

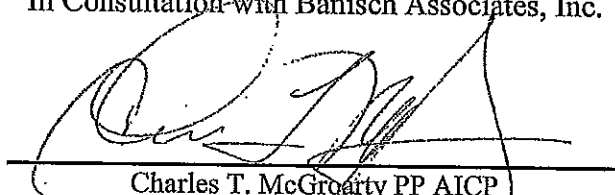
Township of Andover
Sussex County

Housing Plan Element
Fair Share Plan

December 16, 2008

Prepared by: The Andover Township Land Use Board

In Consultation with Banisch Associates, Inc.



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Andover Township, Sussex County
Housing Element / Fair Share Plan
December 16, 2008

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HOUSING ELEMENT

Inventory of Municipal Housing Conditions

The primary source of information for the inventory of the Township's housing stock is the 2000 U.S. Census, with data reflecting conditions in 2000.

According to the 2000 Census, the Township had 1,969 housing units, of which 1,890 (96%) are occupied. Table 1 identifies the units in a structure by tenure; as used throughout this Plan Element, "tenure" refers to whether a unit is owner-occupied or renter-occupied. While the Township largely consisted of one-family, detached dwellings (80% of the total, compared to 81% in the County), there were 385 units in attached or multi-family structures. The Township has a lower percentage of renter-occupied units, 15%, compared to 17% in Sussex County and 32% in the State.

**TABLE 1
Units in Structure by Tenure**

Units in Structure	Vacant Units	Occupied Units		
		Total	Owner	Renter
1, detached	43	1,541	1,429	112
1, attached	24	142	89	53
2	12	28	20	8
3 or 4	0	63	37	26
5+	0	104	18	86
Other	0	0	0	0
Mobile home or trailer	0	12	12	0
Total	79	1,890	1,605	285

Source: 2000 U.S. Census, Summary Tape File 3 (STF-3) for Township, QT-H10 and DP-4.

Table 2 indicates the year housing units were built by tenure, while Table 3 compares the Township to Sussex County and the State. Approximately 49% of the owner-occupied units in the Township have been built since 1970. Of the remaining housing units, 45% were built between 1940 and 1970 and 6% were built prior to 1940. Most renter-occupied units (53%) were also built after 1970, with 22% built between 1940 and 1970 and 24% built prior to 1940.

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TABLE 2
Year Structure Built by Tenure

Year Built	Vacant Units	Occupied Units		
		Total	Owner	Renter
1990-2000	13	261	209	52
1980-1989	24	343	306	37
1970-1979	0	335	272	63
1960-1969	0	264	229	35
1950-1959	0	329	319	10
1940-1949	7	198	179	19
Pre-1940	35	160	91	69

Source: 2000 U.S. Census, STF-3 for Township, QT-H7.

Table 3 compares the year of construction for all dwelling units in the Township to Sussex County and the State. The Township had a much larger percentage of units built between after 1980 than did the County or State, and a smaller percentage of units built before 1940. This is clearly seen in the median year built between the State (1962), County (1969) and Township (1970).

TABLE 3
Comparison of Year of Construction for Township, County, and State

Year Built	%		
	Andover Township	Sussex County	New Jersey
1990 - 2000	14	11.2	10.5
1980 - 1989	18.6	17.4	12.4
1970 - 1979	17	19.7	14.0
1960 - 1969	13.4	16.1	15.9
1940 - 1959	27.1	21	27.1
Pre-1940	9.9	14.6	20.1
Median Year	1970	1969	1962

Source: 2000 U.S. Census, SF-3 for Township, County, and State, DP-4.

The 2000 Census documented household size in occupied housing units by tenure, and the number of bedrooms per unit by tenure; these data are reported in Tables 4 and 5, respectively. Table 4 indicates that renter-occupied units generally housed smaller households, with 63% of renter-occupied units having 2 persons or fewer compared to 48% of owner-occupied units. Table 5 indicates that renter-occupied units generally have fewer bedrooms, with 71% having two bedrooms or fewer, compared to 21% of owner-occupied units.

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TABLE 4
Household Size in Occupied Housing Units by Tenure

Household Size	Total Units	Owner-occupied Units	Renter-occupied Units
1 person	304	224	80
2 persons	649	547	102
3 persons	369	318	51
4 persons	336	308	28
5 persons	177	156	21
6 persons	40	33	7
7+ persons	14	12	2
Total	1,889	1,598	291

Source: 2000 U.S. Census, SF-3 for Township, H-17.

TABLE 5
Number of Bedrooms per Unit by Tenure

Number of Bedrooms	Total Units	(%)	Vacant Units	Occupied Units		
				Total	Owner	Renter
No bedroom	5	.3	0	5	5	0
1 bedroom	168	8.5	24	144	64	80
2 bedrooms	440	22.3	42	398	270	128
3 bedrooms	727	36.9	0	727	682	45
4 bedrooms	542	27.5	13	529	497	32
5+ bedrooms	87	4.4	0	87	87	0

Source: 2000 U.S. Census, SF-3 for Township, QT-H8 and QT-H5.

Table 6 compares the Township's average household size for all occupied units, owner-occupied units, and renter-occupied units in 2000 to those of the County and State. The Township's average household size for owner-occupied units was higher than the State and less than the County. The average household size for renter-occupied units was higher than the County and the State.

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TABLE 6
Average Household Size for Occupied Units for Township, County, and State

Jurisdiction	All Occupied Units	Owner-occupied units	Renter-occupied units
Andover Township	2.80	2.86	2.46
Sussex County	2.80	2.92	2.27
New Jersey	2.68	2.81	2.43

Source: 2000 U.S. Census, SF-1 for Township, County, and State, DP-1.

The distribution of bedrooms per unit, shown in Table 7, indicates that the Township contained fewer small units (0-3 bedroom) than the County or State in 2000, and more large units (4 or more bedroom) than either the County or State.

TABLE 7
Percentage of All Units by Number of Bedrooms

Jurisdiction	None or one	Two or Three	Four or More
Andover Township	8.8	59.2	31.9
Sussex County	9.6	64.5	25.8
New Jersey	18.3	59.2	22.6

Source: 2000 U.S. Census, SF-3 for Township, County, and State, QT-H4.

In addition to data concerning occupancy characteristics, the 2000 Census includes a number of indicators, or surrogates, which relate to the condition of the housing stock. These indicators are used by the Council on Affordable Housing (COAH) in calculating a municipality's deteriorated units and indigenous need. In the first Two Rounds of COAH's fair share allocations (1987-1999), COAH used seven indicators to calculate indigenous need: age of dwelling; plumbing facilities; kitchen facilities; persons per room; heating fuel; sewer; and, water. In the Round Three rules, COAH has reduced this to three indicators, which in addition to age of unit with more than 1 person per room (Pre-1940 units in Table 2), are the following, as described in COAH's rules.

Plumbing Facilities Inadequate plumbing is indicated by either a lack of exclusive use of plumbing or incomplete plumbing facilities.

Kitchen Facilities Inadequate kitchen facilities are indicated by shared use of a kitchen or the non-presence of a sink with piped water, a stove, or a refrigerator.

Table 8 compares the Township, County, and State for the above indicators of housing quality. The Township had fewer units with inadequate plumbing and kitchen facilities than the County or State and fewer overcrowded units than the County and State.

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TABLE 8
Housing Quality for Township, County, and State

Condition	%		
	Andover Township	Sussex County	New Jersey
Inadequate plumbing ¹	0	.2	0.7
Inadequate kitchen ¹	0	.3	0.8
Persons per Room	.9	1.1	1.1

Notes: ¹The universe for these factors is all housing units.

Source: 2000 U.S. Census, SF-3 for Township, County, and State QT-H4.

The last factors used to describe the municipal housing stock are the housing values and gross rents for residential units. With regard to values, the 2000 Census offers a summary of housing values, seen in Table 9, which indicate that 60% of all residential properties in the Township were valued between \$150,000 and \$299,000 with a median value of \$164,600.

TABLE 9
Value of Owner Occupied Residential Units

Value	Number of Units	%
\$0 – 50,000	6	.4
\$50,000 – 99,999	119	8.2
\$100,000 – 149,999	457	31.6
\$150,000 – 199,999	366	25.3
\$200,000 – 299,999	283	19.6
\$300,000 – 499,999	199	13.8
\$500,000 – 999,999	17	1.2
\$1,000,000 +	0	0

Source: 2000 U.S. Census, SF-3 for Township, County, and State, DP-4.

The data in Table 10 indicate that in 2000 virtually all housing units rented for more than \$500/month (87%) with the largest percentage, 37.9%, found between \$1,000 and \$1,499 per month, and 11.3% of the units renting for more than \$1,500/ month.

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TABLE 10
Gross Rents for Specified Renter-Occupied Housing Units¹

Monthly Rent	Number of Units	%
Under \$200	0	0
\$200 – 299	5	1.8
\$300 – 499	7	2.5
\$500 – 749	43	15.1
\$750 – 999	66	23.1
\$1,000 – 1,499	108	37.9
\$1,500 or more	32	11.3
No Cash Rent	24	8.4

Note: Median gross rent for Andover Township is \$1,033.

