

**AFFORDABLE HOUSING
THIRD ROUND MIDPOINT REALISTIC OPPORTUNITY REVIEW
BOROUGH OF ALLENDALE
BERGEN COUNTY, NEW JERSEY**

July 1, 2020

PURPOSE

The requirement for a midpoint realistic opportunity review derives from the Fair Housing Act (“FHA”) at N.J.S.A. 52:27D-313, which provides: “[t]he Council (Council on Affordable Housing or COAH) shall establish procedures for a realistic opportunity review at the midpoint of the certification period and shall provide for notice to the public.” Although COAH failed to adopt regulations or procedures for a midpoint realistic opportunity review, the purpose and process is set forth in Allendale Borough’s Court-approved Settlement Agreement with Fair Share Housing Center (“FSHC”).

The purpose of the midpoint realistic opportunity review is for Allendale to provide a status report as to the Borough’s implementation of its Court-approved Housing Element and Fair Share Plan (“Plan”), an analysis of whether any unbuilt sites or unfulfilled mechanisms towards its realistic development potential (“RDP”) continue to present a realistic opportunity and an update on unmet need mechanisms. Pursuant to the Allendale/FSHC Agreement, there’s a requirement for the Borough to post this status report on its website and provide a copy to FSHC. The Agreement also contemplates review of unmet need mechanisms, though the realistic opportunity for the development of unmet need mechanisms during the compliance period is not applicable. In the event the Court determines that an RDP site or mechanism no longer presents a realistic opportunity and should be replaced or if the Court determines that any unmet need mechanisms should be revised or supplemented, then Allendale Borough shall have the opportunity to supplement or revise its plan to correct any RDP or unmet need deficiency.

To facilitate the review process, in addition to posting this Mid-Point Review Report on its website and submitting copies to FSHC, Allendale Borough will place on file a copy of this

report for public inspection at the office of the Allendale Borough Clerk or, if the municipal building is still closed due to the pandemic, interested parties may request a copy be mailed. Lastly, the Borough will provide newspaper notice of the availability of this report. The Borough's notice to the public of this Mid-Point Review Report will include a 30-day deadline for any interested party comments/requests for a court hearing to be submitted.

BACKGROUND

The Allendale/FSHC Settlement Agreement was executed on September 15, 2017. Following a November 29, 2017 Fairness Hearing, the Settlement Agreement was approved by Superior Court Order, dated January 10, 2018, which found the Agreement and the Borough's Preliminary RDP and Unmet Need Compliance Measures fair to the interests of low- and moderate-income citizens of the region. Allendale prepared a Housing Element and Fair Share Plan which was adopted by the Borough's Planning Board on June 20, 2018 and endorsed by the governing body on June 28, 2018. The Borough's Plan was reviewed at a Court Compliance Hearing on November 29, 2018 and conditionally approved by the Court as reflected in a Conditional Judgment of Repose, dated January 25, 2019. Subsequently, Allendale Borough submitted a certification, dated June 4, 2019, of its compliance with all conditions and the Borough received a final Judgment of Compliance and Repose ("JOR") on June 27, 2019. This final JOR approved the Borough's Plan including the Borough's RDP and unmet need compliance measures described below and provided Allendale with immunity from builder remedy lawsuits through July 7, 2025.

As reflected in the Borough's Court-approved Settlement Agreement and Court-approved Plan, the Borough's Third Round Fair Share obligation is as follows:

- Third Round Rehabilitation Share: 21
- Prior Round 1987-1999 Obligation: 137
- Third Round 1999 – 2025 Gap and Prospective Obligation: 308

- Third Round RDP = 54, Unmet Need = 254.
The Settlement Agreement and JOR reflect the Court's approval of Allendale Borough's vacant land adjustment ("VLA"), which adjusts the 308-unit Third

Round obligation to a 54-unit realistic development potential (“RDP”) and a 254-unit unmet need.

Allendale Borough Rehabilitation Program Update – To address its 21-unit Rehabilitation Share, the Borough has rehabilitated 15 rental units at Allendale Senior Housing, thus, fully addressing its rental rehabilitation requirement. To address the 6-unit balance of its Rehabilitation Share, the Borough continues to participate in the Bergen County Home Improvement Loan Program. According to County Program Staff, there have been no new applications for rehabilitation work from income-eligible homeowners in the Borough.

