



Borough of Allendale

New Jersey

April 30, 1971

Dear Residents of Allendale:

The Crestwood property is for sale. We have been negotiating with the owners for its purchase for the past 15 months. The purpose of this letter is to acquaint everyone with the facts as we see them. All residents are urged to review the information set forth in this letter, then attend a Public Hearing at the High School auditorium on May 25, 1971, at 8:30 P.M.

The Borough Council and the Planning Board recommend the purchase of the entire Crestwood property for borough use. Thus, land would be provided for future municipal facilities, including recreation space, in addition to preserving a tract, in the center of the borough, in a natural wooded state.

Background: In January 1970, Crestwood's owners--S. T. Van Houten and Sons--requested our Planning Board's preliminary approval of a subdivision of their property into 83 homesites. They informed us that they did not intend to build homes in this subdivision themselves, as they have done elsewhere in Allendale, but planned to sell the property to a developer once the subdivision was approved. Thus, it appeared that the area would be completely developed in a few years. The Van Houten's request was granted in October 1970, subject to the necessary County and State approvals.

The Property: The Crestwood property consists of about 70 acres, bounded roughly by West Crescent and West Maple Aves. and the Erie-Lackawanna R.R. (See map herein.) It slopes generally downward from the west to the east (which is Crescent Ave.) and contains a man-made lake of about eight acres. A one-acre pond in the Northeast portion is fed by the Ramsey Brook, which continues adjacent to the railroad and Crescent Ave. Drainage of the entire area appears excellent, since there is natural water run-off and collection in the lake and brook. On one side of the lake there is a sand beach, together with several small structures of nominal value. The rest of the land is grass-covered or wooded.

Plans for the subdivision call for five homesites in an A Zone (20,000 sq. ft.), 44 sites in AA Zone (26,000 sq. ft.) and 34 lots in AAA Zone (40,000 sq. ft.) It would not be necessary to fill in the lake bed to any extent in order to build homes since the topography is now favorable for installing roads and sewers.

Acquisition: When the Borough Council and the Planning Board first met (jointly) to discuss acquisition--in the early part of 1970--it was agreed unanimously that the Borough should try to purchase at least part of the Crestwood property. The plan was to obtain about 25 acres for municipal use, with the owners selling the balance for residential development. On the 25 acres were 40 lots--all of the A Zone and a part of the AA Zone. The land not purchased by the Borough would contain 43 homes,

mostly in AAA Zone. The lake was an important factor in the selection of the 25-acre area: about half of it, including the dam and deep-water swimming part, was to be retained for recreation purposes. At that time, we felt that the plan to acquire the 25-acre parcel was proper from both a use and a cost standpoint.

Before long, however, we began to doubt the wisdom of purchasing only 25 acres. First, we had this portion appraised by two firms. The L. W. Ellwood & Co. said it was worth \$310,000, and Hubin Associates pegged it at \$370,000. Averaging the two figures, we arrived at what we felt was a fair market value: \$340,000. There was a disagreement, however, by the property owners, and their counter-offer was more than \$500,000. A possible factor: the 25 acres included almost half the homesites. So we raised our offer to \$370,000, but even at that, we and the owners were still far apart. Realistically, it appeared we might have to pay as much as \$450,000--or even more--if we went to court to take the land under condemnation proceedings.

Another difficulty was the cost of construction work required to make the 25-acre facility usable and to leave the rest of the property in satisfactory condition for homesites. For instance, if only half the lake was acquired, much fill would be needed to seal it off. Also, the construction of new homes on the remaining land would necessitate a new bridge, roads, and sewers on the parcel acquired by the Borough. Furthermore, substantial work would be required on the brook to handle the increased run-off, and filling the retained section of the lake with water would be difficult.

While some of these costs might be borne by others, it was the opinion of the Borough's Engineer that we would have to spend at least \$50,000 and possibly as much as \$150,000 on our share. Therefore, it appeared that the total cost of the 25-acre facility might easily approach the level of \$550,000. And with the usual court delays, the project could take years.

