FAIR SHARE
HOUSING CENTER

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December 23, 2019

Robert G. Kenny, Esq.
Hoagland, Longo, Moran, Dunst & Doukas, LLP
40 Paterson Street
New Brunswick, NJ 08901

Re: In the Matter of the Township of Bethlehem, County of Hunterdon
SECOND AMENDED SETTLEMENT AGREEMENT
Docket No. HNT-L-316-15

Dear Mr. Kenny:

This letter memorializes the terms of an amended settlement agreement reached between the Township of Bethlehem ("Bethlehem" or "Township"), the declaratory judgment plaintiff, and Fair Share Housing Center (FSHC), a Supreme Court-designated interested party in this matter in accordance with In re N.J.A.C. 5:96 and 5:97, 221 N.J. 1, 30 (2015)(Mount Laurel IV) and, through this settlement, a defendant in this proceeding.

Background

Bethlehem filed the above-captioned matter on July 7, 2015 seeking a declaration of its compliance with the Mount Laurel doctrine and Fair Housing Act of 1985, N.J.S.A. 52:27D-301 et seq. in accordance with In re N.J.A.C. 5:96 and 5:97, supra. Bethlehem appeared for an initial case management conference before Judge Miller. On subsequent case management conferences with FSHC and other interested parties, Bethlehem participated in same as a member of the statewide municipal consortium and Vicinage 13 municipal consortium. On May 18, 2016, Bethlehem participated in mediation with FSHC and Court Master Elizabeth McKenzie. Through that process, Bethlehem and FSHC agreed to settle the litigation and to present that settlement to the trial court with jurisdiction over this matter to review, recognizing that the settlement of Mount Laurel litigation is favored because it avoids delays and the expense of trial and results more quickly in the construction of homes for lower-income households. The original settlement agreement dated April 11, 2017 and executed on April 18, 2017, was approved by the Court at a Fairness Hearing on May 2, 2017, and a Conditional Judgment of Compliance and Repose was granted based on that settlement agreement following a Final Compliance Hearing on February 12, 2018. The original settlement agreement was previously amended to deal with a change in the number of group home bedrooms previously anticipated in fulfillment of the Prior Round Obligation and approved by the Court and is now being amended to address the substitution of an overlay zoning site.

Settlement terms

The Township and FSHC hereby agree to the following terms:

1. FSHC agrees that the Township, through the adoption of a Housing Element and Fair Share Plan ("the Plan") substantially in compliance with the attached "Summary of Plan for Total Fair Share Obligation", Exhibit A, and the implementation of the Plan and this

agreement, satisfies its obligations under the Mount Laurel doctrine and Fair Housing Act of 1985, N.J.S.A. 52:27D-301 et seq., for the Prior Round (1987-1999) and Third Round (1999-2025).

2. At this time and at this particular point in the process resulting from the Supreme Court's Mount Laurel IV decision, when fair share obligations have yet to be definitively determined, it is appropriate for the parties to arrive at a settlement regarding a municipality's Third Round Obligation instead of doing so through plenary adjudication of the Third Round Obligation.

3. FSHC and Bethlehem hereby agree that Bethlehem's affordable housing obligations are as follows:

Rehabilitation Share (per Kinsey Report[1])	1
Prior Round Obligation (pursuant to N.J.A.C. 5:93)	42
Third Round (1999-2025) Obligation (per Kinsey Report, as adjusted through this amended settlement agreement)	155

For purposes of this agreement, the Third Round Obligation shall be deemed to include the gap period present need, which is a measure of households formed from 1999-2015 that need affordable housing, as recognized by the Supreme Court in its January 18, 2017, decision in In re Declaratory Judgment Actions Filed by Various Municipalities, 227 N.J. 508, 2017 and the Prospective Need, which is a measure of the affordable housing need anticipated to be generated between July 1, 2015 and June 30, 2025.

4. Bethlehem's efforts to meet its Rehabilitation Share include the following: a County and/or Bethlehem-sponsored rehabilitation program, which shall be specified as part of the Housing Element and Fair Share Plan adopted pursuant to paragraph 12. This is sufficient to satisfy Bethlehem's present need obligation of 1 unit.

5. As noted above, Bethlehem has a Prior Round Obligation for new construction of 42 units, which will be met through the following compliance mechanisms:

   a. Regional Contribution Agreement with New Brunswick – 9 units (completed)

   b. 100% affordable housing development on Township-owned land (10 acres) by a group home provider or non-profit housing sponsor, using septic systems - 4 units or bedrooms (proposed. The Township shall publish a Request for Proposals for a group home provider. The Township shall provide a financial subsidy toward the construction costs of each bedroom, not to exceed $100,000 in the aggregate. For example, if 4 bedrooms are built, the financial subsidy would be $25,000 per bedroom, not to exceed $100,000 in the aggregate. In consideration for said financial subsidy, the Township shall not be required to adopt a Resolution of Intent to Fund Shortfall.

