

State of Township 2022

Thanks to the Township Council for your kind invitation to give my state of the Township address during tonight's meeting. I don't like to give speeches and every year I try to put this off as long as I possibly can. This year the timing proved to be lucky because it gives me an opportunity to truly address the state of the Township today and in future. It gives me an opportunity to answer the burning question on everyone's mind.

However, before I get to that topic, I would like to acknowledge that by all counts we are on the other end of the pandemic that gripped us for almost 2 years. West Windsor came out of the pandemic as strong or stronger than before thanks to three groups. First, the Township employees who worked through the pandemic and went about their business without closing the Township office for a single day. The building was closed and is still closed but people for the most part came to work every day and carried out their duties faithfully. Second, the Township Council and all boards and committees that worked with me through uncertainty and ever-changing rules. Their flexibility and willingness to work together made my life a lot easier and actions more productive. Lastly, and most important, the community members who followed guidelines to protect themselves and their neighbors. Thanks to all of you I was proud to lead WW during the pandemic.

Just a few highlights of the last year before I address the "elephant in the room."

- During 2020 and 2021, we had a zero municipal tax increase even when we lost substantial revenue due to pandemic. This year the tax increase is less than a penny 0.009 penny to be exact.
- Even while maintain low taxes, we increased our surplus by \$1.2 million dollars during 2021.
- During 2021 we spent about \$2.00 million to fix roads. The major roads fixed were Southfield, Bennington Drive and Millstone Road. Part of this work was funded by NJ DOT. The 2022 budget has \$2.4 million committed to road improvements.
- During 2021 we fixed 16,072 sq. ft. of sidewalks which equates to about 940 sections at 124 different locations. We spent \$149,000 for the work which would have cost homeowners over \$350,000. Currently we have 110 locations on the pending list for sidewalk repairs. We expect a sharp increase in bid prices due to higher inflation. The number of locations that had to be repaired for the 2nd or 3rd time during the past 5 to 10 years was still observed to be very low.

This year looks equally promising and I believe the Council and residents will be pleased with the state of Township at the end of the year.

I would now like to take this opportunity to address the question on everyone's mind about the warehouse project that is being heard by the planning board. As most of you know, I can't talk specifics of the project but would like to address various questions and concerns that have been raised that don't pertain to the PB hearing.

First, a little bit of history; how we got here in terms of Affordable housing and the legal settlement we signed with Atlantic Realty the new owner of Howard Hughes property.

During the current (3rd Round) FSHC demanded that West Windsor's obligation for Affordable housing (AH) was 2200 units. This was by far the highest obligation in Mercer County. Mayor Hsueh's calculation showed WW's obligation to be around 1100 units. The case was argued in front of Judge Jacobson in Mercer County Superior Court. The court appointed an expert, paid for by West Windsor, to calculate the number of units WW needs to build in the current round. The expert calculated the number closer to the West Windsor's assertion of about 1100 units. Judge Jacobson did not choose to follow the recommendation of the expert she appointed and instead ruled that West Windsor's obligation was around 1500 units.

This randomness action is the exact reason I would like to protect WW from such a court decision in future rounds.

During the Third Round, Mayor Hsueh had identified a number of properties in order of priorities to fulfill our obligation based on the 1500 number. The WW Township Council approved the settlement agreement with the Court in October 2018. Once we knew our numbers WW made some adjustments and managed to knock off one property with 500+ apartments near Southfield Road. This saved us from allowing a large 585 unit apartment complex at the intersection of Southfield Road and Rt. 571.

The property owner Atlantic Realty (AR) sued for being left out of the settlement agreement. As a part of affordable housing lawsuit, Howard Hughes had sued the Township for the right to build over 1900 units on their property. In the meantime, Atlantic Realty bought the Howard Hughes property and thus inherited the lawsuit. Thus, West Windsor now had two lawsuits pending from AR for the right to build over 2400 apartments.

Since West Windsor had fulfilled our obligation for the 3rd Round of affordable housing through 2025, we would have likely prevailed in both lawsuits. However, that also meant that during the next round of affordable housing which is likely to start in 2025, these two properties would have naturally become the 1st choice to put affordable housing units. Allowing these many units within the next few years would have certainly put a lot of stress on Township schools and residents. Having such a large prime land available for housing will certainly encourage the Fair Share Housing Center and the Court to impose higher quota of Affordable Housing to WW during the 4th Round.