Source: 2000 U.S. Census, SF-3 for Township, QT-H12.

The data in Table 11 indicate that in 2000 there were 225 renter households earning less than \$35,000 annually. At least 140 of these households were paying more than 30% of their income for rent; a figure of 30% is considered the limit of affordability for rental housing costs.

TABLE 11
Household Income in 1999 by Gross Rent
as a Percentage of Household Income in 1999¹

Income	Number of Households	Percentage of Household Income					Not computed
		0 – 19%	20 – 24%	25 – 29%	30 – 34%	35% +	
< \$10,000	18	0	0	0	0	18	0
\$10,000 – 19,999	47	0	0	7	19	21	0
\$20,000 – 34,999	160	26	13	39	0	82	0
\$35,000 +	161	55	12	22	13	59	0

Note: ¹The universe for this Table is specified renter-occupied housing units.

Source: 2000 U.S. Census, SF-3 for Township, QT-H13.

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Analysis of Demographic Characteristics

As with the inventory of the municipal housing stock, the primary source of information for the analysis of the demographic characteristics of the Township's residents is the 2000 U.S. Census. The Census data provide a wealth of information concerning the characteristics of the Township's population in 2000.

The 2000 Census indicates that the Township had 6,033 residents, or 595 more residents than in 1990, an 11% increase. The Township's 11% increase in the 1990's compares to a 10% increase in Sussex County and an 8% increase in New Jersey.

The age distribution of the Township's residents is shown in Table 12. The age classes remain relatively evenly split between males and females with a predominance of males in the age range of 0-19 and a female predominance in the 70 and over range.

**TABLE 12
Population by Age and Sex**

Age	Total Persons	Male	Female
0-4	389	215	174
5 - 19	1,210	614	596
20 - 34	859	418	441
35 - 54	2,042	1,010	1,032
55 - 69	771	388	383
70 +	762	244	518
Total	6,033	2,889	3,144

Source: 2000 U.S. Census, SF-1 for Township, QT-P1.

Table 13 compares the Township to the County and State for the same age categories. The principal differences among the Township, County, and State occurs the age categories 20-34 where the Township had a lower percentage of population located in those cohorts. The Township had a higher percentage of persons over 70 than the County or State.

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TABLE 13
Comparison of Age Distribution for Township,
County, and State (By percentage of persons)

Age	Andover Township	Sussex County	New Jersey
0-4	6.4	6.8	6.7
5 - 19	20.1	23.2	20.4
20 - 34	14.2	16.2	19.9
35 - 54	33.8	35.6	30.9
55 - 69	12.8	11.5	12.4
70 +	12.6	6.5	9.7
Median	40.2	37.1	36.7

Source: 2000 U.S. Census, SF-1 for Township, County, and State. QT-P1.

Table 14 provides the Census data on household size for the Township, while Table 15 compares household sizes in the Township to those in Sussex County and the State. The Township had a lower percentage of households with 6 or more persons but a higher percentage of households with 2 to 3 persons than the County or State.

TABLE 14
Persons in Household

Household Size	Number of Households
1 person	304
2 persons	649
3 persons	369
4 persons	336
5 persons	177
6 persons	40
7 or more persons	14

Source: 2000 U.S. Census, STF-1 for Township, QT-P10.

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TABLE 15
Comparison of Persons in Household for Township,
County, and State (By percentage of households)

Household Size	Andover Township	Sussex County	New Jersey
1 person	16.1	18.9	24.5
2 persons	34.4	31	30.3
3 persons	19.5	18.4	17.3
4 persons	17.8	19.4	16.0
5 persons	9.4	8.8	7.5
6 persons	2.1	2.6	2.7
7 or more persons	.7	.9	1.7
Persons per household	2.80	2.80	2.68

Source: 2000 U.S. Census, SF-1 for Township, County, and State, QT-P10.

Table 16 presents a detailed breakdown of the Township's population by household type and relationship. There were 1,500 family households in the Township and 389 non-family households; a family household includes a householder living with one or more persons related to him or her by birth, marriage, or adoption, while a non-family household includes a householder living alone or with non-relatives only. In terms of the proportion of family and non-family households, the Township had more family households than the County or State (79% for the Township, 76% for the County, and 70% for the State).

TABLE 16
Household Type and Relationship

	Total
In family Households:	1,500
Married	1,283
Child	751
In Non-Family Households:	389
Male householder:	189
Living alone	140
Not living alone	49
Female householder:	200
Living alone	164
Not living alone	36
In group quarters:	750
Institutionalized:	681
Nursing homes	681
Non-institutionalized	69

Source: 2000 U.S. Census, SF-3 for Township, QT-P11 and QT-P12.

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Table 17 provides 1999 income data for the Township, County, and State. The Township's per capita and median incomes were higher than those of the County and State. The definitions used for households and families in Table 17 are similar to those identified in the description of Table 16, so that the households figure in Table 17 includes families.

TABLE 17
1999 Income for Township, County, and State

Jurisdiction	Per Capita Income	Median Income	
		Households	Families
Andover Township	\$29,180	\$75,702	\$78,439
Sussex County	\$26,992	\$65,266	\$73,335
New Jersey	\$27,006	\$55,146	\$65,370

Source: 2000 U.S. Census, SF-3 for Township, County, and State, DP-3.

Table 18 addresses the lower end of the income spectrum, providing data on poverty levels for persons and families in 2000. The determination of poverty status and the associated income levels were based on the cost of an economy food plan and ranged from an annual income of \$9,570 for a one-person family to \$32,390 for an eight-person family (three-person family is \$16,090) (determined for 2005). According to the data in Table 18, the Township has proportionately fewer persons and families qualifying for poverty status than the County and State. The percentages in Table 18 translate to 186 persons and 20 families in poverty status. Thus, the non-family households have a larger share of the population in poverty status.

TABLE 18
Poverty Status for Persons and Families for Township, County, and State (By percentage with 1999 income below poverty)

Jurisdiction	Persons (%)	Families (%)
Andover Township	3.5	1.3
Sussex County	4	2.8
New Jersey	8.5	6.3

Source: 2000 U.S. Census, SF-3 for Township, County, and State, DP-3.

The U.S. Census includes a vast array of additional demographic data that provide interesting insights into an area's population. For example, Table 19 provides a comparison of the percent of persons who moved into their homes in 1995; this is a surrogate measure of the mobility/stability of a population. The data indicate that the percentage of year 2000 Township residents residing in the same house in 1995 was less than that of the County and the State.

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TABLE 19
**Comparison of Place of Residence for Township,
County and State (1995)**

Jurisdiction	Percent living in same house in 1995
Andover Township	56.7
Sussex County	64
New Jersey	59.8

Source: 2000 U.S. Census, SF-3 for Township, County, and State, QT-H7.

Table 20 compares the educational attainment for Township, County, and State residents. The data indicated that more Township residents achieved a high school diploma or higher than the State with more attaining a bachelor's degree than the County.

TABLE 20
**Educational Attainment for Township,
County, and State Residents (Persons 25 years and over)**

Jurisdiction	Percent (%) high school graduates or higher	Percent (%) with bachelor's degree or higher
Andover Township	84.2	28.6
Sussex County	89.8	27.2
New Jersey	82.1	29.8

Source: 2000 U.S. Census, SF-3 for Township, County, and State, DP-2.

The 2000 Census also provides data on the means of transportation which people use to reach their place of work. Table 21 compares the Census data for the Township, County, and State relative to driving alone, carpooling, using public transit, and using other means of transportation. The Township had a relatively high percentage of those who drive alone, and a relatively low percentage of workers who carpool or use public transit. Of the 4.4% of workers who resided in the Township and used other means of transportation to reach work, 107 workers worked at home and 6 workers walked to work.

TABLE 21
**Means of Transportation to Work for Township,
County and State Residents (Workers 16 years old and over)**

Jurisdiction	Percent who drive alone	Percent in carpools	Percent using public transit	Percent using other means
Andover Township	84.4	10	1.1	4.4
Sussex County	83.9	9.4	1.4	5.3
New Jersey	73	10.6	9.6	6.8

Source: 2000 U.S. Census, SF-3 for Township, County, and State, DP-3.

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Analysis of Employment Characteristics

Of those in the labor force, the largest concentration as of the 2000 Census was in the Management, professional, and related occupations with 45.7 percent. Sales and office occupations at 28.5 percent constituted the next highest category (Table 22).

TABLE 22
Year 2000: Employment Civilian Population
16 years and over

Occupation	Number	Percent
Management, professional, and related occupations	1,288	45.7
Service occupations	271	9.6
Sales and office occupations	804	28.5
Farming, fishing, and forestry occupations	0	0
Construction, extraction, and maintenance occupations	200	7.1
Production, transportation, and material moving occupations	254	9.0

Source: U.S. Census

Local employment within Andover Township is distributed across a range of business and professional entities as detailed in Table 23.

