

TOWNSHIP COMMITTEE MEETING - MARCH 15, 2010  
7:30 PM MUNICIPAL BUILDING, 770 COOPERTOWN ROAD., DELANCO, NJ  
08075

ROLL CALL: Hinkle, Jass, Lord, Templeton, Fitzpatrick  
Also Present: Mr. Schwab, Acting Twp. Administrator; Mr. Heinold, Twp.  
Solicitor; Mrs. Lohr, Municipal Clerk; Ms. Zimmermann, Deputy  
Municipal Clerk; Mr. Goffredo, Code Enforcement Officer; Marybeth  
Lonrigan, COAH planner

Fitzpatrick: Apologize for being late. Had important issues to discuss

**\*DISCUSSION OF REQUEST FOR PILOT FOR ZURBRUGG MANSION  
PROPERTY\***

**COMMENTS -**

Fitzpatrick: Discussed in February - vote was delayed so we could get information from our professionals - we met and had memos. Randy, do you want to make a presentation or summary?

Cherkis: We're under construction - Certificate of Occupancy later this year. Had tax assessment which was problematic. Appealed 2009, but didn't push so we could negotiate a PILOT (Payment in Lieu of Taxes agreement.) Would need to appeal 2010's assessment. Asking for PILOT as a percentage of rents set by the state for 30 years. We think the assessment value is wrong, but this would take it away from that. Looking for settlement on tax appeal rather than going to court.

Fitzpatrick: NJ Municipalities printed article on mansion which I submitted. I have requested additional copies - chronology of events. Everyone in town needs to appreciate that we saved this property and want to make it work. We are thankful that Randy is involved.

Jass: Will it be on the website?

Fitzpatrick: Already there. Will be in *Beverly Bee* and *Positive Press*.

**PROFESSIONALS COMMENTS**

Lonergan: Zurbrugg Mansion is an important part of township's affordable housing plan. Part of community. Will provide 100% affordable housing units for seniors. Virtually all towns that host a 100% affordable development try to make it feasible for 30 years. If the township enters into PILOT (payment in lieu of taxes), it helps the mansion stay financially feasible. Ex. HMFA leading financier in NJ has a requirement - to receive state funds, they want a PILOT agreement and assign extra points. State funding for affordable housing is so competitive that points make or break the deal. Towns without PILOT often don't get funding. This project isn't going through HMFA. I'm just giving you an example. As Randy said, rents are restricted and increases are set by state - won't be market rate swings. Looking at trying to help the long-term viability of the housing development. Do you want me to go over the steps?

Fitzpatrick: At this point, maybe we should have some questions?

Doug?

Heinold: What's included in rent?

Loneragan: Based on net rent solely excluding a utility allowance. It's a known number. There could be years where the 25 units will be fully occupied. Should be a regular stream of money coming into the municipality.

Fitzpatrick: Explain how the tax works versus if it were taxed normally and everyone received what they would in our pie chart.

Loneragan: In the pie chart of your tax bill, a portion goes to municipality, county, schools, and so forth. I did an analysis based on what comes to municipal purpose portion - it's a senior development - no school children. Even with more recent tax increase, over the last five years, there has been a 5.5% increase. If the PILOT is over the 30 year period, municipality will receive twice that over the 30 years.

Fitzpatrick: At this time, at the February meeting, some people had questions.

Resident of Princeton Ave: Question was asked about deed/age-restriction. Children won't be allowed to live there?

Loneragan: That's correct. It's 62 and older.

Resident: How about if child comes to live there?

Loneragan: Can't live there.

Resident: This money will still be distributed just to town - not to county or school

Fitzpatrick: We can't pay cash to school since there money has to be budgeted. We can give donation to PTO or EMS. We hope to do so. We can do something for the fire department. The library... our tax portion goes to county, and due to their cuts of us, we wouldn't be giving them money, but have funded our local library and will continue to do so. This isn't something you take lightly. We may have some of our seniors living there.

Resident: Other meeting, he was presenting numbers. He has a loan from COAH for 2 million dollars. Is it a loan? a grant? a soft loan?