As your Mayor, I had to decide how to protect Township during the next round of AH starting in 2025. The easiest solution would have been to ignore the problem and let a future mayor and town Council deal with the issue. It's not my philosophy to ignore a problem even if ignoring it is politically expedient. I tried to figure out the best way to protect the Township.

Given that the Courts can force Township to rezone property for housing with an affordable housing lawsuit (something that happened when WW lost to Toll Brothers and Estates at Princeton Junction was built), there are not many attractive options for the Township.

Given the hand we were dealt, I reluctantly agreed to accept a warehouse as a proposed use on the property. At that time warehousing was in great demand and thus the builder was willing to accept that use as a part of the settlement. Thus, we agreed to a single warehouse on border with East Windsor and multiple warehouses on the Howard Hughes site on the border with Lawrenceville and Hamilton.

The single warehouse on East Windsor border was an easier choice as the County required a traffic light for the warehouse and a majority of the traffic from warehouse is expected to go to Turnpike using the bypass. Is it possible for the truck to turn right on CR 571? Yes, it is possible but currently there is nothing preventing trucks from 3 warehouses in East Windsor from sending trucks on Rt. 571. The only question is which side of the border builds the warehouse and gets the property tax revenue and relief from the threat of an affordable housing lawsuit. I chose to knock the property off as a possible site during the next round while at the same time, getting some tax revenue to control taxes.

Reasonable people will disagree on whether the 5.5 million square foot multiple warehouse plan was too big. Given the size of the site it was arrived at after long and tough negotiations with the developer. The challenge for that site is to ensure trucks not

use Clarksville Road toward WW. The Planning Board which is currently considering the application will put conditions on the applicant to ensure it doesn't happen as much as possible. Once you read the conditions (that are currently posted on the Township website), you will realize that the Planning Board has done its job to make sure majority of traffic goes to Rt 1 and Quakerbridge Road. The PB attorney has advised on record that WW police can enforce restrictions placed by the WW Planning Board on the site whether the county agrees with them or not. I would add a note of caution that these are proposed conditions and they can be added to or modified by the Planning Board.

A few people have said they would prefer housing to warehousing. Let me explain what burdens Township would face if housing was allowed on this property as proposed. Let me use an actual example from West Windsor's past. Another mayor at other time decided to just say no to housing to Toll Brothers on a site that is known as Estates at Princeton Junction or EPJ. The Township went to court and lost. The judge took over the project and allowed Toll Brothers to build close to 1100 homes and apartments. The Toll Brothers site was about 250 acres while the AR site is about 558 acres more than twice the size. In those days, housing density was lower because most builders built single family homes not apartments. Currently everyone wants to build high density apartment complexes. Thus, we are looking at around 2200 apartments if we decide to take a chance with Court. Also knowing that such a big site is available for housing, the Fair Share Housing Center is unlikely to come up with a reasonable number during future rounds of affordable housing.

For those who still don't realize the scale of our challenge, even at 0.7 child per dwelling this will add about 1500 kids to the school system. That is about a 15% increase to the current school population. Which schools currently have space to absorb these extra students? How many parents will be happy with a class size that is 15% larger than the current class size?

Under the current system the school taxes are divided based on student population from each town, West Windsor and Plainsboro. This means the cost of educating these 1500 kids will be on the back of West Windsor taxpayers alone. At the current cost of \$18000 per student that is an additional tax burden of over \$25 million dollars annually.

Impact on traffic -

Even at 1.25 cars per household those 2200 apartments will add 2750 cars to our roads. Most of those cars will travel into town for school, athletic events and shopping. Most of the household related traffic is also concentrated during morning and evening peak hours.

For those of you along Clarksville Road who are worried about traffic, ask yourself how many school buses will be required to transport 1500 kids. How many of those 2750 cars will take Clarksville Road to go to points north. How many Amazon, UPS, and FedEx delivery and service trucks will be coming through to support this new small city within West Windsor? How would the traffic on Clarksville Road look when the development is built?