TABLE 23
Township of Andover
Local Employment Entities: 2003

Type of Business / Industry	Number
Construction	6
Manufacturing	3
Wholesale trade	4
Retail trade	6
Finance and insurance	3
Professional and technical services	6
Administrative and waste services	3
Accommodation and food services	6
Other services, except public administration	6
Local Government Total	6

Source: NJ Dept. of Labor & Workforce Development

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FAIR SHARE PLAN

Overview

The Township of Andover has a prior round obligation of 55 units and a Third Round projected obligation of 137 units for a total Fair Share obligation of 192 units (Table 24). The Township will fully address the prior round obligation and the “actual” growth share obligation which is derived from the certificates of occupancy issued for both residential and non-residential development from January 1, 2004 to July 2008. The remaining affordable housing obligation will be required commensurate with additional growth.

TABLE 24
Total Municipal Fair Share Obligation

Prior round obligation	55
Third round obligation (a)	137
Rehabilitation obligation	0
TOTAL FAIR SHARE OBLIGATION	192

- (a) The Third Round obligation is based upon COAH growth projections of 456 new residential units and 732 additional jobs by December 31, 2018. The 456 units are divided by 5 to determine the residential portion of affordable housing which is 91.2 [$456 \div 5 = 91.2$]. New jobs are divided by 16 to determine the non-residential affordable housing obligation as follows: [$732 \div 16 = 45.7$]. Combined, the two figures equal 136.9 which is rounded up to 137.

Prior Round

Andover Township will fully address its prior round obligation with a combination of existing and proposed affordable housing and rental bonus credits as indicated in Table 25, below.

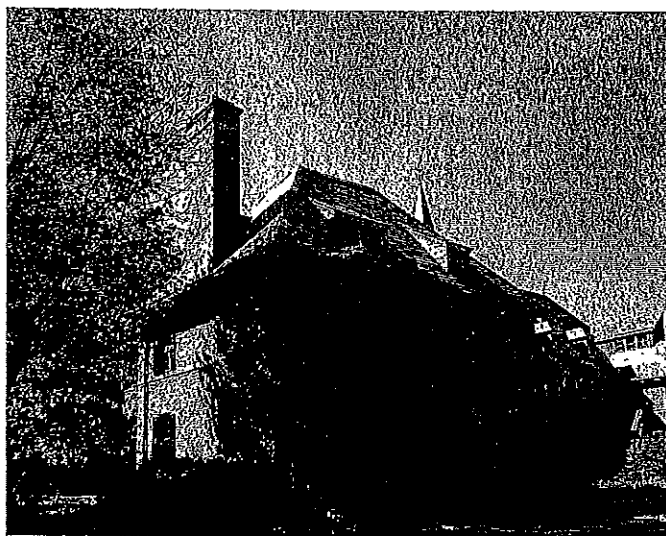
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TABLE 25
Allocation of Units and Credits
to Address Prior Round Obligation

Project Name	Project Type	Units / Bedrooms
Pal's House	Supportive / special needs housing	4
Rannou site	100 percent affordable / Age-restricted rental	14
St. Paul's Abbey	Municipally sponsored 100 percent affordable / Family rental	23
Rental bonus credit*	Note: All of the above units / bedrooms are classified as rentals	14
TOTAL		55

* Rental bonus credit is limited to the prior round rental obligation which is 14 units [55 x .25 = 14].

The prior round obligation will be satisfied with one at existing group home (now referred to as "supportive/special needs" housing) having four bedrooms which are eligible for credit. In addition the Township is moving ahead with a municipally sponsored 100 percent affordable project with the proposed conversion of a former seminary building /retreat house owned by St. Paul's Abbey located on Block 153, Lot 35 situate on 21 acres (photo, below). The building in questions consists of 24,778 square feet with frontage on the southbound side of State Highway 206.



Sanitary sewerage service is available via a new connection to the existing treatment facility serving the Benedictine monks living quarters, house of worship and related facilities located on the northbound side of Route 206. Potable water will be provided with a new well or a connection to an existing system serving the aforementioned facilities on the opposite side of the highway. The conversion of the existing building is anticipated to provide 24 units. A new building is also proposed to provide an additional 17 units for a total of 41 low and moderate incomes at this location.

Andover Township has conducted a preliminary feasibility analysis through the services of a professional architect and the Township Engineer and has entered into a Lease Agreement with the Benedictine Order, a copy of which is attached as Exhibit A. The Township has also engaged in

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extensive consultations with Homeless Solutions, a non-profit affordable housing provider based in Morristown, NJ which has a demonstrated record of achievement in bringing affordable units on line and managing same once occupied.

A second location proposed for 100 percent affordable housing is the Rannou tract which is comprised of lots 2, 3, and 7 in Block 146 and is owned by Krista and Christopher Rannou. The land in question consists of approximately 13 acres with frontage on Stickles Pond Road as depicted in Exhibit B. It is the intention of Andover Township to rezone this site for the purpose of creating an affordable housing district. A draft Agreement in this regard is attached as Exhibit C.

Rental Obligation

COAH requires that at least 25 percent of the prior round units be rentals based upon the following formula:

- [5:97-3.10 (b)1] The rental requirement for the prior round obligation shall be based on the following formula: $\text{Rental requirement} = 25\%(\text{Prior round obligation} - \text{Prior cycle credits} - \text{Impact of 20\% cap} - \text{Impact of the 1000 unit limitation})$
- $.25(55) = 13.75$ rounded to 14
- Minimum prior round rental obligation = 14 units

The four-bedroom group home qualifies for this category as do all the proposed units at the Abbey and Rannou sites. For the purpose of satisfying the 14 unit rental obligation this Plan identifies the four bedrooms in the group home along with ten units in the Abbey project. As such the Township is eligible for 14 rental bonus credits which are capped at the rental unit obligation under the prior round rules.

Third Round

As indicated above the projected affordable housing obligation for the Third Round is 137 units. COAH rules require that the Third Round affordable housing obligation meet specific thresholds with regard to certain categories which are presented below together with the applicable numerical targets.

- Family unit obligation: $137 \times .5 = 68.5$ rounded to 69 units.
- Rental obligation: $137 \times .25 = 34.25$ rounded to 34 units.
- Family rental obligation: $34 \times .5 = 17.1$ rounded to 17 units
- Very low income obligation: $137 \times .13 = 17.8$ rounded to 18 units.

(Note: The very low income requirement is imposed by P.L. 2008, ch. 46)

In addition, COAH rules permit low and moderate income age-restricted units to be eligible for credit up to 25 percent of the Third Round total obligation. Likewise bonus credits are

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available subject to the provisions set forth in N.J.A.C. 5:97 1-1 et seq. up to 25 percent of the total Third Round obligation. Hence, Andover Township may include up to 34 age-restricted units and may incorporate bonuses up to 34 credits in the Plan, as follows:

- Maximum permitted age-restricted units: $137 \times .25 = 34.25$ rounded to 34 units.
- Maximum permitted bonus credits: $137 \times .25 = 34.25$ rounded to 34 credits.

Actual Growth Share

Between January 1, 2004 and July 31, 2008 the Township's Construction Code Official issued 80 certificates of occupancy for new residential units, all of which were single family, detached dwellings. This generates an affordable housing obligation of 20 units since none of the developments in question provided affordable units [$80 \div 4 = 20$]. In addition, certificates of occupancy were issued for various commercial projects e.g. office, retail, storage facilities which, based on COAH's ratio of one affordable unit for every 16 new jobs created generated an affordable housing obligation of 6.9 units, rounded to 7 units (Table 26). Hence the "actual" growth share obligation as of July 2008 was 27 units. The Township will address its actual growth share with a combination of existing and proposed affordable housing combined with a compliance bonus credit for the residential subdivision known as Mulford Road LLC, which received Preliminary Major Subdivision approval from the Planning Board on September 26, 2005, memorialized on November 7, 2006 (Revised Resolution: November 21, 2005), a copy is attached as Exhibit D. As indicated in Table 27, below, Andover Township seeks credit for 52 units and credits thus exceeding the actual growth share obligation as of the date of this Plan.

TABLE 26
Nonresidential Development
January 1, 2005 / July 31, 2008

Year	Use group	Total square feet	Square feet generating one affordable unit	Affordable units required
2004	Office	13,944	5,714	2.4
	Retail	480	9,412	0.05
2005	Office	1,728	5,714	0.3
	Assembly (A2)	5,580	5,000	1.1
	Hotel/motel	3,240	9,412	0.3
	Storage	5,000	16,000	0.3
2006	Office	8,196	5,714	1.4
2007	Office	5,500	5,714	0.9
	Storage	3,000	16,000	0.2
TOTAL				6.95

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TABLE 27
Allocation of Units and Credits to Address "Actual" and
Near Term Growth Share Obligation for Third Round

Project Name	Project Type	Units
Rannou site	100 percent affordable / Family rental	16
St. Paul's Abbey	Municipally sponsored 100 percent affordable / Family rental	18
Mulford Road	Family*	4
Market to Affordable Program	-----	10
Subtotal		48
Mulford Road	Compliance Bonus	4
TOTAL		52

* As of this Plan date it has not yet been determined if the units will be rental or ownership in nature.

