3 Default Notice 35

 12.4 Default Rights and Remedies 36

 12.5 Rights and Remedies Cumulative; No Waiver by Delay 37

 12.6 Certificate of No Default 37

 12.7 Effect of Termination of Redeveloper 38

 12.8 Termination for Failure to Obtain Approvals 38

SECTION 13. FINANCING PROVISIONS 38

 13.1 Rights of Institutional Mortgagee 38

 13.2 No Termination for Mortgage Default 39

 13.3 Cooperation 39

 13.4 Notice of Default to Holder and Right to Cure 39

 13.5 No Guarantee of Development, Construction or Completion of Redevelopment Project 40

 13.6 Foreclosure 41

 13.7 Lender Changes 42

SECTION 14. NEIGHBORHOOD ISSUES 42

 14.1 Neighborhood Impacts 42

 14.2 Compliance with Township Ordinances, State Laws, Regulations and Standards 43

SECTION 15. ADDITIONAL PROVISIONS 43

 15.1 Township Cooperation 43

 15.2 Maintenance and Landscaping 43

 15.3 Speculative Development 43

 15.4 Compliance with Agreement 44

SECTION 16. MISCELLANEOUS 44

 16.1 Force Majeure 43

 16.2 Section Headings 45

 16.3 Governing Law 45

 16.4 Amendments to Agreement 45

 16.5 Severability 45

 16.6 Incorporation of Recitals 45

 16.7 Condemnation/Casualty 46

 16.8 Litigation 46

 16.9 Waivers 46

 16.10 Commissions 47

 16.11 No Significance of Party Drafting 47

 16.12 Recordation 47

 16.13 Notices 47

 16.14 Further Assurances 49

 16.15 Counting of Days 49

 16.16 Successors Bound 49

 16.17 No Obligation 49

This **REDEVELOPMENT AGREEMENT** (the “**Agreement**”), is made as of the ____ day of _____, 2018, by and between the **TOWNSHIP OF CRANFORD** with offices located at 8 Springfield Avenue, Cranford, New Jersey 07016 (the “**Township**”) and **BIRCHWOOD DEVELOPERS ASSOCIATES LLC**, with offices located at 820 Morris Turnpike, Short Hills, New Jersey 07078 (the “**Redeveloper**”); each of the Township and the Redeveloper hereinafter a “**Party**”, and collectively, the “**Parties**”).

SECTION 1. RECITALS

WHEREAS, the Township is a political subdivision of the State of New Jersey (the “**State**”), located in the County of Union and is the owner of the property identified on the Official Tax Map of the Township as Block 291, Lot 15.01 and Block 292, Lot 2, commonly known as 215 and 235 Birchwood Avenue (the “**Project Site**”); and

WHEREAS, Redeveloper is formed as a limited liability company under the laws of the State; and

WHEREAS, by Resolution No. 2017-188A, dated April 26, 2017, the Township Committee of the Township of Cranford (the “**Township Committee**”) designated the Project Site as a Non-Condemnation Area in Need of Redevelopment (the “**Redevelopment Area**”) in accordance with the Local Redevelopment and Housing Law, *N.J.S.A. 40A:12A-1 et seq.* (the “**Redevelopment Law**”); and

WHEREAS, by the adoption of Ordinance No. 2017-14 on November 28, 2017, the Township Committee duly adopted a redevelopment plan for the Redevelopment Area entitled “Redevelopment Plan for 215 and 235 Birchwood Avenue (Block 291, Lot 15.01 and Block 292, Lot 2)”, prepared by Michael J. Mistretta, PP, of Harbor Consultants, Inc. dated October 2017 (as the same may be amended and supplemented from time to time, the “**Redevelopment Plan**”); and

WHEREAS, the Redeveloper has proposed to undertake the following actions, in accordance with the terms of this Agreement, the Redevelopment Plan and that certain Court Order defined below: (i) demolish the existing, remaining improvements on the Project Site; (ii) environmentally remediate the Project Site; (iii) design, develop, finance, construct, operate and maintain a residential rental development containing no more than two hundred and twenty-five (225) units, including thirty-four (34) units affordable to very low, low and moderate income households, in no less than three Buildings, together with a clubhouse of no less than 4,000 square feet that will include a large community room, a multi-purpose room and exercise facility, an outdoor terrace of no less than 2,500 square feet and covered and surface parking spaces; and (iv) construct all necessary on- and off-site infrastructure improvements, collectively, the “**Redevelopment Project**”); and

WHEREAS, in order to effectuate the Redevelopment Plan, the Redevelopment Project and the redevelopment of the Redevelopment Area, the Township has determined to enter into this Agreement with the Redeveloper, which Agreement designates Redeveloper as the “redeveloper” of the Redevelopment Project in accordance with the Redevelopment Law, and which specifies the respective rights and responsibilities of the Parties with respect to the Redevelopment Project,

NOW, THEREFORE, in consideration of the promises and mutual covenants herein contained, the Parties hereto do hereby covenant and agree, each with the other, as follows:

SECTION 2. DEFINITIONS

2.1 Definitions. When used in this Agreement the following words, phrases or terms shall have the following meanings:

Abandonment shall mean the act of relinquishing all right, title and interest in and to the Redevelopment Project without vesting such right, title and interest in any other person pursuant to the terms of this Agreement or a suspension of construction after obtaining a building permit or Commencement of Construction without the prior knowledge and consent of the Township for more than one hundred eighty (180) days (unless such suspension arises out of an event of Force Majeure).

Administrative Agent shall have the meaning set forth in Section 4.9.

Affiliate shall mean with respect to any Person, any other Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, such Person. For purposes of this definition, the term “control” (including the correlative meanings of the terms “controlled by” and “under common control with”), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

Affordable Units shall have the meaning set forth in Section 4.10.

Agreement shall have the meaning set forth in the Recitals.

Applicable Laws shall mean all federal, State and local laws, ordinances, approvals, rules, regulations and requirements applicable thereto including, but not limited to, the Redevelopment Law, the MLUL, applicable Council on Affordable Housing regulations, UHAC, relevant construction codes including construction codes governing access for people with disabilities, and such other applicable zoning, sanitary, pollution and other environmental safety ordinances, laws

and such rules and regulations promulgated thereunder, and all applicable Environmental Laws and applicable federal and state labor standards.

Approvals shall mean all final and unappealable governmental and quasi-governmental approvals, permits, licenses, agreements and capacity reservations from any and all governmental and quasi-governmental authorities having jurisdiction over the Project Site and/or the Redevelopment Project, and/or utility company serving the Project Site that are required as a condition to the Commencement of Construction of the Redevelopment Project, and as may be required to allow the Redevelopment Project to be fully constructed and made fully operational, including, but not limited to, local and county planning approvals, the approval of the Financial Agreement, DEP permits and approvals, construction permits, “will-serve” letters from utility providers, and other various federal, State and local approvals; excluding, however, approvals, permits and the like (i.e. building permits and certificates of occupancy) normally obtained in the ordinary course of construction.

Bond shall have the meaning set forth in Section 4.4.

Building shall mean one of the three residential buildings that are part of the Redevelopment Project, as well as the Building’s associated buildings, structures, amenities, Infrastructure Improvements and other site improvements.

Certificate of Completion shall have the meaning set forth in Section 4.6.

Court shall mean the Superior Court of New Jersey Law Division, Union County.

Commencement of Construction shall mean the date upon which construction force and machinery are mobilized for the construction of the Redevelopment Project or any Building in accordance with the Approvals, but shall not include demolition.

Concept Plan shall mean concept plans for the Redevelopment of the Project Site, attached hereto as Exhibit A, as same may be amended from time to time.

Contamination shall mean the presence of Hazardous Substances in, on, under, over, or emanating from any property in violation of applicable Environmental Laws.

Court Order shall mean the Township's current affordable housing obligations set forth in the Court Order dated December 9, 2011, and the Judgement of Compliance and Repose, dated March 22, 2013 entered in the case of Cranford Development Associates, LLC et al., v. Township of Cranford, et al., Docket No. UNN-L-003759-08 (collectively, "Court Order" and attached here to as **Exhibit D**).

Declaration shall have the meaning set forth in Section 16.12.

Default shall have the meaning set forth in Section 12.1.

Default Notice shall mean such notice to a defaulting party as defined in Section 12.3.

DEP shall mean the New Jersey Department of Environmental Protection.

Effective Date shall mean the date upon which the last of the Parties to execute this Agreement has executed this Agreement.

Environmental Laws shall mean any applicable federal, state, local, municipal or other statutes, laws, ordinances, rules, regulations or other legally enforceable requirement, whether presently existing or hereinafter enacted, promulgated or otherwise created for the protection of the environment or human health from Hazardous Substances, as the same may be amended or supplemented from time to time, including, without limitation, (a) the New Jersey Spill Compensation and Control Act, as amended, *N.J.S.A. 58:10-23.11, et seq.*; (b) the New Jersey Industrial Site Recovery Act, as amended, *N.J.S.A. 13:1K-6, et seq.*; (c) the New Jersey Underground Storage Tank Act, as amended, *N.J.S.A. 58:10-21, et seq.*; (d) The New Jersey Site Remediation Reform Act, *N.J.S.A. 58:10C-1, et seq.*; (e) the Comprehensive Environmental Response, Compensation & Liability Act, as amended, 42 *U.S.C. Section 9601, et seq.*; (f) the Resource Conservation and Recovery Act, as amended, 42 *U.S.C. Section 6901, et seq.*; (g) the

Hazardous Material Transportation Act, as amended, 49 *U.S.C.* Section 180, *et seq.*; or (h) the Occupational Safety and Health Act, as amended, 29 *U.S.C.* Section 651, *et seq.*

Escrow Account shall have the meaning set forth in Section 10.2.

Event of Default shall have the meaning set forth in Section 12.3.

Fair Housing Act shall mean the Fair Housing Act, *N.J.S.A.* 52:27D-301 *et seq.*

Financial Agreement shall mean an agreement to be entered into by and between the Township and an urban renewal entity formed by the Redeveloper, pursuant to the Long Term Tax Exemption Law, governing the exemption from taxation of all or a portion of the Redevelopment Project and/or Project Site and the payment by Redeveloper to the Township of annual service charges in lieu of taxes.

Force Majeure shall have the meaning set forth in Section 16.1.

Foreclosure shall have the meaning set forth in Section 13.6.

Hazardous Substances shall mean any and all elements, compounds, substances, materials, or wastes, whether solid, liquid or gaseous, which are either defined or referred to as hazardous or toxic or as pollution or a pollutant or contaminant under Environmental Laws.

Holder shall have the meaning set forth in Section 13.1.

Immediate Family Member shall mean a spouse, child or grandchild of Redeveloper.

Infrastructure Improvements shall have the meaning set forth in Section 4.4.

Initial ASC shall have the meaning set forth in Section 4.11.

Institutional Financing shall mean the loans from banks, insurance companies, pension funds and other institutional lenders obtained by Redeveloper to fund Redevelopment Project costs.

LSRP shall have the meaning set forth in Section 6.1.

Long Term Tax Exemption Law shall mean the New Jersey Long Term Tax Exemption Law, codified at *N.J.S.A. 40A:20-1 et seq.*

MLUL shall mean the Municipal Land Use Law, codified at *N.J.S.A. 40:55D-1 et seq.*

NJDOT shall mean the New Jersey Department of Transportation.

Parties shall mean both the Township and Redeveloper together and shall not refer to any other person or entity. Any one of the Parties may be referred to as a "**Party**".

Permitted Transfers shall have the meaning set forth in Section 9.1(c).

Person shall mean an individual, corporation, limited liability company or other legal entity legally empowered to hold and convey title to real property in its own name under the laws of the State.

Planning Board shall mean the Township of Cranford Planning Board.

Project Documents shall have the meaning set forth in Section 12.7.

Project Improvements shall mean those buildings, Infrastructure Improvements, amenities or utilities necessitated by, associated with, desired or required by the implementation of the Redevelopment Project, which are located inside or outside of the Project Site, including but not limited to all facilities, amenities, on and off-street parking, landscaping, fencing, enhancements or improvements required to be made to roadways to permit or control the flow of traffic, electric power transmission lines, sewer transmission conduits or pipes, water lines or pipes, storm sewers, telephone transmission lines, television cable lines and other utilities.

Project Schedule shall mean Exhibit B-1 attached hereto.

Project Site shall have the meaning set forth in the Recitals.

Redeveloper shall have the meaning set forth in the Recitals, together with any permitted successors and assigns.

Redeveloper Parties shall have the meaning set forth in Section 6.2.

Redevelopment shall mean the design and construction of the Redevelopment Project.

Redevelopment Area shall have the meaning set forth in the Recitals.

Redevelopment Law shall have the meaning set forth in the Recitals.

Redevelopment Plan shall have the meaning set forth in the Recitals.

Redevelopment Project shall have the meaning set forth in Section 4.1.

Regulatory Agency shall mean a local, county, regional or State of New Jersey regulatory agency, including, but not limited to, the New Jersey Department of Transportation (NJDOT) and the New Jersey Department of Environmental Protection (NJDEP). The anticipated Regulatory Agency approvals for the Redevelopment Project are set forth in Exhibit B-2.

Remediation when used in this Agreement shall mean all necessary actions to investigate and cleanup or respond to any known, suspected, or threatened discharge, including, as necessary, the preliminary assessment, site investigation, remedial investigation and remedial action.

State shall have the meaning set forth in the Recitals.

Substantial Portion shall have the meaning set forth in Section 16.7.

Third Party means a Person or entity, including but not limited to a governmental entity, other than (a) the Township; (b) any agent, employee, agency, board, elected official or representative of the Township; (c) Redeveloper; (d) any member, shareholder, partner, officer, representative, employee or agent of Redeveloper; or (e) any entity owned or controlled by, under common control with, or that owns or controls, Redeveloper or any member, shareholder or partner of Redeveloper.

Township shall have the meaning set forth in the Recitals.

Township Committee shall have the meaning set forth in the Recitals.

Township Costs shall have the meaning set forth in Section 10.2.

Township Default shall have the meaning set forth in Section 12.2.

Township Indemnified Parties shall mean the Township, its Mayor, Township Committee members, officers, agents, employees, contractors, boards, departments, officials and consultants.

Transfer shall have the meaning set forth in Section 9.1(b).

UHAC shall mean the Uniform Housing Affordability Controls, *N.J.A.C. 5:80-26.1, et seq.*, as same may be amended, or any successor laws or regulations.

2.2 Interpretation and Construction. In this Agreement, unless the context otherwise requires: (a) the terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms, as used in this Agreement, refer to this Agreement, and the term “hereafter” means after, and the term “heretofore” means before the Effective Date; (b) words importing a particular gender mean and include correlative words of every other gender and words importing the singular number mean and include the plural number and vice versa; (c) all references to Recitals, Articles, or Sections shall, unless otherwise indicated, mean the Recitals, Articles or Sections hereto; (d) any headings preceding the texts of the several Articles and Sections of this Agreement, any table of contents or marginal notes appended to copies hereof, and the Recitals hereto shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect; (e) unless otherwise indicated, all approvals, consents and acceptances required to be given or made by any Person hereunder shall be in writing and shall not be unreasonably withheld, conditioned, or delayed; (f) all notices to be given hereunder and responses thereto shall also be in writing and shall be given, unless a certain number of days is specified, within a reasonable time; (g) unless otherwise indicated, any “fees and expenses” shall be required to be customary and reasonable; and (h) “knowledge” shall mean actual knowledge of an officer of the applicable Party after due investigation and inquiry.

SECTION 3. OVERVIEW

3.1 **Purpose and Background.** The purpose of this Agreement is to set forth the respective rights, obligations, conditions and agreements of the Township and Redeveloper in connection with the Redevelopment of the Project Site. Redeveloper shall be the “redeveloper” of the Project Site for the purpose of undertaking the Redevelopment Project.

SECTION 4. THE REDEVELOPMENT PROJECT

4.1 **Redevelopment Project.** The “Redevelopment Project” shall consist of (i) demolition of the existing, remaining improvements on the Project Site; (ii) environmental remediation of the Project Site; (iii) the design, development, financing, construction, operation and maintenance of a residential rental development containing no more than two hundred and twenty-five (225) units, including thirty-four (34) units affordable to very low, low and moderate income households, in no less than three Buildings, together with a clubhouse of no less than 4,000 square feet that will include a large community room, a multi-purpose room and exercise facility, an outdoor terrace of no less than 2,500 square feet and covered and surface parking spaces; and (iv) construction of all necessary on- and off-site infrastructure improvements.

The Redeveloper agrees to comply with fire protection requirements set forth by the Township, including but not limited to NFPA 13 specifications and Section 9.2 of this Agreement. The Redeveloper shall overlay the Township’s fire access truck turning radius requirements onto the Redeveloper’s conceptual development plans. The fire hydrants and connections shall be illustrated on the conceptual plans. The Redeveloper shall provide a private, interior access way that complies with the requirements of a “Fire Apparatus Access Road” as part of the Redevelopment Project, consistent with the Concept Plan. The Redeveloper agrees to discuss these plans with the Township Fire Official and when approved, the Redeveloper shall provide the

Township with a memorandum and drawing of the approved fire protection plan, which shall be incorporated into this Agreement and the Redevelopment Plan.

The Redeveloper agrees to undertake the Redevelopment Project. The Redeveloper further agrees that, notwithstanding the Redevelopment Law, it is its sole responsibility to undertake the appropriate measures to negotiate with, acquire, relocate or otherwise address the existence of existing utilities and easements therefor, in order to complete the Redevelopment Project as provided by this Agreement. Redeveloper shall exercise reasonable efforts to ensure the effective coordination between the onsite and offsite Project Improvements and shall cooperate with the Township to insure that the implementation of the Redevelopment Project does not interfere with the operation of the existing utilities. Redeveloper agrees to provide or cause to be provided all performance and maintenance bonds as required by law, as further described at Section 4.3, below.

4.2 Designation of Redeveloper. Redeveloper has been designated as Redeveloper for the Redevelopment Project and Redeveloper shall have the exclusive right to redevelop and implement the Redevelopment Project on the Project Site in accordance with the terms and conditions of this Agreement.

4.3 Transfer of Title to the Project Site. The Township shall cause good and marketable title for the Project Site, which is described in more detail in the legal description attached hereto and made a part hereof as **Exhibit F**, to be transferred to the Redeveloper, by bargain and sale deed with covenants against grantor's acts. The Township shall transfer title to the Project Site to the Redeveloper at a date, time and location specified by the Township upon ten (10) business days' notice to Redeveloper, after Redeveloper obtains all Approvals for the Redevelopment Project. The closing on the Project Site shall be noticed for a date which is, and shall occur on a date, no later than thirty (30) days of notice to the Township by Redeveloper that Redeveloper has obtained all Approvals for the Redevelopment Project. Contingent upon the

Parties entering into a Financial Agreement pursuant to the Long Term Tax Exemption Law which is consistent with Redeveloper's proposal to purchase the Project Site, the consideration for the Project Site shall be \$18,500,000.00 ("**Consideration**"), which the Redeveloper shall pay in full at closing. The Parties acknowledge that Redeveloper has already paid to the Township a deposit in the amount of \$370,000.00 ("**Deposit**") which Deposit shall be credited against the Consideration at closing. In the event that the Parties do not close on the Project Site within one (1) year of the Effective Date, then either Party may terminate this Agreement upon ten (10) days' notice to the other Party. If this Agreement is terminated pursuant to the above provision, or if this Agreement is terminated by Redeveloper pursuant to a Township Event of Default or pursuant to Section 12.8 herein, the Township shall promptly return the Deposit to Redeveloper. If this Agreement is terminated by the Township pursuant to a Redeveloper Event of Default, the Township shall retain the Deposit. This provision shall survive closing.

4.4 **Off-Site Improvements.** (a) Improvements Defined. Redeveloper acknowledges that certain on- and off-site infrastructure improvements (collectively, the "**Infrastructure Improvements**") may be necessary in connection with the implementation of the Redevelopment Project. In accordance with Section 7.4 (vii) of the Redevelopment Plan, Redeveloper, at Redeveloper's sole cost and expense, shall provide all necessary engineering studies for, and construct and install all on- and off-site infrastructure and capacity enhancements or upgrades required by a Regulatory Agency in connection with the provision of water, fire protection water, sanitary sewer, and storm water sewer service to the Redevelopment Project, in addition to all required tie-in or connection fees. Redeveloper shall also be responsible for providing, at Redeveloper's sole cost and expense, all sidewalks, curbs, streetscape improvements (street trees and other landscaping), street lighting, and on- and off-site traffic controls and road improvements

for the Redevelopment Project required by a Regulatory Agency as a result of the impacts of the Redevelopment Project.

