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**Planner's Report**  
**For the Mount Laurel Fairness Hearing**  
**Township of Verona, Essex County, New Jersey**

April 29, 2021

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**1. Background**

The Township of Verona has historically met its affordable housing obligations in compliance with the Mount Laurel doctrine and Fair Housing Act of 1985. Verona received Second Round substantive certification in 1995 from the Council on Affordable Housing (COAH) and hence was permitted to file for declaratory judgement for Round Three. The Township petitioned previously; however, it was never certified as the 2015 Supreme Court order returned the responsibility of determining municipalities’ affordable housing obligations to the Superior Court. Since then, Verona has and continues to work in good faith with all relevant parties to provide its share of affordable housing.

In this report, we present the methodology and breakdown showing how Verona has met its current affordable housing obligation. This includes two settlement agreements – one with Fair Share Housing Center, and the other with Spectrum360. It is our opinion that the proposed Settlement Agreements are fair and reasonable to the region’s very low-, low- and moderate-income households.

## **2. Methodology & Fair Share Housing Center Settlement Agreement**

The settlement agreement with Fair Share Housing Center, executed on March 10, 2021 included but was not limited to:

1. The Township's "Prior Round" obligation of 24 units
2. The Township's rehabilitation obligation of 23 units.
3. The Township's allocation of the Round 3 regional need of 215 units.

The source of the Prior Round obligation and Rehabilitation Share is that which was calculated by Dr. David N. Kinsey, the 2016 report of which allocated Verona the said rehabilitation obligation of 23 units, Prior Round obligation of 24 units, and a Third Round obligation of 379 units. The Mercer County decision also allocated Verona a Prior Round Obligation of 24 units and a Rehabilitation Obligation of 0 units. In the 2017 report from Econsult Solutions, Verona was also allocated a rehabilitation obligation of 0 units, a Prior Round obligation of 24 units, and a Third Round obligation of 50 units. The 215-unit Third Round obligation reflects the number multiple experts have used as an extrapolation of the methodology established by the Honorary Mary C. Jacobson.

In the settlement agreement, Verona and FSHC agreed to the 23-unit rehabilitation share, as well as the 24-unit Prior Round obligation, and a 215-unit Third Round obligation, obtained using the "Jacobson methodology."

### **Meeting the Obligation:**

#### ***Prior Round***

Satisfaction of the Township's prior round obligation of 24 units is set forth in the Settlement Agreement with FSHC employing a number of mechanisms providing low- and moderate-income rental housing to families, seniors, and those with special needs.

These include 6 of the 59 units at the Verona Senior Citizens Apartments referred to here as Hillwood Senior Housing, 6 units plus 6 bonus credits from the ARC of Essex County, an adult group home, and 2 units from the Jewish Service for the Developmentally Disabled Group Home, all of which are constructed and occupied. Lastly, Verona's satisfaction of the prior round obligation includes 4 of the 15 affordable units in the Spectrum360 settlement agreement.

#### ***Rehabilitation Obligation***

Regarding the Township's rehabilitation obligation of 23 units, the Township will participate in the Essex County Home Improvement Program, which is limited to owner-occupied units, and will implement a supplemental municipal rehabilitation program for renter-occupied units. The Settlement Agreement also permits the Township to conduct a Structural Conditions Survey in order to adjust the rehabilitation obligation.

### ***Third Round Obligation***

The Township will meet its third round affordable housing obligation of 215 units through the following mechanisms:

- The remaining 53 of the 59 units at Hillwood Senior Housing
- The additional 11 out of 15 affordable units plus 11 bonus credits from the settlement agreement with Spectrum360, the PILOT agreement, which has been prepared and cleared by both our office and the Township Manager, is ready for introduction to and adoption by the Township Council
- 95 units plus 43 bonus credits of the approved 100% affordable Cameco/PIRHL Project, which the Township is committed to funding.
- And lastly, 3 units from Project Live, which provides permanent, affordable housing with supports to individuals with severe and persistent mental illness.