[1] David N. Kinsey, PhD, PP, FAICP, NEW JERSEY LOW AND MODERATE INCOME HOUSING OBLIGATIONS FOR 1999-2025 CALCULATED USING THE NJ COAH PRIOR ROUND (1987-1999) METHODOLOGY, May, 2016.

c. Accessory Apartment Program (proposed) 3 low income units. The Township shall provide a financial subsidy in the amount of $25,000 per unit, not to exceed $75,000 in the aggregate. In consideration for said financial subsidy, the Township shall not be required to adopt a Resolution of Intent to Fund Shortfall.

d. Rental bonuses – 4 credits

e. Durational adjustment – 22 units (see paragraph 6 below)

6. The Township will address the remainder of the Prior Round Obligation and its entire Third Round Obligation through a durational adjustment:

a. As demonstrated by the following facts, the Township does not have any capacity for water or sewer to support inclusionary development and thus is entitled to a durational adjustment in accordance with N.J.A.C. 5:93-4.3. There are no existing or proposed sewer service areas within Bethlehem Township as shown on the Hunterdon County Wastewater Management Plan.

b. The Township will seek court approval for, and FSHC will support, a durational adjustment of 177 units, 22 units for the Prior Round Obligation and 155 units for the Third Round Obligation and address the requirements of N.J.A.C. 5:93-4.3 through the following:

1. In accordance with N.J.A.C. 5:93-4.3(c), the requirement to address the remaining Prior Round Obligation of 22 units and the Third Round Obligation of 155 units shall be deferred until adequate water and/or sewer are made available. The Township shall reserve and set aside new water and/or sewer capacity, if and when it becomes available, for low and moderate income housing, on a priority basis. Municipal officials shall endorse all applications to the Department of Environmental Protection (DEP) or its agent to provide water and/or sewer capacity.

2. The Township has designated and will adopt overlay zoning provisions permitting inclusionary residential development at the following densities as a development option subject to the availability of adequate water and sewer services on the following sites that currently lack adequate water and sewer service:

Project	Acres	Gross Density	Setaside	Total Units	Affordable Units	Bonuses
Block 26, Lots 6.05 and 6.06 – AH-16	22.5	16 units/acre	20%	360	72	39
Block 26, Lot 6– AH-8	46.6	8 units/acre	20%	372	75	0
Total				732	147	39
Total Proposed					186	

3. Pursuant to the Fair Housing Act of 1985, N.J.S.A. 52:27D-329.9, a regional planning entity such as the Highlands Water Protection and Planning Council, may reallocate up to 50% of a municipality's affordable housing obligation to another municipality within the regional planning entity's jurisdiction. The Highlands Council is required to "identify and coordinate regional affordable housing obligations in cooperation with municipalities with convenient access to infrastructure, employment opportunities, and public transportation." N.J.S.A. 52:27D-329.9(c)(2). Infrastructure is the largest concern regarding Bethlehem's ability to meet its affordable housing obligations as there are no existing or proposed sewer service areas within Bethlehem Township as shown in the Hunterdon County Wastewater Management Plan.

The Highlands Council has not yet established a mechanism for transferring affordable housing obligations from one municipality to another in furtherance of its regional planning and affordable housing goals. The parties agree that, if the Highlands Council does establish such a program, that Bethlehem may send up to 77 units of its affordable housing obligation to be reallocated by the Highlands Council. The parties agree that Bethlehem will likely never receive infrastructure approvals sufficient to provide a realistic opportunity that its assigned affordable housing need will ever be met and so these units will only ever be constructed through the transfer program outlined in the Fair Housing Act.

7. The Township agrees to require 13% of all units referenced in this plan, with the exception of units constructed as of July 1, 2008, and units subject to preliminary or final site plan approval as of July 1, 2008, to be very low income units, with half of the very low income units being available to families. The municipality will comply with these requirements by requiring at the 4 group home bedrooms to be provided in satisfaction of the Prior Round Obligation to be available to very low income families and by requiring 13% of all rental units developed on the sites in paragraph 6(b)(2) of this agreement to be family very low income rental units.

