

**AGREEMENT BETWEEN PCH DEVELOPMENT CORPORATION AND
MUNICIPALITY OF PRINCETON FOR DEVELOPMENT OF CHESTNUT STREET
AFFORDABLE HOUSING PROJECT**

THIS AGREEMENT (this “Agreement”), dated as of September ____, 2025 (the “Effective Date”), by and among **PCH DEVELOPMENT CORPORATION**, a New Jersey not-for-profit corporation, with offices at 1000 Herrontown Road, Suite 201, Princeton, New Jersey 08540 (“PCH”) and the **MUNICIPALITY OF PRINCETON** (the “Municipality”), a body corporate and politic of the State of New Jersey, with offices at 400 Witherspoon Street, Princeton, New Jersey 08540. PCH and the Municipality are sometimes referred to singularly as a “Party” or collectively referred to as the “Parties”.

WITNESSETH:

In consideration of the mutual covenants herein contained and for other good and valuable consideration, it is mutually covenanted and agreed as follows:

1. This Agreement is made pursuant to the authority contained in the New Jersey Fair Housing Act (“FHA”) at N.J.S.A. 52:27D-311.a.(5) which permits the “donation or use of municipally owned land or land condemned by the municipality for purposes of providing low and moderate income housing”. In addition, the FHA at N.J.S.A. 52:27D-311.a.(7) and 311.k.(8) permits a municipality to provide very-low, low and moderate-income housing through a municipally-sponsored or one hundred percent (100%) affordable development.

2. PCH is an experienced non-profit developer, owner and manager of affordable housing which currently owns, operates and maintains the following existing affordable developments known as Princeton Community Village, Elm Court, Harriet Bryan House and Griggs Farm in the Municipality.

3. The Municipality has an obligation to provide very low, low and moderate-income housing opportunities within the Municipality and the Municipality has chosen to satisfy that obligation, in part, by entering into the within Agreement with PCH.

4. PCH agrees that it shall:

A. Develop, finance, construct, own, administer and manage up to sixteen (16) units of affordable housing (the “Units”) for and on behalf of the Municipality in satisfaction of a portion of the Municipality’s obligation to provide very-low, low and moderate-income housing (the “Project”).

B. Provide that at least 13% of the Units in the Project shall be reserved as very low-income units (defined as units available for households at or below 30% of the median income for Region 4) and at least 37% of the Units developed in the Project shall be reserved as low-income units (defined as units available for households at or below 50% of median income for Region 4). The remaining balance of Units may be moderate-income units (defined as units available for households at or below 80% of the median income for Region 4) with moderate-income rents set no higher than 60% of median income per N.J.A.C. 5:80-26.4(c), et. seq. The Units shall meet the bedroom distribution provided for in N.J.A.C. 5:80-26.4(e) with each income tier proportionally distributed across each bedroom type.

5. PCH shall apply for, reasonably pursue and obtain preliminary municipal site plan approval for the Project within twelve (12) months of the Effective Date of this Agreement, which may be extended for an additional period upon written agreement between the Parties.

6. PCH shall secure all appropriate funding necessary for the Project, including but not limited to, New Jersey State Affordable Housing Trust Fund Program monies (“AHTF”) as well as County HOME funds, Federal Home Loan Bank funds and PCH equity (collectively,

Project Subsidies”). It is understood by the Parties that the AHTF monies are highly competitive, and the Project may not be awarded the same. If the awarded AHTF and Project Subsidies are not sufficient to finance the Project, it is understood the Municipality will need to make additional contributions to fund any shortfall which will be subject to a negotiated amendment to this Agreement. If the Parties are unable to agree on an amendment or the appropriate funding is not in place for the Project within three (3) years of the Effective Date of this Agreement, this Agreement may be terminated by either Party upon written notice.

7. PCH agrees to comply in all respects with the requirements promulgated by the State of New Jersey Department of Community Affairs (“DCA”) and the State of New Jersey Housing and Mortgage Finance Agency (“HMFA”), their successor agencies, for the development, construction, administration and management of affordable housing units, including, but not limited to, full compliance with the FHA, the requirements set forth in the Uniform Housing Affordability Controls, N.J.S.A. 5:80-26.1, et seq. (“UHAC”) as well as all rules and regulations promulgated by any agency or court that effect the Project so as to permit the Municipality to fulfill its FHA obligations for the Project pursuant to the applicable requirements. PCH shall serve as the administrative agent for the Units in the Project and shall perform the duties and obligations of an administrative agent as set forth in UHAC. PCH shall coordinate its efforts with the Municipality’s affordable housing liaison. Notwithstanding anything to the contrary herein, should PCH be found in default of its obligations as administrative agent, after an opportunity to cure the default, the Municipality shall have the right, subject to DCA approval, to select another administrative agent.

