



Mayor David Runfeldt
Borough of Lincoln Park



October 17, 2016

As many of you know, there has been a proposed development for two parcels of residential property on Main Street adjacent to our business district. The proposal is for a residential apartment complex on the site. There has been much information presented and many rumors circulated regarding the proposal and why the borough is considering the development of these properties at all. There has been nearly two years of talks and negotiations (dispelling one of the first rumors circulated by the opponents of this project, that it was a “done deal” when first presented). At this time, it is important that everyone know the facts and reasons why this proposal continues to be an issue, even though there has been a vote on it by the Borough Council, and why there may be additional council discussion and votes on the proposal.

The main reason that it continues to be an issue, is that the proposed development is only one part of the settlement that the town has negotiated with the developer and recommended to the Borough Council. The other part of the settlement has to do with the amount of Affordable Housing that Lincoln Park is required to provide in the future. In the past, the Council on Affordable Housing (COAH) has been the regulatory agency regarding the amount of housing each municipality was required to have available for their community. Lincoln Park has done a superb job of meeting our affordable housing requirements in the previous 2 rounds of demands from COAH. With the disbanding of COAH by Governor Christie, the NJ State Superior Court now presides over the amount of affordable housing that each town must create. Currently the Fair Share Housing Center has petitioned the courts to create much higher amounts of affordable housing that we are comfortable with. According to the Fair Share Housing Center’s website, the “FSHC founded in 1975, is the only public interest organization entirely devoted to defending the housing rights of New Jersey’s poor through enforcement of the Mount Laurel Doctrine, the landmark decision that prohibits economic discrimination through exclusionary zoning and requires all towns to provide their “fair share” of their region’s need for affordable housing”.

To create affordable housing, there is a formula in which a developer must “set aside” either 20% of the units created for low and moderate income purchase, or 15% of the units to be rented by families with low or moderate income. Through our first 2 rounds of COAH approvals, Lincoln Park has done a great job of providing these types of units for purchase. Unfortunately there is now a need for affordable rental units in order to meet this current round of demands.

Complicating the process is that both the developer and the FSHC have been allowed by the court to be either an interested party or an intervener in the proceedings determining the amount of affordable housing that will be Lincoln Park’s “fair share”. The developer being named an intervener in the case mandated that we consider that particular property as part of our plan for affordable housing. This clears up another rumor from the opponents which is that the borough could have just left this property out of our plan, which could not have been done.

Where we stand regarding the final number is that the court has encouraged us to work out an agreement with FSHC for the amount of additional affordable housing we must create. FSHC has agreed to significantly lower their numbers if we can present a plan that shows immediate possibilities for development. Thus, the settlement with the developer will lead to a settlement with FSHC, puts to rest the court case regarding our fair share numbers and lessens the possibility of overdeveloping any other properties in town, and although it does allow for a higher density of housing on the proposed Main Street development, it does prevent the expansion of this project which is certainly a possibility if the FSHC pushes to implement their original requirement of the number of affordable housing units, rather than the number we have settled on.

As you can see, this is a very complex negotiation and settlement agreement. It is not simply a question of “should we or shouldn’t we” approve a proposed development of a property. Hopefully the information so far has given you some insight as to why this has been considered and the settlement that was negotiated by the town has been recommended as the best course of action for the following reasons...

- It safeguards previous affordable housing units and credits that the borough has worked so hard to accumulate over the previous rounds of affordable housing requirements.
- Our affordable housing requirements will be met through 2027.
- It prevents any other developer from bringing a “builder’s remedy” suit during the course of the agreement, eliminating the potential for further unwanted development.

With an understanding of why this settlement is being recommended, it is important to know the facts about the proposed development and the negotiations which have occurred.

A developer approached the town about the potential of building apartments in the vicinity of our downtown. Their first proposal was on the site of the NJ Transit train station, which the borough was in favor of. However, there was not the same interest by NJT. The developer inquired about other properties adjacent to our Main Street business district which the town discouraged, mostly due to flooding issues.

After a period of time, the developer came to the town with a plan to build on the lots currently proposed. The properties were found through the diligence of the developer and their real estate professionals, not by any suggestion of the borough.

The original proposal by the developer was for a complex of 260 rental units in building(s) that would potentially range from 4-6 stories and occupy a footprint that would be close to Main Street and to the adjacent properties, some of which are business, multi-family and residential.

The developer was advised by the borough that a project of that size was not acceptable. After much discussion between the borough and the developer, input from public at council meetings and contact with elected officials, the project in its current form is as follows...

- 148 units of rental apartments.
- Almost entirely 1 and 2 bedroom units with a the majority being 1 BR
- A front elevation of only two stories on Main Street
- A reduced footprint greatly increasing setbacks from Main Street and adjacent properties.
- Creation of 22 affordable rental units helping to meet our FSHC rental obligation.