Allendale Borough Prior Round Obligation – As noted in the Borough’s Court-approved Agreement with FSHC, Allendale previously fully satisfied its 137-unit Prior Round Obligation as follows:

- RCA units: 44 total
- Completed Inclusionary Developments:
 - ✓ Allendale Brook Estate – 9 Family Affordable Sales
 - ✓ Saddle Dale – 3 Family Affordable Sales
 - ✓ Garden Homes/Whitney – 11 Off-Site Supportive Shared Rentals on Crescent Commons
- Completed 100% Affordable Developments:
 - ✓ Allendale Senior Housing – 16 Senior Affordable Rentals
- Completed Alternative Living Arrangements
 - ✓ Orchard Commons – Supportive Shared Living Rentals (10 bedrooms)
 - ✓ Crescent Commons – Supportive Shared Living Rentals (11 of 13)
 - ✓ Crescent Commons – 3 Permanent Supportive Rentals
- Prior Round Rental Bonuses = 35

Total Prior Round Credits/Bonuses = 142, 5-unit surplus towards Third Round

REALISTIC OPPORTUNITY REVIEW – THIRD ROUND RDP COMPLIANCE MECHANISMS

Per the COAH Prior Round regulations as upheld by the NJ Supreme Court, the realistic opportunity standard applies to all mechanisms for non-VLA municipalities and to RDP mechanisms for VLA municipalities such as the Borough of Allendale. The Borough has completed virtually all of its compliance mechanisms addressing its Third Round RDP of 54 including inclusionary developments, municipally-sponsored developments, and special

needs units. The Borough continues to provide a realistic opportunity for each Court-approved RDP compliance mechanism as shown in the chart below:

<u>Third Round RDP Mechanisms</u>	<u>Description</u>	<u>Status</u>	<u>Notes/Additional Information</u>
Allendale Brook Estate	Inclusionary Development	Completed	Prior Round Surplus, 5 of 9 affordable family for sale units applied to the Third Round
Crescent Commons Supportive Shared Living Rentals	Municipally Sponsored Special Needs Units	Completed	2 of 13 special needs units applied to the Third Round
Garden Homes / The Whitney	Inclusionary Development	Completed	12 affordable family rental units
Former Farm	Inclusionary Development	Completed	2 affordable family rental units with Veteran's preference. Borough entered into very-low income subsidy agreement, see details below
Crescent Commons Family Sales	Municipally Sponsored	Completed	6 affordable family for-sale units
ECCR Group Home 1	Special Needs Group Home	Completed	5 special needs bedrooms
ECCR Group Home 2	Special Needs Group Home	Completed	5 special needs bedrooms
220 West Crescent Black Millwork	Inclusionary Redevelopment	See below for status update	6 affordable family rental units

220 West Crescent Avenue/Black Millwork: The Borough has designated the Black Millwork site a redevelopment area, has adopted a redevelopment plan, has entered into an agreement of purchase of real estate which transfers ownership of the property at 220 West Crescent Avenue from the Borough to the Redeveloper, Hampshire Venture Partners (“Hampshire”) and the Borough will be entering into a Redeveloper’s Agreement with Hampshire. An amendment to the purchase contract between the Borough and Hampshire is in progress, to be followed by the parties entering into a Redeveloper's Agreement in 2020.

Former Farm Very-Low Income Three-Bedroom Family Rental: The Borough has entered into an agreement with BCUW/Madeline, the owner/administrator of the two (2) affordable, three-bedroom rental units at Former Farm to subsidize one (1) of the three-bedroom rental units as very-low income housing per N.J.S.A. 52:27D-329.1. As committed to in its June 4, 2019 Certification submitted to the Superior Court, the Borough was to prepare and adopt an amended spending plan to reflect a minimum 30-year subsidy for the creation of this very-low income three-bedroom rental unit at Former Farm and submit such amended spending plan by the mid-point review date of July 1, 2020. On June 30, 2020, Allendale Borough adopted an amended spending plan reflecting a minimum 30-year subsidy for the creation of this very-low income three-bedroom rental unit at Former Farm. In the hopes of entering into a consent order approving Allendale's amended spending plan, the Borough will shortly submit such amended spending plan to the Court, the Court Master Frank Banisch and FSHC for review and approval.