8. The land upon which the Project shall be developed is owned by the Municipality and is known as Block 30.02, Lots 39.01 and 39.02 as designated on the Municipality Tax Map,

consisting of approximately 11,362+/- square feet (0.262+/- acres), commonly known as 13 Chestnut Street, Princeton, New Jersey (the “Property”).

9. In consideration of the services of PCH described herein, the Municipality shall:

A. Provide to PCH a municipal resolution of support from the Mayor and Council to demonstrate to financing sources the Municipality’s commitment to working with PCH to provide the housing opportunities outlined in this Agreement.

B. Convey the Property to PCH for One Dollar (\$1.00) through a bargain and sale deed against grantor’s acts which shall include the requirement that:

(i) the Property be restricted for use as affordable housing for a minimum of forty (40) years (the “Affordability Period”). The Municipality shall have the right to require the extension of controls on the Project for an additional forty (40) year period of control under such terms, conditions and agreement in accordance with UHAC or successor requirements as may be agreed upon by the Parties at that time;

(ii) PCH agrees the deed conveying title shall contain the reverter provisions of N.J.S.A. 40A:12-21. The Municipality’s rights under the reverter provision shall be subject to the mortgage given by PCH and recorded against the Property to finance the construction of the Project and the regulatory encumbrances filed against the Property in connection with such mortgages and that maintain the Property as low and moderate income housing;

(iii) conveyance of the Property is contingent upon PCH receiving necessary financing and approvals for the Project, and the Property shall be not be conveyed until PCH is ready to close on all financing and start construction of the Project; and

(iv) title to the Property shall be good and marketable, with title valid of record, and insurable by a title company of PCH’s choice authorized to do business in the State of New

Jersey. PCH shall not have any affirmative obligation to clear title to the Property or conduct environmental remediation for any actions caused prior to its ownership of the Property.

C. Enter into a separate agreement with PCH pursuant to N.J.S.A. 55:14K-1 et seq. to grant an exemption for real estate taxes to the Project subject to PCH agreeing to make a payment in lieu of taxes in an amount not to exceed 6.28% of project revenues. “Project Revenues” means the total gross rental income of the Project less the cost of utilities furnished by the Project, which shall include the costs of gas, electricity, heating, fuel, water supplied and sewage charges but shall not include any Project or resident rental subsidy contributions received from any federal or state program.

D. Commit to contributing municipal affordable housing trust funds toward any needed structural repairs or latent defects to the existing building on the Property and any needed environmental remediation of the Property up to a maximum amount of \$325,000. Expenditure of trust funds shall be contingent upon the Municipality receiving a compliance certification, judgment of repose or other judgment by a court approving the Municipality’s Fourth Round affordable housing plan and spending plan. Notwithstanding the immediately foregoing, in the event unforeseen circumstances occur that impact the financial structure of the Project or increase the cost of the development of the Project, additional municipal housing trust funds may be requested by PCH. Upon such circumstance, the Parties agree to meet and work together to determine the best course of action and revise and/or adjust the Project scope and/or budget to keep the municipal trust fund contribution at or reasonably near the amount set forth above in this Section D.

E. Make available its employees and professional staff in the Municipality’s Planning, Zoning Office and Affordable Housing departments to PCH.

F. Reasonably assist PCH in obtaining site plan approval for the Project, including, but not limited to, adopting any necessary zoning ordinance amendments to facilitate the grant of such approvals. The Municipality shall comply with the FHA by not imposing cost-generative conditions or features during the processing, reviewing and adjudicating of all development applications filed by PCH for the Project under this Agreement.

G. Pay for, as an additional municipal financial contribution, or waive, any and all required Municipality fees, including but not limited to, development application fees, inspection fees, open space fees, road opening permit fees, building permit fees, soil, tree removal or tree clearing permit fees or tree replacement fees. This waiver shall not apply to third party professional escrows attributable to any filed development application.

H. Assess water and sewer connection fees to be paid for the Project, at the then current assessed rate based upon the ordinances of the Municipality, which recognize a 50% reduction of such fees for affordable housing units.

10. It is understood and agreed that the value of the Property to be conveyed shall address DCA and HMFA requirements for municipal involvement/contribution for the Project.

11. The Municipality agrees to extend its full and prompt cooperation to execute such funding application documents and adopt any resolution as may be necessary or required upon written request by PCH for submission to HMFA or DCA.

12. Upon request, PCH shall submit to the Municipality each year a copy of all required monitoring reports, records, submissions, etc. pertaining to the Project for the Municipality to satisfy FHA requirements and regulations.