Cherkis: I was very clear when I came here publicly and privately that I was misadvised as to what the taxes would be. What I budgeted is what I am asking for. Instead of taking the township to court, we wanted to negotiate. When you provide affordable housing, there is oversight for 30 years. You sign the loan and guarantee that you will pay it back, it can be forgiven, but it isn't a certainty.

Resident: The loan could be taken off your amount at the end.

Cherkis: It might not be, but at the end of 30 years, the building may need renovation and those funds could be used to pay for that. Thirty years is a long time and there is some uncertainty. We want to run it well - signed with Lutheran Homes because they are the premier agency. We want to run it as it should be run. If we have to pay that back, the project will be a failure. It's a \$4 million project.

Resident: 30 years is a long time. People here are hurting. Think of them before you give it up to the developers.

Fitzpatrick: Can you tell me what we will be giving up? They will be paying 5% for the first 15 years, 6.28% for the rest. Rates can increase as per COAH. We're giving taxes based on that amount. We have a chart from our professionals. We are still getting more taxes than we would.

Resident: If you look at the whole pie, you are giving something up. People at Newton's Landing are paying school taxes and they don't have children. There are a lot of people in this community without children who are paying. When everybody contributes, it helps a lot.

Resident of Rancocas: ( I missed these two comments. )

Lonergan:

Resident: Why would that be? If the issue is COAH setting the rates, push it back to COAH. Let them know what the fees are to be part of the community. They shouldn't be a burden on the community. As you negotiate over thirty years, a portion of the taxes go to municipal use, and give some amounts to library and EMS. Fifteen years from now, we won't be here. Put in writing what your commitment is. Taxes need to go back to COAH. If the towns stood together, they could let COAH know what the realistic numbers are.

Fitzpatrick: Marybeth, can you explain how the rates and utilities are set?

Lonergan: COAH adopts rental increases each year. Assuming that the first year of occupancy would be 2011, we would be looking at 2010 income limits. COAH divides state into 6 regions and assigns median income and rents must be based on them. You couldn't negotiate with the developer for higher rents. Everything is set. This PILOT isn't considered to be a static payment for 30 years - will most likely increase. Over the last 20 years, COAH has granted increases in 18 of them.

Fitzpatrick: Utilities aren't the actual utilities, it is an allowance set by COAH. Developer will want to negotiate that with the township. There will have to be an agreement as to how the utilities will be handled - there is no separate meter.

Jass: Entitlements for seniors for energy assistance are available. They are also subsidized, but that doesn't come off of ours.

Cherkis: Only one meter, so tenants can't pay a separate amount. That's why we would negotiate. The former mayor wanted to make a speech. We're looking at the small end of the project. Three years ago, this property was costing the town a lot. Just from the mansion, we will be contributing from 7-18,000 a year over the life of this. That's just for the non-profit part. If we are successful at building and selling the market rate, it will drive 80-100,000 dollars a year in taxes.

If we are going to worry about that the schools won't get anything from the mansion, you are insulting the members of the committee. This is the only thing we're asking for that is different from what we first said. We've been paying market rate taxes on the market rate property. To focus on we're giving up something here. If you want to take back control of the mansion, you'll be where you were.

Resident of Delaware Ave: I think I've had my first question answered. About \$23,000 would have gone to the schools each year without the PILOT.

My second is for Mary Beth. Is there a setback for ADA?

Cherkis: The three units in the basement.

Resident: Do you still need to be 62?

Lonergan: Yes

Resident of Burlington Ave: I take offense with this gentleman insulting our former mayor and the residents. I don't know anything about the project except what I read. NJ isn't the greatest state. If NJ abandons COAH in the next 30 years, what provisions exist to cover Delanco?

Lonergan: This site is restricted for any owner over the next 30 years. They can only operate a 100% affordable housing property.

Resident: The restriction was put on by whom?

Lonergan: Even if Randy didn't receive dime one, the township would have required the restriction since the mansion is part of the affordable housing plan.

Resident: I would like to see it become viable also. I'll be dead in 30 years, but I don't want my grandchildren to pay someone else's bills. The township has entered into agreements that haven't always been so favorable. You are hanging your hat on state funding.