Even with the creation of the affordable rental units and resultant credits, there remains a deficit in the amount of affordable rental units the borough must create. To address this concern, the borough further negotiated with the developer for the developer to provide \$1,000,000.00 to be used towards the construction of supportive housing on a tract of land owned by the borough. The 10 units to be created on this property by the United Way, together with the 22 units created in the proposed development will result in fully satisfying our total affordable rental requirement without having to develop any additional market rate units. Absent the inclusion of these 10 additional units, an additional development of 75 or more units would need to be developed elsewhere in town to provide the necessary 10 affordable units.

It is important to address the issues which have come up over the two years of this process and any rumors that you may have heard.

Some of the benefits that would result from this development are...

- Property Tax Stability - the addition of a very significant ratable to the tax role, helping to offset the approximate 150 or so homes lost to flood buyouts...with more to come.
- Approximately 300 new residents with disposable incomes within walking distance of our central business district. Population in LP has declined from 10,978 in the 1990 census to 10,930 in the 2000 census to 10,521 in the latest 2010 census. Absent new development, the trend is expected to continue downward in the 2020 census.
- An additional 22 low/moderate income units to help meet our COAH/Fair Share Housing obligation.
- A one million dollar cash contribution towards the development of property owned by the borough. This would be a Supportive Housing project. It should be noted that this is an ideal use for a municipal asset and property which is most likely otherwise undevelopable.
- Avoiding a “builders remedy” lawsuit which would take control of the settlement away from the governing body and place it squarely in the hands of the courts. The litigation would be costly and could result in a verdict in favor of the developer that may, hypothetically, far exceed the agreed upon number of units and restrictive footprint of the proposed project as it stands now.
- A simultaneous agreement with FHSC, supported by both the appointed court master and the Superior Court Judge, would put to rest for at least 10 years Lincoln Park’s Fair Share Housing/COAH obligation issues. This puts the Borough in an advantageous position regarding any future development proposals or applications.
- Lincoln Park has had a decrease in net property valuation while neighboring municipalities have enjoyed positive growth. Absent growth of property values and number of residents in

our community, taxes may rise even if spending does not and property values could potentially decrease.

There have been a number of legitimate concerns about this Agreement as well which include the following:

- Traffic – A preliminary traffic study conducted by the developer showed that the project would work with the existing road and traffic signal configuration. Nonetheless, the developer would have to meet all requirements set by the County of Morris Engineering Department since Main Street is a county roadway.
- EMS, Fire, and Police Response – At this time, it is not anticipated that additional resources would be needed for any of LP’s three emergency response entities. The developers of the proposed project have met with leading members of both the EMS and Fire Departments, listened to their concerns, and have incorporated agreed upon solutions to those concerns, including access for emergency vehicles and medical evacuation procedures.
- Wetlands - To answer the question as to whether wetlands exist on the potential development we don't know for sure without an LOI (Letter of Interpretation) from NJ DEP. However, while keeping in mind that NJDEP wetlands maps are approximate, the current wetlands map shows that the subject properties are not shown to contain wetlands.
- Schools – While this particular type of development tends not to be conducive to families with children, excluding the multi-bedroom affordable income units, the possibility does exist that some children will enter the LP school system as residents of the proposed Main Street project. This has been discussed by the Lincoln Park Board of Education. A demographic study commissioned by the BOE in December of 2015 to gauge the district’s need for future accommodations and facilities for its students shows that the total projected enrollment for the district’s elementary and middle schools will decline by 39 students between now and the 2020-2021 school-year. Given the number of students expected to reside at the proposed development, no significant impact, if any at all, is anticipated for the district. Even a total of 50 students from the project, which would be well above projections, would result in a net increase of just over one additional student per grade, on average, by the 2020-2021 school year, requiring no anticipated additional staff or facilities.
- Property Devaluation – There has been no empirical evidence presented that would suggest that any devaluation of local property would occur upon the construction of this proposed project. In fact, the argument can be made that this project may benefit the immediate neighborhood and the entire Borough as “feeder” residences. The theory is that as some of the residents of this project decide to start families they will look to stay in Lincoln Park and purchase single family homes here.
- Aesthetics – The concerns of nearby residents regarding the ability of this project to meld into the surrounding neighborhood were acknowledged and addressed in the negotiations with the potential developer. The conceptual plan submitted, and the setback to which the Council would be agreeing, are set at 75’ for the first two livable floors of the development and 200’ for

the third floor. The result is the appearance, due in part to a downward slope of the property, of a two-story structure from the perspective of Main Street.

I hope that you can see that there has been much that has gone into these negotiations and the proposed settlement has not been taken lightly. I believe we all would have preferred a somewhat lower number of units; however concessions were made on both sides. I know there are some of you who will be more affected than others if this proposal proceeds, yet I feel that the recommendation of this settlement, by me, the administration and the professionals who we have consulted with is truly in the best interests of the Borough of Lincoln Park as a whole, and to ensure that our community remain vibrant in the future.

David Runfeldt
Mayor, Borough of Lincoln Park