In addition to such other Infrastructure Improvements as may be identified in connection with the procurement of Approvals for the Redevelopment Project, the Infrastructure Improvements shall include:

(i) Traffic Improvements. If determined necessary by the applicable Regulatory Agency, Redeveloper shall pay for the design and construction of Redevelopment Project traffic improvements (“Traffic Improvements”). Redeveloper shall have the right to review and provide comments on the plans and related schematics for these Traffic Improvements. The Township shall have the right to provide its own traffic study, at the Township’s sole discretion, to support any application to a Regulatory Agency for Traffic Improvements.

(ii) Streetscape Improvements, Walkways and Crosswalks. Redeveloper shall pay for, design and construct streetscape improvements and walkways along the frontage of the Project Site, including but not limited to, street trees, sidewalks, curbing, pavement restoration and similar streetscape items, which shall be further identified and mapped on a site plan to be approved by the Planning Board.

(b) Time for Completion. All Infrastructure Improvements shall be completed: (i) prior to the issuance of the first Certificate of Occupancy for the Redevelopment Project; or (ii) at such later time as may be approved by the Township Engineer, in his reasonable discretion.

(c) Performance and Maintenance Bonds. Redeveloper shall post performance and maintenance guarantees and review escrows in accordance with the provisions of *N.J.S.A. 40:55D-53 et seq.* of the MLUL and all Applicable Laws (collectively, the “**Bond**”), in the following manner:

(i) Prior to the Commencement of Construction, a performance bond or irrevocable letter of credit (or such other form of guarantee allowed in accordance with the MLUL) for those Infrastructure Improvements for which a performance guarantee may be required pursuant to the MLUL and as may be required pursuant to the approved site plan and Planning Board resolution, in an amount to be determined by the Township Engineer pursuant to the MLUL.

(ii) A maintenance guarantee in respect of those Infrastructure Improvements required to be bonded in accordance with the MLUL, in the form of a surety bond (or such other form of guarantee allowed in accordance with the MLUL) for a period not to exceed two (2) years after final acceptance of the Infrastructure Improvement, in an amount determined by the Township Engineer according to the method of calculation set forth in *N.J.S.A. 40:55D-53* of the MLUL.

(iii) If applicable, the Bond must name the Township as an obligee and Redeveloper shall deliver a copy of the Bond to the Township prior to Commencement of Construction. To the extent that a surety bond is provided, it shall be provided by a company licensed by the New Jersey Department of Banking and Insurance or otherwise authorized by the New Jersey Department of Banking and Insurance to do business in the State. In the event any insurance company, financial institution or other entity issuing a performance guarantee herein, shall be insolvent or shall declare bankruptcy or otherwise be subject to reorganization, rehabilitation, or other action, whereby State or federal agencies have taken over the management of the entity, within thirty (30) days after notice from the Township, Redeveloper shall replace the Bond.

(iv) In the event any Bond should lapse, be canceled or withdrawn, or otherwise not remain in full force and effect as a result of any act or omission by Redeveloper, then until an approved replacement of the lapsed Bond has been deposited with the Township, the Township

may require Redeveloper to cease and desist any and all work on the Redevelopment Project, unless the Infrastructure Improvements required to be bonded have been completed and approved by the Township. In the event any Bond should lapse, be canceled or withdrawn, or otherwise not remain in full force and effect through no act or omission of Redeveloper, then unless Redeveloper fails to replace the Bond within ten (10) business days of notice given to Redeveloper by the Township, the Township may require Redeveloper to cease and desist work on the Redevelopment Project unless the Infrastructure Improvements required to be bonded have been completed and approved by the Township.

4.5 Project Schedule. Redeveloper will diligently implement and complete the Redevelopment Project in accordance with the Project Schedule, subject to the terms of this Agreement and subject only to relief resulting from events of Force Majeure. The Parties agree and acknowledge that adherence to the Project Schedule is of the essence in this Agreement. Notwithstanding the Project Schedule, Redeveloper may attempt to implement each task whenever possible earlier than the dates set forth for such tasks in the Project Schedule. If Redeveloper fails to meet a completion date set forth on the Project Schedule or determines that it will fail to meet a completion date, Redeveloper shall promptly provide written notice to the Township stating: (a) the reason for the failure to complete the applicable task, (b) Redeveloper's schedule for completing such task and (c) the method or methods by which Redeveloper proposes to achieve subsequent tasks by the relevant extended completion dates.

4.6 Commencement of Redevelopment Project. Redeveloper agrees that Commencement of Construction shall occur in accordance with the Project Schedule and shall progress in accordance with the time frames set forth in the Project Schedule. After Commencement of Construction, Redeveloper will thereafter diligently and continuously

prosecute construction of the Redevelopment Project to completion in accordance with the Project Schedule.

4.7 Certificate of Completion. The completion of each Building shall be evidenced by a certificate issued by the Township (the “**Certificate of Completion**”) stating that: (a) the Building has been substantially completed in accordance with the approved final site plan and (b) a Certificate of Occupancy, if required, has been issued for the Building. If the Township determines that Redeveloper is not entitled to a Certificate of Completion, the Township shall, within ten (10) days of receipt of Redeveloper’s certification, provide Redeveloper with a written statement, specifying in reasonable detail the reasons the Township refused or failed to furnish the Certificate of Completion, and describing the measures or acts reasonably necessary, in the opinion of the Township, that the Redeveloper must take or perform in order to obtain such Certificate of Completion. Upon Redeveloper’s completion of the actions deemed reasonably necessary by the Township, it shall forthwith issue the Certificate of Completion.

The Certificate of Completion for the Building shall constitute a recordable conclusive determination of the satisfaction and termination of the agreements and covenants in this Agreement and in the Redevelopment Plan with respect to Redeveloper’s obligation to construct the Building within the dates for the commencement and completion of same. Upon issuance of the Certificate of Completion, the conditions determined to exist at the time the Redevelopment Area was determined to be an area in need of redevelopment with respect to that Building shall be deemed to no longer exist, and the Declaration shall be released with respect to such Building.

4.8 Certificates of Occupancy. The Township, in accordance with its ordinances and regulations then in effect, upon application of Redeveloper, shall issue certificates of occupancy from time to time, as applicable, for buildings, portions of buildings and/or individual residential units, as may be necessary to enable Redeveloper to lease same to third parties.

4.9 Approval of Redevelopment Project Concept; Pre-Approval of Site Plan.

Subject to review and approval of site plans, the Township approves of the Concept Plan. Any material modifications to the Concept Plan will require approval of the Township and Redeveloper.

Furthermore, in accordance with Sections 7.2(i) and 7.4 (i) of the Redevelopment Plan, the Township Committee's designated subcommittee, the Township Development Review Committee, at a meeting held on February 7, 2018, reviewed Redeveloper's proposed Planning Board site plan application and determined that this application is substantially consistent with the Redevelopment Plan, subject to a more detailed project review report that will be prepared by the Township's Professionals as part of the site plan application. Therefore, the Township Committee has completed its review and approval of Redeveloper's proposed Planning Board site plan application, in accordance with Sections 7.2(i) and 7.4(i) of the Redevelopment Plan.

4.10 Affordable Housing Obligation. The Redevelopment Project will include thirty-four (34) units of family rental housing affordable to very low, low and moderate-income households (the "**Affordable Units**"), which the Township agrees to apply towards satisfaction of the Township's Prior Round Obligation. As described in the Redevelopment Plan:

(a) The Affordable Units shall comply with UHAC, applicable affordable housing regulations, the Court Order, any applicable amendment to the Court Order, and other Applicable Laws, and paragraphs (b) through (f) below.

(b) Pursuant to N.J.A.C. 5:80-26.11, the Redeveloper shall have an obligation to deed restrict the Affordable Units as very low, low or moderate income affordable units for a period of at least thirty (30) years, until Cranford takes action to release the affordability controls (the "**Deed-Restriction Period**") so that the Township may count the Affordable Units against its obligation to provide affordable housing. The deed restriction shall be provided to the Township

for its review for compliance with the terms of the Redevelopment Plan, the Court Order and this Agreement prior to recordation. The Redeveloper shall provide the Township with a copy of the deed restriction when submitted for recording and shall provide a copy of the recorded deed restriction, with book and page number, within ten (10) days of receipt of the recorded copy.

(c) Redeveloper's obligation includes, but is not limited to, the Redeveloper's obligation to comply with all UHAC requirements pertaining to income distribution, bedroom distribution, pricing, integration of affordable units with market units, affirmative marketing requirements, candidate qualification and screen requirements, and deed restriction requirements for the Affordable Units, except that instead of 10% of the Affordable Units being affordable to households earning 35 percent or less of the regional median household income by household size, 13% of the Affordable Units shall be affordable to households earning 30 percent or less of the regional median income by household size ("very low income"), with such very low income Affordable Units being counted as part of the low income Affordable Units to be provided, and further except that the maximum permitted number of one-bedroom Affordable Units in UHAC shall be reduced by two units, which units shall be added to the number of two-bedroom Affordable Units provided. The Affordable Units will be subject to the minimum unit sizes currently required in the Township's design standards. The bedroom distribution of very low income Affordable Units shall be in the same proportions as the bedroom distribution of all of the other low and moderate income Affordable Units.

(d) Redeveloper shall contract with an experienced and qualified administrative agent ("**Administrative Agent**") for the administration of the Affordable Units and shall have the obligation to pay all costs associated with properly deed restricting the Affordable Units in accordance with UHAC and other applicable laws for the Deed-Restriction Period. Redeveloper and its Administrative Agent shall work with the Township and the Township's administrative

agent regarding any affordable housing monitoring requirements imposed by the Court. Redeveloper shall provide the Township with the name, qualifications and contract information of the Administrative Agent for approval, which shall be by Resolution of the Township Committee. Redeveloper shall provide annual confirmation (as of January 5 of each year) that the Administrative Agent remains the same. If at any time, Redeveloper or its successor determines to change its Administrative Agent, the Township shall be notified and shall be provided with the name, qualifications and contact information for the new Administrative Agent for approval, which shall be by Resolution of the Township Committee as in the first instance. Redeveloper shall provide, within thirty (30) days of written notice, all detailed information requested by the Township or the Township's administrative agent concerning Redeveloper's compliance with UHAC, the terms of this Redevelopment Agreement, applicable Court Orders and other applicable laws.

(e) The Parties agree that the Affordable Units are to be included in the Affordable Housing Plan to be approved and credited by the Court.

(f) The Township represents that the Court's Special Master has reviewed and approved the form of the Affordable Housing section of this Agreement and that it is consistent with UHAC and applicable affordable housing regulations as well as the recommendations of the Special Master.

4.11 Long Term Tax Exemption.

It is the expectation of Redeveloper and the Township that the financial viability of the Redevelopment Project will require an urban renewal entity of the Redeveloper and the Township to enter into a Financial Agreement pursuant to the Long Term Tax Exemption Law for the exemption of taxes and the payment of annual service charges in the amounts, and according to a

schedule, to be specified in the Financial Agreement, as agreed to by the Redeveloper and the Township and approved by the Township Committee.

**SECTION 5. GRANT OF EASEMENTS/NO RELIANCE
ON OTHER INVESTIGATIONS**

5.1 **Grant of Easements.** Each Party shall grant to the other the temporary and permanent easements which are necessary for access and for the proper functioning of utility and drainage systems, for access and parking, and for roadway access, and as are otherwise necessary to facilitate construction and operation of the Redevelopment Project as contemplated by the Approvals. In accordance with Section 7.3 of the Redevelopment Plan, no building or structure shall be constructed over a public easement in the Redevelopment Area without prior written approval of the Township Committee.

5.2 **No Reliance On Other Investigations.** Redeveloper further agrees, acknowledges and represents that, subject to the terms hereof, Redeveloper is entering into this Agreement and shall perform all of its obligations hereunder and consummate the transaction contemplated by this Agreement solely in reliance on and as a result of Redeveloper's own investigations and efforts and at Redeveloper's sole risk, understanding that any such investigations, examinations and inspections may not reveal any or all adverse or existing conditions, aspects or attributes of any such property.

SECTION 6. ENVIRONMENTAL

6.1 **Environmental Obligations.** As further described at Section 3.6 of the Redevelopment Plan, the Township retained Excel Environmental Resources, Inc. ("Excel") to remediate the Project Site. Excel has completed the investigation and remediation, which included

engineering controls (perimeter fence) and institutional controls (Deed Notice). A copy of the Deed Notice is attached hereto and made a part hereof as Exhibit E. Following recording of the Deed Notice, Excel submitted an application to DEP for a Remedial Action Permit for Soil. When DEP approves the application and issues the Remedial Action Permit for Soil, Excel will issue a site-wide Response Action Outcome (“RAO”) for ground water and soil, conditioned on the engineering controls and institutional controls. DEP approval of the Remedial Action Permit for Soil and issuance of Excel’s RAO are not expected to be completed until after execution of this Agreement.

Redeveloper agrees to comply with, and specifically assumes any and all responsibility at its sole cost and expense (except when other party(s) are obligated pursuant to the Deed Notice, Environmental Laws for Remediation of all or part of the Project Site, or where Redeveloper agrees by contract with another party that such other party shall assume some or all such responsibility at its cost and expense), for compliance with the Deed Notice, the Remedial Action Permit for Soil (when issued), and Remediation of the Project Site, as may be required to complete its obligations under this Agreement. It is understood and agreed that Redeveloper may utilize any Remediation method acceptable to the DEP, including, but not limited to, revisions to the current institutional and engineering controls.

The Remediation may include revision and resubmission of the Deed Notice to document new engineering controls (e.g., the new building slab and/or parking areas in lieu of the existing perimeter fence) and revision to and compliance with a revised Remedial Action Permit for Soil, as applicable. Redeveloper has the option, but not the obligation, to remediate soil to an unrestricted use standard and request that DEP terminate the Deed Notice and Remedial Action Permit for Soil. The Township agrees to cooperate with Redeveloper’s efforts to obtain any necessary Approvals from DEP, and, subject to reimbursement by Redeveloper of the Township’s

out-of-pocket expenses, the Township shall assist Redeveloper in applying for and obtaining any grants or loans that may facilitate environmental investigation or Remediation efforts.

As set forth in Section 3.6 of the Redevelopment Plan, and to the extent required by law, Redeveloper shall retain a Licensed Site Remediation Professional (“LSRP”) who will oversee the Remediation to ensure that it complies with the rules and regulations promulgated by DEP. Prior to the issuance of the first Certificate of Occupancy, Redeveloper shall provide the Township with a copy of any revised Response Action Outcome issued by the LSRP with respect to the Project Site or a portion thereof, provided the Certificate of Occupancy relates to the portion of the Project Site upon which a Response Action Outcome has been issued.

6.2 Redeveloper Environmental Compliance. Redeveloper agrees that Redeveloper and its affiliates, representatives, agents, employees, lessees, contractors and others performing work for or on behalf of Redeveloper (collectively, “Redeveloper Parties”) shall not, except as reasonably required in connection with the Remediation or the construction and operation of the Redevelopment Project, use, store, dispose of, generate, discharge, release or handle Hazardous Substances on or about the Project Site, and that all activities performed by Redeveloper Parties in the Project Site shall be performed in compliance with applicable Environmental Laws.

6.3 Environmental Information. Redeveloper agrees to provide to the Township promptly upon receipt, true and complete copies of all environmental reports, test results or other documents received by Redeveloper or sent to the DEP or any other governmental agency with regard to the presence of Hazardous Substances or Contamination of the Project Site, all such reports and documents to be delivered without representation or warranty.

6.4 Survival. The provisions of this Section 6 shall terminate if this Agreement is terminated; however, no such termination shall relieve Redeveloper (except where other party(s) are obligated pursuant to Environmental Laws for Remediation of all or part of the Project Site, or

where Redeveloper agrees by contract with another party that such other party shall assume some or all such responsibility at its cost and expense) of any Remediation obligations it may have pursuant to applicable law.

6.5 Environmental Waiver and Release. Upon issuance of the RAO by Excel, the Redeveloper assumes all obligations, conditions and liabilities related to environmental condition of the Project Site, and releases the Township and its officers, employees, and agents (collectively, the “Township Parties”) and waives as against the Township Parties, all claims of liability for or attributable to any environmental condition of the Property, including without limitation any claim or lawsuit under any Environmental Law, rule, ordinance or regulation relating to Contamination, Hazardous Substances, Remediation, or other environmental matters.

SECTION 7. REDEVELOPMENT PROJECT OVERSIGHT

7.1 Progress Meetings. Redeveloper agrees to attend and participate in progress meetings every four (4) months with representatives of the Township to report on the status of the Redevelopment Project and to review the progress under the Project Schedule. The meetings shall be held at the Township’s Municipal Building or other convenient location in the Township. Prior to the meeting, subject to the terms of Section 7.3 below, representatives of the Township may visit the Project Site to inspect the progress of the work on the Redevelopment Project. Redeveloper shall prepare the agenda for the progress meeting in advance of the meeting (which shall include, *inter alia*, any agenda items reasonably requested by the Township) and shall provide information to the Township at the meetings regarding the Redevelopment Project progress including but not limited to property acquisition, Approval submissions, financial commitments, construction of Project Improvements, compliance with the Redevelopment Plan and activities concerning marketing and leasing, if applicable. At the meeting, this information will be evaluated

by the Township to determine compliance with the terms and conditions of this Agreement and the Project Schedule.

7.2 **Progress Reports.** Commencing on the first day of the second month after the Effective Date of this Agreement, Redeveloper shall submit to the Township a quarterly written progress report which shall include a description of activities completed, the activities to be undertaken prior to the next quarterly progress report, the status of all Approvals, an explanation of each activity, if any, which is showing delay, a description of problem areas, current and anticipated delaying factors and their estimated impact on performance of other activities and completion dates in the Project Schedule and an explanation of corrective action taken or proposed.

7.3 **Access to Project Site.** Upon reasonable advance written notice (except for Township construction code officials, fire officials, public safety personnel and the like performing their duties in the ordinary course, who shall not be obligated to provide advance written notice) the Township and its authorized representatives shall have the right to enter the Project Site to inspect the site and any and all work in progress for the purpose of furthering its interest in this Agreement. Such entrance shall be for informational purposes and shall not relieve Redeveloper of its obligation to implement the Redevelopment Project in accordance with this Agreement. In no event shall the Township's inspection of the Redevelopment Project be deemed acceptance of the work or be deemed to waive any right the Township has under this Agreement. Any such entry shall be subject to reasonable restrictions by Redeveloper typical of an active construction site and any persons present at the Project Site shall comply with all applicable health and safety rules established by the Redeveloper or the general contractor for personnel present on the Project Site. Such measures may include a need to be accompanied by Project personnel when visiting the Project Site.

SECTION 8. REPRESENTATIONS AND WARRANTIES

8.1 The Redeveloper. Redeveloper represents and warrants as follows:

(a) it is a limited liability company duly created under the laws of the State and is duly organized and existing in good standing;

(b) it has full power and authority to enter into this Agreement, to consummate the transactions contemplated herein and to perform all of its obligations hereunder;

(c) the execution, delivery and performance by Redeveloper of this Agreement has been duly authorized and the person executing this Agreement on its behalf is authorized to do so and that this Agreement constitutes a valid and legally binding obligation of Redeveloper, enforceable in accordance with its terms;

(d) subject to obtaining Institutional Financing, it is financially capable to undertake and fulfill the obligations of Redeveloper hereunder;

(e) Redeveloper has the necessary expertise, qualifications, staff and resources to undertake and fulfill the obligations hereunder;

(f) there is no action, proceeding or investigation now pending or threatened, nor any basis therefore, known or believed to exist which (i) questions the validity of this Agreement or any action or act taken or to be taken by them pursuant to this Agreement; or (ii) is likely to result in a material adverse change in its property, assets, liabilities or condition or which will materially and substantially impair its ability to perform pursuant to the terms of this Agreement;

(g) the execution, delivery, or performance of this Agreement will not constitute a violation of any of Redeveloper's organizational documents, or of any mortgage, indenture, instrument, judgment or other agreement to which it is a party or by which it is bound;

and

(h) that Redeveloper is majority owned and controlled by the Wilf family.