Lonergan: It's coming from the tenants.

Resident: Who sets that percentage?

Lonergan: Township with some parameters. Customary/ typical has been 5%

Resident: Is there an amortization schedule for 30 years?

Fitzpatrick: Yes

Lonergan: Typically there is a waiting list for senior affordable units.

Resident: Can the township agree on a PILOT for 15 years and renegotiate?

Lonergan: No, but it is customary to set the PILOT to the 30 years.

Resident: Single family homes around the mansion would have children

Fitzpatrick: Possibly, they are townhouses.

Resident: What if another mansion property wanted to build townhouses on their land?

Fitzpatrick: This is a redevelopment property.

Heinold: Everything along the river remains R-1.

Resident of Burlington: What's the rent going to be?

Lonergan: Based on 2008 since 2010 aren't out yet. Net rent.

Templeton: For Burlington County as per state.

Lonergan: Very low \$325 for studio, moderate \$600, 1 bedroom (missed the rest - went through other rents at income levels from very low to moderately low for each type of unit. Highest was about \$725)

Resident: Total - what do you expect to get for rent? What does the township get?

Lonergan: Ballpark - \$8,000 As the years go by, it may reach almost \$25,000 a year.

Resident: We know current value.

Fitzpatrick: We don't have the current numbers.

Resident: We don't have utility number?

Lonergan: Only thing that could change is if there are significant vacancies. That would be unusual.

Resident: Can township ask for taxes regardless of whether the units are rented?

Fitzpatrick: We've discussed a floor - a minimum amount.

Resident: No decision has been made yet.

Fitzpatrick: I think I'm safe in saying that would be part of our proposal.

Resident of Rancocas: County taxes?

Heinold: Statutory provision - Title 40 - long term PILOT - 5% for county, but county hasn't requisitioned that. That may be to assist affordable housing or development. Fitzpatrick: I thought it didn't apply here.

Heinold: My paralegal here, Janice.

Lohr: Differences exist between commercial/ industrial PILOT and COAH residential. Whether that 5% is still payable...

Fitzpatrick: I don't know why they would single that out when they haven't been collecting on the commercial.

Lord: What is the legality of committing to a number to other entities for multiple years?

Heinold: It rarely happens. If you do a project for the school, you can do the project. You can't budget it for the next governing body?

Hinkle: Who wouldn't want to live there in a little apartment? There will be a waiting list.

Templeton: COAH - how is that supposed to be viable in the long-term? Is it always supposed to get a financial crutch? The concept of affordable housing is wonderful, but beyond that, it's sausage-making at the state. One group of residents are under one tax structure and another group is paying full freight. Moderate income in Burlington

County is \$50,000. We don't have to look too far to see someone there including ourselves. The state has built in this disparate tax system. Is that how it's supposed to be?

Lonergan: COAH has 25 ways to meet obligations. You have had the developer subsidize some of the housing so not all COAH housing needs state or local funds. The mansion is 100% affordable.

Templeton: They have a discounted value.

Lonergan: It can be less than 40%. Let's say we have \$300,000 townhouses and the COAH houses are \$100,000. They should be paying a reduced tax bill because of the assessment. I understand your point about people living here are in that position.

Templeton: In the original part of town, they qualify for these houses.

Lonergan: They are in a more moderate home.

Templeton: They are still assessed at triple the house beside them. How does the state expect this to be viable.

Lonergan: You are right that COAH has put a burden on all municipalities and all residents to keep it viable.

Templeton: The state shouldn't be pulling everyone down to pay for those units. I'm reluctant about PILOT agreements - they distort taxes. I'd like to see the agreement with Lutheran Services. I'd like to see the costs. The thirty-year duration is troubling. I would like to see something much shorter - 2-3 years. In the first 2-3 months of this year, we've received word from Trenton every week about what is being cut. This is a hot topic in the community. Times are tough. As far as the schools go, we all benefit from the public school system - mechanics, physicians, and soldiers come out of the public school system and society benefits from that. I'd like to see current data.

