

## MORRISTOWN MID-POINT REVIEW

### I. SETTLEMENT AGREEMENT REQUIREMENTS

The Town of Morristown (the “Town”) entered into a Settlement Agreement (the “Settlement”) with Fair Share Housing Center (“FSHC”) on August 9, 2017. This Settlement outlines key requirements to comply with the Town’s Third Round Mount Laurel obligation. Subsequently, the Town has since effectuated these conditions as outlined in Table 1 below:

**Table 1: Settlement Requirements**

Settlement Condition	Status
Adopt Housing Element and Fair Share Plan (“HEFSP”)	COMPLETE: Adopted August 23, 2018
Prior Round Need	COMPLETE: Deed restrictions filed and approved at Compliance Hearing
Prospective Need	COMPLETE: See Table 2 below
Present Need	MECHANISMS IN PLACE: <ul style="list-style-type: none"> <li>▪ Morristown participates in the Morris County Home Improvement Program.</li> <li>▪ Morristown has contributed \$250,000 to fund qualified improvements in 22 public housing units.</li> </ul>
Unmet Need Mechanisms	MECHANISMS IN PLACE: See Section II below
Disburse a total of \$480K from the Town’s AHTF to Homeless Solutions in Consideration to produce the following mechanisms: <ul style="list-style-type: none"> <li>a. 86-88 Martin Luther King Avenue (6 units new construction)</li> <li>b. 1 Mount Kemble Avenue (rehabilitation of 22 room Community Residence)</li> </ul>	<p>COMPLETE: Deed Restriction filed under book and page 23656/1417</p> <p>COMPLETE: Deed Restriction filed under book and page 23434/1414</p>
Adopt Mandatory Set-Aside Ordinances	COMPLETE: Adopted May 8, 2018
Adopt Spending Plan	COMPLETE: Adopted April 24, 2018

As part of the Town’s Settlement with FSHC, and as memorialized in its HEFSP, the Town was granted a “vacant land adjustment” under the COAH Second Round Rules (N.J.A.C. 5:93-4.1) to adjust the Town’s fair share obligation. As such, Table 2 below reflects the status of each inclusionary development project cited to satisfy the Town’s Realistic Development Potential:

**Table 2: Third Round Realistic Development Potential**

Project	Status	Affordable Units
1 Mount Kemble Ave: Homeless Solutions	CONSTRUCTED	21
Speedwell Ave Redevelopment Phase 2	CONSTRUCTED	28

Project	Status	Affordable Units
Morris Street Redevelopment Phase 1	CONSTRUCTED	8
Market & Bank (Off-Site at 43-47 MLK Ave)	CONSTRUCTED	10
Spring Street Redevelopment Phase 2	UNDER CONSTRUCTION	3
Epstein (Building C Units)	CONSTRUCTED	3
10 Willow: Habitat for Humanity	CONSTRUCTED	2
18 Willow: Habitat for Humanity	CONSTRUCTED	2
86-88 MLK: Homeless Solutions	CONSTRUCTED	6
17 Orchard Street	PLANNED	2
9 Hazel Street	CONSTRUCTED	2
35 Turtle Road	CONSTRUCTED	3
George Street Commons: 7 George Street	UNDER CONSTRUCTION	2
Evergreen Terrace: 9 Prospect Street	CONSTRUCTED	2
Ridgedale Commons: 68-74 Ridgedale Ave	UNDER CONSTRUCTION	4
Franklin Village	CONSTRUCTED	8
48-50 South Street	CONSTRUCTED	2
Morristown Gateway: 12 Ridgedale Avenue	CONSTRUCTED	4
Capped Rental Bonuses	N/A	30
<b>TOTAL</b>		<b>142</b>

## II. PROGRESS OF UNMENT NEED

The Settlement Agreement acknowledges the Town's "unmet need," which is to be satisfied through the following mechanisms:

- A. **Mechanism One – Mandatory Set-Aside Ordinance:** The Town must adopt an affordable set-aside ordinance mandating a minimum fifteen percent (15%) set-aside on multi-family rental residential projects of more than five (5) units and a twenty percent (20%) set-aside on fee-simple projects of more than five (5) units.
  1. **Status:** The Town adopted a mandatory set-aside ordinance on May 8, 2018, which amended a pre-existing mandatory set-aside ordinance.
  
- B. **Mechanism Two – Redevelopment:** The Town should create a realistic opportunity through redevelopment for eighty (80) affordable units, as follows:
  1. **Morris Street Redevelopment Plan (10 Units):** The Town should, if necessary, amend the October 5, 2012 Redevelopment Plan (which previously provided for sixty-six market-rate and eight affordable units at Block 3701, Lots 10, 11, 11.01, and 11.02), to include ten additional affordable units within Block 3701, Lots 13, 14, 15, 18, and Block 3702, Lot 18.
    - i. **Status:** On March 8, 2019, the Town adopted Phase II of the Morris Street Redevelopment Plan pertaining to Block 3701, Lots 13, 14, and 15. Subsequently, on January 23, 2020, the Planning Board approved an 85-unit, mixed-use development at these Block and Lot parcels (known as 171-175 Morris Street), which requires thirteen affordable units (i.e. a surplus of three units more than the Settlement anticipated).
  2. **Speedwell Phases 3 and 4 Redevelopment Plan (17 Units):** The Town should, if necessary, amend the May 14, 2015 Redevelopment Plan (which applies to Block 5803, Lots 1, 2, 3, 4, 5,

6, 39, 40, 41, and portions of Lots 42, and 43, and Block 5001, Lots 5, 6, 7, 7.01, 8, 9, 10, 11, and 12), to further permit the construction of at least seventeen affordable units on parcels not included in prior phases of redevelopment.