8.2 The Township. The Township represents and warrants as follows:

(a) the designation of the Redevelopment Area, the adoption of the Redevelopment Plan and the designation of Redeveloper were done (and any amendment thereto will be done) in conformance with the Redevelopment Law, the adoption of the Redevelopment Plan was duly authorized in accordance with Redevelopment Law and the Township Committee is duly and properly acting as the redevelopment entity for the Township pursuant to the Redevelopment Law;

(b) it is executing this Agreement in its capacity as a political subdivision of the State and the County of Union, as the designated redevelopment entity; the execution, delivery and performance by the Township of this Agreement has been duly authorized and the person executing this Agreement on its behalf is authorized to do so; and this Agreement constitutes a valid and legally binding obligation of the Township, enforceable in accordance with its terms;

(c) there is no action, proceeding or investigation now pending or threatened, nor any basis therefore, known or believed to exist, which (i) questions the validity of this Agreement or any action or act taken or to be taken by them pursuant to this Agreement; or (ii) is likely to result in a material adverse change in its agency, property, assets, liabilities or condition or which will materially and substantially impair its ability to perform pursuant to the terms of this Agreement; and

(d) it has full power and authority to enter into this Agreement, to consummate the transactions contemplated herein and to perform all of its obligations hereunder.

SECTION 9. REDEVELOPER COVENANTS

9.1 Redeveloper Covenants. Redeveloper covenants and agrees that:

(a) Redeveloper shall not use the Project Site or any part thereof in a manner that is not in all material respects consistent with the Redevelopment Plan, the Approvals and this Agreement. Redeveloper will construct only those uses established in the Redevelopment Plan or as the Redevelopment Plan may be modified, in writing, by the Township from time to time in accordance with Redevelopment Law.

(b) Except as permitted in Section 9.1(c) below, prior to the issuance of a Certificate of Completion for the Redevelopment Project or any part thereof, pursuant to *N.J.S.A. 40A:12A-9(a)* Redeveloper shall not, without the prior written consent of the Township in its reasonable discretion: (i) effect or permit any change, directly or indirectly, in the majority ownership of more than fifty percent (50%) or control of Redeveloper (whether in one transaction or by virtue of the combined effect of more than one transaction), provided, however, that the Township will not unreasonably withhold consent to a transfer of a majority or greater interest in Redeveloper (or in an Affiliate of Redeveloper) to a reputable financial institution for *bona fide* financing purposes provided that the current members of Redeveloper remain in control of the entity, (ii) assign or attempt to assign this Agreement or any rights herein or in the Project Site, (iii) make any total or partial sale, lease, transfer or conveyance of the whole or any part of its interest in the Project Site or the Redevelopment Project; or (iv) pledge, or transfer all or substantially all of its assets (collectively, a “**Transfer**”). If Redeveloper proposes a Transfer, other than as set forth above, Redeveloper will promptly provide to the Township for its consideration information concerning the proposed transferee, including, but not limited to, current audited financial statements for the proposed transferee and any other documentation reasonably requested by the Township pertaining to the transferee’s identity, principals, qualifications, reputation and financial condition. If a Transfer is approved by the Township, the transferee, by written document acceptable in form and substance to the Township, for itself and its successors

and assigns, and for the benefit of the Township, shall expressly assume all of the obligations of Redeveloper under this Agreement applicable to the property interest conveyed with such sale, assignment or transfer and shall agree to be subject to all the conditions and restrictions to which Redeveloper is subject hereunder, including the restrictions regarding the right to subsequent transfers. All relevant instruments and other legal documents proposed to effect any such transfer shall be submitted to the Township, and if the transferee is approved by the Township, such approval shall be indicated to Redeveloper in writing.

(c) Redeveloper, without violating the provisions of Section 9.1(b), may, subject to the requirements of *N.J.S.A. 40A:12A-9(a)* effect the following Transfers, to which the Township hereby consents upon receipt of notice thereof, without the necessity of further action by the Township (the “**Permitted Transfers**”): (i) Transfers to an Affiliate of Redeveloper, including, but not limited to, Birchwood Developers Urban Renewal Associates LLC; (ii) leases to residential tenants; (iii) mortgages to secure Institutional Financing for acquisition of the Project Site and/or the construction of the Redevelopment Project; (iv) environmental covenants and restrictions imposed by DEP as a condition of any permit or Approval; (v) any direct or indirect transfer of any interest in Redeveloper to a Person not presently holding an interest in Redeveloper, provided that the transfer is for less than fifty percent (50%) of the ownership interest of Redeveloper and otherwise does not change the control of Redeveloper; (vi) granting of easements, deed restrictions and licenses required for utilities or in connection with development approvals; (vii) transfers by means of inheritance, devise or bequest or by operation of law upon an Immediate Family Member, or a trust established for the benefit of such Immediate Family Member; and (viii) any contract or agreement which effectuates any of the foregoing exceptions. With respect to any of the Permitted Transfers listed in this Section 9.1(c), Redeveloper shall provide to Township written notice within thirty (30) days of such Permitted Transfer, including a description of the

nature of such Permitted Transfer, and the name(s) and address(es) of the transferee parties, individuals and/or entities involved.

(d) Upon issuance of a Certificate of Completion for the Redevelopment Project, Redeveloper shall have the right to sell its interest in the real property, subject to the provisions of Section 4.7 and as set forth in the Financial Agreement.

(e) Redeveloper shall design, implement, complete and operate the Redevelopment Project in compliance with this Agreement and all other Applicable Laws, ordinances, Approvals, rules, regulations and requirements applicable thereto including, but not limited to, such zoning, sanitary, pollution, health, environmental and safety ordinances, laws and such rules and regulations thereunder as shall be binding upon Redeveloper under Applicable Laws. Without limiting the foregoing, Redeveloper shall comply at its own expense with all storm water regulations, including but not limited to, those pertaining to detention, recharge and water quality.

(f) Redeveloper shall not unlawfully discriminate against or segregate any person, or group of persons, on account of race, color, religion, creed, national origin, ancestry, physical handicap, age, marital status, sex, affectional or sexual orientation in the sale, lease, sublease, rental, transfer, use, occupancy, tenure or enjoyment of the Project Site, nor shall Redeveloper itself, or any person claiming under or through Redeveloper, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use of occupancy of tenants, lessees, subtenants, sublessees, or vendees on the Project Site.

(g) Redeveloper shall not use the Project Site, or any part thereof, as security or collateral for an unrelated transaction.

(h) If determined necessary by the applicable Regulatory Agencies, Redeveloper shall pay for the design and construction of Traffic Improvements in accordance with Section 4.4(a)(i) above.

9.2 Compliance with Redevelopment Plan. Redeveloper shall take all necessary steps so that the development of the Project Site and the construction, use, operation, and maintenance of the Redevelopment Project thereon shall be in accordance with the provisions of this Agreement and Redevelopment Plan or as amended, from time to time.

9.3 Redevelopment Project Completion. Redeveloper agrees to diligently undertake and implement the Redevelopment Project throughout the term of this Agreement, including, but not limited to, diligently obtaining all Approvals for the Redevelopment Project, and shall complete the Redevelopment Project within the time frames set forth in the Project Schedule.

9.4 Execution of Documents. Redeveloper shall, in order to effectuate the purposes of this Agreement, make, execute, acknowledge and deliver any commercially reasonable contracts, orders, receipts, writings and instructions with any other persons, firms or corporations and in general do all things which may be requisite or proper for the acquisition, construction and development of the Redevelopment Project in accordance with the terms of this Agreement and all necessary Approvals.

9.5 Fees. Redeveloper shall be subject to normal and customary application and escrow fees for Township approvals and review processes for the Approvals for the Redevelopment Project, as well as normal and customary building and construction permit fees.

9.6 Construction Assurances. Redeveloper shall, upon Commencement of Construction, proceed diligently to complete construction.

9.7 Delivery of Consultants' Reports. Redeveloper agrees to promptly deliver to the Township one electronic copy of every survey, report, analysis, test result and other written report

or document prepared for Redeveloper by any Third Party consultant with respect to any property in the Project Site, including, but not limited to, wetlands investigations, environmental assessments, soil tests, surveys, title commitments, engineering analyses, utility capacity analyses and the like, all reports and other documents to be delivered without representation or warranty.

SECTION 10. REDEVELOPER'S FINANCIAL OBLIGATIONS

10.1 Redeveloper's Equity. Redeveloper represents that it will use commercially reasonable efforts to obtain and commit the requisite equity and debt financing in order to finance the Redevelopment Project.

10.2 Professional Review Fee. Upon the expiration of the appeal period for the Financial Agreement (with no appeal having been filed regarding same), Redeveloper shall pay to the Township a professional review fee ("**Professional Review Fee**") in the amount of Fifty Thousand Dollars (\$50,000.00). The Professional Review shall be used to pay for all Township costs related to the Redevelopment Project, including fees for outside professional consultants engaged by the Township, such as attorneys, planners, engineers and technical consultants, but excluding all fees or escrows related to land development applications before the Township Planning Board.

SECTION 11. INDEMNIFICATION

11.1 Indemnification. (a) Redeveloper agrees to indemnify and hold harmless and defend the Township and the Township Indemnified Parties, and Redeveloper shall pay any and all liability, actual loss, costs, damages, claims, judgments or expenses, of any and all kinds or nature and however arising, imposed by law, including but not limited to, claims for personal injury, death and property damage, as well as any claims related to Contamination, Hazardous

Substances, Remediation or based in Environmental Law, which the Township and/or the Township Indemnified Parties may sustain, be subject to or be caused to incur relating to, based upon or arising from (i) Redeveloper's activities in connection with the Redevelopment Project, or any portion thereof, (ii) contracts entered into by the Redeveloper which relate to such activities, including but not limited to any and all claims by workmen, employees and agents of the Redeveloper, its contractor and subcontractors and unrelated third parties, (iii) the maintenance and functioning of the Project Improvements, or any other activities of Redeveloper within the Redevelopment Area, (iv) the current or former environmental condition of the Redevelopment Area and including but not limited to any third-party claim with respect to other properties alleging harm emanating from such environmental condition of the Redevelopment Area, (v) a material breach of this Agreement by Redeveloper, or (vi) any violation of applicable law by Redeveloper, unless any such loss, liability claim or suit arising from the grossly negligent or intentional wrongful acts of the Township, its employees, agents and contractors.

(b) Redeveloper, at its own cost and expense, shall defend any and all such claims, suits and actions which may be brought or asserted against the Township, and/or the Township Indemnified Parties; but this provision shall not be deemed to relieve any insurance company which has issued a policy of insurance as may be provided for in this Agreement from its obligation to defend Redeveloper, the Township and any other insured named or named as an additional insured in such policy of insurance in connection with claims, suits or actions covered by such policy. Any cost for reasonable fees in situations where it is required that the Township engage its own attorneys, experts' testimony costs and all actual costs to defend the Township or any Township Indemnified Party, agents, servants, or employees shall be reimbursed to it by Redeveloper in connection with such defense and indemnification claim.

(c) In any situation in which the Township Indemnified Parties are entitled to receive and desire defense and/or indemnification by Redeveloper, the Township Indemnified Parties shall give prompt notice of such situation to Redeveloper. Failure to give prompt notice to Redeveloper shall not relieve Redeveloper of any liability to indemnify the Township Indemnified Parties. Upon receipt of such notice, Redeveloper shall resist and defend any action or proceeding on behalf of the Township Indemnified Parties, including the employment of counsel reasonably acceptable to the Township Indemnified Parties, the payment of all reasonable expenses and the right to negotiate and consent to settlement. The Township shall have the right to retain counsel of its choosing, the cost of which shall be borne by Redeveloper. All of the other Township Indemnified Parties shall have the right to employ separate counsel in any such action and to participate in the defense thereof at their own expense. Redeveloper shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of Redeveloper or if there is a final judgment against Redeveloper or the Township Indemnified Parties in any such action, Redeveloper shall indemnify and hold harmless the Township Indemnified Parties from and against any loss or liability by reason of such settlement or judgment. Further, Redeveloper shall have the right to settle any such action on behalf of itself and all Township Indemnified Parties, provided that such settlement (i) is solely a monetary payment, (ii) does not involve the entry of a judgment against Township or any Township Indemnified Parties and (iii) does not expose the Township Indemnified Parties to any liability, contingent or otherwise. Redeveloper shall indemnify and hold harmless the Township Indemnified Parties from and against any loss or liability by reason of such settlement.

11.2 Survival of Indemnity. The provisions of Section 11 shall survive the termination of this Agreement.

SECTION 12. DEFAULT PROVISIONS

12.1 Redeveloper Default. Subject to the terms of this Agreement, the Township shall have the right to declare Redeveloper in default of this Agreement in the event of the occurrence of any of the following (each, a “Default”):

(a) Redeveloper’s failure to substantially perform any of its obligations under the terms of this Agreement or under the Financial Agreement, including the failure to cure such default during any applicable cure periods; or

(b) A final and unappealable determination by a court of competent jurisdiction that Redeveloper is insolvent; or

(c) (i) Redeveloper shall have applied for or consented to the appointment of a custodian, receiver, trustee or liquidator of all or a substantial part of its assets; (ii) a custodian shall have been legally appointed with or without consent of Redeveloper; (iii) Redeveloper (A) has made a general assignment for the benefit of creditors, or (B) has filed a voluntary petition in bankruptcy or a petition or an answer seeking an arrangement with creditors or has taken advantage of any insolvency law; (iv) Redeveloper has filed an answer admitting the material allegations of a petition in any bankruptcy or insolvency proceeding; or (v) Redeveloper shall take any action for the purpose of effecting any of the foregoing; (vi) a petition in bankruptcy shall have been filed against Redeveloper and shall not have been dismissed for a period of sixty (60) consecutive days; (vii) an Order for Relief shall have been entered with respect to or for the benefit of Redeveloper under the Bankruptcy Code; (viii) an order, judgment or decree shall have been entered, without the application, approval or consent of Redeveloper by any court of competent jurisdiction appointing a receiver, trustee, custodian or liquidator of Redeveloper or a substantial part of its assets and such order, judgment or decree shall have continued unstayed and in effect for any

period of sixty (60) consecutive days; or (ix) Redeveloper shall have abandoned the transaction of its usual business; or

(d) A notice to the Township by Redeveloper that it has determined not to proceed with the Redevelopment Project, unless Redeveloper has the right not to proceed, under the terms of this Agreement; or

(e) Failure by Redeveloper to make any payments owed to the Township when due; or

(f) Abandonment of the Redevelopment Project by Redeveloper; or

(g) Failure by Redeveloper to comply with the Project Schedule, subject to delays caused by the Township's failure to timely perform its obligations under this Agreement and further subject to any delays caused by a Third Party(s) related to the Remediation of the Project Site, including but not limited to, delays caused by other party(s) obligated pursuant to Environmental Laws for Remediation of all or a part of the Project Site; or

(h) Redeveloper or its successor in interest shall fail to pay, when due, any real estate taxes, payments in lieu of taxes or other assessments on the Project Site; or

(i) Redeveloper shall implement a Transfer in violation of this Agreement; or

(j) Failure by Redeveloper to comply with its obligations, or default by Redeveloper in any of its representations, warranties or covenants under this Agreement.

12.2 Township Default. Redeveloper shall have the right to declare the Township in default of this Agreement in the event of the failure by the Township to substantially perform any covenant, condition or obligation under this Agreement when performance is due, and if no time is specified then within a reasonable time (the "**Township Default**").

12.3 Default Notice. Upon the occurrence of a Default, the non-defaulting party shall notify the defaulting party in writing that it has declared that party in Default (the "**Default**").

Notice”). Absent such Default Notice, no declaration of Default shall be deemed binding against the defaulting party. The Default Notice shall state the basis for the determination that a Default has occurred. Upon receipt of the Default Notice, the defaulting party shall have, in the case of a financial obligation, ten (10) days to cure such Default; or in the case of any failure to perform any other obligation set forth in this Agreement, forty-five (45) days to commence to cure said Default. With respect to a failure to perform any obligation other than a financial obligation, provided the defaulting party shall thereafter diligently and continuously proceed to correct same, the defaulting party shall have an additional one hundred eighty (180) days to complete the cure. In the event that the defaulting party does not cure a Default as set forth herein, the non-defaulting party shall have the right to exercise the remedies set forth below. The Parties may agree in writing, notwithstanding the provisions of this paragraph, to extend the period of time by which the defaulting party must respond to the Default Notice or the period of time in which the defaulting party must cure the Default. Any Default by either Party hereto that remains uncured following any notice and applicable cure period shall be an **“Event of Default”**.

12.4 Default Rights and Remedies. Except as may otherwise be provided in this Agreement, upon the occurrence of an Event of Default, the non-defaulting party may terminate this Agreement and/or take whatever action, at law or in equity, it may deem desirable, including the seeking of damages, or institute such proceedings as may be necessary or desirable in its opinion to cure and remedy such default or breach, including but not limited to, proceedings to compel specific performance by the party in Default or breach of its obligations. In the event that the Township terminates this Agreement following an Event of Default by Redeveloper, Redeveloper’s designation as the redeveloper of the Project Site shall immediately terminate, together with Redeveloper’s rights as Redeveloper. In that event, any tax exemption and Financial

Agreement applicable to the Redevelopment Project, or any portion thereof, as described in Section 10.3, shall also immediately terminate.

12.5 Rights and Remedies Cumulative; No Waiver by Delay. The rights and remedies of the Parties whether provided by this Agreement or by law or in equity, shall be cumulative, and except as otherwise specifically provided by this Agreement, the exercise by either Party of any one or more of such rights or remedies shall not preclude the exercise, at the same or at different times, of any other such rights or remedies for the same Default, or for the same failure in respect to any of the terms, covenants, conditions or provisions of this Agreement or any of its remedies for any other default or breach. No delay by either Party in asserting any rights or exercising any remedy shall operate as a waiver of such rights or remedy or otherwise deprive it of, or limit such rights and remedies in any way (it being the intent of this provision that such Party shall not be constrained, so as to avoid the risk of being deprived of or limited in the exercise of the remedy provided in this Section because of concepts of waiver, laches, or otherwise, to exercise such remedy at a time when it may still hope otherwise to resolve the problems created by the default involved); nor shall any waiver by either Party with respect to any specific Default be considered or treated as a waiver of the rights of either Party with respect to any other defaults except to the extent specifically waived in writing.

12.6. Certificate of No Default. Either Party hereto shall deliver to the other, upon written request, a certificate signed by a duly authorized officer to the effect that the certifying Party is not aware of any condition, event or act which constitutes a violation of this Agreement or which would constitute a Default hereunder and no condition, event or act exists which, with notice or lapse of time, or both, would constitute such a violation, or Default, or if any such condition, event or act exists, specifying the same (“**Certificate of No Default**”).

12.7 Effect of Termination of Redeveloper. Upon termination, the designation of Redeveloper as redeveloper shall automatically cease, and neither party shall have any further rights or obligations under this Agreement, except as expressly provided otherwise herein. In the event of a termination of Redeveloper as redeveloper, Redeveloper shall promptly deliver to the Township, and assign to the Township all of its right, title and interest in and to any Approvals, plans, drawings, surveys, studies, tests, investigations, permits, approvals, and applications for permits, approvals or utility capacity including, but not limited to, electronic versions where applicable (the “**Project Documents**”) prepared by or for Redeveloper in connection with the Redevelopment Project and/or the Project Site, without representation or warranty. Project Documents shall not include documents that are proprietary to the Redeveloper or any Third Party consultant.

12.8 Termination for Failure to Obtain Approvals. Notwithstanding anything herein to the contrary, Redeveloper shall have the right to terminate this Agreement at any time upon written notice to the Township in the event any Approval is denied or the obtaining of any one or more Approvals appears without reasonable likelihood for success, in Redeveloper’s good faith and reasonable judgment.

SECTION 13. FINANCING PROVISIONS

13.1 Rights of Institutional Mortgagee. Except to the extent that the Project Site may be subject to a mortgage or other encumbrance or lien on the Effective Date, Redeveloper shall not engage in any financing or any other transaction creating any mortgage or other encumbrance or lien upon the Project Site, whether by express agreement or operation of law, or suffer any encumbrance or lien (other than liens for governmental impositions) to be made or attach to the Project Site, except as may be reasonably required for the construction of the Redevelopment

Project or the continued operation of the Redevelopment Project or portion thereof after the completion of construction, provided, however, that upon the issuance of a Certificate of Completion, such prohibition shall no longer apply with respect to the corresponding portion of the Redevelopment Project. Redeveloper shall notify the Township in writing no less than ten (10) days in advance of any such financing secured by a mortgage or other lien instrument which it proposes to enter into with respect to the Redevelopment Project or any part thereof (the mortgagee thereunder or its affiliate, a “**Holder**”). The provisions of this Agreement shall not be deemed to grant to the Township the right to approve or review the terms of any such proposed financing.

