

March 11, 2010

Dear Resident:

In 1988 Dowel Associates, the owner and developer of the 185 acre parcel of land located on Garrison Road, filed Mount Laurel litigation against the Township, challenging the Township's land use regulations, specifically targeting the Housing Element and Fair Share Plan. In essence, the Township had failed to create a Plan as required by the Coalition on Affordable Housing ("COAH"). On February 6, 1990, in response to the litigation, the Township entered into a settlement with Dowel which permitted Dowel to construct 315 residential homes, including 36 affordable units, on the property. As part of the settlement, the Township was permitted to rely on this development to satisfy its COAH obligations since 1990.

Dowel entered into an agreement with Centex Homes to plan and construct its development. On March 21, 2003, Centex submitted an application to the Harmony Township Land Use Board for subdivision approval to construct River Walk – the 315 unit development. After 17 public hearings the Land Use Board denied the application. Centex filed suit to appeal the Board's decision in the Superior Court, Warren County, and the Township's decision was overturned. The Township unsuccessfully appealed the decision to the Appellate Division, and then onto the Supreme Court of New Jersey where it was rejected again. The case was remanded to the Board, and the Board was ordered to approve the project. Although the owner of the project has not moved forward with construction in this depressed market, it has the legal right to do so, a threat that has hung over this community for over 20 years.

In an effort to avoid this potentially devastating impact on our Township, the Committee has participated in negotiations with Dowel for the past two years. The Township performed a Community Impact Study, which evaluated the impact of this development on the school and the municipal services in the Township. Also, the Township ordered an appraisal to value the property, and considered various projections and data compilations by bond counsel, our auditor and our chief financial officer as to the financial impact on the residents. Although it was clear to us in this market that the developer had no intention of building any homes in the near future, it was also clear that it would be a very attractive project once the housing market improved.

Our investigation and deliberations revealed the following compelling facts:

1. The Township has approximately 2800 residents today – the proposed development would increase the population by 1067 people, an increase of approximately 38%.
2. The developer's professional planner projected an increase of 342 new public school children to grades K-12 once the development was fully occupied.
3. In the 2008-09 school year the average cost per pupil per year in Harmony was \$13,571.

4. The Township's Community Impact Study analyzed the total anticipated revenue from taxes on the development along with the costs to the school and other municipal services, and concluded that the Township would experience an annual deficit of \$1,068,600 under the best case scenario (assuming a portion of the children will go to private school). Dowel's more aggressive projections estimated annual deficits at over \$2 million per year.

5. In addition to the annual deficit of \$1-2 million described above, the expected increase in students would likely require about 9 additional classrooms and a new gym/cafeteria. This future capital improvement would require a substantial bond issuance in the future that could easily cost \$6 million.

6. In addition to the demographic and financial ramifications to the Township, the proposed development is extremely inconsistent with the Township's master plan and existing zoning. The development's largest house plots are ¼ acre lots, which is 1/12<sup>th</sup> the permitted size for a residential lot anywhere else in the Township. This high density is way out of character for the Township.

7. Last, the Township performed an appraisal valuing the property at \$7,200,000 while the developer's appraisal was \$15,500,000.

After months of careful consideration and deliberations relating to the above stated findings, the Committee and Dowell agreed to settle all legal matters between the parties for a lump sum payment of \$6 million in exchange for title to the property. In order to satisfy this agreement, the Township must finance the payment through the issuance of a 30 year bond in the amount of \$5,714,000. Of course, paying off the bond will cause an increase in taxes. During the initial year, an estimated increase to the taxpayer will be \$292 per \$250,000 of assessed value. However, it is important to note that the most money the Township will pay per year on the bond is \$573,000.00, while if the development is built, the impact will cost the Township a minimum of \$1,000,000-\$2,000,000 which does not include costs for the potential expansion on the school.

There is no doubt that this increase in taxes comes at a difficult economic time for the taxpayer, but it is also this exact difficult economic time for the real estate developer that makes this opportunity for the Township possible. The Committee believes this is a one time chance to save Harmony's future as a small rural community forever. We were on course to experience an irreversible change to our existence, but instead, we will pay a little more now to preserve our Township as you know it today. With the Highlands restrictions (like it or not) and our present control on local planning and zoning in other areas of the Township, no development of this magnitude will ever threaten us again.

In closing, we the committee hope you feel the same way we do about the future of our Township.

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Brian R. Tipton  
Mayor

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Diane Yamrock  
Deputy Mayor

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Richard Cornely  
Committeeman