

## **A PERSPECTIVE ON ROSELAND'S AFFORDABLE HOUSING OBLIGATIONS AND REDEVELOPMENT PROPOSALS**

### **Affordable housing:**

The N J Supreme court has ruled that towns in NJ, including Roseland, must add to their affordable housing stock. While Roseland has complied with all prior rounds of affordable housing obligations, the court has mandated that we add more affordable housing units now. We are being challenged in court by the Fair Share Housing Center that supports affordable housing. We have stated on numerous occasions that we are willing to comply and allow for more affordable housing in Roseland. However, the Fair Share Housing Center is insisting that Roseland add over 400 hundred additional units of affordable housing. We have been challenging the number of units that the Fair Share Housing Center is insisting upon and our challenge continues through the court system. Once the court rules on the number of new affordable housing units that Roseland must allow, the development will commence immediately.

As we fight for our residents in court relative to the number of units that will be constructed, we are also being challenged by developers known as Interveners in the case who claim to have developable property where they wish to build new high density housing.

Some of the proposed sites are not suitable at all for what is being proposed and the Borough is maintaining its position against this development. Unfortunately, when it comes to building affordable housing no developer will build a project that will consist of 100% affordable units. The developers will only build 15% to 20% affordable units as part of a project, while 80% to 85% of the units are market rate units. The court is on their side!

Therefore, in order to fulfill an obligation requested by the Court and Fair Share Housing of approximately 400 affordable units, the developers will build a total in excess of 2,000 housing units. Again, the court is on their side! This could result in Roseland having nearly doubled the number of housing units that we have now.

**We are faced not with the decision of if we will see additional housing units in the Borough but where we will see additional housing units in the Borough.**

The council understands that we must allow for a reasonable number of additional affordable housing units. However, we feel that the numbers coming forward from the Fair Share Housing Center put the Borough at risk in the area of public safety, it may add stress to our infrastructure, and call for additional resources that the Borough may not be in the position to furnish.

To reiterate, we support providing affordable housing to those in need of it. Our issue is not with these affordable units, but rather with the additional market rate units that developers will construct.

If the Borough does not propose an achievable plan on affordable housing to the court, the court will mandate how many new units will be constructed and would likely grant

permission for the interveners projects to be approved. It is our desire to mitigate the Borough's exposure in this matter.

**Redevelopment:**

Suburban office space is a dying breed and Roseland is a prime example of that. Over the course of the last 6 years, we have lost \$105,000,000 in assessed value in commercial office space. Tax appeals have cost us over \$10,000,000 in refunds and the same property owners continue to file appeals every year.

At present 85 Livingston Avenue, 65 Livingston Avenue, and 6 Becker Farm Road are all 100% vacant. 4 Becker Farm Road was recently sold for \$16,700,000 well below its calculated assessed value. Realizing the lack of desirability and the underutilization of these properties led the Borough Council to conclude that we must offer new and innovative uses for these properties. A couple of years ago, we initiated the discussion with some of the property owners. We engaged in dialogue on how we could reinvent these properties. We did so with emphasis on minimizing the negative impact on existing residential property owners.

After much back and forth the owners of two of the properties came forward with viable plans to revitalize their properties.

The owner of 85 Livingston Avenue has proposed a boutique type hotel and a high end steak house. They also proposed 140 high end rental apartments for this site. The same developer is looking to repurpose 6 Becker Farm Road where they have proposed approximately 300 high end apartments. However, in the interim, the affordable housing issue arose. The developer agreed to change its plans to include 20% affordable housing at both sites. That would bring approximately 88 new affordable housing units which would count towards our court mandated obligation. These 88 new units may satisfy our immediate affordable housing obligation and allow us some time to come up with a thoughtful plan for the balance of our obligation.

The developer of the two subject properties has requested that the Borough enter into a redevelopment agreement with them. A redevelopment agreement provides the developer with certainty and gives them an incentive to reinvest in their properties while helping the Borough achieve their affordable housing obligations. The Borough also gains certainty as the tax on the land portion of the property must not be less than it is in the current tax year. The land value portion of the taxes is shared, as it is now, by the local school, the regional school, the county and the Borough.

A redevelopment agreement calls for a service agreement in addition to the land tax and it is calculated as a percentage of the revenue derived from the project. That money is mostly retained by the Borough.

The Borough gains additional certainty as a redevelopment agreement prohibits the developer from challenging the value of, or "appealing", their payment in lieu of taxes.

Should the Borough reject the redevelopment proposals there could be negative implications. The developer has already requested permission to demolish both of their buildings and that would leave the Borough with land value only tax revenue. The properties would be vacant eye sores. The interveners who are seeking to construct similar projects in residential neighborhoods would gain standing to move ahead with their projects. The courts would, most likely, mandate that the Borough allow the interveners to build on their unsuitable sites with density that could be problematic for neighboring property owners.

Should the Borough approve the redevelopment proposals there could be several positive implications. The Borough would have control of our immediate affordable housing obligation. We would avoid having high density housing projects constructed in existing residential neighborhoods. We would mitigate the potential traffic congestion that the intervener projects would generate. This plan would reduce the available office space and serve to enhance the value of the remaining office buildings. The proposed hotel and high end eatery would add amenities that competing office complexes already offer. Thereby enhancing the stature of our office park.

We acknowledge that affordable housing and prospective redevelopment are two of the most important issues that our town will ever address. We want our constituents to know our thoughts in advance of the discussion that we will have at our open public meeting this Tuesday night, August 15 at 7:30pm. We look forward to hearing your thoughts on this subject. Please join us on Tuesday! We encourage you to contact us with your questions so that we may get you additional information as we move forward and evaluate these projects.

Sincerely,

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