13. The Municipality shall grant PCH and its agents, contractors and subcontractors access to the Property for site due diligence, studies, surveys, inspections, etc. PCH shall have up

to one hundred twenty (120) days from the Effective Date of this Agreement to conduct due diligence on the Property at its sole expense. PCH shall notify the Municipality prior to conducting any invasive (Phase II) environmental testing. PCH shall furnish the Municipality with copies of any reports prepared as part of PCH's due diligence. In the event that PCH and the Municipality review the reports and jointly determine that the Property is not suitable for development of the Project, this Agreement shall terminate, whereupon the Municipality agrees to reimburse PCH for fifty percent (50%) of all reasonable due diligence costs associated with the Project incurred prior to the termination of this Agreement. "Due Diligence Costs" means costs incurred for title searches, surveys, environmental inspections and studies, and building structural inspections and studies. Notwithstanding the immediately foregoing, if PCH determines in its reasonable judgment that the Property is not suitable for development of the Project based on the results of the due diligence studies, PCH shall immediately notify the Municipality in writing and the Parties shall enter into good faith negotiations to resolve the issues and cure any deficiencies to allow the Parties to proceed with the project. Should the Parties not be able to reach agreement, either Party may terminate this Agreement upon written notice to the other Party, whereupon PCH would not be entitled to the 50% reimbursement of its Due Diligence Costs.

14. PCH shall, upon request, permit inspection of the Property and buildings of the Project by duly authorized representatives of the Municipality. The Municipality shall give 24-hour notice to PCH of such a request, if possible, except in the case of an emergency. Any such inspection or examination shall be made during reasonable business hours, in the presence of an officer or agent of PCH.

15. Notice required under this Agreement shall be in writing and served upon the respective Party by (i) certified mail, return receipt requested; (ii) recognized overnight delivery

service with certified proof of receipt; (iii) regular mail and facsimile transmission with proof of transmittal; or (iv) personal service. Notice shall be sent as follows (or to such other address as a Party may designate in writing):

To the Municipality:

Municipality of Princeton
Attn: Bernard Hvozdovic Jr., Administrator
400 Witherspoon Street
Princeton, New Jersey 08540
Fax: (609) 688-2031

with a copy to:

Kevin Van Hise, Esq.
Mason Griffin & Pierson, PC
101 Poor Farm Road
Princeton, New Jersey 08540
Fax: (609) 683-7978

To PCH:

PCH Development Corporation
Attn: Edward Truscelli, Executive Director
1000 Herrontown Road, Suite 201
Princeton, New Jersey 08540
Fax: (609) 924-3827

with a copy to:

Thomas M. Letizia, Esq.
Troutman Pepper Locke LLP
301 Carnegie Center, Suite 400
Princeton, New Jersey 08540
Fax: (609) 452-1147

16. Subject to the terms and provisions of this Agreement, PCH agrees that it will not sell or transfer the Project to any corporation, association or entity, unless such corporation, association or entity qualifies to provide affordable housing services pursuant to applicable law. No such transfer may be made without first obtaining the prior written consent of the Municipality, which consent shall not be unreasonably withheld, as long as it is agreed and understood that all obligations to the Municipality under this Agreement are completed to the satisfaction of the Municipality, and unless and until the proposed transferee agrees to assume all of the contractual and other obligations of PCH as are contained in this Agreement. The Municipality hereby

acknowledges, accepts and consents that for the purposes of facilitating Project financing, the Project may be transferred to an ownership entity separate and distinct from PCH. The Municipality further acknowledges, accepts and consents that PCH or any transferee entity may encumber the Property with a mortgage or other customary security agreements with lenders or other institutional mortgages for the purpose of financing the Project. The transfer restriction set forth in this Section 16 shall terminate and be of no effect if the affordability controls on the Project expire and are not further extended in accordance with the terms of this Agreement.

17. This Agreement is hereby executed in anticipation of the Project being accepted by the *Mount Laurel* court for inclusion in the Municipality's Fourth Round affordable housing plan.

18. To the extent that the provisions of this Agreement are intended to bind PCH's successors and assigns, its provisions shall not be merged by reason of any deed transferring title to the Property to PCH or any successor in interest, and any such deed shall not be deemed to affect or impair the provisions and covenants of this Agreement.

19. This Agreement shall be binding upon and inure to the benefit of the permitted successors and assigns of the Parties hereto, and their heirs, executors, and administrators.

20. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. It shall not be necessary in making proof of this Agreement to produce or account for more than a sufficient number of counterparts to evidence the execution of this Agreement by each Party hereto.

21. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New Jersey.

22. The “Effective Date” of this Agreement shall be the date the last Party signs this Agreement and said date shall be inserted at the top of the first page.

[SIGNATURE PAGE IMMEDIATELY FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed,
all as of the date first above written.

ATTEST:

Dawn M. Mount
Municipal Clerk

MUNICIPALITY OF PRINCETON:

By: _____
Mark Freda, Mayor

Date: _____

ATTEST:

Merilyn Rovira, Secretary

PCH DEVELOPMENT CORPORATION

By: _____
James Demetriades, President

Date: _____