



Borough of Chatham

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Office of the Mayor

Mayor's Statement Regarding the Bond Ordinance for Post Office Plaza

At the last Chatham Borough Council meeting, held on September 12, the Council approved, on first reading, a bond ordinance (Ordinance #22-12) that authorizes the appropriation of up to \$6 million to serve as a *financial backstop* for the Post Office Plaza affordable housing project. Section 2 of the ordinance makes this purpose eminently clear, in particular, the following sentences:

It is anticipated that the Borough and/or BCUW/Madeline Housing Partners, LLC, will receive funds from various funding sources for the provision of the aforesaid affordable housing units. Any of said funds so received by the Borough shall be applied as set forth in Section 10 hereof. If said funds to be received by the Borough and/or BCUW/Madeline Housing Partners, LLC, are insufficient to pay the costs associated with satisfying the Borough's affordable housing obligation, it is the Borough's intent to provide financing pursuant to this bond ordinance for such deficiency.

Section 10 of the ordinance then states:

Any funds received from private parties, the County of Morris, the State of New Jersey or any of their agencies or any funds received from the United States of America or any of its agencies in aid of such purpose, shall be applied to the payment of the cost of such purpose, or, if bond anticipation notes have been issued, to the payment of the bond anticipation notes, and the amount of bonds authorized for such purpose shall be reduced accordingly.

The Borough, in coordination with BCUW/Madeline Housing Partners, LLC, fully expects to obtain funding from a number of these sources. According to the pro forma submitted by BCUW/Madeline Housing Partners, LLC, when supplemented by available monies from its Affordable Housing Trust Fund, the Borough can anticipate a net cost of \$1,319,074. While it is understood that this figure should be treated as an estimate, BCUW/Madeline Housing Partners, LLC, has indicated it will aggressively pursue all avenues of available funding, as it has done (successfully) for its other 100% affordable housing projects, to produce a substantially lower net cost to the Borough than the \$6 million (maximum) appropriation figure.

The necessity for this financial backstop is found in COAH rules for a municipally sponsored 100% affordable housing project, and required by Fair Share Housing Center (FSHC), with whom the Borough has entered into a Settlement Agreement. In order to obtain FSHC's approval of the 15-unit 100% affordable housing project as a replacement of a larger, inclusionary one, the

Borough has had to agree to bond for the project's total cost as a guarantor in the unlikely event that all of the funding from the other sources were to fall through.

This is all very similar to the recent case of Saddle River, which sought to get FSHC to agree (which it did) to a 16-unit 100% affordable housing project in lieu of any other larger, inclusionary project.

I think it is important, in this context, to emphasize that the Borough's land at the southeast corner of Post Office Plaza, upon which the 15-unit structure will be built, will not be given away, but, rather, leased for a nominal rent for a period of 45 years to BC UW/Madeline Housing Partners, LLC. At the end of the lease, the project will then become the property of Chatham Borough. Moreover, BC UW/Madeline Housing Partners, LLC, as indicated above, is contractually obligated under its Redevelopers Agreement with the Borough to apply for funding of the project from the aforementioned sources.

Lastly, I will note here that the attempt by certain parties to muddy the waters regarding this bond's function as a financial backstop is not only unfortunate but does damage to the Borough's credibility and standing in relation to its effort to pursue the 15-unit 100% affordable housing project. A close reading of the ordinance in question makes the bond's purpose very clear. That these parties would engage in a campaign of intentional deception forces me to conclude that their effort is incontrovertibly politically motivated. On a matter of such profound importance to the residents of Chatham Borough, this is most distressing.

Mayor Thaddeus J. Kobylarz
Chatham Borough, NJ