This equals a total of 216 credits – 162 units and 54 bonus credits. 56 units are already built, 106 of which will be built, along with the 54 bonus credits. with the additional Thus, the Township meets the agreed upon Prior Round & Rehabilitation obligations; exceeds the Third Round obligation; and has taken additional measures to continually meet its affordable housing obligations in the future.

These include:

- A. The Township’s Mandatory Set-aside Ordinance, which was put into place in 2018 and will remain, requires any property in the Township receiving a zoning change or variance resulting in the development of 5 or more multifamily housing units than was previously permitted, is required to provide an affordable housing set-aside of 15% if rental and 20% if for sale.
- B. The Township is committed to adopting an overlay zone, titled the Town Center Mixed Use Overlay Zone, allowing for the building of 70 apartments with a required affordable housing setaside of 15% if rental (11 units) and 20% if for sale (14 units.)
- C. Lastly, the settlement agreement with Spectrum360 also includes a \$3.25 Million payment into the Township’s Affordable Housing Trust Fund.

### **3. Spectrum360, LLC Settlement Agreement**

The Spectrum360 Agreement, which was executed January 31, 2020, involves the redevelopment of a property at 1 Sunset Avenue, Block 303, Lot 4 in Verona. The Property, previously a bank corporate office developed in the 1950’s, was repurposed around 1970 as a Hoffmann-La Roche office and laboratory facility. In 1993, the Property was purchased by The Children’s Institute, which became Spectrum360, operating two NJ State Board of Education Private Schools for the disabled, providing Preschool, Autism and Behaviorally Disabled programs.

The area around the Property consists of a variety of land uses including single-family homes, and a nearby commercial area on Bloomfield Avenue as well as other multifamily apartment buildings in the vicinity. The Property is situated in the R-100 (Very Low Density) residential zone (See Figure 1 below). Across the street from the Property on Sunset Ave is the R-70 (Low Density) residential zone as well as the Extended Town Center commercial zone. Additionally, the Property is located across the street from a bus stop with service for the New Jersey Transit 11 and 29 bus routes.

Figure 1. Spectrum360 Property Zoning Context



The Agreement stipulates the development of a four-story multi-family apartment building with 200 units, including 15 affordable units. In addition to the 15 affordable housing units (a 7.5% set-aside), the developer will contribute \$3,250,000 to the Township’s affordable housing trust fund.

The Agreement also stipulates an alternative scenario in the event that the redevelopment designation is challenged and that the challenge continues for 18 months, or longer. The alternative building scenario consists of 300 apartment units, with a 15% affordable housing setaside. Both building scenarios would comply with Uniform Housing Affordability Control Rules (N.J.A.C. 5:80-26.1 et seq.) and the Fair Housing Act (N.J.S.A. 52:27D-301 et seq.).

It is our opinion that the Spectrum360 site is suitable for the developments proposed. With regards to the settlement agreement's consistency with the 2001 State Development and Redevelopment Plan, the site is in both the Metropolitan Planning Area (PA-1) and Environmentally Sensitive Planning Area (PA-5). The PA-5 is designated as such due to the First Mountain ridgeline. Nevertheless, we believe that the redevelopment of the site meets the intent of both the PA-1 and PA-5, as the site was previously developed and is in an existing sewer service area with access to transportation and compatible surrounding land uses. Furthermore, the PA-5 area is surrounded by a Metropolitan Planning Area, the delineation criteria of which states that "Areas that are totally surrounded by land areas that meet the criteria of the Metropolitan Planning Area, are geographically interrelated with the Metropolitan Planning Area and meet the intent of this Planning Area."

#### **4. Conclusion**

In summary, it is our opinion that both the Fair Share Housing and Spectrum360 settlement agreements are fair and reasonable to the region's low, very low- and moderate-income households. Furthermore, we believe that through the settlement agreements & various mechanisms, Verona has met its Third Round affordable housing obligation and will continue its efforts to meet or exceed future obligations and requirements.