Third Round Remaining Obligation

As indicated in Table 27, above, Andover Township anticipates development approvals and/or actual construction for 48 units and 4 compliance bonus credits to be in place by the time of the first Plan evaluation pursuant to N.J.A.C. 5:96-10.1. In the event growth occurs in Andover Township as projected by COAH the remaining 85 units [$137 - 52 = 85$] will be addressed in an implementation schedule. The total third round rental obligation is 34 units which are satisfied by the 16 units at the Rannou site and the 18 units at St. Paul's Abbey consequently any additional rental units will be eligible for rental bonus credits not to exceed 30 credits. (The total bonus credits eligible for the Third Round is 34 of which 4 credits for a compliance bonus are sought for the Mulford Road residential subdivision.) Accordingly, if 30 additional low and moderate income rental units come on line, each unit will provide two credits.

It is the intention of Andover Township to address the remaining obligation, as it becomes necessary, through a variety of mechanisms including new supportive/special needs housing, additional municipally sponsored and 100 percent affordable developments, potential redevelopment areas, and other innovative approaches pursuant to N.J.A.C. 5:97-6.16. Documentation to support such efforts will be submitted in accordance with the time provisions set forth in N.J.A.C. 5:97-3.2 (a) 4, iv.

To this end the Township is in the process of exploring an option for a third building on the Abbey site to provide additional affordable rental units. In addition to the proposed 41 units scheduled for the existing and new building, this third structure might allow for 8-to-10 additional units, subject to the capacity of the existing sanitary sewerage treatment facility.

Andover Township, Sussex County
Housing Element / Fair Share Plan
December 16, 2008

SPENDING PLAN

A Spending Plan prepared in accordance with the model plan provided by COAH will be submitted as part of this petition.

Andover Township, Sussex County
Housing Element / Fair Share Plan
December 16, 2008

EXHIBIT A

LEASE AGREEMENT

This Agreement, made this _____ day of _____, 2008, between ST. PAUL'S ABBEY, with its principal office located at _____, hereinafter designated LESSOR, and the TOWNSHIP OF ANDOVER with its principal offices located at 134 Newton Sparta Road, Andover, New Jersey, 07860, hereinafter designated LESSEE. The LESSOR and LESSEE are at times collectively referred to hereinafter as the "Parties" or individually as the "Party".

1. **ENTITIES:** The parties agree that the Township of Andover is the responsible party or LESSEE for the premises. The parties understand and recognize that a developer will likely be named as a Sub-lessee of the premises. The developer and the Sub-Lease Agreement shall be presented to the Abbey for its review and approval. However, such approval shall not be unreasonably withheld.

Further, the parties also agree that as a result of various governmental funding applications for financial assistance, that other entities may be required or be established and made part of this agreement. The Township represents that the LESSOR will cooperate with such governmental funding requests to the fullest extent possible. The municipality may in the course of obtaining appropriate governmental funding request answers and information from the Abbey and would request that the response to such information be considered as "Time of the Essence" and prompt replies within 60 days, wherever possible, will be provided. However, it may in no way relieve the Township of Andover from its responsibility to this Lease Agreement and under such circumstances such requests for structural changes to the lease in order to obtain governmental funding shall not be unreasonably withheld.

a. **PREMISES; PAYMENT** LESSOR hereby leases to LESSEE the building and property located at Route 206 South, Township of Andover, County of Sussex, State of New Jersey, and being described as a parcel containing a building of 24,778 square feet (excluding the basement and attic). The Property is also shown on the Tax Map of the Township of Andover, and is a certain portion of property designated as Block 153, Lot 35 and is further described in Deed Book _____ at Page _____ as recorded in the Office of Sussex County Clerk. The property is intended to be used by the LESSEE strictly as affordable housing rental units which shall be in full compliance with the Counsel of Affordable Housing's (COAH) rules and regulations. The LESSOR shall be paid a non-refundable sum of five-thousand (\$5,000) dollars by the LESSEE for entering into this Agreement, and reserving the exclusive right to proceed with this Agreement, in addition to the amounts further set forth in this Agreement.

b. The Township shall have the right to construct on the premises in the existing stone building affordable housing units. The lease shall provide the Township with the right to utilize the Stone Building which is set forth on the

attached Schedule with the primary purpose of Affordable Housing. It is estimated at this time that it will encompass approximately 24 Affordable Housing Units. The Township may determine under Affordable Housing Regulations that it may construct either more or less Affordable Units which shall be permissible as long as they are within the appropriate Affordable Housing Guidelines. The location of the facility is set forth on the attached Schedule or concept prepared by Joseph Golden, Andover Township Engineer. The actual location and specifications shall be presented to the Abbey, the LESSOR, for approval and such approval shall not be unreasonably withheld. The leasing terms of such additional facility shall be governed by the terms of this Lease Agreement.

c. The LESSEE shall have the right to construct another affordable housing facility or building that shall contain approximately 17 Affordable Housing Units. Here again, the Township shall be permitted to construct fewer or more than the approximate 17 Affordable Units, provided that it is within the Affordable Housing Guidelines. The majority of units shall be comprised of 2 and 3 bedroom units. The total square footage of the new facility shall not exceed 20,000 square feet. The Abbey must approve the location of the proposed new building. Such approval shall not be unreasonably withheld.

d. The Township shall have the right to lease eight (8) acres of land. A survey shall be incorporated as part of this Lease which shall exclude the existing residents on the property of the leased area. (See attached area that designates the approximate leased area. This will be supplemented by a final survey and legal description subject to the approval of the LESSOR.) At the conclusion of due diligence, the Township shall proceed and obtain a subdivision of the leased eight (8) acres of land.

e. The LESSOR shall be provided with a copy of all plans, applications, maps and other documents submitted to all governmental agencies. The Abbey must approve such plans and such approval shall not be unreasonably withheld.

f. The LESSEE shall be permitted to utilize, in order to subsidize income or reduce expenses, the property in question and incidental type uses all at its own cost and all improvements which shall ultimately be turned over and be the property, at the conclusion of the lease term, of the LESSOR. Examples of such incidental accessory uses are solar or alternative sources of heating and energy on the site for the premises; communication and other such infrastructure all of which shall be the responsibility of the LESSEE. Such monies or cost savings will be dedicated to this project and any improvements will ultimately be the property of the LESSOR at the conclusion of the lease.

2. TERM; RENTAL PAYMENTS. This Agreement shall be effective as of the date of execution by both Parties and the term shall be for forty-five (45) years and shall commence on the date the due diligence period has concluded.

LEASE RENTAL PAYMENTS: The amount of rent to be paid by the LESSEE during the term of this Lease shall be as follows:

- A. Upon execution of this Lease Agreement: \$5,000.
- B. Years 1 through 5: No Rental Payment shall be made. Except in the event of occupancy of tenants during such time period, a prorated rent shall be paid to the Abbey based upon 100% occupancy of \$2000 per month. For example, 50% of the units are leased during years 1 through 5, then on the 1st of the following month, rent shall be paid in the amount of \$1,000.
- C. Years 6 through 10: The sum of \$2,000 per month.
- D. Years 11 through 20: The sum of \$2,500 per month.
- E. Years 21 through the end of the term: \$3,000 per month.

For years 21 through end of the term, the rent shall be adjusted upward based upon the Urban Consumer Price Index as published in the Wall Street Journal or if not available, another recognized source, in effect on the first day of year 21. The Township shall submit quarterly reports to the Abbey during years 1 through 5.

The LESSEE shall be responsible for the maintenance, repair and upkeep of the facilities and the buildings shall be turned over to the Abbey at the conclusion of the Lease Term in habitable condition, except for normal wear and tear.

3. DUE DILIGENCE: The parties recognize that there are a number of critical areas to be investigated and information necessary prior to the construction of the Affordable Housing facilities. To that extent, this Lease shall have a due diligence period for the Township of Andover for a period of one (1) year from the date of execution of the Agreement. During such time the LESSEE shall, at its own expense, undertake the following due diligence investigations in order to insure the financial stability and ability to construct such Affordable Housing Units. If, prior to the conclusion of the one (1) year due diligence period it is determined by the LESSEE that the project is not feasible, the Township shall have the unilateral right to terminate the Lease Agreement at no additional cost or commitment.

The Township may exercise its discretion to undertake due diligence for some or all of the aforementioned analysis. The Township shall have the obligation to proceed in good faith with due diligence. However, at the conclusion of such due diligence period, the Township has the unilateral ability to decide not to proceed with this project and, under such circumstances, does not have to have any specific reason but for the fact that it is not satisfactory to the Mayor and Township Committee. The LESSOR shall be provided with all due diligence documentation and the Abbey shall not incur any costs for such information. The due diligence may include, but not be limited to, the following:

- A. A market study;
- B. Analysis of infrastructure including sanitary sewer and water to the site;

- C. Environmental analysis of the facility and cost of any potential remediation;
- D. Architectural plans review;
- E. Approval of this Agreement by the Council of Affordable Housing or the Office of the Attorney General so that this Agreement qualifies for Affordable Housing credits to the Township of Andover;
- F. Study to obtain appropriate tax credits or funding for the project in order to insure its financial feasibility.
- G. Testing for the presence of an oil tank on the premises.
- H. Environmental investigations.
- I. Survey of the property.
- J. The LESSEE and its designees shall have the right to access the said property at any reasonable time to conduct appropriate due diligence investigations. The LESSEE shall hold the LESSOR harmless for any injuries that occur for such access to the premises provided that any injuries were not caused by the LESSOR.

