

## PENNYTOWN INFORMATION

### NEED FOR THE SITE

In 1980, The New Jersey Fair Housing Act established the Council on Affordable Housing (COAH) with the mission of facilitating “the production of sound, affordable housing for low and moderate income households...” Through successive sets of implementing rules and regulations effective over specific years (referred to as “Rounds”) COAH establishes the affordable housing obligation that each municipality under its jurisdiction must meet. <http://www.state.nj.us/dca/coah>

Hopewell Township began to provide affordable housing before COAH was even established, and met its COAH compliance requirement for both Round 1 and Round 2, which ended in 1999.

After COAH originally proposed Round 3 rules in 2004, a series of legal challenges delayed and modified the Round 3 requirements, which were eventually established in rules made effective September 22<sup>nd</sup>, 2008. Under the current Round 3 COAH rules, Hopewell Township must plan to provide a total of 419 affordable housing units based on the residential and non-residential growth COAH expects to occur in the Township by 2018.

Recent changes to the Fair Housing Act increase the negative consequences of failure to comply with COAH requirements. In addition to being exposed to “builders remedy” lawsuits, Hopewell Township may lose control of municipally-generated affordable housing funds to COAH if it fails to comply.

Because of the delay in the Round 3 rules, from 2004-2008, Hopewell Township must also construct 100-130 affordable units to meet the affordable housing obligation that was created by actual growth in those years; the 2008 rules apply retroactively. Hopewell Township must begin construction on the “retroactive” 100-130 affordable housing units by 2010.

Round 3 rules require Hopewell Township to prepare a Housing Plan demonstrating how the Township will meet its Round 3 obligations through 2018. COAH will monitor compliance every two years. The Housing Plan must be submitted to COAH by December 31, 2008. The Housing Plan has been developed by the Hopewell Township Planning Board as required by state law, and will be made available on the Hopewell Township website. A public hearing on the Housing Plan is presently

scheduled before the Planning Board at its meeting on November 13, 2008.

The Pennytown site has been proposed as one of several properties that will help Hopewell Township meet its Round 3 COAH obligation. Pennytown is proposed in the plan because it is located within a designated sewer service area in the Wastewater Management Plan, which enables higher housing density than is possible in most of Hopewell Township. About a dozen other properties are proposed in the Hopewell Township Housing Plan, but only 3 of those are in Hopewell Township's limited sewer service areas.

### **PRESENT USE**

The present uses on the Pennytown site include 11,220 square feet of office, two single family homes (rental @ 2,640 square feet total), a 5,992 square foot restaurant, a motel with 44 rooms (19,150 square feet), and 20,657 square feet of retail use.

In the past three years there have been a variety of informal plans submitted for the potential alternative uses of the site. These included a Super Quick Check with fueling facility and a grocery store of approximately 70,000 square feet. All of the plans submitted envisioned a complete removal of structures on the site and extensive regrading to accommodate the specific uses.

### **MUNICIPAL ACQUISITION**

Under the proposed contract, following the mandatory due diligence period, Hopewell Township could take title to Pennytown as a fee simple (i.e., absolute title to the land, free of any other claims) acquisition that will take place in two parts. Part 1 will be for the entire site exclusive of a 3 acre tract that supports the H.I. Rib restaurant.

Part 2 of the fee simple acquisition will take place after the lease for H.I. Rib expires in approximately 18 months. Easements will be provided to H.I. Rib for wastewater disposal through the existing sewer treatment plant located on the land to be acquired through Part 1.

The cost of this project will be funded by the Affordable Housing Trust Fund. The total costs of this project are as follows:

Purchase price (based upon appraisal)	\$ 6,100,000
Demolition Cost	\$ 380,000
Taxes	\$ 20,000
Contingencies for Demolition	\$ 100,000
Due Diligence and Site Planning	\$ 400,000
<b>Total Purchase Price</b>	<b>\$ 7,000,000</b>

## **MUNICIPAL DUE DILIGENCE**

### **Phase I/Phase II Environmental Review**

Extensive site environmental evaluations shall be performed following the approval of the ordinances to permit the Township to contract for the purchase and to fund the purchase. This is a standard Township practice in any land acquisition it undertakes, and is regulated by state law.