8. The Township shall meet its Third Round Obligation in accordance with the following standards, including units provided through the provisions related to the durational adjustment addressed in this agreement:

   a. Third Round bonuses will be applied in accordance with N.J.A.C. 5:93-5.15(d).

   b. At least 50 percent of the units addressing the Third Round Obligation shall be affordable to very-low-income and low-income households with the remainder affordable to moderate-income households.

   c. At least twenty-five percent of the Third Round Obligation shall be met through rental units, including at least half in rental units available to families.

   d. At least half of the units addressing the Third Round Obligation in total must be available to families.

   e. The Township agrees to comply with an age-restricted cap of 25% and to not request a waiver of that requirement. This shall be understood to mean that in no circumstance may the municipality claim credit toward its fair share obligation for age-restricted units that exceed 25% of all units developed or planned to meet its cumulative prior round and third round fair share obligation.

9. Bethlehem shall add to the list of community and regional organizations in its affirmative marketing plan, pursuant to N.J.A.C. 5:80-26.15(f)(5), Fair Share Housing Center, the New Jersey State Conference of the NAACP, the Latino Action Network, NORWESCAP, the Supportive Housing Association, and shall, as part of its regional affirmative marketing strategies during its implementation of this plan, provide notice to those organizations of all available affordable housing units along with copies of application forms or links to application forms on the Township's web site. Bethlehem also agrees to require any other entities, including developers or persons or companies retained to do affirmative marketing, to comply with this paragraph.

10. With the exception of units created via the Accessory Apartment Program, which shall be exempt from the bedroom distribution requirement and which shall have 10 year controls on affordability, and which shall all be low income units, all units shall include the required bedroom distribution, be governed by controls on affordability and affirmatively marketed in conformance with the Uniform Housing Affordability Controls, N.J.A.C. 5:80-26.1 et seq., or any successor regulation, with the exception that, in lieu of 10 percent of affordable units in rental projects being required to be affordable to households earning at or below 35 percent of median income, 13 percent of affordable units in such projects shall be required to be affordable to households earning at or below 30 percent of median income. Bethlehem as part of its HEFSP shall adopt and/or update appropriate implementing ordinances in conformance with standard ordinances and guidelines developed by COAH to ensure that this provision is satisfied.

11. All new construction units shall be adaptable in conformance with P.L.2005, c.350/N.J.S.A. 52:27D-311a and -311b and all other applicable law.

12. All units shall include the required bedroom distribution, be governed by controls on affordability and affirmatively marketed in conformance with the Uniform Housing Affordability Controls, N.J.A.C. 5:80-26.1, *et seq.*, or any successor regulation, with the exception that in lieu of 10 percent of affordable units in rental projects being required to be at 35 percent of median income, 13 percent of affordable units in rental projects shall be required to be at 30 percent of median income, and in conformance with all other applicable law. The Township, as part of its HEFSP, shall adopt and/or update appropriate implementing ordinances in conformance with standard ordinances and guidelines developed by COAH to ensure that this provision is satisfied. limits for all units that are part of the Plan required by this Agreement and for which income limits are not already established through a federal program exempted from the Uniform Housing Affordability Controls pursuant to N.J.A.C. 5:80-26.1 shall be updated by the Township annually within 30 days of the publication of determinations of median income by HUD as follows:

    a. Regional income limits shall be established for the Housing Region in which the Township is located (in this case, Housing Region 3) based on the median income by household size, which shall be established by a regional weighted average of the uncapped Section 8 income limits published by HUD. To compute this regional income limit, the HUD determination of median county income for a family of four is multiplied by the estimated number of households within the county according to the most recent decennial Census. The resulting product for each county within the housing region is summed. The sum is divided by the estimated total number of households from the most recent decennial Census in the Township's housing region. This quotient represents the regional weighted average of median income for a household of four. The income limit for a moderate-income unit for a household of four shall be 80 percent of the regional weighted average median income for a family of four. The income limit for a low-income unit for a household of four shall be 50 percent of the HUD determination of the regional weighted average median income for a family of four. The income limit for a very low income unit for a household of four shall be 30 percent of the regional weighted average median income for a family of four. These income limits shall be adjusted by household size based on multipliers used by HUD to adjust median income by household size. In no event shall the income limits be less than those for the previous year.

b. The income limits attached hereto as Exhibit B are the result of applying the percentages set forth in paragraph (a) above to HUD's determination of median income for FY 2019, and shall be utilized until the Township updates the income limits after HUD has published revised determinations of median income for the next fiscal year.

c. The Regional Asset Limit used in determining an applicant's eligibility for affordable housing pursuant to N.J.A.C. 5:80-26.16(b)3 shall be calculated by the Township annually by taking the percentage increase of the income limits calculated pursuant to paragraph (a) above over the previous year's income limits, and applying the same percentage increase to the Regional Asset Limit from the prior year. In no event shall the Regional Asset Limit be less than that for the previous year.

d. The parties agree to request the Court prior to or at the fairness hearing in this matter to enter an order implementing this paragraph of this Agreement, the terms of which shall also be reflected in the Township's Affordable Housing Ordinance.