13.2 No Termination for Mortgage Default. This Agreement, as an arrangement made by a governmental body or agency of the State pursuant to statutes in connection with a project for redevelopment, renewal or rehabilitation, shall continue in full force and effect beyond any default in or foreclosure of any mortgage loan made to finance the Redevelopment Project, as though such default or foreclosure had not occurred, except as specifically provided herein.

13.3 Cooperation. To the extent reasonably requested by Redeveloper or any Holder, the Township shall execute an estoppel certificate, recognition agreement, attornment agreement and or such other agreements and/or documents (to the extent same are in form and content reasonably acceptable to the Township) as may be requested or required by any Holder; provided, however, that any such agreement or document shall not materially and adversely alter any of the rights or obligations of Redeveloper or the Township under this Agreement.

13.4 Notice of Default to Holder and Right to Cure.

(a) Whenever the Township shall deliver any notice or demand to Redeveloper with respect to any breach or default by Redeveloper under this Agreement, the Township shall at the same time deliver to each Holder a copy of such notice or demand, provided that Redeveloper

has delivered to the Township a written notice of the name and address of such Holder. Each such Holder shall have the right at its option within ninety (90) days after the receipt of such notice, to cure or remedy, or to commence to cure or remedy, any such default which is subject to being cured and to add the cost thereof to the debt and the lien which it holds.

(b) To the extent that any Holder is required to foreclose against any lien it has with respect to the Redevelopment Project (as a result of a Redeveloper Event of Default or a default by Redeveloper under any agreements executed by Redeveloper and its project lenders), the Township agrees to forebear from the enforcement of any remedies provided under this Agreement that it may have against Redeveloper in order to permit such Holder to foreclose and assume or cause a third party to assume the obligations of Redeveloper under this Agreement; provided, however, that the Township shall not be obligated to forebear from the exercise of any remedies available to it hereunder if such forbearance will result (or may result, in the reasonable judgment of the Township) in a waiver of the Township's rights under this Agreement.

13.5 No Guarantee of Development, Construction or Completion of the Redevelopment Project. A Holder shall in no manner be obligated by the provisions of this Agreement to develop, construct or complete the Redevelopment Project (or portion to which its mortgage relates), or to guarantee such development, construction or completion; nor shall any covenant or any other provisions be construed to so obligate a Holder. Notwithstanding the foregoing, nothing contained in this Agreement shall be deemed to permit or authorize such Holder to undertake or continue the development, construction or completion of the Redevelopment Project, or portion to which its mortgage relates (beyond the extent necessary to conserve or protect the Holder's security, including the improvements or construction already made), without the Holder first having expressly assumed Redeveloper's obligations to the Township going forward from and after the date of such assumption with respect to the Redevelopment Project (or portion

to which its mortgage relates) by written agreement reasonably satisfactory to the Township and the Holder.

13.6 Foreclosure. If a Holder forecloses its mortgage secured by the Project Site (or portion to which its mortgage relates), or takes title to the Project Site (or portion to which its mortgage relates) by deed-in-lieu of foreclosure or similar transaction (collectively a “**Foreclosure**”), the Holder shall have the option to either (a) sell the Project Site and the Redevelopment Project to a responsible Person reasonably acceptable to the Township, which Person shall assume the obligations of Redeveloper under this Agreement in accordance with applicable law, and/or (b) assume the obligations of Redeveloper under this Agreement in accordance with applicable law. In the event of a Foreclosure and provided the Holder or the purchaser is in compliance with this Agreement, the Township shall not seek to enforce against the Holder or purchaser of such parcel any of the remedies available to the Township pursuant to the terms of this Agreement available in connection with the events preceding the Foreclosure. The Holder, or the Person assuming the obligations of Redeveloper as to the parcel affected by such Foreclosure or sale, in that event must agree to complete the Redevelopment Project in the manner provided in this Agreement, but subject to reasonable extensions of the Project Schedule, and shall submit evidence reasonably satisfactory to the Township that it has the qualifications and financial responsibility necessary to perform such obligations. Any such Holder or Person assuming such obligations of Redeveloper, properly completing the Redevelopment Project, or any portion thereof, shall be entitled to Certificates of Completion in accordance herewith. Nothing in this Agreement shall be construed or deemed to permit or to authorize any Holder, or such other Person assuming such obligations of Redeveloper, to devote the Project Site, or any part thereof, to any uses, or to construct any improvements thereon, other than those uses or

improvements consistent with the Concept Plan or other provided for or authorized by this Agreement.

13.7 Lender Changes. If Redeveloper's lender requires a change in the terms of this Agreement, the Township shall reasonably cooperate with Redeveloper in approving and implementing such change, so long as such change does not increase the Township's obligations or decrease the Township's rights as set forth in the Agreement, or materially change the Concept Plan. In addition, the Township agrees to enter into such agreement as Redeveloper's lender (or its equity participants) may reasonably require provided that such agreement shall not increase the Township's obligations or decrease the Township's rights in connection with this Agreement, or materially change the Concept Plan.

SECTION 14. NEIGHBORHOOD ISSUES

14.1 Neighborhood Impacts. Redeveloper acknowledges that the construction of the Redevelopment Project may have certain impacts on the neighborhoods in the vicinity of the Redevelopment Project. Although it is anticipated that the Redevelopment Project will provide many positive effects on the community, it is also recognized that it may result in some temporary inconveniences during the time that construction takes place and for a short time thereafter. Therefore, Redeveloper shall take reasonable steps in order to minimize any material negative effects that the construction of the Redevelopment Project may produce. As a result, the Township and Redeveloper agree herein to address the reasonable concerns of the surrounding neighborhoods in order to assure the citizens of the Township that reside in those neighborhoods that the Redevelopment Project will be completed with minimum inconvenience as is practicable. Accordingly, the Parties agree to the provisions set forth below in this Section of the Agreement.

14.2 Compliance with Township Ordinances, State Laws, Regulations and Standards. Redeveloper shall comply with all applicable Township ordinances with regard to traffic, traffic safety, parking during construction, illumination, noise, pollution, and rodent, insect and animal control. Redeveloper commits to follow all applicable construction laws, regulations and standards in the industry to address these concerns and furthermore commits to having a program in place, prior to the Commencement of Construction, to reasonably address such concerns.

SECTION 15. ADDITIONAL PROVISIONS

15.1 Township Cooperation. The Township shall cooperate with and assist Redeveloper so as to enable Redeveloper to implement, develop and complete the Redevelopment Project in accordance with the Concept Plan and the Redevelopment Plan and to otherwise perform Redeveloper's obligations and responsibilities under this Agreement. This cooperation shall include, but not be limited to, (a) causing all construction and building permits over which the Township or any of its agencies or offices has jurisdiction to be granted to Redeveloper provided the applications for same comply with applicable law, (b) assisting Redeveloper in obtaining Approvals, in expediting required action by the Planning Board in connection with site plan and subdivision applications filed by Redeveloper in connection with this Agreement, and (c) the exercise of such other actions pursuant to Redevelopment Law as may be reasonably necessary to carry out the purpose and intent of this Agreement.

15.2 Maintenance and Landscaping. Redeveloper shall keep the Project Site free from any substantial accumulation of debris or waste materials and shall maintain in good condition any landscaping and amenities required under any applicable approved final site plan.

15.3 Speculative Development. Redeveloper represents its undertakings pursuant to this Agreement are for the purpose of Redevelopment of the Project Site and not for speculation

in land holding. Redeveloper shall not use the Project Site, or any part thereof, as collateral for an unrelated transaction.

15.4 Compliance with Agreement. Redeveloper shall use reasonable efforts to ensure that all consultants, professionals, employees, agents, and contractors engaged by Redeveloper or any of Redeveloper's subcontractors shall have the skill and judgment necessary to implement the Redevelopment Project in compliance with the terms and conditions of this Agreement.

SECTION 16. MISCELLANEOUS

16.1 Force Majeure. For the purposes of any of the provisions of this Agreement, neither the Township nor Redeveloper, as the case may be, nor any successor in interest, shall be considered in breach of, or in Default with respect to its obligations hereunder because of any delay in the performance of such obligations, including commencement or completion of construction, arising from causes beyond its reasonable control and without its fault or negligence, including, but not limited to, acts of God, acts of public enemy, acts or omissions of other parties (including litigation by Third Parties), unavailability of materials, fires, floods, epidemics, quarantine restrictions, moratoriums, strikes, freight shortages, energy shortages, embargoes, unusual or severe weather, or delays of subcontractors due to any of the forgoing such causes, actions or inactions by any federal, state or local governmental or quasi-governmental entity, including the Township, with respect to the Approvals or the development of the Redevelopment Project (including, without limitation, a failure of the Township to perform in accordance with the terms of this Agreement), legal action or lawsuits filed in challenge of the issuance, grant or denial of any Approval and a change in laws, if such actions or inactions are not caused by Redeveloper (collectively "**Force Majeure**"). It is the purpose and intent of this provision that in the event of the occurrence of any such delay due to Force Majeure, the time or times for performance of the

obligations of the Township or Redeveloper shall be extended for such period(s) as may be reasonable in the circumstances but in no event less than the period of the delay.

16.2 Section Headings. The headings and numbering of paragraphs and sections of this Agreement are set forth for ease of reference only and are not to be construed or considered to impart meaning to any provision of this Agreement.

16.3 Governing Law. This Agreement shall be governed by and construed under the laws of the State of New Jersey and any litigation relating to this Agreement shall be brought in the Superior Court of New Jersey and venued in the County of Union.

16.4 Amendments to Agreement. This Agreement represents the entire agreement by and between the Parties with respect to the development of the Project Site and the construction of the Redevelopment Project. No amendment to this Agreement shall be considered binding on either of the Parties unless such amendment is in writing and specifically recites that it is being entered into by and between the Township and Redeveloper with the specific intention to modify the terms of this Agreement. In the event that any such amendment is agreed to by the Parties, such amendment shall not modify, change or amend any portion of this Agreement except those specific portions that are recited in the amendment as being modified by such amendment. All other portions of this Agreement not so specifically amended in writing shall remain in full force and effect.

16.5 Severability. Should any provision, term, section or other portion or portions of this Agreement be held by any court of competent jurisdiction to be in violation of any applicable law, or against public policy or held to be null and void for any reason whatsoever, such portion shall be deemed severable so that such determination, unless it prohibits or otherwise prevents the performance of this Agreement or materially alters the rights or obligations of the Parties (in such event this Agreement is to be reformed to reflect as nearly as possible the original stated terms),

shall not affect the validity of any other provisions of this Agreement, and such other provisions shall be deemed to be in full force and effect and binding on the Parties unless amended in accordance with Section 16.4.

16.6 Incorporation of Recitals and Exhibits. The recitals set forth in Section 1 and the Exhibits attached hereto are hereby incorporated by reference and are considered part of this Agreement.

16.7 Condemnation/Casualty. In the event that all or any substantial portion of the Project Site is condemned or taken by eminent domain by any condemning authority or is damaged or destroyed by casualty prior to Commencement of Construction, Redeveloper may, at its option, terminate this Agreement by written notice to the Township within thirty (30) days after Redeveloper is notified of the condemnation, taking, damage or casualty. For purposes of this provision “**Substantial Portion**” shall be defined as any portion which is equal to or in excess of ten percent (10%) of the total acreage of the Project Site or that portion which, in the reasonable opinion of Redeveloper, would prevent the successful completion of construction or operation of the Redevelopment Project as envisioned by this Agreement. The Township acknowledges that it has no right to the proceeds resulting from a condemnation of the fee simple interest in the Project Site.

16.8 Litigation. Redeveloper shall have the right, but not the obligation, to undertake litigation in order to obtain Approvals with conditions reasonably satisfactory to Redeveloper including, without limitation, the right to litigate to the ultimate decision maker. Any litigation undertaken shall toll the relevant time periods set forth in the Project Schedule.

16.9 Waivers. Any right or remedy which any party may have under this Agreement may be waived in writing by the relevant party without the execution of a new or supplemental agreement. Except as otherwise provided in this Agreement, said right of waiver shall include the

right to waive a default. No waiver made by any party with respect to the performance, or manner or time thereof, of any obligation of any other party or any condition to its own obligation under this Agreement shall be considered a waiver of any rights of the party making the waiver with respect to the particular obligation of the other party or condition of its own obligation beyond those expressly waived and to the extent thereof, or a waiver in any respect in regard to any other rights of the party making the waiver.

16.10 Commissions. The Parties agree that no commissions to any broker, agent, or any other intermediary are due hereunder, and further agree to indemnify and save harmless the other party in the event of any claim whatsoever for any commission or other remuneration payable or alleged to be payable by any broker, agent or other intermediary by virtue of the acts or agreements of the indemnifying party.

16.11 No Significance of Party Drafting. The Parties agree that in the construction or interpretation of this Agreement no significance shall be attributed in presumption or otherwise to the identity of the party drafting the provision or provisions in question.

16.12 Recordation. In accordance with the Redevelopment Law, a Declaration of Covenants, in the form attached hereto as **Exhibit C** (the "**Declaration**"), shall be duly recorded by Redeveloper in the land records of Union County and the cost of such recordation shall be paid by Redeveloper.

16.13 Notices. Any notice provided or required to be given under this Agreement must be in writing and shall be served (and shall be deemed to have been served) (a) by hand delivering a copy thereof to the party being served in person or by commercial courier, (b) by registered or certified mail, postage prepaid, return receipt requested, or (c) by a commercial overnight delivery service with package tracking capability and for which proof of delivery is available, to the person or persons set forth below for each party to this Agreement. Minor communications between the

Parties that are other than formal notices of action may be sent by regular mail, facsimile or e-mail. Notifications are deemed to be given (a) on the date of delivery if hand delivered, (b) on the third business day following their deposit in the United States Mail, postage prepaid, return receipt requested, or (c) on the next business day following their deposit with a commercial overnight delivery service.

As to the Township:

Mayor and Township Committee of Township of Cranford
8 Springfield Avenue
Cranford, New Jersey 07016

With copies to:

Ryan J. Cooper, Esq., CIPP/US
Law Office of Ryan J. Cooper LLC
600 Linden Place
Cranford, NJ 07016
908.514.8830
732.485.1455 (cell)
ryan@ryanjcooperlaw.com
www.ryanjcooperlaw.com

and

Wanda Chin Monahan, Esq.
Law Offices of Wanda Chin Monahan, LLC
50 Cardinal Drive
Westfield, NJ 07090
908.588.7700
wmonahan@monahanlawnj.com

As to Redeveloper:

Birchwood Developers Associates LLC
820 Morris Turnpike
Short Hills, New Jersey 07078
Attn: Anthony DiGiovanni

With a copy to:

Brett Tanzman, Esq.
c/o Wilf Law Firm, LLP

820 Morris Turnpike, Suite 201
Short Hills, New Jersey 07078

From time to time either party may designate a different person or address for all the purposes of this notice provision by giving the other party no less than ten (10) days' notice in advance of such change of address in accordance with the provisions hereof.

16.14 Further Assurances. Each party shall execute such further documents, papers and instruments and shall use good faith efforts to take such further actions as are contemplated by and reasonably necessary to carry out the expressed intent of this Agreement as may be reasonably requested by the other Party.

16.15 Counting of Days. Unless otherwise specifically set forth, all references to counting of days shall be calendar days.

16.16 Successors Bound. The Agreement shall be binding upon the respective Parties hereto, and, subject to the limitations on transfer set forth in Section 9.1(b), their successors and assigns.

16.17 No Obligation. The Parties agree that the submission of this Agreement (or any draft, re-draft, or other copy) by one party to another is not intended by either party to be an offer to enter into a legally binding contract. Notwithstanding any discussions, memorandum or exchange of correspondence or emails, the Parties shall be legally bound pursuant to the terms of this Agreement only if and when the Parties have been able to negotiate all of the terms and provisions of this Agreement in a manner acceptable to each of the Parties in their respective sole discretion, including, without limitation, all of the exhibits hereto, and each of the Township and Redeveloper have fully executed and delivered to the other (or its attorney) an executed counterpart of this Agreement. Unless and until each of the Township and Redeveloper have fully executed and delivered a counterpart of this Agreement to the other, neither shall have any obligation whatsoever to the other.

16.18 Time of the Essence. Time is of the essence with regard to all dates set forth in this Agreement.

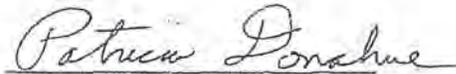
16.19 No Restriction on Police Powers. Nothing in this Agreement will in any way limit or affect the right of the Township or any municipal board, department, agency, authority, official, or representative to enforce any generally applicable municipal ordinance, regulation, rule, procedure or other requirement, including, but not limited to, with respect to the Redevelopment Project, the Project Site or Redeveloper.

16.20 Prior Agreements Superseded. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the Parties with respect to all or any part of the subject matter hereof.

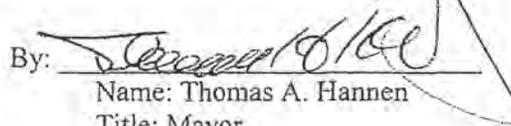
Signatures on next page

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the date first written above.

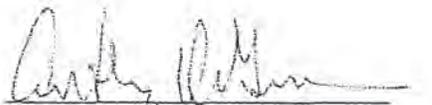
Attest:


Name: Patricia Donahue
Title: Township Clerk

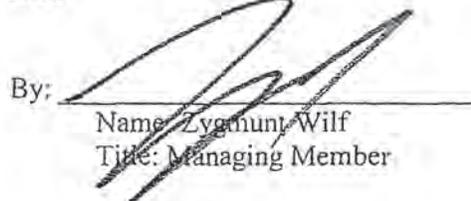
THE TOWNSHIP OF CRANFORD

By: 
Name: Thomas A. Hannen
Title: Mayor

Attest:


Name: Anthony DiGiuseppe
Title: Member

BIRCHWOOD DEVELOPERS ASSOCIATES
LLC

By: 
Name: Lyghunt Wilf
Title: Managing Member

RESOLUTION OF THE PLANNING BOARD OF THE TOWNSHIP OF CRANFORD

Application Number: PBA-18-003

A resolution of the Planning Board of the Township of Cranford memorializing the action of the Planning Board on the Application of Birchwood Developers Associates, LLC for preliminary and final site plan approval including a non-use waiver and minor technical modification to a Flood Hazard Area Individual Permit pertaining to Block 291 Lot 15.01 and Block 292 Lot 2

WHEREAS, the property identified as Block 291 Lot 15.01 and Block 292 Lot 2 on the Tax Map of the Township of Cranford (“The Property”) currently owned by the Township of Cranford and having been designated by the Township Committee of the Township of Cranford under Resolution No. 2017-1188A, as an Area in Need of Redevelopment under the Local Redevelopment and Housing Law, (N.J.S.A. 40A: 12-1 et seq.); and

WHEREAS, the property identified as Block 291 Lot 15.01 and Block 292 Lot 2 on the Tax Map of the Township of Cranford has been identified by the State of New Jersey, Department of Community Affairs as now being located in the Metropolitan Planning Area; and

WHEREAS, pursuant to Resolution No. 2017-285C, the Township Committee of the Township Of Cranford (“Township Committee”) designated Birchwood Developers Associates LLC, as the Developer of the Property, identified as Block 291 Lot 15.01 and Block 292 Lot 2 on the Tax Map of the Township of Cranford; and

WHEREAS, the Township Committee adopted the redevelopment plan prepared by Michael J. Mistretta, P.P., L.L.A., Harbor Consultants, Inc., 320 North Avenue, Cranford, New Jersey 07016, entitled, “Redevelopment Plan for 215-235 Birchwood Avenue Block 291 Lot 15.01 and Block 292 Lot 2” and dated October 2017, that among other things created the zone now known as the Birchwood Avenue Redevelopment Area (“BARA”) and all associated zoning regulations and special design standards for the BARA zone under Resolution No. 2017-188A,

entitled “An Ordinance of the Township of Cranford., County of Union, State of New Jersey, Adopting a Redevelopment Plan for a Non-Condensation Area in Need of Redevelopment Consisting of Certain Properties Located at 215 and 235 Birchwood Avenue (Block 291 Lot 15.01 and Block 292 Lot 2) in Accordance with Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq.,” and