Fitzpatrick: Restrictions are there. Developer can't sell as a market value mansion. Block has been subdivided. It is no longer the one block as the tax amount. There were five lots, but there are now nine. If someone bought it, they would have to have 100% affordable and maintain historic value.

Jass: Thanks to all for asking questions. We've all asked those questions and more. Tedious meetings. I'm satisfied with professionals and Mr. Cherkis. We still have negotiations. We will be taking some things that Mike has brought up and things you have brought up. I know from experience that seniors will be waiting in line. It's a win-win as far as being rented out 100% from the experience that I have.

Fitzpatrick: Marlene has worked and seen the need. We have a couple in town who have put in an application to a different property and there is a two year waiting list. If we didn't purchase this, it would have gone to the state and they would have put Capital Academy there. We had it and couldn't maintain it. We had different people come in and look at it. It's the best project for Delanco - got money

back. We keep the waterfront property with help from Green Acres. Township Committee needs to work with this developer on the percentages. We are doing the best for the residents by working with this developer. It would have been a huge burden on everyone in town. We aren't giving away the store. We will be receiving tax funds. It keeps the developer from coming back and saying they are a non-profit. We've had that happen with other COAH properties.

Vote to initiate PILOT:

Hinkle: I was on Committee when we purchased and it wasn't very nice.

Jass: Yes, encourage you to have anyone who is eligible to call Lutheran Social Services - waiting list and process.

Lord: I've expressed my concern about 30 year agreement.

Restrictions necessitate that we do something. He has operating costs and is our partner in this. I will do my best to fund our other local entities from year to year through the budget. Vote yes.

Templeton: Not sure why we're doing this resolution. Abstain. We still have a lot more information. Need sharp numbers and there were some questions that were brought up in the back room.

Fitzpatrick: Vote yes - we have all the information we need. Additional information will determine the percentage rates. We need to work with the developer so this will succeed.

Cherkis: No applications yet - four month process. Meeting with Ms. Lohr to discuss the calendar and timing. Will be other advertising across the county. There will be things to help residents be aware of it. In a town of this size, we should be able to reach everyone.

Jass: People could still get applications in. You are put on a waiting list for a series of properties. It gives you an edge and that was my reason for making that statement.

Cherkis: It will start in April. Mr. Templeton, you mentioned income numbers...I want the income numbers to be as high as possible. The \$50,000 - what were you referring to?

Templeton: Moderate income for two people is \$49,000 for Burlington

Cherkis: Bulk are in the low range- a few very low and a few moderate.

Templeton: Figures are from Community Affairs - Affordable Housing website.

Professionals:

Heinold: It is important to understand that we are litigating tax cases in Trenton now. The PILOT program obviates that. Lutheran Home has a great reputation. Mr. Fenton's program is using a similar group.

There are groups in town that don't have that reputation. Getting that white elephant back into viable status helps the whole town and that neighborhood.

-We should consider adding an item for having parking restrictions and speed limits and allow our police to enforce. I prepared an ordinance for that. It's good for developers and municipalities.

#### TOWNSHIP ADMINISTRATOR COMMENTS

-one budget meeting so far- don't know about state aid

#### Goffredo

-Welcomed Mr. Lord to board

-12/09 report (annual) 337 complaints - 326 in compliance - 11 pending- \$113.92 on mail service. Rental inspections 48 - 22 summonses - collected \$2406 to go to general fund. Zoning - 31 permits - denied 10 that went to JLUB - 11 fences

-Jan 2010 - 12 complaints - confiscated 3 signs on right-of-ways - 3 pending violations - 1 rental inspection Zoning 1 approved and 1 denied.

-Feb. 2010 - 3 complaints which are in compliance Zoning - 1 approved and 1 fence approved

-Only 2 pending from 2009 and are in court to be heard 3/22

#### Code Enforcement Municipal Clerk

-Census packet to come in the mail - fill out and get back

-May 1<sup>st</sup> Town Yard Sale

#### COMMENTS - TOWNSHIP COMMITTEE

##### Lord:

-School Board Meeting - generator for school is up and running

-Library - had to miss meeting

-Rec. - Egg Hunt April 3

-Summer concerts - last Thursday of June, July, and August at Hawk Island Marina

-Paving on Burlington re: Memorial Day parade

##### Hinkle:

-Meeting RE: Boggs Ditch - County rep, our engineer, Doug, John, George - purpose was originally to drain the Beverly Cemetery. Dave Denton to DEP.