Acquisition of Entire Tract: In October, 1970, we began serious consideration of a plan to purchase the entire Crestwood property. Our previous offers of \$340,000 and \$370,000 worked out to be \$13,600 and \$14,800 per acre, respectively, and such figures seemed reasonable for Allendale land. The owners advised that the entire 70 acres was for sale for \$1,000,000. This was \$14,300 per acre, within the range of our offers.

Consequently, a proposition to purchase all 70 acres now appeared to be more reasonable, especially after we had Dr. Hubin appraise the complete property and were advised that the \$1,000,000 represented a fair value.

The Economics: Early in our negotiations, we gathered data from various sources in order to analyze the economic impact of purchasing the property--part of it and then later, all of it. The matter was discussed with local, county and state officials in an attempt to gain the best possible insight into the situation. As the figures were put together, we were, quite frankly, surprised. In the following paragraphs, we present facts and figures that we believe to be realistic and conservative. They are based on Allendale's present budget.

The property in its present state yields about \$30,000 per year in taxes. If the Borough were to buy the 70 acres for \$1,000,000 and amortize this cost over a 30-year period, the annual charge would be about \$67,500. Adding this to the lost taxes, the annual cost to the Borough would be \$97,500.

But if the Borough does not acquire the entire property and 83 homes are built there, the tax yield would be about \$180,000, or \$150,000 more than it now receives. However, there would be an added load of about \$168,000 for school expenses, about \$42,000 for extra borough and county expenses, and an outlay of about \$5,000 to amortize the cost of a smaller site for a library and other required facilities. Thus, with added income of \$150,000 offset by expenses of \$215,000, the annual cost would be \$65,000.

Note: School expenses are based on two children per home. This average could be higher, possibly $2\frac{1}{2}$, since we have been advised that new homes in Allendale are producing more than two. If $2\frac{1}{2}$ is used, then school expenses increase by \$42,000 and the annual cost to the Borough would be about \$107,000.

The possible range, therefore, is \$65,000 to \$107,000 if the Borough does not acquire the land. This compares with \$97,500 if the entire tract is purchased.

(Using the same method of calculating income and expense for the 25-acre proposition, the annual costs range between \$73,000 and \$95,000.)

What do all these figures mean to you, a homeowner and taxpayer in Allendale? Currently, one penny in our tax rate produces about \$6,300, so the acquisition of the 70 Crestwood acres would raise everyone's taxes by about $15\frac{1}{2}$ cents per \$100 assessed valuation. On the other hand, 83 new homes in this area would add anywhere from $10\frac{1}{2}$ to 17 cents. It seems to us that the added annual cost to each taxpayer, at the worst, would be five cents in the tax rate if we acquired the property. It is very possible that the difference would be negligible. Check the Cost Comparison attached to this letter.

Summary: We recommend the purchase of the entire Crestwood property for use of the Borough of Allendale. It is now for sale, and if we do not act, there is a probability it will be sold for residential development. This is our last chance to obtain such a large tract of centrally located land.

Allendale needs more land for municipal purposes, including recreation. At this time, space is needed for a library, an ambulance building and a police station. The Crestwood property could provide for them--even a new Borough Hall.

Our Borough is rapidly running out of vacant land. Currently, the Planning Board is reviewing plans for subdivisions calling for dozens of homes. And the Council has been approached recently by those who want changes in our zoning so they can develop property. Should the U. S. economy spur another building boom, it is possible that most vacant land in Allendale would vanish. Total usable land now is about 50 acres (borough-owned) and with 70 Crestwood acres, we would have 120. This is still below the current yardstick of 10%, which means Allendale should have 200 acres.

It is obvious that this Crestwood property will offer an immediate potential for increased recreational opportunities. There will be sufficient land and facilities to plan for a much-improved recreation program for all of our residents.