13. As an essential term of this settlement, within forty-five (45) days of Court's approval of this Settlement Agreement, Bethlehem shall adopt a revised Housing Element and Fair Share Plan to implement the terms of this amended settlement agreement and the overlay zoning contemplated herein. All required implementing ordinances have already been adopted and shall remain in full effect with the exception of the zoning map, which shall be amended to reflect a change in the property designated AH-8 from Block 26, Lots 6.01 and 6.02 to Block 26, Lot 6. Such amendment to the zoning map shall occur within forty-five (45) days of the Court's approval of this Settlement Agreement.

14. The parties agree that if a decision of a court of competent jurisdiction in Hunterdon County, or a determination by an administrative agency responsible for implementing the Fair Housing Act, or an action by the New Jersey Legislature, would result in a calculation of an obligation for the Township for the period 1999-2025 that would be lower by more than twenty (20%) percent the Third Round new construction Obligation established in this agreement, and if that calculation is memorialized in an unappealable final judgment, the Township may seek to amend the judgment in this matter to reduce its Third Round Obligation accordingly. Notwithstanding any such reduction, the

Township shall be obligated to implement the fair share plan attached hereto, including by leaving in place any site specific zoning adopted or relied upon in connection with the Plan approved pursuant to this settlement agreement; taking all steps necessary to support the development of any 100% affordable developments referenced herein; maintaining all mechanisms to address unmet need; and otherwise fulfilling fully the fair share obligations as established herein. The reduction of the Township's Third Round Obligation below that established in this agreement does not provide a basis for seeking leave to amend this agreement or seeking leave to amend an order or judgment pursuant to R. 4:50-1. If the Township prevails in reducing its Third Round Obligation, the Township may carry over any resulting extra credits to future rounds in conformance with the then-applicable law.

15. Bethlehem has already prepared a spending plan, which was approved by FSHC and the Special Master. The parties to this agreement agree that the expenditures of funds contemplated in the approved spending plan under the agreement constitute "commitment" for expenditure pursuant to N.J.S.A. 52:27D-329.2 and -329.3, with the four-year time period for expenditure designated pursuant to those provisions beginning to run with the entry of a final judgment approving this settlement in accordance with the provisions of In re Tp. Of Monroe, 442 N.J. Super. 565 (Law Div. 2015) (aff'd 442 N.J. Super. 563). On the first anniversary of the execution of this agreement, and every anniversary thereafter through the end of this agreement, Bethlehem agrees to provide annual reporting of trust fund activity to the New Jersey Department of Community Affairs, Council on Affordable Housing, or Local Government Services, or other entity designated by the State of New Jersey. The reporting shall include an accounting of all housing trust fund activity, including the source and amount of funds collected and the amount and purpose for which any funds have been expended.

16. On the first anniversary of the execution of the first amended settlement agreement, and every anniversary thereafter through the end of this agreement, the Township agrees to provide annual reporting of the status of all affordable housing activity within the municipality through posting on the municipal website with a copy of such posting provided to Fair Share Housing Center, using forms previously developed for this purpose by the Council on Affordable Housing or any other forms endorsed by the Special Master and FSHC.

17. The Fair Housing Act includes two provisions regarding action to be taken by the Township during the ten-year period of protection provided in this agreement. The Township agrees to comply with those provisions as follows:

    a. For the midpoint realistic opportunity review due on July 1, 2020, as required pursuant to N.J.S.A. 52:27D-313, the Township will post on its municipal website, with a copy provided to Fair Share Housing Center, a status report as to its implementation of its Plan and an analysis of whether any unbuilt sites or unfulfilled mechanisms continue to present a realistic opportunity and whether any mechanisms to meet unmet need should be revised or supplemented. Such posting shall invite any interested party to submit comments to the municipality, with a copy to Fair Share Housing Center, regarding whether any sites no longer present a realistic opportunity and should be replaced and whether any mechanisms to meet unmet need should be revised or supplemented. Any interested party may by motion request a hearing before the court regarding these issues.

b. For the review of very low income housing requirements required by N.J.S.A. 52:27D-329.1, within 30 days of the third anniversary of the execution of the first amended settlement agreement, and every third year thereafter, the Township will post on its municipal website, with a copy provided to Fair Share Housing Center, a status report as to its satisfaction of its very low income requirements, including the family very low income requirements referenced herein. Such posting shall invite any interested party to submit comments to the municipality and Fair Share Housing Center on the issue of whether the municipality has complied with its very low income housing obligation under the terms of this settlement.