UNMET NEED

The Borough has adopted a number of unmet need mechanisms including an affordable housing development fee ordinance as well as overlay inclusionary zoning on a number of sites and a Borough-wide mandatory affordable housing setaside ordinance to help address its 254-unit Third Round unmet need. According to Borough Representatives, except for the inclusionary/100% affordable/special needs developments listed in the Borough's Court-approved Plan and noted above, there have been no development applications received by the Borough, no rezonings and no redevelopment plans adopted by the Borough since the Allendale/FSHC Agreement was approved by the Court that triggered an inclusionary development instead of a Borough-required affordable housing development fee. Additionally, no development has occurred or has been proposed within the Borough's new overlay inclusionary zoning districts that would trigger the new Borough-wide mandatory setaside ordinance as listed below. Lastly, there have been no changed circumstances that resulted in additional parcels becoming available for development that were neither previously

identified in calculating the Borough’s RDP nor included in the Borough’s inclusionary overlay zones.

<u>Unmet Need Mechanism</u>	<u>Ordinance Adopted</u>	<u>Additional Information</u>
Borough Development Fee Ordinance	Yes	See Borough’s annual 2020 trust fund monitoring report posted to the Borough’s website.
Inclusionary Overlay Zoning (Allendale Corporate Center)	Yes	No applications have been put forth for development that would trigger the inclusionary set-aside requirements of the inclusionary overlay zone.
Inclusionary Overlay Zoning (Church of the Guardian Angel)	Yes	No applications have been put forth for development that would trigger the inclusionary set-aside requirements of the inclusionary overlay zone.
Inclusionary Overlay Zoning (Ramsey Golf & Country Club)	Yes	No applications have been put forth for development that would trigger the inclusionary set-aside requirements of the inclusionary overlay zone.
Borough-wide Mandatory Inclusionary Requirement	Yes	No applications have been put forth for development that would trigger the inclusionary set-aside requirements for the Borough-wide ordinance.

VERY LOW-INCOME ANALYSIS

For more details, see the Borough’s very-low income monitoring report posted to the Borough’s website. As shown below, the Borough has addressed its very-low income statutory requirements at N.J.S.A. 52:27D-329.1 and as part of its Settlement Agreement with FSHC by providing a total of 42 very-low income units where eight (8) are currently required. Also, the Borough has addressed its family affordable very-low income requirement per the Agreement with the provision of four (4) very-low income family affordable units where four (4) are currently required.

<u>Affordable Units Proposed/Approved/Built Since 2008</u>	<u>Very Low Income Requirement</u>	<u>Number of Very- Low Income Units Proposed/Provided</u>	<u>Status</u>
Orchard Commons	10 total affordable units x 0.13 = 1.3	10 very-low income rentals, special needs	Completed
Former Farm	2 total affordable units x 0.13 = 0.26	1 very-low income 3-BR family rental	Completed, subsidy to be provided
Black Millwork	6 affordable units x 0.13 = 0.78	3 very-low income family rentals	In progress. Redeveloper's Agreement in 2020
ECCR Group Homes (2)	10 affordable bedrooms x 0.13 = 1.3	10 very-low income rentals, special needs	Completed
Crescent Commons	33 total affordable units x 0.13 = 4.29	18 very-low income rentals, special needs	Completed
Total	7.93	42 total very-low including 4 family very-low rentals	

CONCLUSION

Allendale Borough has fully satisfied its Prior Round fair share of 137. The Borough's Court-approved compliance mechanisms addressing its Third Round RDP are virtually all completed and the one (1) remaining Redevelopment site continues to create a realistic opportunity (as detailed above) per the Court's 2019 JOR. The Borough maintains sufficient mechanisms for addressing unmet need. In the event the Court determines that an RDP site or mechanism no longer presents a realistic opportunity and should be replaced or if the Court determines that any unmet need mechanisms should be revised or supplemented, then Allendale Borough shall have the opportunity to supplement or revise its plan to correct any RDP or unmet need deficiency.

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