WHEREAS, the Property now being two irregularly shaped lots collectively consisting of approximately 15.86+ -acres, which front on the westerly side of Birchwood Avenue approaching the area of the intersection with Orange Avenue and now having a use designated under the BARA zone for inclusionary multi-family residential units; and

WHEREAS, the Applicant seeks preliminary and final site plan approval including a non-use waiver and minor technical modification to a Flood Hazard Area Individual Permit to develop the Property by, among other things, constructing three multi-level buildings containing a total of 225 residential apartment units with 34 units to be restricted and described as set aside as and for tenants with low and/or moderate income, an associated 4,500 sf community center with exercise facility and leasing office, bike/walking paths, open space, parking and related site improvements as further described below; and

WHEREAS the Planning Board heard this application on April 4th 2018, in which relief for a design waiver was requested from the local BARA Zone Code of the Township of Cranford together with a request for preliminary and final site plan approval and minor technical modification to a Flood Hazard Area Individual Permit; and

WHEREAS the Applicant was represented by Gary S. Goodman, Esq., 23 North Avenue, Cranford, New Jersey 07016, and

WHEREAS the Applicant presented testimony from one of its principals, Mr. Anthony DiGiovanni, c/o Garden Homes, 820 Morris Turnpike, Short Hills, New Jersey 07078, Michael Dipple, P.E., L2A Land Design, LLC, 60 Grand Avenue, Englewood, New Jersey 07063, Avelino Martinez, RA, Blackbird Group Architects, 190 Avenue L, Newark, New Jersey 07105; Christopher L. Karach, LLA, P.O. Box, Cresskill, New Jersey, 07626; and, Elizabeth Dolan, P.E., Dolan & Dean Consulting Engineers, LLC, 792 Chimney Rock Road, Martinsville, New Jersey 08836; and

WHEREAS, the Board presented testimony from William Masol, P.E., Cranford Township, Department of Engineering, 8 Springfield Avenue, Cranford, New Jersey and Kristine J. Russell, P.P.. AICP, Maser Consulting, P.A., 400 Valley Road, Suite 304, Mount Arlington, New Jersey 07856;

WHEREAS, the public portion of the hearing included members of the public who testified regarding concerns about traffic loads and delays; parking on-site and off-site; stability and integrity of public sewer and related infrastructure; landscaping that includes species choices, location, maintenance and screening; and fire safety;

NOW THEREFORE, BE IT RESOLVED by the Planning Board of the Township of Cranford, assembled in public session this 18th day of April 2018, that the following Findings of Fact and Conclusions of Law are hereby confirmed and memorialized:

FINDINGS OF FACT:

Testimony presented on behalf of the Applicant from the following:

1.(a) Michael Dipple, P.E., L2A Land Design, LLC, prepared, signed and sealed A1, in evidence, a 19 page document dated February 9, 2018, entitled "Preliminary and Final Site Plan" and provided expert testimony regarding the site plan as a licensed civil engineer in support of

the Applicant's request for approval of preliminary and final site plan, design waiver and minor technical modification to flood hazard area individual permit for the development located in the BARA zone. Mr. Dipple testified that the development plan includes (i) site improvements, construction of three multi-level buildings to include 225 residential units; 34 of which would be restricted by deed as and for affordable units set aside; (ii) the multi-level buildings each having three floors designated as: Building A to have 66 units, Building B to have 105 units and Building C to have 54 units; (iii) Building B designed to include the community common room/ lounge, leasing office and fitness area; (iv) development conditions that are fully compliant and do not require any variance relief from the bulk requirements for building area, yard requirements, parking under the BARA Zone; (v) construction of a 4,500 square foot clubhouse/ leasing office with large common multi-purpose room with exercise facilities to be included in Building B; (vi) open space, flood storage, landscaping that includes screening from the neighboring residential area and walking/ bike path; (vii) exterior facade design that includes request for waiver to include the use of horizontal exterior siding over an area that exceeds two stories; (viii) reconstruct and resurface a portion of Birchwood Avenue to comply with required elevation changes to accommodate emergency flood egress driveway; (ix) include paved parking at ground level under and around each proposed building and along a portion of the walking/ bike path to accommodate up to a total of 436 vehicles, but not less than 419 parking spaces, including nine spaces marked and dedicated for handicapped access; (x) Site improvements to include in part expansion of existing storm sewer system and underground conveyance system to include sewer inlets and connected transfer piping, for stormwater runoff and service for utilities (e.g., water, gas, electric and extensions for exiting sanitary sewer); (xi) allow for surface runoff along from walk/bike path, paver patio grass areas by Building B to be undetained and flow into

existing wetlands at the westerly side of the Property; and, (xii) reduction of impervious coverage from prior existing conditions of approximately 26,700 sf;

(b) Mr. Dipple testified that the Property has the following pre-existing conditions:

(i) The Property being approximately 15.86 (+) acres and consisting of two irregularly shaped lots, fronts a portion of Birchwood Avenue for 825 feet towards the area of the intersection of Orange Avenue and extends to the rear of the property between 365 to as much as 944 feet; (ii) The Property is located in the 215-235 Birchwood Avenue Redevelopment Area (BARA) Zone; (iii) The lots are currently vacant having each been previously improved with two-story structures and related parking areas and driveway access from Birchwood Avenue; the southerly portion of the Property borders single family dwellings; (iv) Lot 15.01 in Block 291 is mostly located within the floodway of Rahway River Branch known as 10-24 with the balance of Lot 15.01 being located within the Flood Hazard Area that is associated the floodway; (v) A portion of Lot 2 in Block 292 is located within the Flood Hazard Area associated with the floodway of Rahway River Branch known as 10-24; (vi) There are areas of freshwater wetlands located on Lot 15.01 in Block 291 and Lot 2 in Block 292; (vii) The Applicant proposes access to the site from Birchwood Avenue at three access points that will each have a two-way travel lane, the last of the access driveways located at the southerly end of the Property will be designated as an emergency flood egress; and, (viii) Currently the proposed emergency flood egress driveway cannot accommodate the elevation changes that would otherwise be needed to comply with the required elevation changes for an emergency flood egress driveway.

(c) Mr. Michael Dipple also testified that a portion of the Rahway River (Rahway River Branch known as 10-24) is located along the northwestern boarder of the property and that a portion of the property lies within the Floodplain and a minor disturbance will be located within

the 50' riparian zone of the 10-24 Branch (an FW2-NT waterway) of the Rahway River; however, the proposed regulated activities within the 50' riparian zone do not result in clearing, cutting, or removal of more than 2,000 sf of riparian zone vegetation; and therefore, additional mitigation requirements are not required and no hardship request is needed. Mr. Dipple stated that while the Project is deemed to be a Major Development under N.J.A.C. 7:8, because the Project will disturb one or more acres, the Project will not result in the increase of ¼ acre or more of added impervious surface; and accordingly, added water quality measures are not necessary. Further, Mr. Dipple testified that the Project complies with the current stormwater management regulations under N.J.A.C. 7:13-12.2, the Project will have minimal environmental impacts on the regulated areas.

(d) Regarding the Applicant's request for transition area waiver, Mr. Dipple, testified that (i) there are minor disturbances proposed within the freshwater water wetlands transition area and an associated 50' wide transition area that encumbers a large portion of the westerly area of the Property however, the current conditions have not changed since the time the initial freshwater wetlands permits were issued, (ii) the NJDEP approved a prior Letter of Intent (LOI) in 2009, (iii) a freshwater wetlands transition area averaging plan waiver for the Property was approved in 2014, (iii) the Project as currently proposed does not require a special activity transition area waiver based upon an individual permit criteria, and (iv) the Project as proposed does not require a hardship transition area waiver; and, based upon the foregoing it is the opinion of Mr. Dipple that the criteria under N.J.A.C. 7:7A-6.3(g) does not require the issuance of a specialty activity transition area waiver and N.J.A.C. 7:7A-6.3(b) and (c) are not applicable. There was no contrary testimony presented regarding the requirements specific to the Applicant's request for the transition area waiver. The Applicant will reconstruct and resurface a

portion of Birchwood Avenue to comply with required elevation changes to accommodate emergency flood egress driveway.

(e) Regarding compliance with Section 3.3 of the Redevelopment Plan, Mr. Dipple testified that the Applicant does not require the issuance of any bulk variances and that the Project as proposed complies with all listed lot area and bulk requirements for lot size, lot frontage, average front yard setback, minimum front yard setback, building size and height, minimum side yard setback for principal structures and accessories, minimum rear yard setback, maximum building coverage, maximum impervious lot coverage, maximum building height, maximum building stories, minimum distances between all buildings faces and projections and rear/side property lines and minimum distances between building and parking and drive aisles and minimum distances between rear and side property lines and parking drive aisles. The Project, as present, also complies with residential density in terms of units. Mr. Dipple testified that the Project will provide 436 parking spaces with nine spaces marked and dedicated for handicap access where 416 parking spaces are required under the Zone code, which is calculated at 1.8 parking spaces per unit.

(f) Mr. Dipple testified that land coverage will not be negatively impacted. The Property previously had impervious surfaces that included roads, parking and drive aisles of 189,496 sf; the Project as proposed will have 68,983 sf of similar impervious surfaces for a related reduction of -120,513 sf. There will be added impervious surfaces of 133,486 sf where previously there were 39,673 sf for net gain of 93,813 sf. Nevertheless, Mr. Dipple concluded that there will be an overall net reduction of total impervious surfaces of -26,700 sf. There was no contrary testimony presented regarding the net reduction of total impervious surfaces.

(g) Mr. Dipple testified that the Project now consisting of 225 units, rather the prior project, which was previously approved with 360 residential units, would have a significantly reduced impact on the BARA Zone by lowering the overall density, providing the equivalent of an additional three-foot acres of flood storage, a reduction of street parking, an overall reduction of 26,700 sf of impervious surface coverage, an increase in open space within the BARA zone, recreation areas provided by walk/ bike paths and additional landscaping.

(h) The Applicant will submit a proposed form of Deed consolidating Lot 2 in Block 292 and Lot 15.01 in Block 291 with a sanitary sewer easement that grants the Township the right to access and maintain the existing sanitary sewer system for the BARA Zone for approval to the Township Engineer, Board Counsel and Tax Assessor.

2.a. Avelino Martinez, RA, Blackbird Group Architects prepared, signed and sealed A-5, in evidence, a 14 page document reissued and dated February 8, 2018, entitled "Birchwood at Cranford, Residential Development 215 & 235 Birchwood Avenue" and provided expert testimony regarding A-5, in evidence, as a licensed professional architect on behalf of the Applicant. Mr. Martinez testified that A-5 in evidence is a multi-page proposed floor plan, exterior elevation and technical data cover sheet for the Project. Mr. Martinez testified that the proposed units will be constructed within a building matrix that will include "Building A" that will have 66 total units with 18 one-bedroom units, six one-bedroom units with a den area, 21 two-bedroom units within the interior and 12 two-bedroom units at the exterior of the building matrix with a corner area. "Building A" will have nine two-bedroom units that will be dedicated and restricted by deed to include nine two-bedroom COAH units.

The Applicant proposes that "Building B" will have 21 one-bedroom units, nine one-bedroom units with den area, 51 two-bedroom units within the interior of the building and 17

two-bedroom corner units. “Building B” will have six two bedroom units and one three-bedroom unit that will be dedicated and restricted by deed to be set aside for COAH units.

The Applicant proposes that “Building C” will have 12 one-bedroom units and 24 two-bedroom units. “Building C” will have three one-bedroom units together with nine two-bedroom units and six three-bedroom units that will be dedicated and restricted by deed as COAH units. Mr. Martinez testified that the three buildings will have a total number of 225 units that will include a total set aside of 34 COAH units.

Mr. Martinez testified that Applicant will employ “Green Building Techniques” as required under the Redevelopment Plan that will include use of recycled concrete where appropriate, six inch exterior wall cavities to include R-19 insulation values, energy-star rated appliances to be installed in each unit, maximized R-value for attic areas in each building, LED lighting to achieve a reduction in energy usage and related generation emissions and an increase in open space with additional plantings together with a reduction in the overall reduction of impervious surface coverage.

Mr. Martinez testified that Project will be accessed at three entrance/exit points. The project will have landscaped bike/ walkway paths that form a route at the outer portions of the property. The Project will have a 4,500 sf clubhouse/ leasing office with large common multi-purpose room, exercise facilities and leasing office all to be located in “Building B.”

Mr. Martinez testified that the Applicant was requesting approval to install signage that would be placed at the entrance of the Project to be constructed upon a pedestal at a height of two feet with the maximum height of body of the signage to be four feet from the top of the pedestal. The signage will include the Project name and will be illuminated from the base area. The Applicant was also requesting a waiver from the current design standard that prohibits the

use of exterior siding along an exterior surface of a building to include the same material for more than two stories for the rear portion of “Building A” (see A5 in evidence at Page A-A2.1) where there is limited opportunity for the public to see the enhanced exterior facade, if the Applicant were required to comply and there is no concomitant esthetic and economic benefit that would justify the added cost.

3.a. Christopher L. Karach, LLA, prepared, signed and sealed A-5 Page C-08, in evidence, a 1 page document dated February 9, 2018, entitled “Landscaping & Tree Replacement Plan” and provided expert testimony regarding A-5 Page C-08, in evidence, as a licensed professional landscape architect on behalf of the Applicant. Mr. Karach testified that the Applicant will plant and/or replace a total of 277 trees as per Page C-08. The plantings will be completed at the rear of the Property to include the area along the southern portion of the Property, the interior of the Property, the area along the bike/walking path and the entrance of the Property.

4.a. Elizabeth Dolan, P.E., prepared and signed a study entitled “Traffic Impact Assessment for Proposed Residential Development dated January 24, 2018, and provided expert testimony regarding traffic impacts associated with the development of the Property that among other things includes development of 225 residential units in the BARA Zone. Ms. Dolan testified that the three driveways will provide egress and ingress to the 416 parking spaces to be located at the Property and that the study considered both the volume and characteristics of traffic conditions and provided estimates on the quantitative increase in traffic movements at the roadways near and along the Property that could be estimated from the development of the Project’s 225 units. Ms. Dolan testified that overall the Applicant’s Project will provide less overall impacts than the prior project that was approved and included 360 units. Ms. Dolan

testified that the current study dated January 24, 2018, conducted additional traffic counts that could be used together with the data from prior studies from July 2010 and June 2012.

The study areas included traffic counts along Birchwood Avenue, a two-way roadway that connects Orange Avenue to the northwest and Cranford Avenue to the southeast. Further along Birchwood Avenue to the southeast is Bloomingdale Avenue. Ms. Dolan testified that the study dated January 24, 2018, includes several traffic counts at Birchwood Avenue and Orange Avenue at 7 a.m. through 9 a.m. and 4 p.m. through 6:30 p.m. Ms. Dolan testified that there was traffic volume data collected at the intersection of Cranford Avenue and Birchwood Avenue, but overall there was no significant increases in traffic volume from the prior studies and current traffic volumes compared with the prior studies were comparable. Ms. Dolan testified that the delay from the build would be approximately 8 seconds at the intersection with Orange Avenue with no change in the level of service, which is now rated at Service Level D and it would remain at “Level-D” after the Project is completed. Ms. Dolan opined that there was no need for additional peak hour warrants or weekend studies. Further, Ms. Dolan testified that there would not be a basis to include a traffic control device along the roadways servicing the Project because the overall traffic volume is currently below Department of Transportation traffic standards for such traffic control devices and the projected added traffic volume together with the current actual traffic volume data will not exceed the required traffic standards. Ms. Dolan opined that based upon the traffic data collected and reported in her study the Project as proposed will not significantly impact the traffic loads in the study area and will not change the level of service in the area of the Project, which is currently at a Level D and will remain at a Level D notwithstanding that there will be additional traffic volume and some added delays.

5. William E. Masol, P.E., CM.E., C.F.M., Cranford Township Engineer, on behalf of the Planning Board and in response to the testimony provided by the Applicant's professionals, testified that while installing a traffic control device along the travel access intersections is not warranted under Department of Transportation standards there should be additional traffic volume data collected over weekends and additional daytime volume loads during weekdays to include added traffic volume from current traffic loads and patterns. Further Mr. Masol testified that the Zone requires the bike/ walk path to be asphalt rather than the concrete proposed by the Applicant and the stop line at the end of the driveway abutting Birchwood Avenue must be a white stripe of 24 inches rather than the ornamental installation proposed by the Applicant.

6. Kristin J. Russell, P.P., AICP, Maser Consulting P.A., on behalf of the Planning Board and in response to the testimony provided by the Applicant's professionals, opined that the plan for development of the BARA Zone presented by the Applicant was consistent with the Birchwood Avenue Redevelopment Plan. Ms. Russell testified that the Applicant's Development Project included the required inclusionary multi-family affordable housing component of 15% set aside with five units set aside for very low income levels, 12 units set aside for low income levels and 17 units for moderate income levels. Ms. Russell testified that proposed bike/walking path complies with the BARA Zone code. The Applicant request for design waiver to include three stories of horizontal siding in certain faced areas does not negatively impact the intent and goal of the BARA Zone and may be granted without significant impact or undue burden on the BARA Zone.

7. There were comments from the public presented under oath that reflected concern over the installation of fire suppression, planning and design; the placement of landscaping and proposed screening especially along the southerly border of the Property at Wadsworth Avenue

where the rear portion of the Property either borders the single family homes located along Wadsworth Avenue and the Cranford Heath and Extended Care Center; the likelihood of overloading the public infrastructure including the sanitary sewer system; enforcement of local NO-PARKING area along Birchwood Avenue; lack of traffic load and volume data for the area of Birchwood Avenue, Orange Avenue and Bloomingdale Avenue during times when local schools conduct dismissal (Orange Avenue School and Bloomindale Avenue School) and during weekend daytime trips when traffic peak trips would include entering and exiting the conservation center located along the easterly side of Birchwood Avenue.

8. Mr. Anthony DiGiovanni, testified that he is a member of Birchwood Developers Associates LLC, the Applicant herein. During the hearing Mr. DiGiovanni stated, in response to questions and comments from the public, that the Applicant would amend the Applicant's request for a waiver from the design standard that prohibits the continuous use of horizontal siding at a height above two stories so that a portion of the exterior of the facade of Building A along Birchwood Avenue, in the center two areas, would have the same stone surface used at other areas of the exterior of the building, installed from the base of the building through the height of the second story (each new surface area to be approximately 12' in height and 25' in width) with horizontal siding thereafter rather than extending the horizontal siding continuously from the base of the building for more than two stories to the bottom of the Building's gable detail.

Mr. DiGiovanni, on behalf of the Applicant, also testified in response to questions and comments from the public that the Applicant would (i) provide the color standard names for the samples from James Hardie Company that were presented at the time of the hearing as Applicant's A-9 in evidence, dated March 15, 2018, which supersedes the previous submission,

to the Township Engineer to approve the conformity with the samples presented at the time of the hearing; (ii) consent to change the surface of the bike/walking path to asphalt to conform with the Zone code; (iii) consent to provide a five-year maintenance plan under the tree replacement plan submitted under A-5, in evidence, at Page C-01 with a performance bond or suitable surety for the trees planted at the rear of the Property; (iv) consent to be bound by the design plans presented in the Applicant's Site Plan prepared by L2A Land Design LLC including the related storm water management plan; and, the tree replacement plan prepared by Christopher L. Karach, L.L.A., dated February 9, 2018, and design plan prepared by Blackbird Group Architects LLC revised and dated February 8, 2018, except as amended herein, (v) consent to remove the proposed concrete center median at the entrance of the Project; (vi) consent to install lighting on the ground floor of each of the three buildings in the garage areas to be in conformity with the recommendation of the Township Engineer and as required under Subsection 255-26G.(9) of the local Code; (vii) review relevant code-specific items as needed during the code permitting review and construction of the Project with Fire Code Officer and install fire suspension devises in conformity with the recommendations from the Fire Code Official's report dated February 14, 2018, regarding fire suppression devices in the garage areas and residential units to comply with National Fire Protection Association: NFPA 13 and install an emergency generator that would provide electrical service to the fire suppression system and emergency egress lighting; (viii) consent to add additional plantings of Green Giant evergreens having a minimum height of six feet and install at least two sections of a solid fencing element, each being eight feet in length and six feet in height, at the rear southerly portion of the Property to provide screening for the neighboring property at the rear of Wadsworth Avenue and the Cranford Heath and Extended Care Facility; (x) amendments to the Tree Replacement Plan

agreed to by the Applicant including exploring the use of larger caliper plantings shall be subject to review by the Township Planning and Engineer professionals (ix) consent to restripe the portion of Birchwood Avenue, and (ix) agree to comply with final recommendations from the Township's engineer, fire code official and all other local, county, state and federal governmental departments and agencies that may have jurisdiction over the Application.