It is estimated that the costs of such investigations shall be in the amount of \$100,000 and that cost shall be the sole responsibility of the Township of Andover. If at the conclusion of the one (1) year due diligence period the Township does not exercise its right to terminate this agreement, then the due diligence period shall have concluded and the obligations of this lease shall remain in full force and effect.

4. EXTENSIONS. This Agreement may not be extended by either of the parties, unless by mutual agreement, in writing. At the end of the forty-five (45) year term, the property, including any and all interests and improvements of same, shall revert back to the LESSOR. There shall be no outstanding Lease Agreements or Tenants at such time, unless authorized and approved by the LESSOR. The parties however will work to coordinate appropriate terminations of such lease terms so that the facility does not become vacant prior to the forty-fifth (45th) year.

5. USE; GOVERNMENTAL APPROVALS. LESSEE shall use the Premises for the purpose of constructing and maintaining, the proposed affordable housing units and uses incidental thereto. It is expressly understood that the LESSEE shall ensure that each affordable housing rental unit complies with the Fair Housing Act, N.J.S.A. 52:27D-301 et seq. as well as the rules, regulations and obligations promulgated by the Council of Affordable Housing (COAH) as set forth under N.J.A.C. 5:91 et seq. and that each unit duly qualifies as an affordable housing unit pursuant to such rules, regulations and obligations. It is further agreed that the primary use of the premises by the LESSEE shall not be for any other type of housing on the premises except for the affordable housing rental units as described above and further described throughout this Agreement.

In addition, it is understood and agreed that LESSEE's ability to use the Premises is contingent upon its entering into a lease agreement with a qualified developer for the construction of the affordable rental units in full compliance with the rules, regulations and obligations of COAH. In addition, it is further understood and agreed that LESSEE's ability to use the Premises is contingent upon its obtaining, after the execution date of this Agreement, all applicable certificates, permits and other approvals (collectively the "Governmental Approvals") that may be required by any Federal, State or Local authorities as well as satisfactory soil boring tests, if applicable, which will permit LESSEE's use of the Premises as set forth above. LESSOR shall cooperate with LESSEE in its effort to obtain such approvals and shall take no action which would adversely affect the status of the Property with respect to the proposed use thereof by LESSEE. In the event that (i) any of such applications for such Governmental Approvals should be finally rejected; (ii) any Governmental Approval issued to LESSEE is canceled, expires, lapses, or is otherwise withdrawn or terminated by governmental authority; (iii) LESSEE determines that such Governmental Approvals may not be obtained in a timely manner; (iv) LESSEE determines that any soil boring tests are unsatisfactory; (v) LESSEE determines that the Premises is no longer technically compatible for its use, or (vi) LESSEE, is unable to enter into a lease with a qualified developer within eighteen (18) months of the execution of this Agreement, LESSEE shall have the right to terminate this Agreement. Notice of LESSEE's exercise of its right to terminate shall be given to LESSOR in writing by certified mail, return receipt requested, and shall be effective upon the mailing of such notice by LESSEE, or upon such later date as designated by LESSEE. Upon such termination, this Agreement shall be of no further force or effect except to the extent of the representations, warranties and indemnities made by each Party to the other hereunder. Otherwise, the LESSEE shall have no further obligations for the payment of rent to LESSOR.

a. Sewer Treatment: The Township shall be responsible for obtaining all approvals and making all physical connections to the Sanitary Sewer Plant including without limitations, approvals of the DEP, the BPU, the County MUA and if necessary, obtaining an appropriate amendment to the County Wastewater Management Plan. The LESSEE shall maintain the sewer and water systems for the site providing they are being utilized by the LESSEE. In the event the LESSOR expands or changes its use in a significant way, then the LESSOR, or its successors and/or assigns, must pay a pro-rata share for such use.

b. Water Supply: The LESSEE shall be responsible for appropriate and acceptable connection to water system. The municipality shall conduct appropriate tests on the existing water system and shall provide a certification that the existing water system is adequate to provide a potable water supply for both the existing uses located on all the lands owned by St. Paul's Abbey which are connected to the water system, as well as the intended uses by the municipality for affordable housing. The tests and certification shall show that the infrastructure for the water supply is likewise adequate to serve all of the aforesaid uses. If the water system is adequate, then the municipality shall obtain the consent of St. Paul's Abbey to connect to the water system which consent shall not be unreasonably withheld. If the existing water system is inadequate, then the municipality is free to construct its own water system on the leased land. The LESSEE shall be

responsible for all sewer and water infrastructure that it utilizes which shall include but not be limited to, appropriate water for fire suppression. In the event that the LESSEE is to utilize the existing water system or sanitary sewer system that presently exists on the site, then it shall also maintain such infrastructure for the benefit and use of the Abbey, its successors and/or assigns. This responsibility shall be the LESSEE's throughout the term of the lease except in the event the LESSOR expands or changes the use of the premises or transfers title or rights in the remaining portion of the real estate owned by St. Paul's Abbey, then at such time the LESSOR, its successors and/or assigns shall remit an appropriate pro rata share for the use of such infrastructure.

c. If necessary, LESSEE shall be responsible for establishing or contracting with a sewer or water franchise at its own cost.

6. INDEMNIFICATION. Each Party shall indemnify and hold the other harmless against any claim of liability or loss from personal injury or property damage resulting from or arising out of the negligence or willful misconduct of the indemnifying Party, its employees, contractors or agents, except to the extent such claims or damages may be due to or caused by the negligence or willful misconduct of the other Party, or its employees, contractors or agents.

7. INSURANCE.

- a. Providing such action does not effect subrogation rights of an insurer, the Parties hereby waive and release any and all rights of action for negligence against the other which may hereafter arise on account of damage to the Premises or to the Property, resulting from any fire, or other casualty of the kind covered by standard fire insurance policies with extended coverage, regardless of whether or not, or in what amounts, such insurance is now or hereafter carried by the Parties, or either of them. Otherwise, such obligation shall not apply.
- b. LESSEE agrees that at its own cost and expense it will reimburse St. Paul's Abbey for the premiums for the insurance on the buildings within the leased area. This reimbursement would be for all insurance on buildings within the leased area including fire and extended coverage and liability insurance in amounts acceptable to both parties and for the full fair market value with replacement cost for the fire insurance with extended coverage. The reimbursement would also include general liability insurance with limits not less than \$5,000,000.00 for injury or death to one or more persons in any occurrence and \$3,000,000.00 for damage or destruction to the property in any one occurrence. The LESSEE shall be named, if permissible, as an additional insured. If LESSOR's insurance company does not permit LESSEE to be an additional insured, then LESSEE shall also maintain its own liability insurance with those limits. LESSEE shall also obtain its

own fire insurance, with extended coverage for the contents of the building or buildings which it leases. Said reimbursement shall be paid to LESSOR by LESSEE within 30 days of receipt of a request for reimbursement by LESSEE.

8. HOLDOVER. LESSEE has no right to retain possession of the Premises or any part thereof beyond the expiration of term of this Agreement, unless the Parties are negotiating a new lease or lease extension in good faith, and the parties both agree that since they are negotiating a new lease or extension in such good faith, the right to retain possession shall apply. In the event the LESSEE holds over in violation of this Agreement, then the rent then in effect payable from and after the time of the expiration shall be increased to one hundred and ten percent (110%) of the rent applicable during the month immediately preceding such expiration.

9. QUIET ENJOYMENT. LESSOR covenants that LESSEE, on paying the rent and performing the covenants herein, shall peaceably and quietly have, hold and enjoy the Premises.

10. TITLE. LESSOR represents and warrants to LESSEE as of the execution date of this Agreement, and covenants during the Term that LESSOR is seized of good and sufficient title and interest to the Property and has full authority to enter into and execute this Agreement. LESSOR further covenants during the Term that there are no liens, judgments or impediments of title on the Property, or affecting LESSOR's title to the same and that there are no covenants, easements or restrictions which prevent or adversely affect the use or occupancy of the Premises by LESSEE as set forth above. To the best of our knowledge, title restricts no residential housing. The LESSEE shall commence a title search for the property and the results of such search shall be provided to the LESSOR. The LESSOR shall then confirm that they are the rightful owner in fee of the property. [In the event it is determined that the LESSOR does not have the authority to enter into this agreement or that such agreement is not permissible or the LESSOR breaches this agreement it shall be responsible for all damages and costs that are available by law of the LESSEE.]

11. GOVERNING LAW. This Agreement and the performance thereof shall be governed, interpreted, construed and regulated by the Laws of the State of New Jersey. Any dispute shall be resolved in accordance with New Jersey Binding Arbitration Rules before a binding arbitrator.