18. FSHC has been deemed previously to have party status in this matter and to have intervened in this matter as a defendant without the need to file a motion to intervene or an answer or other pleading. The parties to this agreement have previously agreed to request the Court to enter an order declaring FSHC is an intervenor, but the absence of such an order shall not impact FSHC's rights.

19. This amended settlement agreement must be approved by the Court following a fairness hearing as required by Morris Cty. Fair Hous. Council v. Boonton Twp., 197 N.J. Super. 359, 367-69 (Law Div. 1984), aff'd o.b., 209 N.J. Super. 108 (App. Div. 1986); East/West Venture v. Borough of Fort Lee, 286 N.J. Super. 311, 328-29 (App. Div. 1996). The Township shall present its planner as a witness at this hearing. FSHC agrees not to challenge any Plan prepared in a manner consistent with the attached "Summary of Plan for Total Fair Share Obligation" (Exhibit A) at the fairness hearing. In the event the Court approves this amended settlement and the Township's amended compliance plan and implementing ordinances and resolutions, the parties contemplate the municipality will receive "the judicial equivalent of substantive certification and accompanying protection as provided under the FHA," as addressed in the Supreme Court's decision in In re N.J.A.C. 5:96 & 5:97, 221 N.J. 1, 36 (2015). The "accompanying protection" shall remain in effect through July 1, 2025. If the amended settlement agreement is rejected by the Court at a fairness hearing it shall be null and void.

20. If an appeal is filed of the Court's approval or rejection of the amended settlement agreement, the Parties agree to defend the agreement on appeal, including in proceedings before the Superior Court, Appellate Division and New Jersey Supreme Court, and to continue to implement the terms of the settlement agreement if the agreement is approved before the trial court unless and until an appeal of the trial court's approval is successful, at which point, the Parties reserve their right to rescind any action taken in anticipation of the trial court's approval. All Parties shall have an obligation to fulfill the intent and purpose of this agreement.

21. This settlement agreement may be enforced through a motion to enforce litigant's rights or a separate action filed in Superior Court, Hunterdon County. A prevailing movant or plaintiff in such a motion or separate action shall be entitled to reasonable attorney's fees.

22. Unless otherwise specified, it is intended that the provisions of this agreement are to be severable. The validity of any article, section, clause or provision of this agreement shall not affect the validity of the remaining articles, sections, clauses or provisions hereof. If

any section of this agreement shall be adjudged by a court to be invalid, illegal, or unenforceable in any respect, such determination shall not affect the remaining sections.

23. This agreement shall be governed by and construed by the laws of the State of New Jersey.

24. This agreement may not be modified, amended or altered in any way except by a writing signed by each of the Parties.

25. This agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same agreement.

26. The Parties acknowledge that each has entered into this agreement on its own volition without coercion or duress after consulting with its counsel, that each party is the proper person and possess the authority to sign the agreement, that this agreement contains the entire understanding of the Parties and that there are no representations, warranties, covenants or undertakings other than those expressly set forth herein.

27. Each of the Parties hereto acknowledges that this agreement was not drafted by any one of the Parties, but was drafted, negotiated and reviewed by all Parties and, therefore, the presumption of resolving ambiguities against the drafter shall not apply. Each of the Parties expressly represents to the other Parties that: (i) it has been represented by counsel in connection with negotiating the terms of this Agreement; and (ii) it has conferred due authority for execution of this agreement upon the persons executing it.

28. Any and all Exhibits and Schedules annexed to this amended agreement are hereby made a part of this amended agreement by this reference thereto. Any and all Exhibits and Schedules now and/or in the future are hereby made or will be made a part of this agreement only with the prior written approval of both Parties.

29. This amended agreement constitutes the entire agreement between the Parties hereto and supersedes all prior oral and written agreements between the Parties with respect to the subject matter hereof except as otherwise provided herein.

30. No member, official or employee of the Township shall have any direct or indirect interest in this settlement agreement, nor participate in any decision relating to the agreement which is prohibited by law, absent the need to invoke the rule of necessity.

31. Anything herein contained to the contrary notwithstanding, the effective date of this agreement shall be the date upon which all of the Parties hereto have executed and delivered this agreement.