CONCLUSIONS OF LAW:

1. The Planning Board has jurisdiction to act upon the Application pursuant to the Municipal Land Use Law 40:55D-1 et seq.

2. The Township of Cranford is the owner of the property identified as Block 291 Lot 15.01 and Block 292 Lot 2 on the Tax Map of the Township of Cranford.

3. Birchwood Developers Associates LLC, appointed as the Developer of the Property, identified as Block 291 Lot 15.01 and Block 292 Lot 2 on the Tax Map of the Township of Cranford by the Township of Cranford has standing to bring the Application for development of Block 291 Lot 15.01 and Block 292 Lot 2 before the Planning Board of the Township of Cranford.

4. The property identified as Block 291 Lot 15.01 and Block 292 Lot 2 that is the subject of the within application for development has been designated as an area in need of redevelopment and is located in the zone now known as the Birchwood Avenue Redevelopment Area ("BARA").

5. The associated zoning regulations and special design standards for the BARA Zone were adopted under Resolution No. 2017-188A, entitled "An Ordinance of the Township of Cranford., County of Union, State of New Jersey, Adopting a Redevelopment Plan for a Non-Condemnation Area in Need of Redevelopment Consisting of Certain Properties Located at 215

and 235 Birchwood Avenue (Block 291 Lot 15.01 and Block 292 Lot 2) in Accordance with Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq.," by the Township Committee of the Township of Cranford.

6. The Applicant's request for approval for preliminary and final site plan approval that included a request for a non-use design waiver, site improvements and minor technical modification to a Flood Hazard Area Individual Permit pertaining to Block 291 Lot 15.01 and Block 292 Lot 2 on the Tax Map of the Township of Cranford, which property is located at 215-235 Birchwood Avenue, Cranford, New Jersey, and comprising the entirety of the BARA Zone is GRANTED as follows:

6a(i) the development shall include site improvements, construction of the three multi-level buildings to include 225 residential, rental units; 34 of which would be restricted by deed as and for affordable units set aside to include thirty four (34) units of family rental housing affordable to very low, low and moderate-income households, which units shall be included in a deed restriction that includes the units for the applicable term or until the Township of Cranford takes action to release the affordability controls under the deed restrictions; (ii) the proposed units will be constructed within a building matrix that will include three buildings: Buildings A-C, "Building A" will have 66 total units with 18 one-bedroom units, six one-bedroom units with a den area, 21 two-bedroom units within the interior and 12 two-bedroom units at the exterior of the building matrix with a corner area. "Building A" will have nine two-bedroom units that will be dedicated and restricted by deed to include nine two-bedroom COAH units, "Building B" will have 105 units with 21 one-bedroom units, nine one-bedroom units with den area, 51 two-bedroom units within the interior of the building and 17 two-bedroom corner units. "Building B" will have six two-bedroom units and one three-bedroom unit that will be dedicated and restricted

by deed to be set aside for COAH units, “Building C” will have 54 units with 12 one-bedroom units and 24 two-bedroom units. “Building C” will have three one-bedroom units together with nine two-bedroom units and six three-bedroom units that will be dedicated and restricted by deed as COAH units; (iii) the Applicant shall comply with State of New Jersey Uniform Housing Affordability Controls pertaining to income distribution, bedroom distribution, pricing, integration of affordable units with market units, affirmative marketing requirements, candidate qualification and screening requirements and deed restriction requirements for the Affordable Units; (iv) “Building B” shall include the community common room/ lounge, leasing office and fitness area; (v) The development conditions are fully compliant and do not require any variance relief from the bulk requirements for building area, yard requirements, parking under the BARA Zone; (vi) The Project shall include construction of a 4,500 square foot clubhouse/ leasing office with large common multi-purpose room with exercise facilities, walking and bike path, open space, flood storage, landscaping including screening from the neighboring residential area, walking and bike paths as set forth under the Site Plan (A5 in evidence) submitted on behalf of the Applicant; (vii) Design waiver as set forth above is granted to allow Applicant to use horizontal siding over an area that exceeds two stories along an exterior facade of the rear of “Building A” together with the installation of a partial stone exterior in the center portions of Building A along Birchwood Avenue that will be installed in two center areas each having a height of 12’ and a width of 25’; (viii) Applicant shall reconstruct and resurface a portion of Birchwood Avenue to comply with required elevation changes to accommodate emergency flood egress driveway; (ix) The Project shall include paved parking at ground level under and around each proposed building and along a portion of the walking/ bike path to accommodate up to a total of 436 vehicles, but not less than the minimum parking spaces required, including nine

spaces marked and dedicated for handicapped access; (x) Site improvements shall include, in part, expansion of existing storm sewer system and underground conveyance system to include sewer inlets and connected transfer piping for stormwater runoff and service for utilities (e.g., water, gas, electric and extensions for exiting sanitary sewer); (xii) The Project design may allow for surface runoff along from walk/bike path, paver patio grass areas by "Building B" to be undetained and flow into existing wetlands at the westerly side of the Property; (xiii) There shall be a reduction of impervious coverage from prior existing conditions of approximately 26,700 sf as described hereinabove in the Findings of Fact; (xiv) Applicant shall prepare and submit a deed for approval to Board Counsel and Township Engineer and Tax Assessor to consolidate the approximately 15.86+/- acres and consisting of two irregularly shaped lots, located in the 215-235 Birchwood Avenue Redevelopment Area (BARA) Zone together with a sanitary sewer easement granting the Township of Cranford the right to access and maintain existing sanitary sewer system as well as the hereinabove Uniform Housing Affordability Controls (UHAC) restrictions.

The following items were consented to by the Applicant and are additional conditions of approval:

6b(i) The surface of the bike/walking path shall be asphalt to conform with the Zone code; (ii) Applicant shall provide a five-year maintenance plan under the tree replacement plan submitted under A-5, in evidence, at Page C-01 with a performance bond or suitable surety for the trees planted at the rear of the Property; (iii) Applicant shall be bound by the design plans presented in the Applicant's Site Plan prepared by L2A Land Design LLC including the related storm water management plan; and, the tree replacement plan prepared by Christopher L. Karach, L.L.A., dated February 9, 2018, and design plan prepared by Blackbird Group Architects

LLC revised and dated February 8, 2018, except as amended herein under this Resolution, (iv) Applicant shall remove the proposed concrete center median at the entrance of the Project; (vi) Applicant shall install lighting on the ground floor of each of the three buildings in the garage areas to be in conformity with the recommendation of the Township Engineer and as required under Subsection 255-26G.(9) of the local Code; (vii) Applicant shall review relevant code-specific items as needed during the code permitting review and construction of the Project with Fire Code Officer and install fire suspension devices in conformity with the recommendations from the Fire Code Official's report dated February 14, 2018, regarding fire suppression devices in the garage areas and residential units to comply with National Fire Protection Association: NFPA 13; (viii) Applicant shall install an emergency generator that would provide electrical service to the fire suppression system and emergency egress lighting; (ix) Applicant will add additional plantings of Green Giant evergreens having a minimum height of six feet and install at least two sections of a solid fencing element, each being eight feet in length and six feet in height, at the rear southerly portion of the Property to provide screening for the neighboring property at the rear of Wadsworth Avenue and the Cranford Heath and Extended Care Facility; (x) Tree Replacement Plan shall be amend to be subject to review by the Township Planning and Engineer professionals include exploring the use of larger caliper plantings; (xi) Applicant shall undertake to complete restriping the portion of Birchwood Avenue, (xii) Applicant shall provide the color standard names for the samples from James Hardie Company that were presented at the time of the hearing as Applicant's A-9 in evidence, prepared by Blackbird Group Architects LLC, dated March 15, 2018, which supersedes the previous submission, to the Township Engineer to approve the conformity with the samples presented at the time of the hearing; and (xiii) Applicant shall comply with final recommendations from the Township's

engineer, fire code official and all other local, county, state and federal governmental departments and agencies that may have jurisdiction over the Application.

7. The Planning Board's findings, as reflected in the Transcript of the meeting of the Planning Board at which this Application was considered, were specifically relied upon and are specifically incorporated herein by reference and made a part hereof. The Board finds that the Applicant has met its burden and presented sufficient credible testimony to establish that the request for non-use design waiver is reasonable and will not disrupt the intent of the local zone code or disturb the overall character and nature of the BARA Zone. The Board concludes under the circumstances it is reasonable and appropriate to grant the waiver as amended and as set forth above for the use of exterior horizontal siding at the rear elevation Building A to avoid the practicable problems the Applicant's witnesses testified to.

8. The Applicant shall comply with the conditions set forth in the Zoning Ordinances of the Township of Cranford except as to the waiver granted hereunder this Resolution;

9. All applicable monitoring and reporting requirements will be complied with during construction. The Applicant by and through its professionals, consented to pre-construction meetings with the Township engineer regarding storm water management, soil removal, soil erosion, sediment control, grading plans, tree replacement and all conditions set forth under this Resolution.

10. Applicant shall comply with all conditions established by the Township's professionals and Planning Board in conjunction with this Application as reflected in the transcript of the hearing and as may be set forth herein.

11. Applicant shall be responsible for obtaining any other approvals or permits as may be required by law, including approvals from any governmental agency having jurisdiction over the Applicant's request for relief, preliminary and final site plan approval.

12. All representations made by the Applicant including its witnesses shall be strictly complied with.

13. Applicant shall make payment of any outstanding escrow amount for review and inspection and/or bond as may be required by the Township before any certificate of occupancy or other final approval, as applicable, can issue.

14. Applicant will submit all additional drawings, schematics, plans and reports as agreed and as may be required by any additional condition set forth above.

15. Applicant's design waiver as set forth above is granted in part to allow Applicant to use horizontal siding over an area that exceeds two stories and amended in part to require the installation of a partial stone exterior in the center portions of Building A along Birchwood Avenue that will be installed in two center areas each having a height of 12' and a width of 25' as set forth hereinabove.

16. Applicant's proposed placement of utilities may be subject to limitations from local public utilities, which if not contrary to the local BARA Zone code shall be deemed administrative field revisions. In the event that the Applicant is required to revise the placement of public service utilities at the Property, the Applicant may seek administrative changes based upon a proposed limitation from a public utility by conferring with the Township's Engineer and complying with all conditions established by the Township's Engineer.

NOW, THEREFORE, BE IT RESOLVED that Application Number: PBA-18 003 for preliminary and final site plan approval with non-use design waiver and application for minor

technical modification to a flood hazard area individual permit is hereby GRANTED upon the conditions set above. The consolidation of the lots, sanitary sewer easement for access and maintenance in favor of the Township of Cranford, and UHAC restrictions shall be memorialized by Deed and shall be in a form that will merge the two lots into one existing lot to be designated by the Tax Assessor of the Township of Cranford.

APPROVAL OF THE APPLICATION:

The motion to approve and grant the Application was made by Ms. Anderson. The motion received a second by Ms. Pedde.

ROLL CALL VOTE:

The Members of the Planning Board present at the hearing voted upon the motion as follows:

- | | | | |
|----------------------------------|--|----------------------------------|---|
| 1. Kathleen Murray, Chair | <input checked="" type="checkbox"/> In Favor | <input type="checkbox"/> Opposed | <input type="checkbox"/> Not Present |
| 2. Bobbi Andersen, Vice-Cahir | <input checked="" type="checkbox"/> In Favor | <input type="checkbox"/> Opposed | <input type="checkbox"/> Not Present |
| 3. Lynda Feder | <input checked="" type="checkbox"/> In Favor | <input type="checkbox"/> Opposed | <input type="checkbox"/> Not Present |
| 4. Donna Pedde, Secretary | <input checked="" type="checkbox"/> In Favor | <input type="checkbox"/> Opposed | <input type="checkbox"/> Not Present |
| 5. Andrew Cossa | <input checked="" type="checkbox"/> In Favor | <input type="checkbox"/> Opposed | <input type="checkbox"/> Not Present |
| 6. Dr. Christopher Chapman | <input checked="" type="checkbox"/> In Favor | <input type="checkbox"/> Opposed | <input type="checkbox"/> Not Present |
| 7. Peter Taylor | <input type="checkbox"/> In Favor | <input type="checkbox"/> Opposed | <input checked="" type="checkbox"/> Not Present |
| 8. Commissioner Ann Dooley | <input type="checkbox"/> In Favor | <input type="checkbox"/> Opposed | <input checked="" type="checkbox"/> Not Present |
| 9. Mayor Tom Hannen | <input checked="" type="checkbox"/> In Favor | <input type="checkbox"/> Opposed | <input type="checkbox"/> Not Present |
| 10. Daniel Aschenbach, Alternate | <input type="checkbox"/> In Favor | <input type="checkbox"/> Opposed | <input checked="" type="checkbox"/> Not Present |
| 11. Julie Didzbalis, Alternate | <input type="checkbox"/> In Favor | <input type="checkbox"/> Opposed | <input checked="" type="checkbox"/> Not Present |

No member who was present opposed the Application.

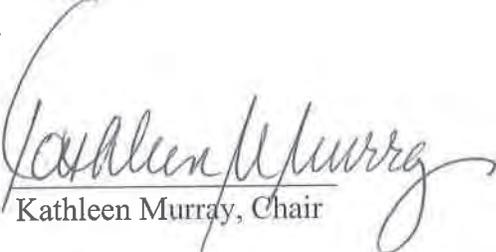
ROLL CALL VOTE:

The Members of the Planning Board present at the meeting held on April 4th, 2018 voted upon the motion to adopt the resolution of memorialization as follows:

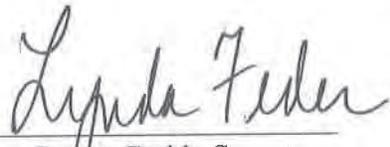
- | | | | |
|----------------------------------|--|----------------------------------|---|
| 1. Kathleen Murray, Chair | <input checked="" type="checkbox"/> In Favor | <input type="checkbox"/> Opposed | <input type="checkbox"/> Not Present |
| 2. Bobbi Andersen, Vice-Cahir | <input type="checkbox"/> In Favor | <input type="checkbox"/> Opposed | <input checked="" type="checkbox"/> Not Present |
| 3. Lynda Feder | <input checked="" type="checkbox"/> In Favor | <input type="checkbox"/> Opposed | <input type="checkbox"/> Not Present |
| 4. Donna Pedde, Secretary | <input type="checkbox"/> In Favor | <input type="checkbox"/> Opposed | <input checked="" type="checkbox"/> Not Present |
| 5. Andrew Cossa | <input type="checkbox"/> In Favor | <input type="checkbox"/> Opposed | <input checked="" type="checkbox"/> Not Present |
| 6. Dr. Christopher Chapman | <input checked="" type="checkbox"/> In Favor | <input type="checkbox"/> Opposed | <input type="checkbox"/> Not Present |
| 7. Peter Taylor | <input type="checkbox"/> In Favor | <input type="checkbox"/> Opposed | <input checked="" type="checkbox"/> Not Present |
| 8. Commissioner Ann Dooley | <input type="checkbox"/> In Favor | <input type="checkbox"/> Opposed | <input checked="" type="checkbox"/> Not Present |
| 9. Mayor Tom Hannen | <input checked="" type="checkbox"/> In Favor | <input type="checkbox"/> Opposed | <input type="checkbox"/> Not Present |
| 10. Daniel Aschenbach, Alternate | <input type="checkbox"/> In Favor | <input type="checkbox"/> Opposed | <input checked="" type="checkbox"/> Not Present |
| 11. Julie Didzbalis, Alternate | <input type="checkbox"/> In Favor | <input type="checkbox"/> Opposed | <input checked="" type="checkbox"/> Not Present |

Any member not present at the April 4th 2018, meeting did not vote at the April 18th 2018, meeting. The foregoing Resolution was adopted by the Planning Board of the Township of Cranford at a public meeting on April 18th 2018.

Dated: April 18th 2018


Kathleen Murray, Chair

Dated: April 18th 2018


Donna Pedde, Secretary
Lynda Feder, ALTERNATE

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APPENDIX S.
310 CENTENNIAL SUPPORTING DOCUMENTATION

RESOLUTION OF MEMORIALIZATION

BOARD OF ADJUSTMENT OF THE TOWNSHIP OF CRANFORD

APPLICATION NO. ZBA-15-026

APPLICANT:

**310 Centennial Avenue, LLC
162 Mountainview Drive
Mountainside, New Jersey 07092**

**Property:
310 Centennial Avenue
Block 525, Lot 5**

WHEREAS, 310 Centennial Avenue, LLC, (hereinafter the "Applicant") owns property located at 310 Centennial Avenue, Block 525, Lot 5, Cranford, New Jersey; and

WHEREAS, the Applicant's property lies in the VC zone district (village commercial); and

WHEREAS, on May 9, 2016, the Board of Adjustment voted to grant the application and preliminary site plan approval for the construction of the mixed use project with retail use on the first floor and ten residential apartments on each of the second and third floors; and

WHEREAS, this approval was memorialized by the Board on June 13, 2016; and

WHEREAS, the Applicant continued to be represented by Joseph Triarsi, Esq., on February 27, 2017, when the Applicant returned to the Board for final site plan approval; and

WHEREAS, the Applicant presented no witnesses at the final site plan approval meeting; and

WHEREAS, no member of the public opposed or favored the granting of final site plan approval; and

WHEREAS, the Board has made the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. Applicant was granted approval for several variances and waivers as well as preliminary site plan approval by the Board on May 9, 2016, and this approval was memorialized in a Resolution dated June 16, 2016.

2. The Township's engineer Carl P. O'Brien prepared a February 7, 2017 engineer's review memorandum.

CONCLUSIONS OF LAW

1. Applicant's request for final site approval is **GRANTED**.

NOW, THEREFORE, BE IT RESOLVED, on this 13th day of March, 2017, that the request for relief noted above is **GRANTED** on the following conditions:

1. Applicant shall immediately replenish its escrow account if same is not presently sufficient to pay for any professionals utilized by the Township including the attorney and engineer. No permits or certificates of occupancy can issue in connection with this application unless all legal and engineering fees have been paid by the Applicant through its initial or any subsequent escrow amount deposited with the Township.

2. All representations made by the Applicant and all conditions agreed to by the Applicant shall be strictly adhered to and complied with unless modified. These representations and conditions shall remain in full force and effect and shall apply to the approval granted herein.

3. Applicant is granted final site plan approval upon the condition that any outstanding items in the February 7, 2017 memorandum of Carl P. O'Brien be addressed in a manner satisfactory to the Township engineer to the extent that Applicant may not have already complied with any of the requirements set forth in that memorandum.

NOW, THEREFORE, BE IT RESOLVED that Application No. ZBA-15-026 is hereby granted on the conditions set forth above.

APPROVAL OF APPLICATION

Robert Bovasso made a motion to grant final site plan approval to the Applicant. This motion received a second from Mary Ann Hay.

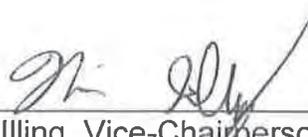
Robert Bovasso, Mary Ann Hay, Charles Higgins, and Karolina Dehnhard voted in favor of this motion. Jeffrey Pistol voted in opposition to the Application.

ROLL CALL VOTE

On April 24, 2017, the following members of the Cranford Zoning Board of Adjustment voted in favor of this Resolution of Memorialization: Mr. Bovasso, Ms. Hay and Mr. Higgins.

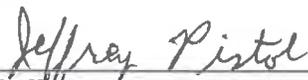
The foregoing is a Resolution duly adopted by the Board of Adjustment of the Township of Cranford at its meeting on April 24, 2017.