12. ASSIGNMENT. This Agreement may not be sold, assigned or transferred without the written consent of the LESSOR, except that this Agreement may be assigned and/or transferred by the LESSEE to a qualified housing authority or management agency that specializes in maintaining affordable housing units, provided the Township guarantees such obligation. The consent of the LESSOR to such an assignment shall not be unreasonably withheld.

13. NOTICES. All notices hereunder must be in writing and shall be deemed validly given if sent by certified mail, return receipt requested or by commercial courier,

provided the courier's regular business is delivery service and provided further that it guarantees delivery to the addressee by the end of the next business day following the courier's receipt from the sender, addressed as follows (or any other address that the Party to be notified may have designated to the sender by like notice):

LESSOR: St. Paul's Abbey
P.O. Box 7
Newton, NJ

LESSEE: Township of Andover
Attn: Administrator
134 Newton-Sparta Road
Newton, NJ 07860-2746

Notice shall be effective upon actual receipt or refusal as shown on the receipt obtained pursuant to the foregoing.

14. SUCCESSORS. This Agreement shall extend to and bind the heirs, personal representative, successors and assigns of the Parties hereto.

15. DEFAULT.

a. In the event there is a breach by LESSEE with respect to any of the provisions of this Agreement or its obligations under it, including the payment of rent, LESSOR shall give LESSEE written notice of such breach. After receipt of such written notice, LESSEE shall have fifteen (15) days in which to cure any monetary breach and sixty (60) days in which to cure any non-monetary breach, provided LESSEE shall have such extended period as may be required beyond the sixty (60) days if the nature of the cure is such that it reasonably requires more than sixty (60) days and LESSEE commences the cure within the sixty (60) day period and thereafter continuously and diligently pursues the cure to completion. LESSOR may not maintain any action or effect any remedies for default against LESSEE unless and until LESSEE has failed to cure the breach within the time periods provided in this Paragraph.

b. In the event there is a breach by LESSOR with respect to any of the provisions of this Agreement or its obligations under it, LESSEE shall give LESSOR written notice of such breach. After receipt of such written notice, LESSOR shall have sixty (60) days in which to cure any such breach, provided LESSOR shall have such extended period as may be required beyond the sixty (60) days if the nature of the cure is such that it reasonably requires more than sixty (60) days and LESSOR commences the cure within the sixty (60) day period and thereafter continuously and

diligently pursues the cure to completion. LESSEE may not maintain any action or effect any remedies for default against LESSOR unless and until LESSOR has failed to cure the breach within the time periods provided in this Paragraph. Notwithstanding the foregoing to the contrary, it shall be a default under this Agreement if LESSOR fails, within sixty (60) days after receipt of written notice of such breach, to perform an obligation required to be performed by LESSOR if the failure to perform such an obligation interferes with LESSEE's ability to conduct its business on the Property; provided, however, that if the nature of LESSOR's obligation is such that more than five (5) days after such notice is reasonably required for its performance, then it shall not be a default under this Agreement if performance is commenced within such five (5) day period and thereafter diligently pursued to completion.

16. REMEDIES. Upon a default, the non-defaulting Party may at its option (but without obligation to do so), perform the defaulting Party's duty or obligation on the defaulting Party's behalf, including but not limited to the obtaining of reasonably required insurance policies. The costs and expenses of any such performance by the non-defaulting Party shall be due and payable by the defaulting Party upon invoice therefore. In the event of a default by either Party with respect to a material provision of this Agreement, without limiting the non-defaulting Party in the exercise of any right or remedy which the non-defaulting Party may have by reason of such default, the non-defaulting Party may terminate the Agreement and/or pursue any remedy now or hereafter available to the non-defaulting Party under the Laws or judicial decisions of the state in which the Premises are located; provided, however, LESSOR shall use reasonable efforts to mitigate its damages in connection with a default by LESSEE.

17. ENVIRONMENTAL. The LESSEE shall have the opportunity to perform a due diligence and Phase I Environmental Analysis on the subject property. The LESSEE shall not be responsible for any existing environmental obligations, compliance with any environmental or industrial laws, including regulations, guidelines, standards or policies of any governmental authority. The LESSEE shall obtain appropriate environmental insurance for this project at the conclusion of the due diligence period.

- a. LESSOR will be responsible for all existing obligations of compliance with any and all environmental and industrial hygiene laws, including any regulations, guidelines, standards, or policies of any governmental authorities regulating or imposing standards of liability or standards of conduct with regard to any environmental or industrial hygiene conditions or concerns as may now or at any time hereafter be in effect, that are or were in any way related to activity now conducted in, on, or in any way related to the Property, unless such conditions or concerns are caused by the specific activities of LESSEE in the Premises.

18. CASUALTY. In the event of damage by fire or other casualty to the Premises that cannot reasonably be expected to be repaired within one hundred-eighty (180) days following same or, if the Property is damaged by fire or other casualty so that such damage may reasonably be expected to disrupt LESSEE's maintenance at the Premises for more than one hundred-eighty (180) days, then LESSEE may, at any time following such fire or other casualty, provided LESSOR has not completed the restoration required to permit LESSEE to resume its operation at the Premises, terminate this Agreement upon fifteen (15) days prior written notice to LESSOR. Any such notice of termination shall cause this Agreement to expire with the same force and effect as though the date set forth in such notice were the date originally set as the expiration date of this Agreement and the Parties shall make an appropriate adjustment, as of such termination date, with respect to payments due to the other under this Agreement. Notwithstanding the foregoing, the rent shall abate during the period of repair following such fire or other casualty in proportion to the degree to which LESSEE's use of the Premises is impaired.

a. In the event construction commenced and it was abandoned, LESSEE shall have the obligation to restore the building to its present condition.

b. In the event there is any kind of casualty to the premises, the LESSOR shall make a good faith effort to restore the premises promptly. The LESSEE shall have appropriate insurance for relocation of the tenants of the property.

19. CONDEMNATION. In the event of any condemnation of all or any portion of the Property, this Agreement shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever occurs first. If as a result of a partial condemnation of the Premises or Property, LESSEE, in LESSEE's sole discretion, is unable to use the Premises for the purposes intended hereunder, or if such condemnation may reasonably be expected to disrupt LESSEE's operations at the Premises for more than forty-five (45) days, LESSEE may, at LESSEE's option, to be exercised in writing within fifteen (15) days after LESSOR shall have given LESSEE written notice of such taking (or in the absence of such notice, within fifteen (15) days after the condemning authority shall have taken possession) terminate this Agreement as of the date the condemning authority takes such possession. LESSEE may on its own behalf make a claim in any condemnation proceeding involving the Premises for losses related to the equipment, conduits, fixtures, its relocation costs and its damages and losses (but not for the loss of its leasehold interest). Any such notice of termination shall cause this Agreement to expire with the same force and effect as though the date set forth in such notice were the date originally set as the expiration date of this Agreement and the Parties shall make an appropriate adjustment as of such termination date with respect to payments due to the other under this Agreement. If LESSEE does not terminate this Agreement in accordance with the foregoing, this Agreement shall remain in full force and effect as to the portion of the Premises remaining, except that the rent shall be reduced in the same proportion as the rentable area of the Premises taken bears to the total rentable area of the Premises. In the event that this Agreement is not terminated by

reason of such condemnation, LESSOR shall promptly repair any damage to the Premises caused by such condemning authority.

20. SUBMISSION OF AGREEMENT/PARTIAL INVALIDITY/AUTHORITY.

The submission of this Agreement for examination does not constitute an offer to lease the Premises and this Agreement becomes effective only upon the full execution of this Agreement by the Parties. If any provision herein is invalid, it shall be considered deleted from this Agreement and shall not invalidate the remaining provisions of this Agreement. Each of the Parties hereto warrants to the other that the person or persons executing this Agreement on behalf of such Party has the full right, power and authority to enter into and execute this Agreement on such Party's behalf and that no consent from any other person or entity is necessary as a condition precedent to the legal effect of this Agreement, except the obligation to pay rent, right to occupy and right to get rent.

21. APPLICABLE LAWS. During the Term, LESSEE shall, at its sole cost and expense, maintain the Property in compliance with all applicable laws, rules, regulations, ordinances, directives, covenants, easements, zoning and land use regulations, and restrictions of record, permits, building codes, and the requirements of any applicable fire insurance underwriter or rating bureau, now in effect (including, without limitation, the Americans with Disabilities Act, the rules, regulations and obligations promulgated by the Council of Affordable Housing (COAH) as expressed under N.J.A.C. 5:91 et seq., the Fair Housing Act, N.J.S.A. 52:27D-301 et seq. and laws regulating hazardous substances) (collectively "Laws").

22. SURVIVAL. The provisions of the Agreement relating to indemnification from one Party to the other Party shall survive any termination or expiration of this Agreement. Additionally, any provisions of this Agreement which require performance subsequent to the termination or expiration of this Agreement shall also survive such termination or expiration.

23. CAPTIONS. The captions contained in this Agreement are inserted for convenience only and are not intended to be part of the Agreement. They shall not affect or be utilized in the construction or interpretation of the Agreement.