32. All notices required under this agreement ("Notice[s]") shall be written and shall be served upon the respective Parties by certified mail, return receipt requested, or by a recognized overnight or by a personal carrier. In addition, where feasible (for example, transmittals of less than fifty pages) shall be served by facsimile or e-mail. All Notices shall be deemed received upon the date of delivery. Delivery shall be affected as follows, subject to change as to the person(s) to be notified and/or their respective addresses upon ten (10) days notice as provided herein:

TO FSHC: Kevin D. Walsh, Esq.
Fair Share Housing Center
510 Park Boulevard
Cherry Hill, NJ 08002
Phone: (856) 665-5444
Telecopier: (856) 663-8182
E-mail: kevinwalsh@fairsharehousing.org

TO BETHLEHEM:

Robert G. Kenny, Esq.
Hoagland Longo Moran Dunst & Doukas, LLP
40 Paterson Street
New Brunswick, NJ 08903
Telecopier: (732) 545-4579
Email: rkenny@hoaglandlongo.com

WITH A COPY TO THE MUNICIPAL CLERK:

Township of Bethlehem
405 Mine Road
Asbury, NJ 08802
Attention: Municipal Clerk

Please sign below if these terms are acceptable.

Sincerely,

Adam M. Gordon, Esq.
Counsel for Intervenor
Fair Share Housing Center

On behalf of the Township of Bethlehem with the authorization of the Governing Body and Township Land Use Board:

By: WALTER BAUMGARTEN, MAYOR

Dated: July 24, 2020

EXHIBIT "A"
SUMMARY OF PLAN FOR
TOTAL FAIR SHARE OBLIGATION

MUNICIPALITY: Bethlehem Township

COUNTY: Hunterdon

Note: Please see Addendum for additional information.	EST. OBLIG.	COMPLETED UNITS	PROPOSED UNITS	LOW	MOD	VERY LOW	TOTAL UNITS
Rehabilitation Share *(per 2010 Census)*	1						
Rehabilitation Credits							
Rehab Program(s)			1				
Remaining Rehabilitation Share	1						
1987-1999 Prior Round Obligation	42						
Mechanisms							
Accessory Apartments			3	3			3
Alternative Living/Supportive & Special Needs			4			4	4
RCA Units (previously approved)		9					9
Rental Bonuses			4				4
Total Units With Mechanisms and Bonus							20
Durational Adjustment							22
Units Addressing 1987-1999 Prior Round		9	11				42
1999-2025 Third Round Obligation	155						
Durational Adjustment	155						
Inclusionary Zoning (see addendum)			147	74	73	20	147
Rental Bonuses			39				39
Units Addressing 2015-2025 Fair Share			186				186

TOTALS	***#***	***% OF TOTAL OBLIGATION***
LOW/MOD UNITS	***154***	***78%***
VERY LOW INCOME	***24***	***12%***
BONUS CREDITS	***43***	***25%***
AGE-RESTRICTED	***0***	***0***
NOT AGE-RESTRICTED	***154***	***100%***

Addendum

As agreed to with Fair Share Housing Center, Bethlehem's affordable housing obligations are as follows:

- 1987-1999: 42
- 1999-2024: 155
- Rehabilitation obligation: 1

For the 1987-1999 period, the Township is addressing the 42 unit obligation with credits as follows:

- RCA with the City of New Brunswick – 9 total units (completed)
- Accessory apartment program – 3 total units (proposed)
- Creation of 4 group home bedrooms (proposed) on Block 26, Lot 2.05, an approximately 9 acre undeveloped parcel located adjacent to Heritage Park, a Township recreation facility located north of Route 173. While the site does not front directly on a public street, it has access through a shared driveway for Heritage Park which intersects Route 173. Presently owned by the Township, the lot is an "available site" for the production of low and moderate income housing. Located in an area surrounded by Heritage Park and other single family homes associated with adjacent farm operations, the site is "suitable" in that it is compatible with surrounding land uses.

  The site is free of wetlands, steep slopes, streams and floodplains and wastewater treatment can be accommodated by a septic system and water provided through installation of a private well, making it a "developable site". While the site is located in the Highlands Preservation Area, the Township previously received (in 2010) a determination from the New Jersey Department of Environmental Protection that the project was eligible to move forward under an exemption from the Highlands Act, specifically "Construction of a single-family dwelling, for an individual's own use of the use of an immediate family member on a lot owned by the individual on August 10, 2004 or under contract for purchase on or before May 17, 2004". That exemption determination included specific reference to a 12-bedroom group home, and a septic system designed to treat 1,950 gpd for the project.