Tabulating the principal facts, we can summarize the alternatives as follows: (See the detailed Cost Comparison, attached)

	<u>Annual Costs</u>	<u>End Result</u>
Alternative "A"	Between \$65,000 and \$107,000	83 homes
Alternative "B"	Between \$73,000 and \$95,000	25 acres for Borough and 43 homes
Alternative "C"	\$97,500	70 acres for Borough

The economics of the situation lead us to believe that the acquisition of the property will not be much more expensive to taxpayers than will the development of it into a residential area. Although there is no way to positively prove our comparisons, we believe we have been reasonable and conservative. Unfortunately, the timing is bad, since we are all very cost conscious now. But the timetable is not our doing. Therefore, if we will have to pay higher taxes, why not derive something beneficial from them?



Please remember to attend the Public Hearing, May 25, 8:30 at High School.

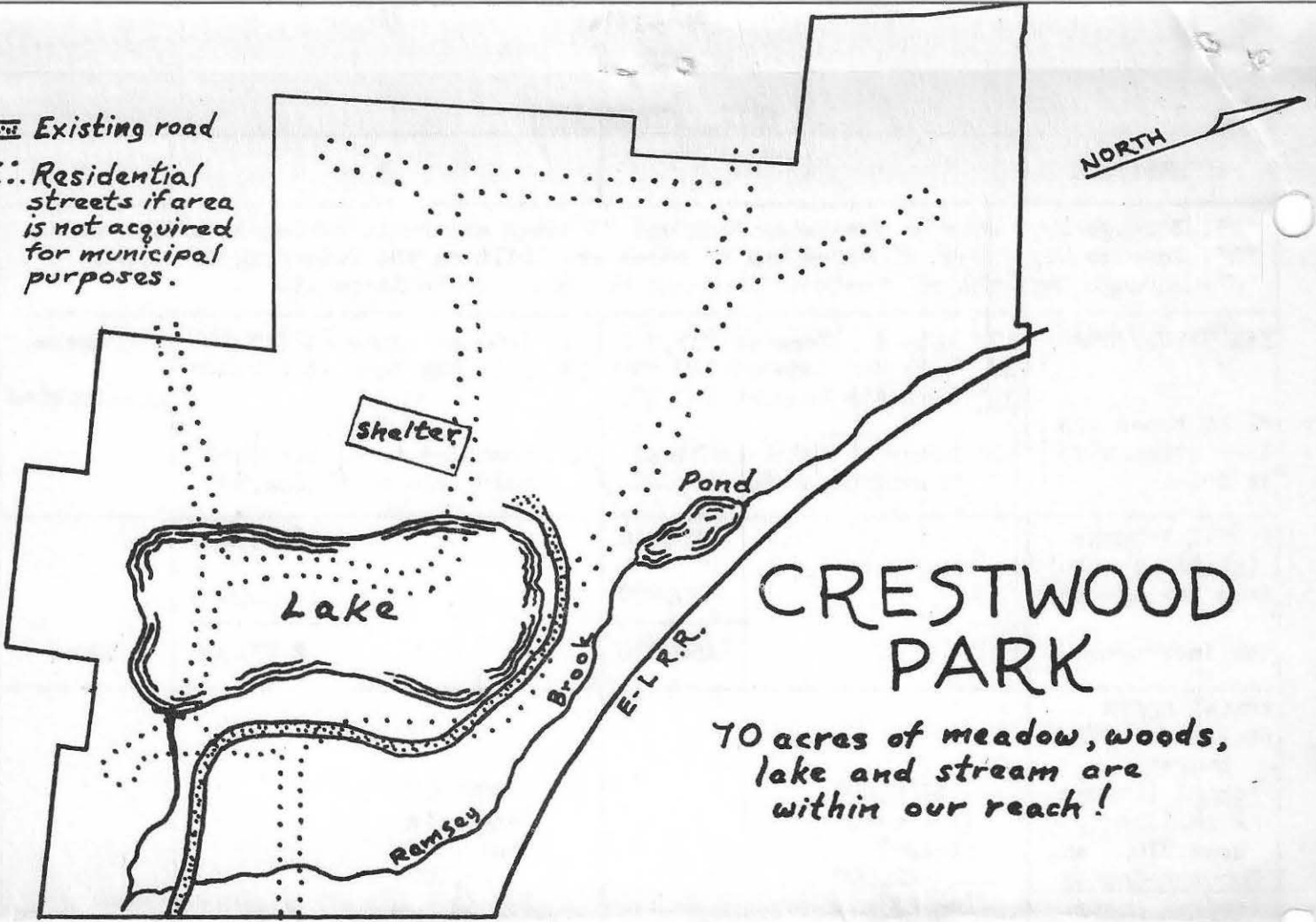
Very truly yours,

Albert J. Merz, Jr., Mayor
Norman S. Lane, Councilman
G. Fred Brackett, Councilman
Robert E. Schenk, Councilman
Frederick W. Lankering, Councilman
Anthony J. Ward, Councilman
John T. Winship, Councilman

COST COMPARISON

ALTERNATIVE	A	B	C
<p>"A": Borough buys none of Crestwood land and 83 homes are built during next few years. "B": Borough buys about 25 acres and 43 homes are built on the remaining 45 acres. "C": Borough buys all of Crestwood land and no homes are built on it.</p>			