24. TAXES; UTILITY CHARGES; MAINTENANCE OF PREMISES. The LESSEE shall be responsible for all municipal taxes, maintenance, utility charges and such other costs relating to the maintenance and upkeep of the premises. The Township shall issue a tax bill for the leased area.

25. MORTGAGES. It is recognized and understood by the parties that in order to construct the premises, the parties shall obtain sufficient financial funding. The LESSOR however agrees that the only liens that shall be permitted with respect to the property shall be in conjunction with the improvements to the premises and the restrictions as to the use of such in accordance with Affordable Housing obligations during the term of this lease. Any such obligation shall be subject to the review of the LESSOR however, such approval shall not be unreasonably withheld. In the event of

default of the mortgage, Andover Township shall hold the Abbey harmless for any mortgage that is incurred in connection with this project. Andover Township shall make necessary payments or arrangements to insure that title to the subject real estate owned by St. Paul's Abbey shall not be lost by virtue of a mortgage foreclosure proceeding or tax foreclosure proceeding.

26. The LESSEE shall be responsible to obtain a site plan approval and approval of all governmental agencies for the construction of these buildings. The LESSEE shall be responsible for the removal of the old barn near the rear of the monastery building, the print shop where the big bell is presently located, the old chapel located on the right side of the original stone monastery building, as well as the removal of the green garage. The bell shall remain the property of the LESSOR. The LESSEE shall construct to Pole Barn on the east side of 206, at a location to be selected by the Abbey, to replace the green shed on the property for exclusive use of St. Paul's Abbey.

27. In the event that the leased property is primarily utilized for anything but Affordable Housing, the LESSEE shall have the right upon ninety (90) day notice of an opportunity to cure prior to termination the Lease Agreement.

28. At the conclusion of the Lease Agreement, there shall be no pending sub-lease agreements with any residents of the units. All improvements to the building and premises shall be turned over to St. Paul's Abbey without any liens and/or restrictions whatsoever.

29. In the event of bankruptcy by a sub-lessee, the Abbey, upon providing forty-five (45) days notice, may cancel the lease, unless the Township assumes responsibility for the entire sublease obligation.

30. The Abbey shall have the right to inspect the premises at reasonable times.

31. In the event that the LESSOR determines it wishes to sell the subject property, or any properties that are serviced by the infrastructure, the following conditions must be satisfied:

- A. The purchaser and/or sub-LESSEE must contribute its pro-rata share to the cost of the infrastructure, specifically the sanitary sewer and water service to the site.
- B. The LESSEE must be presented the proposal to sell the subject property and for a period of sixty (60) days and during such time the LESSEE shall have the right to exercise an option to purchase the property for the exact amount. LESSEE shall be provided with the proposed agreement for the purchase of the property by which such right will then begin to run for a period of sixty (60) days. If the LESSEE elects not to purchase the property, then the purchase of this property shall be subject to all of the terms and conditions contained herein.

32. License to Use Existing Driveway. If the existing driveway presently serving other buildings owned by the LESSOR is located within the leased area, the LESSEE shall have permission to continue to use said existing driveway for access to its existing building or buildings from State Route 206.

IN WITNESS WHEREOF, the Parties hereto have set their hands and affixed their respective seals the day and year first above written.

LESSOR:

By: _____

Its: _____

LESSEE:

By: _____

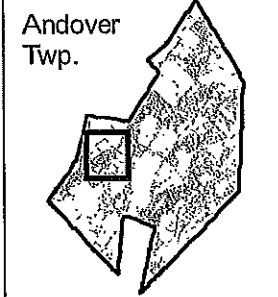
Its: _____

WITNESS

WITNESS

Andover Township, Sussex County
Housing Element / Fair Share Plan
December 16, 2008

EXHIBIT B

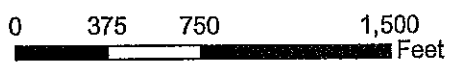
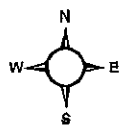


Rannou Track, Block 146 Lots 2, 3 and 7, Andover Township
 Sussex County, New Jersey

December 2008

Legend

-  Rannou Track
-  Parcel
-  Water
-  Wetlands



Data Sources:
 NJDEP, Sussex County

This map was developed using New Jersey Depta Environmental Protection Geographic Information digital data, but this secondary product has not been verified and is not State authorized.

BANISCH
 ASSOCIATES INC.
 Planning and Design

Andover Township, Sussex County
Housing Element / Fair Share Plan
December 16, 2008

EXHIBIT C

AGREEMENT

This Agreement, dated the day of , 2008,

BETWEEN:

KRISTA AND CHRISTOPHER RANNOU
Residing at

Hereinafter referred to as "Property Owners"

AND:

THE TOWNSHIP OF ANDOVER, a Municipal
Corporation of the State of New Jersey with
Offices located at 134 Newton-Sparta Road,
Newton, NJ 07860-2746

Hereinafter referred to as "Township"

WHEREAS, the Township of Andover has made a public and conscientious effort to secure Affordable Housing so that the Township may meet its requirements as set forth by the New Jersey Council on Affordable Housing and the New Jersey Fair Housing Act; and

WHEREAS, in conjunction with this effort, the Township has received attention by spearheading efforts to establish a Mayor's Land Development Committee and meeting with over a dozen major land owners in an attempt to encourage Affordable Housing sites throughout the Township; and

WHEREAS, the Township was contacted by Krista and Christopher Rannou who own property known as Block 146, Lot 2, located on Stickles Pond Road which consists of approximately 13.5 acres of land to discuss the possibility of designating such site as an Affordable Housing site within the Township;

WHEREAS, after further discussion and after the review of preliminary due diligence information, the Township believes that the 13.5 acre site which does not appear to contain any wetlands and the Property Owners have already completed soil logs to support Affordable Housing to the Township in the form of moderate or low income housing or, in the alternative, senior housing; and

WHEREAS, after further discussions and evaluation by the Township Attorney, Township Engineer, Township Planner, Mayor, Planning Board Chairman and Planning Board Attorney, recommendations were made by the Mayor's Land Development Committee to the Township Committee and the Land Use Board and Environmental Commission to in fact encourage the development of the aforementioned property as an Affordable Housing site.

NOW, THEREFORE, the Township and the Property Owners, in the spirit of developing Affordable Housing opportunities throughout the Township, hereby agree to the following with respect to property known as Block 146, Lot 2, Stickle Pond Road (hereinafter "Property"):

1. The Township will make every effort within its existing infrastructure to encourage that the Property be developed for Affordable Housing purposes.
2. The Township will review the zoning for the Property which is presently half-acre zoning and in fact encourage the Land Use Board to consider designating this property as an Affordable Housing site for the Township.
3. The Township will encourage the development of the Property which would consist of a minimum of twelve (12) to a maximum of forty (40) Affordable Housing Units on the premises.
4. The Property Owners represent that the project will in fact be in accordance with the New Jersey Fair Housing Act, also known as N.J.S.A. 52:27D-301, et seq.
5. The Township and the Property Owners have agreed that the minimum number of low and moderate income units on the Property will be twelve.
6. The Property Owners have voluntarily proposed the Property to be an Affordable Housing site and accordingly have agreed that the entire premises will be occupied by Affordable Housing which will be rented by the Property Owners, also known as "Rental Units".
7. The Property Owners agree to place a mandatory deed restriction for the Rental Units on the Property, a copy of the proposed restriction that is promulgated by the Council on Affordable Housing is enclosed herein as Exhibit A and is titled: "Deed-Restricted Affordable Housing Property with Restrictions on Resale and Refinancing".

8. The parties agree that as part of this initiative, the Property Owners are aware and understand that the Property will be subject to this permanent deed restriction for a term of thirty (30) years.

9. The Township and the Property Owners will come to an agreement as far as the "mix" or "allocation" of Fair Housing as to whether it would be low income or moderate income housing. However, the Property Owners do in fact guarantee that the project will contain one hundred percent (100%) Affordable Housing after agreement of the Property Owners and that Affordable Housing will be at a minimum of twelve (12) and a maximum of forty (40) units on the Property depending upon infrastructure and conditions for development. **The proposed allocation shall consist of sixty percent (60%) of the units as senior units, however the number of senior units shall not exceed eighteen (18).** Notwithstanding the allocation of such units, it shall be the Township Committee's ultimate determination within 180 days of this Agreement to allocate the appropriate percentage of low and moderate income Affordable Housing as well as senior or age-restricted housing.

10. Upon execution of this Agreement, the Property Owners shall, within one hundred twenty (120) days of this Agreement, **develop a concept plan** for development that shall be presented the Township's Land Use Board **or Mayor's Land Development Committee** for **discussion and review.**

- A. **Once a concept plan is favorably considered, the Township will within one hundred twenty (120) days make efforts to make necessary Land Use amendments.**
- B. **Within one hundred twenty (120) days of any Land Use amendments, the Property Owners will submit an application for development to the Andover Township Land Use Board.**

11. Within eighteen (18) months of this Agreement, the Property Owners shall commence construction with respect to such approved Affordable Housing application. In the event that the Property Owners fail to commence such efforts in accordance with this

Agreement, the Township shall have the right upon serving ninety (90) days notice to the Property Owners to terminate this Agreement.