  As the Township is committed to the production of affordable housing on the site via group home bedrooms, the site is "approvable".
- Based on a rental obligation representing 25% of the total obligation of 42 units, and considering the request for a Durational Adjustment of 22 units, the Township is eligible for 4 bonus credits for group home bedrooms

For the Third Round Obligation covering the period 1999-2025, the Township is seeking a durational adjustment for 155 total units, which, when added to the 22 unit durational adjustment for the Prior Round, yields a 177 unit total durational adjustment for Bethlehem Township. The majority of the Township is within the Highlands Preservation Area and there is no centralized water or sewer system available. As required, the Township will adopt overlay zoning to permit inclusionary development on two separate tracts of land within the Planning Area, subject to the future availability of sanitary sewer and public water supply. These sites are discussed in greater detail below and have the potential to yield a total of 186 units of credit, 147 units constructed and 39 rental bonus credits.

Site Suitability Analysis for Block 26, Lots 6 (designated AH-8, 8 units/acre gross density)
Block 26, Lot 6 covers 46.6 acres located just west of Valley Station Road and just south of the Musconetcong River, which lies north. The site has frontage on Valley Station Road, an improved local street. Under single ownership, the lot is an "available site" for the production of low and moderate income housing under an inclusionary zoning scheme. Located in an area primarily devoted to agriculture, there are existing single-family homes in the area, therefore the site is "suitable" in that affordable housing development would be compatible with surrounding residential land uses. The site currently contains a nursery use devoted to the cultivation of landscape plants and trees and has no permanent structures.

The site does not contain any wetlands or steep slopes and is not constrained by floodplains or open water protection buffers required by the Highlands Act. While the site currently does not have access to public sewer or public water systems, it is "suitable" in all other respects. As the Township is willing to adopt overlay zoning that would permit residential development with a gross density of 8 units per acre with a 20% setaside for affordable housing, the site is "approvable". This would result in development of a total of 372 units, 75 of which would be affordable to low and moderate income households.

Site Suitability Analysis for Block 26, Lots 6.05 and 6.06 (designated AH-16, 16 units/acre gross density)
Block 26, Lots 6.05 and 6.06 together cover 22.5 acres located just west of Valley Station Road and have frontage on Valley Station Road, an improved local street. Under single ownership, the lots constitute an "available site" for the production of low and moderate income housing under an inclusionary zoning scheme. Located in an area primarily devoted to agriculture, there are existing single family homes in the area, therefore the site is "suitable" in that affordable housing development is compatible with surrounding residential land uses. The site currently contains an existing farm-related building that serves the current nursery operation.

The site is free of environmental constraints, as it contains no wetlands, steep slopes, streams or floodplains. While the site currently does not have access to public sewer or public water systems, it is "suitable" in all other respects. As the Township is willing to adopt overlay zoning that would permit residential development with a gross density of 16 units per acre with a 20% setaside for affordable housing, the site is "approvable". This would result in development of a total of 360 units, 72 of which would be affordable to low and moderate income households.

EXHIBIT B: 2019 INCOME LIMITS

Prepared by Affordable Housing Professionals of New Jersey (AHPNJ) – May 2019

2019 AFFORDABLE HOUSING REGIONAL INCOME LIMITS BY HOUSEHOLD SIZE

Income limits not officially adopted by the State of New Jersey. Contact your municipality to see if applicable in your jurisdiction. Additional information about AHPNJ income limits is posted on AHPNJ.org