<p>TAX VALUATIONS</p> <p>*2 of these are less attractive AA lots.</p>	<p>7* lots A Zone at \$35,000 42 lots AA Zone at \$47,500 34 lots AAA Zone at \$60,000</p> <p>83 homes at total combined valuation of \$4,280,000</p>	<p>11 lots AA Zone at \$47,500 32 lots AAA Zone at \$60,000</p> <p>43 homes at total combined valuation of \$2,442,500</p>	<p>No homes constructed</p>
<p>ANNUAL INCOME: (at \$4.21 rate) Less tax now pd.</p>	<p>\$180,000 - 30,000 <hr/> \$150,000</p>	<p>\$103,000 - 30,000 <hr/> \$ 73,000</p>	
<p>Net Increase:</p>			Zero
<p>ANNUAL COSTS (based on 1971 budget)</p> <p><u>School</u> (assume 2 children per home, \$1015 ea.)</p> <p><u>Borough-County</u> (budget costs pro rated on added homes)</p> <p><u>Amortization</u></p> <p>"A" Alternative: Library site elsewhere, approx. cost</p> <p>"B" Alternative: 25 acres, at \$550,000, for 30-yr. period</p> <p>"C" Alternative: 70 acres, at \$1,000,000, for 30 years. Plus present taxes that would be lost.</p> <p>Total:</p>	<p>\$168,000 (see note below)</p> <p>42,000 (on 83 homes)</p> <p>5,000</p> <hr/> <p>\$215,000</p>	<p>\$87,000 (see note below)</p> <p>22,000 (on 43 homes)</p> <p>37,000</p> <hr/> <p>\$146,000</p>	<p>\$67,500</p> <p>30,000</p> <hr/> <p>\$97,500</p>
<p>NET ANNUAL COST:</p>	\$ 65,000	\$73,000	\$97,500
<p>Notes:</p>	<p>If 2½ children per home, the Net Annual Cost increases to: \$107,000</p>	<p>If 2½ children per home, the Net Annual Cost increases to: \$95,000</p>	

 Existing road
 Residential streets if area is not acquired for municipal purposes.



CRESTWOOD PARK

70 acres of meadow, woods, lake and stream are within our reach!

Municipal Building
 290 Franklin Turnpike
 Allendale, N.J. 07401

BULK RATE
 U. S. Postage
 Allendale, N. J.
 Permit No. 14



WALTER WARDELL,
 78 EDGEWOOD RD
 ALLENDALE N J
 07401