



NASSAU CAPITAL ADVISORS, LLC

MEMORANDUM

TO: JONATHAN E. DRILL, ESQ.

FROM: ROBERT S. POWELL, JR.

**RE: BOROUGH OF CHATHAM PROPOSED AGREEMENT WITH
BERGEN COUNTY'S UNITED WAY/MADELINE HOUSING PARTNERS
PROPOSED 15-UNIT AFFORDABLE HOUSING DEVELOPMENT**

DATE: SEPTEMBER 15, 2022

At your request, I have reviewed the email correspondence between you and representatives of Fair Share Housing Center on this matter dated September 13 and 14, 2022. You ask that I specifically focus on the reasonableness of the most recent Preliminary Development Project Timeline provided to the parties for this project by BC UW. I have attached that Timeline here for reference.

Step 7 in the Timeline (Project Financing Process) projects that several key applications for project funding will be made beginning in February, 2023, and likely completed and approved by January, 2024. The most important of these funding sources is the application that will be submitted to the NJ Department of Community Affairs for assistance under its Affordable Housing Trust Fund program. As I have previously reported to the Borough, based on my research on this program, the DCA funds are likely to provide approximately \$3,000,000 to the project, representing well over 50% of total project costs.

The DCA application process requires that the project developer must submit a number of items prior to the agency taking any official action on the application. These required items include:

1. Substantially-completed architectural and engineering drawings of the project;
2. Evidence of final site plan and subdivision approval by the local and county planning board; and
3. A detailed breakdown of projects costs that are supported by credible estimates/bids from the developer.

As noted in the Timeline, assuming the Redevelopment Agreement with BC UW is executed this month, the time line for achieving these milestones (which are pre-conditions to the DCA funding application) extends through 2023, with the DCA application approval projected by January, 2024.

Based upon my considerable experience in the development, construction and financing of a number of similar affordable housing project, that time line for the DCA funding process is reasonable and credible.

Rachel N. Lokken, Esq. of FSHC stated in her email to you on September 13, 2022 that "... BC UW should have until March 1, 2023 to secure any necessary funding." She provided no basis for that opinion. As I noted above, by that date, it is not likely that BC UW will have secured the several land use approvals and detailed project cost documents which are prerequisites for an application to DCA for funding.

Jonathan E. Drill, Esq.

September 15, 2022

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In my professional opinion, it is reasonable to project that BC UW, acting expeditiously and in good faith, will be able to secure the DCA funding which is critically-needed for the project, no sooner than January, 2024.

Finally, if the Borough is forced to proceed with this project by imposition of an arbitrary commencement deadline of March 1, 2023, it will likely be disqualified from applying for the DCA funding, thereby unfairly-burdening the Borough with at least \$3 million in project costs that are likely to be covered by the state funds.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'R. Powell, Jr.', is written over the typed name.

Robert S. Powell, Jr.
Managing Director

Attachments

Bergen County's United Way/Madeline Housing Partners
Borough of Chatham
Preliminary Development Project Timeline

#	Task	Start Date	Finish Date	Responsibility
1	Execute Redevelopment Agreement	6/22	9/22	Mayor and Council
2	Engineering & Environmental Soil Testing	9/22	10/22	BCUW/Madeline – Dave Hals
3	Architectural Plan Development for Site Plan Submission	10/22	11/22	Z+ Architects
4	Site Plan Hearing & Approval	1/23	2/23	Inglesino, Webster, Wyciskala & Taylor, LLC
5	Submission to County for County Planning Board Approval	2/23		Inglesino, Webster, Wyciskala & Taylor, LLC
6	Project Bidding	3/23	5/23	BCUW/Madeline
7	Project Financing Process. <i>HOME Grant Application- 10/23 with an award in January</i> <i>DCA Application- rolling basis</i> <i>FHLB Application- 4/23 with an award in December</i>	2/23	1/24	BCUW/Madeline
8	Construction Contract Award		11/23	BCUW/Madeline
9	Submission to Borough's Building Department & Engineering Department for Permits		12/23	General Contractor
10	Construction Begins	1/24	12/24	General Contractor
11	Certificate of Occupancy Granted		1/25	Building Department
13	Tax Exempt Application		10/25	BCUW/Madeline – Tax Assessor