Dated: 4/24/17



Kevin Illing, Vice-Chairperson

Dated: 4/24/17



Jeffrey Pistol, Secretary

AGREEMENT

Whereas, the Cranford Board of Adjustment approved the application of 310 Centennial Avenue, LLC (the “Owner”) to construct a mixed used building at 310 Centennial Avenue, Cranford, NJ (the “Project”); and

Whereas, the Project will contain twenty (20) residential units on the second and third floor, and first floor retail space; and

Whereas, the Township asserts that the Owner must provide an affordable housing set aside of 15% of the Project’s residential units; and

Whereas, the Owner contends that the Cranford Board of Adjustment did not condition its approval of the Project on the applicant providing COAH apartments; and

Whereas, the Owner disputes the Township’s position that this Project must provide COAH units in order to comply with the affordable housing program of the Township as set forth in Municipal Ordinance 255-68(B); and

Whereas, the Owner and the Township of Cranford are desirous of resolving the dispute amicably;

NOW, THEREFORE, be it resolved, that:

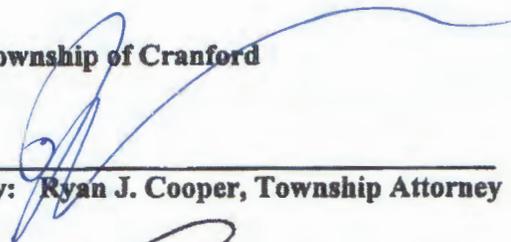
(1) The Owner will deed-restrict two (2) of the Project’s one-bedroom units as affordable housing units.

(2) The Township agrees that the provision of the affordable housing units set forth in Paragraph 1 satisfies the developer’s current affordable housing obligation with respect to this Project.

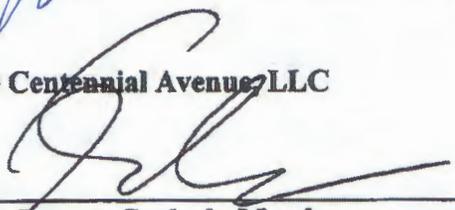
(3) The developer will identify the units which are to be designated as affordable housing units as required by the Township.

(4) The Township agrees to the terms hereof and authorizes the appropriate officers and agents of the Township to review the applicant's plans and issue, as and when appropriate, such building permits as may be necessary and incidental to the construction of the mixed-use building.

Township of Cranford


By: **Ryan J. Cooper, Township Attorney**

310 Centennial Avenue, LLC


By: **Jeremy Garlock, Member**

Dated: April , 2018

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APPENDIX T.

BOARD OF ADJUSTMENT OF THE TOWNSHIP OF CRANFORD RESOLUTION OF
MEMORIALIZATION APPLICATION NO. ZBA-17-002 (109 WALNUT AVENUE), DATED JUNE 19,
2019

RESOLUTION OF MEMORIALIZATION

BOARD OF ADJUSTMENT OF THE TOWNSHIP OF CRANFORD

APPLICATION NO. ZBA-17-002

APPLICANT:

**Daryl K. Boffard
290 Hartshorn Drive
Short Hills, New Jersey 07078**

Property:

**109, 111, 113 and 115 Walnut Avenue
Block 478, Lots 10, 11, 12 and 13**

WHEREAS, Daryl K. Boffard (hereinafter the "Applicant") owns property located at Block 478, Lots 10, 11, 12 and 13, Cranford, New Jersey; and

WHEREAS, the Applicant's property lies in the D-B (Downtown Business) district; and

WHEREAS, Applicant proposes a three-story mixed use development consisting of 24 residential apartments located on the second and third floors with a restaurant and residential parking on the first floor. Barry O'Donovan, of the Kilkenny House, seeks to operate a restaurant in the retail portion of the property; and

WHEREAS, Section 136-30, Schedule 1, requires a minimum and maximum of a five foot front yard setback; and

WHEREAS, Applicant proposes a zero foot front yard setback on Walnut Avenue and a 3.33 foot front yard setback along Chestnut Street requiring a c(2) variance; and

WHEREAS, Section 136-30, Schedule 1, requires a maximum of eighty percent impervious coverage and the Applicant seeks a 93.3 percent impervious coverage with this development which requires a c(2) variance; and

WHEREAS, Section 136-39(A)(2) requires a total of 46 on-site residential parking spaces with 1.8 parking spaces per one bedroom unit and two parking spaces per two bedroom units and the Applicant proposes a total of 36 parking spaces for the project resulting in 1.5 spaces per one bedroom and two bedroom units which requires a variance; and

WHEREAS, Section 136-39(A)(1) requires 45 parking spaces for the proposed restaurant and Applicant provides only seven on-street parking spaces which requires a variance; and

WHEREAS, Section 136-23.7(12) requires a commercial use building to provide at least one off-street loading and unloading space and Applicant seeks to provide no on-site loading spaces which requires a waiver; and

WHEREAS, Applicant requires a conditional use variance because Section 136-35(B)(22) only permits 20 apartment units per acre and Applicant seeks to construct 24 residential apartments on .48 acres which requires a d(3) variance; and

WHEREAS, Applicant seeks preliminary and final site plan approval; and

WHEREAS, the Applicant is represented by attorney John DeMassi; and

WHEREAS, the matter was heard by the Zoning Board on May 8, 2017;

and

WHEREAS, testimony was heard from the Applicant's architect Avelino Martinez, the Applicant's traffic expert and engineer Nicholas Verderese, the Applicant's engineer and planner Michael Junghans and Barry O'Donovan of the Kilkenny House; and

WHEREAS, members of the public spoke in favor of and in opposition to the application; and

WHEREAS, the Board has made the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. The property currently consists of four non-conforming single family homes. These structures will be demolished.
2. The total area of the property is 20,800 square feet with a frontage of 150 feet and a depth of the same footage.
3. Applicant proposes to construct a three-story building that will consist of two residential stories over parking with a restaurant located on the first floor. The development will consist of twenty-four apartments.
4. The restaurant and parking uses are both principal permitted uses in the D-B zone district and the residential use is a conditional use.
5. Applicant will provide no on-site parking spaces for the restaurant use.
6. The first floor level will consist of 36 parking spaces for the residential component of the project where 46 spaces are required. There will be

1.5 parking spaces per residential unit whereas the RSI requires 1.8 spaces for one-bedroom units and two spaces for a two-bedroom unit.

7. Seven spaces will be provided for the restaurant use on-street. Six of these spaces will be on Walnut Avenue while one will be on Chestnut Street. These spaces can be counted towards the restaurant parking requirement even though they are not on-site.

8. Applicant's traffic engineer Nicholas Verderese testified that the traffic to this site as a result of the residential units will be "negligible".

9. Mr. Verderese visited the area on a Friday night and noticed 71 public parking spaces available during the proposed peak hours of restaurant usage. Barry O'Donovan testified that the Kilkenny House will continue to be a family restaurant at the property. The current Kilkenny House restaurant will be closed.

10. Mr. O'Donovan testified that when families eat in the restaurant they are there for approximately an hour. Families with older children might stay in the premises for approximately two hours on average.

11. Mr. O'Donovan testified that he would like to move the location of his restaurant because of the serious flooding that occurred with Tropical Storm Irene several years ago.

12. Mr. O'Donovan testified that deliveries to the proposed restaurant would occur on Tuesdays and Fridays before 11 a.m. Typically deliveries come between the hours of 9 a.m. and 11 a.m. he testified. Loading and unloading will typically occur on Chestnut Street.

13. Mr. O'Donovan testified that the restaurant will be open Monday through Friday between the hours of 11:30 a.m. and 10 p.m. while the establishment will actually close at about midnight. On Saturday the restaurant is open to approximately 11 p.m. with an actual closing of the facility occurring between 1 a.m. and 2 a.m.

14. Mr. O'Donovan testified that presently the Kilkenny House has six parking spaces on South Avenue.

15. There are municipal parking lots on Chestnut Street and on South Avenue.

16. The restaurant will occupy approximately 5,000 square feet. The entrance for the residential units will be separate from the entrance to the restaurant.

17. The approximate square footage of the one-bedroom apartments is 935 square feet; the approximate square footage of the two-bedroom apartments will be 1,165 square feet. These apartments comply with the conditional use requirement of the Cranford Land Development Ordinance.

18. The restaurant will have a two yard trash container that will be serviced by a private hauler.

19. Applicant has withdrawn its request for a request for an interpretation of Cranford Land Development Ordinance Section 136-35, B. Applicant accepts for the purpose of this application that Section 136-35B(22) governs this application and it imposes a gross density of 20 residential units per acre. While that limitation does seem inconsistent with the Master Plan and is

contrary to the Plan's purpose to increase residential density in the central business zones, the plain language of the Ordinance must be applied by this Board to the application.

20. As a result of the withdrawal of the request for an interpretation, Applicant seeks a conditional use variance for a d(3) variance seeking a deviation from the aforementioned Ordinance because Applicant seeks to construct 24 residential units on .48 acres. This d(3) conditional use variance is granted because Applicant has demonstrated the site can accommodate any problems associated with the use, even though the proposed use does not comply with the requirement of twenty units per acre. In addition, as stated by Vice Chairman Kevin Illing, the express purpose of the Master Plan was to increase residential density in the central business district locations in which this zone is located. It is also noted that any additional parking demands resulting from an increase in residential density can be satisfied by 36 on-site parking spaces as well as the abundant street and public parking in the immediate vicinity. Furthermore the d(3) conditional use variance can be granted because the impact will not change the character of the neighborhood; in fact, it will improve the properties substantially by constructing a principally permitted use, a restaurant, as well as the residential units on the second and third floors of the building. This d(3) conditional use variance is appropriate because it can be granted without a substantial detriment to the public good nor a substantial impairment of the intent and purpose of the zone plan and D-B zone district ordinance. Indeed, the project is consistent with the goals of the Master Plan to

increase residential density near the downtown and to provide additional housing options in the community. Moreover, the Residential Site Improvement standards, as well as the Cranford Master Plan, indicate that when deliberating parking demands in the context of increased residential density, adjacent public parking should be considered when the parking space requirement of a local ordinance cannot be satisfied on-site. It should also be noted that similar establishments in the central business district zones have no parking whatsoever on-site.

CONCLUSIONS OF LAW

1. Applicant's request for a c(2) variance to permit a zero foot front yard setback on Walnut Avenue where five feet is required, and a 3.33 foot front yard setback along Chestnut Street where five feet is required is granted because the purpose of the Municipal Land Use Law would be advanced by a deviation from this strict zoning ordinance requirement and the benefits of the deviation would substantially outweigh any detriment by allowing a principally permitted use to be constructed along with the removal of four non-conforming structures. These two variances can also be granted without a substantial detriment to the public good nor a substantial impairment to the intent and purpose of the master zone plan and the D-B zone district ordinance.

2. Applicant's request for a c(2) variance in regard to the construction of 36 parking spaces for the residential uses where 46 spaces are required is granted since the purposes of the Municipal Land Use law would be advanced by

a deviation from the zoning ordinance requirement and the benefits of the deviation would substantially outweigh any detriment as there is street parking and two public parking lots in the immediate vicinity of the project. In addition, the variance can be granted without a substantial detriment to the public good nor a substantial impairment to the intent and purpose of the master zone plan and the D-B zone district ordinance.

3. Applicant's request for a c(2) variance from Section 136-39(A)(1) which requires 45 spaces for the proposed restaurant where Applicant seeks to provide seven on-street parking spaces is granted because the benefits of such deviation from the Ordinance will substantially outweigh any detriment. In addition, the variance can be granted without a substantial detriment to the public good nor a substantial impairment to the intent and purpose of the Master Zone Plan in the D-B zone district Ordinance.

4. Applicant's request for a waiver of the requirement that a commercial building have at least one off-street loading space is waived as this is a reasonable request under the circumstances. N.J.S.A. 40:55D-51b; Garafalo v. Burlington Tp., 212 N.J. Super. 458 (Law Div. 1985).

5. Applicant's request for a c(2) variance contrary to Section 136-30, Schedule 1, which requires a maximum of eighty percent impervious coverage where the Applicant seeks a 93.3 percent impervious coverage is granted because the purpose of the Municipal Land Use Law would be advanced by a deviation from this strict zoning ordinance requirement and the benefits of the deviation would substantially outweigh any detriment. The variance can also be

granted without a substantial detriment to the public good nor a substantial impairment to the intent and purpose of the Master Zone Plan in the D-B zone district Ordinance.

6. Applicant's request for preliminary and final site plan approval is granted.

7. Section 136-35(B)(22)(a)4, which prohibits three-bedroom apartments on the upper floors of buildings, is pre-empted by N.J.A.C. 5:93-7.3(a)3 which requires that twenty percent of all low- and moderate-income units be three bedroom units. Avalon Princeton, LLC v. Princeton, et al., Docket No. A-1992-15T2; See, Redd v. Bowman, 223 N.J. 87, 108 (2015).

NOW, THEREFORE, BE IT RESOLVED, on this 19th day of June, 2017, that Applicant's request for a d(3) conditional use variance, four c(2) variances and one waiver as described above is **GRANTED** upon the following conditions:

1. Applicant shall immediately replenish its escrow account if same is not presently sufficient to pay for any professionals utilized by the Township including the attorney and engineer. No permits or certificates of occupancy can issue in connection with this application unless all legal and engineering fees have been paid by the Applicant through its initial or any subsequent escrow amount deposited with the Township.

2. All representations made by the Applicant and all conditions agreed to by the Applicant shall be strictly adhered to and complied with unless modified. These representations and conditions shall remain in full force and effect and shall apply to the approval granted herein.

3. Applicant will install appropriate fencing or buffer around its parking lot to reduce headlight spillage.

4. Applicant will ensure that 3,000 K lighting is installed throughout the exterior of the project at the proposed fixture locations and that the lighting in the parking lot will be more compatible with the architecture of the project, which includes the use of wall packs.

5. Applicant will maintain the existing street scape lighting.

6. Applicant will comply with Article 6 of the Cranford Land Development Ordinance concerning stormwater control (Cranford Land Development Ordinance Section 136-40, et seq.) consistent with the plan it submitted and any subsequent requirements of Township professionals.

7. Applicant shall comply with Article IX, Section 136-71B, and Section 136-75 of the Township's Land Development Ordinance and applicable State law which requires an affordable housing set aside of fifteen percent of the proposed rental units. This results in a requirement that four of the 24 units be affordable as defined in Article IX.

In addition, in accordance with N.J.A.C. 5:93-7.3(a), there shall be one one-bedroom apartment that is affordable, two two-bedroom apartments that are affordable, and one three-bedroom apartment that is affordable.

Applicant shall submit plans to the Building Department reflecting the one three-bedroom affordable unit that is not in its initial plans. If the footprint of the building has not changed with the inclusion of the one three-bedroom apartment, then the matter will be handled administratively through the Building Department. If the creation of the one three-bedroom apartment changes the footprint of the building thereby requiring a variance for its inclusion in the project, then Applicant shall submit an amended site plan application to the Zoning Board.

8. To the extent feasible, as determined by Applicant's engineer and the Township engineer, Applicant will provide a three foot landscaping strip along a portion of the front of the building.

9. Applicant will make reasonable plans to provide alternative parking arrangements for the project if it is reasonably determined at a future date occurring after the issuance of a final certificate of occupancy for the property by an appropriate Township official that: i) the actual number of vehicles for the residential tenants at the property exceeds 36, ii) the residents without assigned parking spaces are unable to find a reasonable parking alternative within the township, and iii) the failure of these residents to find a reasonable parking alternative has caused a material adverse effect.

NOW, THEREFORE, BE IT RESOLVED that Application No. ZBA-17-002 is hereby granted on the conditions set forth above.

APPROVAL OF APPLICATION

Victoria Drake made a motion to approve the Application. This motion received a second by Mary Ann Hay.

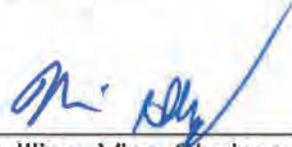
Victoria Drake, Mary Ann Hay, Brian Trelease, Charles Higgins, Robert Bovasso, and Kevin Illing voted to approve this Application. Jeffrey Pistol voted against the Application.

ROLL CALL VOTE

On June 19, 2017, the following members of the Cranford Zoning Board of Adjustment voted in favor of this Resolution of Memorialization: Mr. Illing, Mr. Bovasso, Mr. Higgins, Ms. Hay and Mr. Trelease.

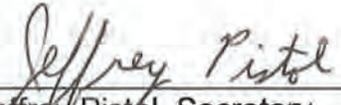
The foregoing is a Resolution duly adopted by the Board of Adjustment of the Township of Cranford at its meeting on June 19, 2017.

Dated: 6/19/17



Kevin Illing, Vice-Chairperson

Dated: 6/19/17



Jeffrey Pistol, Secretary

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APPENDIX U.

LETTER FROM SPECIAL MASTER ELIZABETH MCKENZIE RE AMENDMENT TO PRIOR ROUND
CREDITING IN SUPPORT OF MOTION TO AMEND JUDGMENT OF REPOSE, DATED MARCH 9,
2018

ELIZABETH C. MCKENZIE, P.P., P.A.

COMMUNITY PLANNING AND DEVELOPMENT

9 MAIN STREET

FLEMINGTON, NEW JERSEY 08822

TELEPHONE (908) 782-5564

TELEFAX (908) 782-4056

ecmcke@gmail.com

March 9, 2018

Michael A. Jedziniak, Esquire
Jeffrey R. Surenian & Associates, LLC
707 Union Avenue, Suite 301
Brielle, New Jersey 08730

Re: Amendment to Prior Round Crediting in Support of Motion to Amend Judgment of Repose

Dear Mr. Jedziniak:

I have reviewed the final versions of the two attached documents and find them to be acceptable.

The first document is the Affordable Housing Obligation section of a Redevelopment Agreement that will be used in conjunction with the reduced scope of the Birchwood Avenue Redevelopment Project (formerly the Cranford Developers Project). The attached version of this document (last amended by me on March 9, 2018) reflects all of the changes that I am requesting.

The second document is an Updated Prior Round Crediting Analysis in Support of Motion to Amend Prior Round JOR, dated March 9, 2018. I have also suggested several changes to this document and the attached version reflects all of those changes. I believe that the updated crediting analysis is reasonable and fair in light of the availability to the Township of rental bonuses for family rental units that were constructed following the JOR. I would not object to a Motion to Amend the Prior Round JOR to reflect the updated crediting analysis.

This letter applies solely to the Township's Prior Round compliance and makes no recommendations concerning Third Round compliance. It responds solely to the two attached documents (or portions thereof) that I reviewed. I did not review any aspects of the Redeveloper's Agreement other than the Affordable Housing Obligation section (section 4.10), since I understand

ELIZABETH C. MCKENZIE, P.P., P.A.

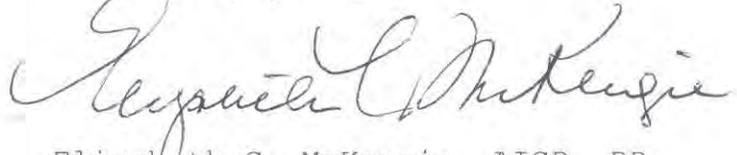
Michael A. Jedziniak, Esquire
Jeffrey R. Surenian & Associates, LLC
March 9, 2018
Page Two of Two

that I may have a conflict of interest, or at least the appearance of one, with respect to the new redeveloper.

In general, I find that the Affordable Housing Obligation section of the Redeveloper's Agreement, with the amendments I have recommended, is a good template for the Township to use going forward with any other redevelopment projects that may address a Third Round Obligation.

I hope that this letter is of assistance to Cranford.

Very truly yours,

A handwritten signature in cursive script, reading "Elizabeth C. McKenzie".

Elizabeth C. McKenzie, AICP, PP
Elizabeth C. McKenzie, P.P., P.A.

Enclosures (2)

cc: The Honorable Thomas Hannen, Mayor
Michael Mistretta
Katherine O'Kane
Leigh Fleming
Megan York

4.10 Affordable Housing Obligation. The Redevelopment Project will include thirty-four (34) units of family rental housing affordable to very low, low and moderate-income households (the “**Affordable Units**”), which the Township agrees to apply towards satisfaction of the Township’s Prior Round Obligation. As described in the Redevelopment Plan:

(a) The Affordable Units shall comply with UHAC, applicable affordable housing regulations, the Court Order, any applicable amendment to the Court Order, and other Applicable Laws, and paragraphs (b) through (f) below.

(b) Pursuant to N.J.A.C. 5:80-26.11, the Redeveloper shall have an obligation to deed restrict the Affordable Units as very low, low or moderate income affordable units for a period of at least thirty (30) years, until Cranford takes action to release the affordability controls (the “**Deed-Restriction Period**”), so that the Township may count the Affordable Units against its obligation to provide affordable housing. The deed restriction shall be provided to the Township for its review for compliance with the terms of the Redevelopment Plan, the Court Order and this Agreement prior to recordation. The Redeveloper shall provide the Township with a copy of the deed restriction when submitted for recording and shall provide a copy of the recorded deed restriction, with book and page number, within ten (10) days of receipt of the recorded copy.