To illustrate the enormity of challenge in another way, the former HH property at 645 acres is about 55% of the area of the old Princeton Borough which was about 1180 acres. Princeton Borough's population based on 2010 census was 12,300. Taking a simple ratio, housing on this property will add roughly 6800 people to West Windsor or about a 23% increase in our population.

If you think about what will happen to WW if we are forced to accept 15% more kids and a 23% increase in population, you can appreciate why I decided not to take a chance during the next round of affordable housing.

AND this is just from the former HH property not counting the 585 apartments from the site on Rt. 571 and Southfield Road. Add kids from the 2nd development and you are looking at 20.5% increase in student population in our school district.

To give you another perspective of the impact building apartments has on our community, the apartments at Woodmont Way that are being completed on Canal Pointe Blvd. are on 23 acres and contain about 440 units. At the same ratio, even building apartments on only a conservative estimate of 400 of the 645 acres would allow about 7700 new apartments at full buildout. As affordable housing requirements increase with the amount of housing, successive rounds could lead to a disaster for West Windsor.

Given that rents went up 33% in NJ during the past year, rest assured a builder will build these apartments faster than he would build any other project including warehouses.

Given these facts I hope most reasonable people will appreciate the challenge West Windsor faced even if they don't agree with my proposed solution.

Before I answer questions about the project, I would like to take a few minutes to address the affordable housing issue.

It is true that every time a development opens up in WW, there is far more demand than supply for affordable housing. Thus, people ask why not build more affordable housing in WW. That's a fair question but misses the true nature of AH problem in WW and in New Jersey.

How many of you know a family which left WW because they could not afford to live here? I know many families leave after their kids graduate from school because they don't want to pay high taxes. I am not talking about them. I am talking about a family that to live in WW but truly can't afford to do so financially. There are lot of families like that who simply leave without telling anyone the reasons. That too is an affordable housing problem. These people don't qualify for affordable housing because their income doesn't strictly fit the requirements for affordable housing. As Mayor I feel morally responsible to help these people as much as accommodating new people in WW. What sense does it make to welcome new people to WW only to force existing families to leave because it became too expensive to stay in West Windsor.

Every new housing development is tax negative because the amount of real estate taxes paid are much smaller than school and municipal expenses. Even for larger, more expensive homes, the property tax going to the school system does not even cover the cost of educating one student. For apartments, the tax collected is only a small fraction of the education cost. The money has to come from somewhere, and spiraling housing construction leads to spiraling property taxes. This hurts all of us, but those least able to afford to pay are hurt the worst. They are the silent sufferers and equally worthy of consideration by mayor and Township Council as affordable housing residents.

The newer members of the community may not appreciate what tax impact the Township faces when the district opens a new school. Soon after we moved to West Windsor in 1994, the district opened two schools in quick succession, Village School in WW and HSN in Plainsboro. The year each school opened the school portion of the property taxes went up by 10% each year. How many schools will have to be built to accommodate 1500 new students? This will make living in WW "unaffordable" for many existing residents.

Some have asked why not just build senior housing? First, there is limited demand for senior housing and developers will build what will sell. Second, new housing mandates are driven by affordable housing decisions, and they specifically limit how much is senior housing. We have already taken advantage of senior housing where possible

and are maximizing it. Both Avalon and the new development on Old Trenton Road will be adding to our already abundant senior housing opportunities.

The proposed warehouse solution attacks the problem on two fronts. First, it prevents more students and thus keeps school expenses down. Second, it substantially adds to tax revenue to defray costs of existing students. If you want an actual example, look at Robbinsville which has not had a municipal tax increase for a number of years due to the Amazon warehouse that was built. However, they signed a PILOT (Payment in Lieu or taxes) or in other words gave the developer a tax deal which meant no tax payment to the school system. Our agreement with Atlantic Reality specifically states that they can't request a PILOT. This means the tax revenue from this development will substantially help the school district manage the school tax which is the largest portion of your property tax bill.

I hope this explains my philosophy on Affordable Housing and makes you realize the problem is far more complex than simply deciding how many new housing units a Township is willing to build. The proposed solution that I have reluctantly accepted truly addresses the "affordability of living in West Windsor" for many families that are financially struggling to stay here.

Let me now answer some of the questions and suggestions that have been offered during the last several weeks.

First, is other compromise possible?