-Eagle Scout service

##### Templeton:

-Census - please fill it out

Jass: no comment

##### Fitzpatrick:

-Budget workshop - working to keep taxes down - April 12 - you are



invited

-Eagle Scout Court

-Didn't get Census form yet

-Delanco Police - Cops and Lobsters - March 25<sup>th</sup> - proceeds to Special Olympics

-Women's Club Garden Tour on June 12. Will be using Gateway Park. Hope to have different things available to the public.

-Spaghetti Dinner Friday 3/19 4-8 for EMS \$8 for adult and \$4 for children

*I left at this point.*

*Maureen*

#### CONSENT AGENDA ITEMS:

##### CONSENT AGENDA: NEW BUSINESS

ORDINANCE 2010-4 ORDINANCE TO AMEND THE CODIFIED ORDINANCES OF THE TOWNSHIP OF DELANCO, SECTION 10-6 "POLICE", SUB-SECTION T. "OUTSIDE EMPLOYMENT", PARAGRAPH (3) "CONTRACTS WITH PRIVATE EMPLOYERS OR PUBLIC ENTITIES" □ 1ST READING BY TITLE ONLY AND SET PUBLIC HEARING DATE FOR APRIL 19, 2010

RESOLUTION 2010-46 APPOINTING TOWNSHIP ADMINISTRATOR FOR THE TOWNSHIP OF DELANCO

RESOLUTION 2010-47 BUDGET APPROPRIATION RESERVE TRANSFERS

RESOLUTION 2010-48 AUTHORIZING AMENDMENT TO PILOT AGREEMENT WITH ABUNDANT LIFE FELLOWSHIP, INC AND ITS ASSIGNS

RESOLUTION 2010-49 APPOINTING MUNICIPAL COURT JUDGE

RESOLUTION 2010-50 AUTHORIZING CONTRACT WITH FIRST JERSEY MUNICIPAL ASSISTANCE, LLC

##### PAYMENT OF BILLS

ACCOUNT AMOUNT

GENERAL \$127,345, PAYROLL \$56,637.53, TRUST \$4,955.75, DOG TRUST \$800.00

APPROVAL OF MINUTES - 2/1/10 & 2/8/10

APPROVAL OF DEPARTMENT REPORTS

APPROVAL OF BUSINESS LICENSES

2010-1, 2010-2, 2010-3, 2010-4, 2010-5, 2010-7, 2010-8, 2010-9,

2010-10, 2010-11, 2010-13, 2010-14, 2010-15, 2010-16, 2010-17,  
2010-18 & 2010-20

APPROVAL OF MINUTES

1/11/2010 (Eligible to approve: Jass, Lord, Templeton & Fitzpatrick)

OLD BUSINESS:

MEETING OPEN TO THE PUBLIC FOR COMMENTS AND QUESTIONS

MEETING CLOSED TO THE PUBLIC CORRESPONDENCE

DISCUSSION ITEMS:

1. ANNOUNCEMENT OF CANCELLATION OF APRIL 5, 2010 TOWNSHIP  
COMMITTEE MEETING

2. Motion by\_\_\_seconded by\_\_\_to authorize the Chief Financial  
Officer to proceed with paying the routine bills customarily paid at the  
beginning of each month as scheduled for the month of April, 2010 and  
direct the Municipal Clerk to list said bills paid by the CFO on the April  
19, 2010 agenda.

3. PROPOSED RESOLUTION OPPOSING SENATE BILL 458

4. NEED FOR RESOLUTION TO SET FEE SCHEDULE FOR THE USE OF  
TOWNSHIP PARK AND PARK PROPERTY (Committeeman Lord)

ADJOURNMENT