12. The parties acknowledged that this project will be considered and incorporated as part of the Township's Fair Housing Plan that will be submitted to the Council on Affordable Housing no later than December 31, 2008.

13. The Township shall have no financial interest in this project and accordingly all revenues or rents received by the Property Owners in conjunction with this project shall not be of any interest or right of the Township.

14. This Agreement shall remain in effect for a term of two (2) years from the date of execution. At the end of the two (2) year period, if an application has not been approved by the Land Use Board that is consistent with this Agreement, the Township shall have the right to terminate same. In the event the development timeline set forth by this Agreement is not in accordance with paragraphs 10 and 11 of this Agreement, the Township, on ninety (90) days written notice shall have the right to terminate this Agreement **and amend its Affordable Housing Plan to remove the site from the Plan.**

15. Throughout the term of the Affordable Housing restrictions set forth and placed on the Property in accordance with the New Jersey Fair Housing Act, it shall be the Property Owners responsibility to maintain all Affordable Housing control and compliance and be solely responsible for this project.

16. The Property Owners agree that they shall conduct all of its operations and management of the project in accordance with the Uniform Housing Affordability Controls, N.J.A.C. 5:80-26.1 et seq. as they are in effect at the time of this Agreement and in accordance with requirements by the New Jersey Council on Affordable Housing in order to maintain such Affordable Housing credits.

17. The Property Owners agree to the terms of this Agreement and represent that they have been represented by legal counsel, Thomas Brady, Esq., on our behalf and have had

the opportunity to review and discuss this matter whereby sign this Agreement of their own free will and after consulting with legal counsel.

IN WITNESS WHEREOF, the parties have hereunto signed this Agreement the day and year above written.

ATTEST:

TOWNSHIP OF ANDOVER

Vita Thompson, Clerk

Gail Phoebus, Mayor

WITNESS:

Krista Rannou

Christopher Rannou

STATE OF NEW JERSEY:

: SS:

COUNTY OF SUSSEX :

I CERTIFY that on _____, 2008, **VITA THOMPSON** personally came before me and this person acknowledged under oath, to my satisfaction, that: (a) this person is the Clerk of the **TOWNSHIP OF ANDOVER**, the municipal corporation named in the attached document; (b) this person is the attesting witness to the signing of this document by the proper municipal officer who is **GAIL PHOEBUS**, the Mayor of the municipal corporation; (c) this document was signed and delivered by the municipal corporation as its voluntary act duly authorized by a proper resolution of the Committee; (d) this person knows the proper seal of the municipal corporation which was affixed to this document; and (e) this person signed this proof to attest to the truth of these facts.

Sworn and Subscribed to
before me this _____ day
of _____, 2008.

Vita Thompson, Clerk

(Notary sign, seal, stamp)

STATE OF NEW JERSEY,

: SS:

COUNTY OF SUSSEX :

I CERTIFY that on _____, 2008, **KRISTA RANNOU** and **CHRISTOPHER RANNOU** personally came before me and acknowledged under oath, to my satisfaction, that this person (or if more than one, each person):

- (a) is named in and personally signed the attached document; and
- (b) signed, sealed and delivered this document as his or her act and deed.

Andover Township, Sussex County
Housing Element / Fair Share Plan
December 16, 2008

EXHIBIT D

5-14 (revised)

ANDOVER TOWNSHIP PLANNING BOARD

RESOLUTION

DECIDED: SEPTEMBER 26, 2005

MEMORIALIZED: NOVEMBER 7, 2005

REVISED: NOVEMBER 21, 2005

**MEMORIALIZING RESOLUTION OF THE
PLANNING BOARD OF THE TOWNSHIP
OF ANDOVER GRANTING PRELIMINARY
MAJOR SUBDIVISION APPROVAL FOR
MULFORD ROAD, LLC, BLOCK 105, LOTS
6.01 & 12.02; BLOCK 105.01, LOT 7; BLOCK
105.02, LOT 12, BLOCK 72.03, LOT 1.02;
BLOCK 117, LOT 10.02**

WHEREAS, Applicant Mulford Road, LLC, applied for preliminary major subdivision approval for the property known as Block 105, Lots 6.01 & 12.02; Block 105.01, Lot 7; Block 105.02, Lot 12; Block 72.03, Lot 1.02; Block 117; Lot 10.02 in the Township of Andover, Sussex County, New Jersey; and

WHEREAS, the matter was discussed at public hearings of the Board on March 7, 2005, April 4, 2005, May 16, 2005, July 18, 2005, September 19, 2005 and September 26, 2005; and

WHEREAS, the Planning Board of the Township of Andover hereby makes the following findings of fact and conclusions based upon the evidence submitted to the Board during the public hearings:

1. Mulford Road, LLC was represented by David Gherloné, Esq.

2. Owen Dykstra, PE, the Applicant's engineer, was sworn in and testified on behalf of the Applicant.

3. Robert Tessier, PP, the Applicant's professional planner, was sworn in and testified on behalf of the Applicant.

4. Mr. Tessier explained that the Applicant will dedicate a portion of the subject property to the Township as open space. Mr. Tessier also testified that the Applicant would comply with its C.O.A.H. obligation for the subject property, as the proposed development of the subject property would generate a need for three affordable housing units for growth share or five units as a twenty percent (20%) set-aside.

5. Mr. Dykstra testified that Lot 24 of the subject property shall be deed restricted for affordable housing.

6. Thomas Critelli of Tectonic Engineering was the Applicant's geologist. He was sworn in and testified during the public hearings regarding potential geological and soil condition issues at the subject property. Mr. Critelli testified that Phase I limestone review had been completed at the site and a Phase II review had been undertaken.

NOW, THEREFORE, BE IT RESOLVED by the Planning Board of the Township of Andover, County of Sussex, State of New Jersey, that the application of Mulford Road, LLC. for preliminary and major subdivision approval is hereby granted subject to the following terms and conditions:

1. The terms of such approval are to be strictly in accord with the plans and testimony presented to the Board herein, and same are incorporated into this resolution by reference.

2. The Applicants shall comply with the reports of the Township Engineer dated March 7, 2005, March 14, 2005 and August 12, 2005, except as modified during the public hearings, which are attached hereto and incorporated herein by reference.

3. Modifications to the Engineer's reports include the condition that no street lights will be provided. In addition, the detention basin originally proposed will be eliminated and an infiltration system used with drainage easements provided on four affected lots.

4. The Applicant shall provide the Township of Andover with four (4), low and moderate-income housing units or credits in a form acceptable to the Township Planning Board and the Township Committee. If desired by the Township, the units shall be rental units. The units shall be subject to further preliminary and final site plan. This condition will be established through a Developer's Agreement with the Township Committee. The Developer's Agreement will also establish the parameters for maintenance of the drainage system.

4. The Applicant shall dedicate the requisite open space area shown on the maps to the Township of Andover. In addition, the Applicant shall transfer .394 acres from Block 117, Lot 10.02 to Block 117, Lots 8.01 and 8.04 for the purpose of adding land to the neighbors' driveway and shall dedicate a conservation easement as a buffer area along the north boundary of proposed Lot 5 to the south of the existing Block 117, Lot 9, as well as conservation easements for the wetlands buffers.

5. The Applicant shall comply with the report of its geologist, Thomas Critelli and the recommendations of the Township's geology consultant, Matthew Mulhill.

6. All fees, taxes, escrows, and other monies due to the Township of Andover shall be paid in full.

7. The Applicant shall obtain approval from any other governmental agencies with jurisdiction relating to the property.

8. The Applicant shall comply with all rules, regulations, statutes and ordinances of the United States of America, State of New Jersey, County of Sussex and Township of Andover.

IN FAVOR OF THE BOARD ACTION ON SEPTEMBER 26, 2005: Edward Marcus, John Carafello, Richard Stewart, Michael Salerno

OPPOSED: None

ABSTAINED: John Hesse

IN FAVOR OF THE BOARD ACTION ON NOVEMBER 7, 2005, ADOPTING THIS MEMORIALIZING RESOLUTION PURSUANT TO N.J.S.A. 40:55D-10(g):

Edward Marcus, Richard Stewart, Michael Salerno

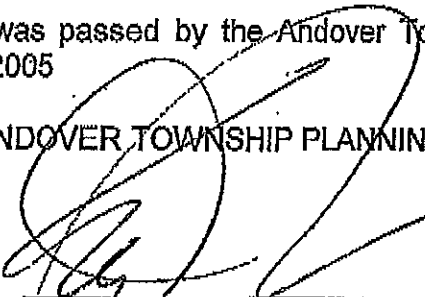
OPPOSED: None

ABSTAINED: None

I certify the within resolution was passed by the Andover Township Planning Board at its meeting on November 7, 2005

ANDOVER TOWNSHIP PLANNING BOARD


MARY SPECTOR, SECRETARY


EDWARD MARCUS, VICE-CHAIRMAN