- i. **Status:** The following updates to the Speedwell Avenue Redevelopment Plan as part of this midpoint review include:
  - a. Phase 3: At the time of the HEFSP, the Town was actively engaged with the owner of the majority of the parcels in this area. In 2019, the Town publicly acknowledged its intention to amend the Phase 3 redevelopment plan to permit 65 units (i.e. a set-aside of 10 affordable units). However, litigation by the owner was filed in U.S. Federal Court which is pending. The Town reiterates its commitment in this midpoint review to entitle those properties at such a time when active litigation is resolved.
  - b. Phase 4: This part of the redevelopment plan was amended on March 14, 2019 in order to create flexibility for parcel redevelopment, which was not previously permitted. At this time, one parcel within the Phase 4 area is actively engaged in the entitlement process that will net a total of 9 units (i.e. a set-aside of 1 affordable unit). Zoning remains in place for the remainder of Phase 4, which would for a total of 45 units (i.e. a set-aside of 7 affordable units) to be developed. The redevelopment plan continues to create a realistic opportunity for the construction of affordable housing.

Taken together, Phases 3 and 4 has a combined realistic development potential to produce 110 units which would result in a set-aside of 17 affordable units.

3. **Train Station Redevelopment Plan (13 Units):** The Town should create a Redevelopment Plan at Block 3602, Lots 11, 12, 12.01, 13, and the Lumber Street right-of-way to yield thirteen new affordable units.
  - i. **Status:** On December 13, 2018, the Town adopted the Train Station Redevelopment Plan which allows for 13 affordable units.
4. **Spring Street Redevelopment Plan (40 Units):** The Town must amend the December 17, 2008 Redevelopment Plan (which applies to Block 4901, Lots 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, Block 3504, Lot 1 (a portion thereof), Block 3505, Lots 1, 2, 3, 4, 5, 6, 7.01, 7.02, 7.03, 7.04, 8, 9, 10, 10.01, 11, 12, 13, 14, 15, and 16), to further permit the construction of at least forty affordable units.
  - i. **Status:** The Spring Street Redevelopment Plan was last amended on October 10, 2019 to make way for a significant office complex known as M-Station. As a condition of approval to the approved site plan, the project will contribute a mandatory 2.5% Non-Residential Developer Fee of the equalized assessed value of the land and improvements to the Affordable Housing Trust Fund.

The portion of the redevelopment area to be occupied by office and retail use is approximately 5 acres, and previously was anticipated to contain, among other things, multi-family residential units. The remaining ~2.3 acres (zoned 60 DU/AC) of undeveloped land within the redevelopment area will be utilized to create at least 21 affordable units. Additionally, 19 affordable units not contemplated in the settlement

agreement or HEFSP have been approved by the Planning or Zoning Board (see Table 3).

### III. SUMMARY

- A. **Unmet Need Summary of Credits:** Table 3 below details the Town’s unmet need obligation, as well as four additional approved land use applications that provide for additional housing not previously contemplated at the time of Settlement. As set forth below, the town has created a realistic opportunity for its unmet need obligation to be satisfied.

**Table 3: Unmet Need Summary of Credits**

Project	Settlement Requirement	Block and Lots	Actual Units Yielded / Current Amendment Approved	Balance
Morris Street RDV Plan	10	B: 3702, L: 18, B: 3701, L: 13-15	13	+3
Speedwell 3 + 4 RDV Plan	17	B: 5803, L: 1-6, 39-41, and 42-43 portion	Phase 3: 10 (15% of 65 units)	0*
		B: 5001, L: 5-12, 7.01	Phase 4 : 7 (15% of 45 units)	0
Train Station RDV Plan	13	B: 3602, L: 11-12, 12.01, 13	13	0
Spring Street RDV Plan	40	B: 3504, L: 1 (portion) B: 3505, L: 3 (portion), 4, 5, 6, 7 (and all associated condominium qualifiers) <sup>1</sup> , 8, 9 (1), 9 (2) <sup>2</sup> , 16 B: 4901 L: 3, 4, 5, 6, 9, 10, 11, 12	Phase 1+2: 21 (60du/acre with 15% set-aside)	-19
		B: 3505, L: 1, 2, 3 (portion), 10, 10.01, 11, 12, 13, 14, 15 (portion) B: 4901, L: 7-8	Phase 3 : 0 (M-Station)	
190 South St./ 31-33 Market St.	0	B: 4601, L: 11 B: 6001, L: 12	4 (Project Constructed, Deed Restrictions Executed/Pending)	+4
45 Morris St.	0	B: 4801, L: 4	6 (Project Approved, Deed Restrictions Pending)	+6
28 Schuyler Pl.	0	B: 5906, L: 10-12	4 (Project Approved, Deed Restrictions Pending)	+4
5 So. Park / 2 and 10 South St.	0	B: 4802, L: 17-19 B: 6001, L: 12	2 Deed-Restricted (one off-site and one on-site)	+2
<b>TOTAL :</b>	<b>80</b>		<b>80</b>	<b>0</b>
<i>*Redevelopment plan to be amended in accordance with the HEFSP and Settlement Agreement upon resolution of pending litigation.</i>				

<sup>1</sup> Inclusive of all condominium lots including 7.01, 7.02, 7.03, and 7.04.

<sup>2</sup> Block 3505 Lots 9(1) and 9(2) are alternatively known as Block 3505 Lot 9.