		1 Person	*1.5 Person	2 Person	*3 Person	4 Person	*4.5 Person	5 Person	6 Person	7 Person	8+ Person	Max Increase Rents**	Max Increase Sales***	Regional Asset Limit****
Region 1	Median	$66,607	$71,365	$76,122	$85,637	$95,153	$98,959	$102,765	$110,377	$117,989	$125,602	2.6%	4.73%	$183,994
Bergen, Hudson,	Moderate	$53,286	$57,092	$60,898	$68,510	$76,122	$79,167	$82,212	$88,302	$94,391	$100,481			
Passaic and Sussex	Low	$33,303	$35,682	$38,061	$42,819	$47,576	$49,479	$51,382	$55,189	$58,995	$62,801			
	Very Low	$19,982	$21,409	$22,837	$25,691	$28,546	$29,688	$30,829	$33,113	$35,397	$37,680			
Region 2	Median	$70,537	$75,576	$80,614	$90,691	$100,767	$104,798	$108,829	$116,890	$124,952	$133,013	2.6%	5.67%	$193,321
Essex, Morris,	Moderate	$56,430	$60,460	$64,491	$72,553	$80,614	$83,838	$87,063	$93,512	$99,961	$106,410			
Union and Warren	Low	$35,269	$37,788	$40,307	$45,346	$50,384	$52,399	$54,414	$58,445	$62,476	$66,506			
	Very Low	$21,161	$22,673	$24,184	$27,207	$30,230	$31,439	$32,649	$35,067	$37,485	$39,904			
Region 3	Median	$82,810	$88,725	$94,640	$106,470	$118,300	$123,032	$127,764	$137,228	$146,692	$156,156	2.6%	9.64%	$225,261
Hunterdon,	Moderate	$66,248	$70,980	$75,712	$85,176	$94,640	$98,426	$102,211	$109,782	$117,354	$124,925			
Middlesex and	Low	$41,405	$44,363	$47,320	$53,235	$59,150	$61,516	$63,882	$68,614	$73,346	$78,078			
Somerset	Very Low	$24,843	$26,618	$28,392	$31,941	$35,490	$36,910	$38,329	$41,168	$44,008	$46,847			
Region 4	Median	$72,165	$77,319	$82,474	$92,783	$103,092	$107,216	$111,340	$119,587	$127,834	$136,082	2.6%	3.91%	$193,919
Mercer,	Moderate	$57,732	$61,855	$65,979	$74,226	$82,474	$85,773	$89,072	$95,670	$102,268	$108,865			
Monmouth and	Low	$36,082	$38,660	$41,237	$46,392	$51,546	$53,608	$55,670	$59,794	$63,917	$68,041			
Ocean	Very Low	$21,649	$23,196	$24,742	$27,835	$30,928	$32,165	$33,402	$35,876	$38,350	$40,825			
Region 5	Median	$63,070	$67,575	$72,080	$81,090	$90,100	$93,704	$97,308	$104,516	$111,724	$118,932	2.6%	3.09%	$166,981
Burlington,	Moderate	$50,456	$54,060	$57,664	$64,872	$72,080	$74,963	$77,846	$83,613	$89,379	$95,146			
Camden and	Low	$31,535	$33,788	$36,040	$40,545	$45,050	$46,852	$48,654	$52,258	$55,862	$59,466			
Gloucester	Very Low	$18,921	$20,273	$21,624	$24,327	$27,030	$28,111	$29,192	$31,355	$33,517	$35,680			
Region 6	Median	$53,714	$57,550	$61,387	$69,061	$76,734	$79,803	$82,873	$89,011	$95,150	$101,289	2.6%	5.15%	$143,713
Atlantic, Cape	Moderate	$42,971	$46,040	$49,110	$55,249	$61,387	$63,843	$66,298	$71,209	$76,120	$81,031			
May, Cumberland,	Low	$26,857	$28,775	$30,694	$34,530	$38,367	$39,902	$41,436	$44,506	$47,575	$50,644			
and Salem	Very Low	$16,114	$17,265	$18,416	$20,718	$23,020	$23,941	$24,862	$26,703	$28,545	$30,387			

Moderate income is between 80 and 50 percent of the median income. Low income is 50 percent or less of median income. Very low income is 30 percent or less of median income.

* These columns are for calculating the pricing for one, two and three bedroom sale and rental units as per N.J.A.C. 5:80-26.4(a).

** This column is used for calculating the pricing for rent increases for units (as previously calculated under N.J.A.C. 5:97-9.3). The increase for 2015 was 2.3%, the increase for 2016 was 1.1%, the increase for 2017 was 1.7%, and the increase for 2018 was 2.2%. The increase for 2019 is 2.6% (Consumer price Index for All Urban Consumers (CPI-U): Regions by expenditure category and commodity and service group). Landlords who did not increase rents in 2015, 2016, 2017, or 2018 may increase rent by up to the applicable combined percentage including 2019 or 5.0% whichever is less in accordance with N.J.A.C. 5:97-9.3(c). In no case can rent for any particular apartment be increased more than one time per year.

*** This column is used for calculating the pricing for resale increases for units (as previously calculated under N.J.A.C. 5:97-9.3). The price of owner-occupied low and moderate income units may increase annually based on the percentage increase in the regional median income limit for each housing region. In no event shall the maximum resale price established by the administrative agent be lower than the last recorded purchase price.

Low income tax credit developments may increase based on the low income tax credit regulations.

**** The Regional Asset Limit is used in determining an applicant's eligibility for affordable housing pursuant to N.J.A.C. 5:80-26.16(b)3.