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Boro set to purchase affordable housing site

State funds to be used for parcel; plans call for 74 units

BY LAYLI WHYTE

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In anticipation of receiving a grant from the state Department of Community Affairs, the borough of Red Bank has negotiated the purchase of a 1.9-acre tract on Cedar Street as the site for affordable housing.

At Monday's meeting, the Borough Council unanimously voted to introduce an ordinance authorizing the purchase of the property to help the borough meet its affordable housing obligation.

The site is in a residential west side neighborhood bordered by Cedar, Catherine and River streets.

The ordinance is scheduled for a public hearing and final vote at the Sept. 25 council meeting.

Affordable housing obligations are determined for every municipality by the state Council on Affordable Housing (COAH), which was formed as a result of a 1985 New Jersey Supreme Court decision that mandated all municipalities take steps to meet their fair share of low- and moderate-income housing need.

Mayor Edward J. McKenna Jr. said that the project could provide close to half of the borough's affordable housing obligation of 74 units, and with the DCA grant, the borough would not have to foot the bill.

"The state has a huge fund that it has amassed over years," McKenna said, "to give out to towns that want to satisfy their COAH obligations. If we don't avail ourselves of this fund, we'd have to go out and raise tax dollars to meet this obligation."

McKenna said that the land was purchased for \$2.45 million from Cedar Street Crossing, which originally planned to build 36 residential condominium units, with only a portion to be built as affordable housing, as required by law.

The principals in Cedar Street Crossings are Ted Smith, Peter Shapiro, Kathleen Anderson, Robert Nicholson and Joseph Campanella Jr.

Cedar Crossings is the contract purchaser of this property. The current owner of the property is LES Properties, LLC, who purchased the lots over the period of 2001 and 2002.

The purchase of the property is conditioned on the receipt of the grant from the DCA Neighborhood Preservation Balanced Housing Funds program, from which the borough requested the entire sale amount of the property.

As a part of the deal, the borough would also receive the architectural and engineering work which has already been completed by Cedar Street Crossing, which McKenna estimates to be worth \$100,000.

Cedar Street Crossing is the contract purchaser of the property and appraised the property to be worth \$2.85 million, according to McKenna.

The borough had an appraisal of its own done, which valued the land at \$2.4 million.

According to the borough Tax Assessor's Office, the land is assessed at \$449,200.

Councilman John P. Curley said at Monday's meeting that he believes money could have been saved if the borough had not been dealing with a middleman.

"I am very much in favor of affordable housing," he said. "I think it is needed in the community, but I don't think we did the best job negotiating. I don't think we should pay for property at above appraised value. I don't think that's good policy, especially in a declining market."

McKenna disagreed, saying that the value of the engineering and architectural work that is included in the purchase makes the borough come out ahead.

"We're not going to have to go out and hire an architect," he said. "We're not going to have to go out and hire our own engineers."

McKenna said that the borough may not use the exact architectural work that they will receive with the land, but that it's a good place to start.

He said that the 36-unit project that Cedar Street Crossing originally proposed would have required a density variance from the Borough Zoning Board of Adjustment if the plan had gone ahead.

The first round of COAH's Fair Housing plan focused on creating reasonable opportunities for affordable housing through the municipal zoning ordinances. The second round was focused on the rehabilitation of existing homes.

When the round three rules were released in August 2003, they stated that for every eight new homes built in a municipality, one must be considered affordable housing, and that for every 25 new jobs created by a commercial development, one affordable unit must be built.

Curley said that there are plans before the planning and zoning boards requesting to build the affordable housing units off-site.

"COAH calls for incorporating people into the community," he said.

McKenna said that many of the requests to build affordable housing off-site have been turned down by the planning and zoning boards.

"I'm not aware of a single instance when either of the boards granted putting affordable housing off-site," he said. "Developers have been told to build affordable housing on-site. Councilwoman Sharon Lee [a member of the planning board] has been the strongest advocate for affordable housing."

McKenna also pointed out that if a board were inclined to allow off-site affordable housing, a recommendation would have to be brought before the council, which would have the final say for such a request.

McKenna said that this project is going to help keep the borough at the forefront of fulfilling affordable housing obligations.

"From my perspective," said McKenna, "and I hope for the majority of the council, this is a huge win for us. We have become a model for affordable housing in the state. In fact, we have been asked to attend a panel on Oct. 12 at the Garden State Arts Center (PNC) to discuss affordable housing. The state is using Red Bank as a model on how to get affordable housing funding."

The borough's Housing Authority is expected to manage the project, and McKenna had high praises for it as well.

"Our housing authority is one of the tops in the country," he said. "I have complete and utter confidence they will do a great job with this property. I get a detailed report from Housing and Urban Development [HUD] every year, and we consistently get the highest rating you can get in the country."