I am a person to listen to any suggestion so a compromise is always possible. Any compromise needs both sides to agree to the solution. If the developer was to approach me with another suggestion that I believe is better for West Windsor, then I will be happy to discuss it.

I will point out that the lawsuit, that I inherited, by the developer against the Township has been pending for a very long time. The previous Mayor and developer tried to find a compromise through all kinds of economic conditions starting with the real estate boom before 2007, subsequent bust and following boom through 2017. They were unable to find a solution that worked for both and the case was part of our affordable housing lawsuit.

Unless something changes drastically, there is no magical solution. Developers and Township officials have been well aware of all the permitted commercial and industrial uses for the property over all these years. Many of these uses would have been equally

or more unattractive to the community when adopted on a large scale, and we would find ourselves in the same situation; that is not everyone is happy. By taking this path now we eliminate a lawsuit that threatens our entire town with unsustainable additional housing.

Why can't we buy the property?

The Township simply can't buy any property because we want to and definitely not to prevent a particular development from being built. The property was never on our open space acquisition list so it will be impossible to condemn the property to purchase it. Thus, the only way to purchase the property is if the developer is willing to sell it.

The developer bought the property for 40 million dollars in October 2019. The property was not open space but a working commercial research facility owned and operated by American Cyanamid chemical company for many years. Therefore, the developer had to do a substantial amount of work cleaning up 41 abandoned and dilapidated structures on the property. As most of you are aware land prices have gone up substantially during the last few years. Thus, even if the developer is willing to sell the property, it will not be at a price the Township can afford

The total WW debt today is roughly 46 million dollars. It would mean we will have to more than double our debt to purchase the property. Then there will be ongoing expenses to maintain the property. Both expenses will substantially add to the tax burden that will force people to leave town.

To give another perspective on costs, if the Township wants to bond that amount of money, we can build both the Vaghun Drive bypass and the Penns Neck bypass on our own with money left over.

Finally, let me address the criticism that this will change character of West Windsor. I find that a little strange coming from people, most of us in this room, who are responsible for changing character of West Windsor from a farming community to what it is today over the past 50+ years. Many of the old timers will say the character of WW has changed many times over the years.

Philosophically what is the character of a town? Is it the buildings, the roads and inanimate objects or is it the people, how they treat each other, how they help each other, and a sense of community that they have? I would argue the character of town is

the people not the inanimate objects. The place where I was born and brought up Bombay or Mumbai as it's known now has a character because how the people treat each other even under the most difficult conditions.

It's my sincere request that if you are worried about character of West Windsor, see how you handle disagreements and treat each other. All of us face this difficult problem of best use for the property, not of our making, with limited tools to deal with it. Whether you hold the town together or tear it apart is up to each of us. Judge people based on how they act not on what they say. Be kind to Planning Board members who are all UNPAID volunteers doing their job under the most difficult situation.

Tomorrow you will have an opportunity to show your WW spirit. It is #wwpstrong day. Please wear Navy Blue or #wwpstrong wear to show your town spirit.

Finally, I will conclude by saying, both the Planning Board and I realize the traffic challenges posed by this development for Clarksville Road. We will address it during PB deliberations. If the PB grants approval to this project, that is just the beginning and not the end of it. Developer still needs many more approvals from other bodies and several permits from Township. I, as mayor, the Town Council and the Planning Board will do everything within our power to protect West Windsor.

I hope you realize that the decisions made were after much deliberation and thought. You may not agree or like them but there was a rationale behind those decisions. And that rationale was always based on a honest belief of what is best for the future of West Windsor. Today in America elected officials are rewarded for not making the tough decision and punting the ball to future. That's not my nature. I am willing to make a tough decision even if it makes my life difficult. I hope even those who don't agree with the final outcome will appreciate the willingness to make a tough decision.

Before I conclude, let me mention a few housekeeping items. First, the PB has closed public comments on this application. Every person who wanted to comment and was present was allowed to make a comment. Everyone was told that public comments will be accepted on that day and the PB heard almost 4 hours of public comments. No more public comments will be allowed at the next meeting. It's time for the PB to start deliberations. We will have a recording of the meeting online the next day. Those of you who prefer can watch recordings of all PB meetings that are posted on Township YouTube channel.

Once again thanks to Council for their kind invitation for the State of the Township address and to all of you for listening.