(c) Redeveloper’s obligation includes, but is not limited to, the Redeveloper’s obligation to comply with all UHAC requirements pertaining to income distribution, bedroom distribution, pricing, integration of affordable units with market units, affirmative marketing requirements, candidate qualification and screening requirements, and deed restriction requirements for the Affordable Units, except that instead of 10% of the Affordable Units being affordable to households earning 35 percent or less of the regional median household income by household size, 13% of the Affordable Units shall be affordable to households earning 30

percent or less of the regional median income by households size ("very low income"), with such very low income Affordable Units being counted as part of the low income Affordable Units to be provided, and further except that the maximum permitted number of one-bedroom Affordable Units in UHAC shall be reduced by two units, which units shall be added to the number of two-bedroom Affordable Units provided. The Affordable Units will be subject to the minimum unit sizes currently required in the Township's design standards. The bedroom distribution of very low income Affordable Units shall be in the same proportions as the bedroom distribution of all of the other low and moderate income Affordable Units.

(d) Redeveloper shall contract with an experienced and qualified administrative agent ("**Administrative Agent**") for the administration of the Affordable Units and shall have the obligation to pay all costs associated with properly deed restricting the Affordable Units in accordance with UHAC and other applicable laws for the Deed-Restriction Period. Redeveloper and its Administrative Agent shall work with the Township and the Township's administrative agent regarding any affordable housing monitoring requirements imposed by the Court. Redeveloper shall provide the Township with the name, qualifications, and contact information of the Administrative Agent for approval, which shall be by Resolution of the Township Committee. Redeveloper shall provide annual confirmation (as of January 5 of each year) that the Administrative Agent remains the same. If at any time, Redeveloper or its successor determines to change its Administrative Agent, the Township shall be notified and shall be provided with the name, qualifications and contact information for the new Administrative Agent for approval, which shall be by Resolution of the Township Committee as in the first instance. Redeveloper shall provide, within thirty (30) days of written notice, all detailed information requested by the Township or the Township's administrative agent concerning Redeveloper's

compliance with UHAC, the terms of this Redevelopment Agreement, applicable Court Orders and other applicable laws.

(e) The Parties agree that the Affordable Units are to be included in the Amended Affordable Housing Plan to be approved and credited by the Court.

(f) The Township represents that the Court's Special Master has reviewed and approved the form of the Affordable Housing section of this Agreement and that it is consistent with UHAC and applicable affordable housing regulations as well as the recommendations of the Special Master.



For Settlement Discussion Purposes Only: Inadmissible Pursuant to NJRE 408

Date: March 9, 2018

To: Elizabeth McKenzie

From: Michael Mistretta, Katherine O’Kane, and Leigh Fleming

CC: Tom Hannen, Jeffrey Surenian, Michael Jedziniak, Ryan Cooper, Wanda Monahan, Terence Wall, and Megan York

RE: Updated Prior Round Crediting Analysis in Support of Motion to Amend Prior Round JOR

On May 22, 2013, the Honorable Lisa F. Crystal, J.S.C., signed a Final Judgment of Compliance and Repose approving the Township of Cranford’s 2013 Housing Element and Fair Share Plan to meet Cranford’s affordable housing obligation. One of the projects which was designated to contribute to the Township’s Prior Round Obligation of 148 units was an inclusionary 360 unit development, inclusive of a 54 affordable units (a 15% set-aside), located at 215-235 Birchwood Avenue.

Since that order was issued, the Township has purchased the site from the original developer and now proposes to reduce the size of the development to only 225 units, with 34 affordable units (still based on a 15% set-aside), instead of the original planned 54 affordable units. All of the affordable units will continue to be family rental affordable units.

When the 2013 Housing Element and Fair Share Plan was drafted and then subsequently approved, three (3) of the inclusionary projects included in the Township’s Plan to satisfy its Prior Round Obligation were not constructed, and therefore, the Township could only utilize three (3) bonus credits from the SERV Group Home, which has three (3) bedrooms, instead of the maximum rental bonus credit allowance of 37 units. Since the issuance of the Township’s 2013 Judgment of Compliance, both the Riverfront Development (Block 481; Lots 1.02, 2.01 and 3-9) and the Lehigh Acquisition Project (Block 511, Lot 1) have been constructed and are now occupied; therefore, these projects are now eligible to generate rental bonus credits and compensate for the decrease of 20 affordable units on the Birchwood site.

The following table demonstrates how the Township of Cranford will address the reduction in the number of affordable housing units that will be yielded by the development of Block 291, Lot 15.01, and Block 292, Lot 2, from 54 affordable units to 34 affordable units.

Project	Affordable Units/Credits	Unit/Credit Type	Status
Prior Round Obligation			
Lincoln Apartments – Age-Restricted (Block 532, Lot 18.01) (maximum based on 25% of 148)	37	Age-Restricted Rentals	100 age-restricted Affordable Units completed in 1994
Riverfront Developers, LLC (Block 481; Lots 1.02, 2.01 and 3-9)	16	Non Age-Restricted Family Rentals	127 unit inclusionary project (19 total Affordable Units but excess one-bedroom units not in compliance – to be adjusted by development of Birchwood Project, for which a Redevelopment Plan has been approved by Planning Board and adopted by Township Committee)
SERV Center of NJ (Block 514, Lot 3)	3	Special Needs Housing – 3 Bedroom Group Home	Completed and fully credited
Cranford Development Associates (CDA) Project (Block 291, Lot 15.01, Block 292, Lot 2) aka Birchwood	54 34	Non Age-Restricted Family Rentals	Court Approved Builder’s Remedy - under amendment by Township to reduce scope of development to 225 family rental units with 34 Affordable Units - Redevelopment Plan has been approved by Planning Board and adopted by Township Committee. The Redevelopment Plan shall be subject to the review and approval by the Special Master and the Superior Court of New Jersey, Union County, for amendment to the Township’s proposals for compliance with its Prior Round Obligation as set forth in the Court Order dated December 9, 2011, and the Judgment of Compliance and Repose dated March 22, 2013. The Redeveloper has submitted the application to the Planning Board and it is currently under completeness review - the site plan application cannot be deemed

			administratively complete until the Redevelopment Agreement has been signed by the Township and Redeveloper
Lehigh Acquisition Project (Block 511, Lot 1) aka Woodmont	21	Non Age-Restricted Family Rentals	Completed as part of a 163 unit inclusionary redevelopment project (24 Affordable Units)
Subtotal	111	-	-
Rental Bonus Credits (Based on 25% of 148)	37	Rental Bonus Credits taken on 18 Lehigh Acquisition Project Units, 3 SERV Bedrooms and 16 Riverfront Units	
Total	148	Units/Credits	-
Total for Prior Round Plan			
Total Prior Round Obligation	148	Units/Credits	Fully Addressed

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APPENDIX V.

LETTER FROM SPECIAL MASTER ELIZABETH MCKENZIE RE RECOMMENDATION TO THE COURT
THAT THE MOTION FOR TEMPORARY IMMUNITY OF THE DECLARATORY JUDGMENT ACTION BE
GRANTED, DATED NOVEMBER 27, 2018

ELIZABETH C. MCKENZIE, P.P., P.A.

COMMUNITY PLANNING AND DEVELOPMENT

9 MAIN STREET

FLEMINGTON, NEW JERSEY 08822

TELEPHONE (908) 782-5564

TELEFAX (908) 782-4056

ecmcke@gmail.com

November 27, 2018

The Honorable Camille M. Kenny, J.S.C.
Superior Court of New Jersey, Union Vicinage
Union County Court House
2 Broad Street, 14th Floor Tower
Elizabeth, New Jersey 07207

Re: In re Township of Cranford, Docket No. UNN-L-3976-18

Dear Judge Kenny:

I am in receipt of two motions filed by the Township of Cranford. One motion seeks an extension of immunity through March 31, 2019, based upon the 2013 Judgment of Repose entered by Judge Chrystal, which Judgment had granted repose to Cranford through December 31, 2018. The second seeks temporary immunity through March 31, 2019 based on Cranford's recent filing of a Declaratory Judgment Action seeking the Court's approval of an amended Third Round Housing Element and Fair Share Plan.

The purpose of this letter is to recommend to the Court that the second motion for temporary immunity, the one based on the filing of the Declaratory Judgment Action, be granted. The filing of the request for a Declaratory Judgment will, in my opinion, accelerate the resolution of all of the outstanding affordable housing issues in Cranford.

I have been working with Cranford's Planning Consultant in his efforts to formulate an outline of a Third Round Housing Element and Fair Share Plan that will address this Court's directive to include, in the calculation of the Third Round Realistic Development Potential (RDP), the 20 affordable housing units that were anticipated to be provided on the Cranford Developers Associates (CDA) site as part of the 2013 Judgment of Repose, but that will no longer be provided on that site.

ELIZABETH C. MCKENZIE, P.P., P.A.

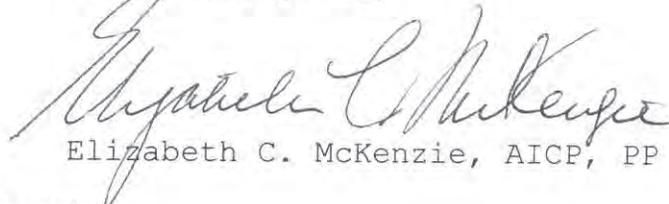
The Honorable Camille M. Kenny, J.S.C.
Superior Court of New Jersey, Union Vicinage
November 27, 2018
Page Two of Two

Cranford is anxious to reach a settlement agreement with Fair Share Housing Center in this matter. The best path to that is through the Declaratory Judgment process. In that context, the motion for temporary immunity is appropriate and reasonable and will allow Cranford to move forward with the preparation of a new Third Round Housing Element and Fair Share Plan for the Court's review and approval.

As Your Honor is aware, I am retiring at the end of next week, and will no longer be able to serve as the Special Master in Cranford. The filing the Declaratory Judgment Action will begin a new phase of affordable housing compliance for Cranford. It seems an appropriate time for a new Special Master to step in.

I trust that this letter is of help to the Court. I will attend the hearing on the motions this Friday, November 30, 2018, at 2:00 PM.

Very truly yours,



Elizabeth C. McKenzie, AICP, PP

cc: Jeffrey R. Surenian, Esquire
Michael J. Edwards, Esquire
Kevin D. Walsh, Esquire
Joshua D. Bauers, Esquire
Adam M. Gordon, Esquire
Michael Mistretta, PP, CLA
Stephen M. Eisdorfer, Esquire

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APPENDIX W.
CRANFORD TOWNSHIP SUPPORTIVE AND GROUP HOME SUMMARY TABLE

Cranford Township Supportive and Group Home Summary Table

Name of Owner	B / L	Address	Bedrooms	Comments
1) Community Access Unlimited Inc.	208/7	112 Glenwood Road	3	Acquired in 2012
2) Creative Property Management NJ	403/59	54 Johnson Avenue	4*	Transferred from CAUNJ to Creative Property (same board as CAUNJ.)
3) CAU NJ	403/62	48 Johnson Avenue	6*	<i>Agreement with NJ DHS dated March 22, 1999 has twenty-year obligation to provide housing for 100% DDD Clients.</i>
4) Homefirst Interfaith Housing & Family Services	332/1 C016F	16F Parkway Village	2	Transitional/homeless facility as advised by Debbie Anderson, Director. INELIGIBLE
5) Homefirst	332/1 C018B	18B Parkway Village	2	Transitional/homeless facility INELIGIBLE
6) Homefirst	417/22	116 Benjamin Street	3	<i>Subject to a 30-year affordability period per CDBG Loan Agree. w/ HMFA to which leases were assigned in 2014. Document obtained.</i>
7) Homefirst	418/5	117 Benjamin Street	4 2 units; each with 2 BR	<i>Subject to a 30-year affordability period per CDBG Loan Agree. w/ HMFA to which leases were assigned in 2014. HOME Rehab 2014 – 15 yr. Deed Restriction. Documents obtained.</i>
8) SERV Centers of NJ Inc. ("SERV")	514/3	6 Hollywood Avenue	3*	<i>Agreement with NJ DHS, dated August 24, 1998, has twenty year obligation to provide housing for 100% Division clients, until May 23, 2019.</i>
9) SERV	569/8	125 Dietz Street	4	<i>Agreement and Promissory Note with NJ DHS dated August 1, 2006, last amended June 27, 2007 as referenced in a recorded Purchase Money Mortgage dated August 1, 2012 MB 13384, P403. Email from SERV confirms controls until 2026.</i>
10) Bridgeway House Inc.	505.01/1 C0304	304 Lincoln Park East	2	<i>Subject to a Mortgage with NJ DHS dated September 30, 1996, recorded Union County Clerk's Office 11/18/96, Book 6095, Page 21. Mortgage references an Agreement dated September 6, 1996.</i>
TOTAL			Total:22 bedrooms	Potential total: 29

Color Coding:

Green	Awaiting information from OPRA Request. Despite multiple direct contacts via email and phone, never contacted us back.
White	Ineligible
Orange	Can be counted; we currently have documentation of long term affordability controls

Group Home Bedroom Units identified in 2013 FSHP: are Indicated with an "*"

APPENDIX X.

AERIAL MAP OF PROPOSED NORTH AVENUE REDEVELOPMENT AREA



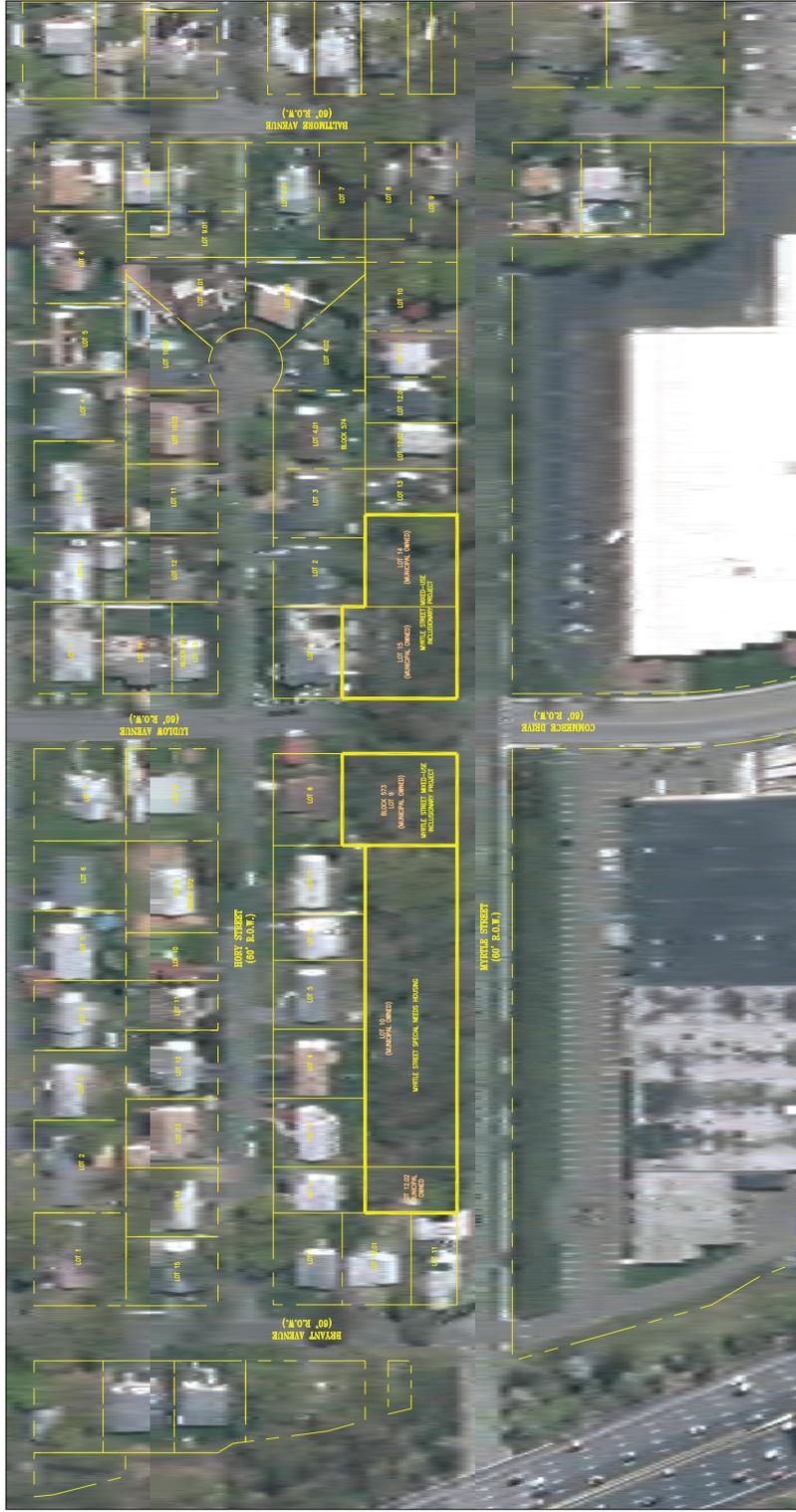
Proposed North Avenue Redevelopment Properties
Cranford, Union County, New Jersey

Block and Lot	Address	Owner	Area
Portion of 193-6.01	7 Springfield Ave	Township of Cranford	0.817 +/- Acres
193-10	Springfield Ave	Tuck Sing Continental Inc	0.071 +/- Acres
193-11	1 Springfield Ave	Cranford Pet Vet LLC	0.026 +/- Acres
193-12	45 North Ave E	Springfield Avenue BP LLC	0.172 +/- Acres
193-13	39-43 North Ave E	Tuck Sing Continental Inc	0.152 +/- Acres
193-14	27 North Ave E	Township of Cranford	0.173 +/- Acres
North Avenue Redevelopment Area Total			1.41 +/- Acres



HARBOR CONSULTANTS
ENGINEERS, SURVEYORS, AND PLANNERS
300 NORTH AVENUE EAST
CRANFORD, NJ 07016
TEL (908) 276-2715 FAX (908) 709-1738

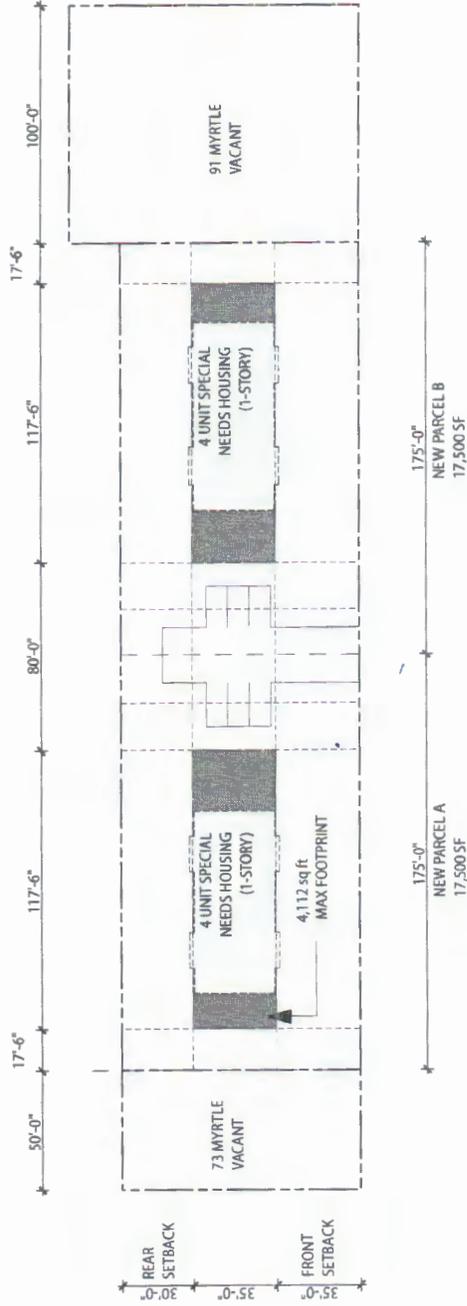
APPENDIX Y.
MYRTLE STREET CONCEPT SITE PLANS FOR MYRTLE STREET PROPERTIES



Harbor Consultants Inc.

ENGINEERS, PLANNERS & SURVEYORS

MYRTLE STREET EXHIBIT C
OCTOBER 03, 2018



SITE PLAN DIAGRAM



Development Analysis
83 Myrtle St Cramford, NJ
KSAP 12107



DIAGRAM SITE PLAN A
5/26/17
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APPENDIX Z.
AERIAL MAP OF PROPOSED NORTH AND SOUTH AVENUE OVERLAY