By the contract terms, due diligence must be accomplished within 90 days with a 30 day extension for a total of 120 days. During that time frame the site must be fully evaluated to determine that it meets state and federal environmental criteria, that the well and wastewater treatment plant and septic system are functioning properly and that there are no environmental clean-up issues. Should any defect be found, the owner will be alerted and the terms of the contract either renegotiated or the contract terminated.

Due diligence will be performed by special consultants to the Township operating under Professional Services Agreements. Due diligence can only be conducted after the Township Committee approves the ordinances to contract for the purchase and to fund the purchase. These ordinances have been introduced to the Township Committee, but cannot be approved until after the completion of an open public hearing, currently expected at the regular meeting of the Township Committee on November 9.

If the ordinances are approved, due diligence will be completed in the following 90 – 120 days.

### **Groundwater Wells**

The site has been served by existing on-site groundwater wells. It is expected that these wells will continue to serve the site and its intended use. A detailed geologic evaluation and assessment of the wells to support the proposed use will be performed as part of the due diligence prior to acquisition. This evaluation will specifically review impacts on neighboring wells.

### **Wastewater Treatment Plant**

The site has a long history of wastewater treatment issues. The site is presently served by an on-site wastewater treatment facility approved by NJDEP, replacing previous septic systems that were subject to continual failures. The NJDEP mandated the new treatment plant and, as a consequence, this site may continue to operate with this plant.

There will be a detailed evaluation of the existing plant, its history, the receiving septic system that receives the treated wastewater, as well as the capability of the plant to continue operations into the future for the intended purpose into the future.

### **Wetlands**

Wetlands exist on-site. Wetlands were delineated by Schoor De-Palma and certified by the New Jersey Department of Environmental Protection (NJDEP) June 19, 2007. This delineation is valid for a period of 5 years.

The existing pond on the site is a delineated wetland and is protected as a wetland feature. Modifications to this pond are permitted by NJDEP, however, such permits, if part of any future planning, must be obtained through a very detailed process. That process includes formal notice to the community and a period of public comment prior to any approvals.

The existing pond is also a source of fire protection water that serves this area of the Township. In the course of due diligence, Hopewell Township will explore options for improving its ability to serve this purpose.

## **SITE PLANNING**

Planning for the site development to meet the requirement of the COAH Round 3 compliance requirements will occur following acquisition. The Housing Plan under consideration by the Township Planning Board anticipates beginning construction of units on this site prior to 2010.

The number of units suggested for the site was NOT based upon a specific development plan, but rather the capacity of the on-site wastewater treatment plant.

The average discharges from a mix of unit types (1 bedroom, 2 bedroom, 3 bedroom) according to NJDEP guidelines is expected to be approximately 200 gallons per day. Using the 14,000 gallon per day capacity of the plant, the Housing Plan shows the possibility of 70 units on the site. The actual number of units will be determined using NJDEP criteria and the capacity of the treatment plant and receiving septic field.

<http://www.state.nj.us/dep/dwq/pdf/njac79a.pdf>

This number will be refined based upon the ultimate plan for the site and the actual site constraints as determined through due diligence.

All future site planning will be conducted by the Hopewell Township Planning Board, Affordable Housing Committee and the Hopewell Township Committee. All meetings of these bodies are open to the public, noticed in the Hopewell Valley News, the Trenton Times, and on this website. Information on Pennytown and the Housing Plan will be updated here on a regular basis.

### **Key Dates:**

November 10, 2008: Hopewell Township Committee consideration and public hearing on acquisition contract and funding ordinances for Pennytown

November 13, 2008: Hopewell Township Planning Board review and public hearing on COAH Round 3 Housing Plan for Hopewell Township

December 31, 2008: Deadline for submission of Hopewell Township Round 3 Housing Plan to the Council on Affordable Housing