

## Down economy creates tough sell for age-restricted housing

Posted by [afriedma](#) February 15, 2009 07:25AM

When Dennis Gabinelli decided to try his hand at building age-restricted townhouses, he was thinking of himself.

The Bridgewater developer, who builds upscale homes, wanted to provide the kind of place he would consider retiring in -- "Not big, but nicely appointed," Gabinelli said. "A nice place that you and your wife could enjoy and not be embarrassed that, 'Oh, I live in a townhouse.'"



Tony Kurdzuk/The Star-Ledger

Facade of the partially completed Carriage Park development in Bound Brook. The 144-unit complex was originally approved as age-restricted, but that has been lifted because the developer couldn't sell all the units.

It was 2003. Age-restricted housing was a sure thing. Aging baby boomers promised high demand, while age-restriction was music in the ears of local planning boards: tax-paying residents without expensive school kids.

"We thought we couldn't lose," Gabinelli said. And for a while it seemed that way. Gabinelli won approval to build Martin Village, 22 age-restricted townhouses in Flemington. But permitting delays dragged the project into 2006 -- the year housing experts say the market started to turn.

"The party was over. Nobody showed up," Gabinelli said.

By July 2007, nothing had sold. Gabinelli went back to the planning board to have the age-restriction requirement removed. The board, wary of a vacant development in the borough, agreed.

"In this market, if I didn't get the age-restrictions removed, the bank would have taken it back," Gabinelli said. "It would have been blighted."

The economic downturn has drastically changed the landscape for what was once a thriving market in New Jersey. Demand is far less than projected, largely because seniors are leaving for cheaper locations, says Jeffrey Otteau, president of Otteau Valuation Group, a real estate research firm in East Brunswick.

Baby boomers who were expected to "trade down" to age-restricted condominiums or townhouses are also

deciding to age in place, Otteau said. Many cannot sell their homes. Others are taking in adult children and their families.

That leaves the state's vast amount of age-restricted housing in limbo. Otteau estimates there is enough age-restricted housing built and in the pipeline to meet demand for the next 15 to 20 years. Developers, planners, and townships are taking a hard look at age-restricted developments on their books and asking: will it sell?

"This boom of 55-plus housing has run its course for now in New Jersey," said Phil Morin, special counsel in the real estate department at the law firm of Saul Ewing in Newark, which has many builders as clients.

At least some lawmakers agree. Last week, identical bills were introduced in the state Assembly and Senate aimed at addressing the state's glut of age-restricted housing. The proposed law offers incentives in the form of reduced Council on Affordable Housing obligations for towns that remove age restrictions on developments that have not yet been built.

Assemblyman Joseph Malone (R-Burlington), who is sponsoring the bill with Assemblyman Louis Greenwald (D-Camden), said the proposed legislation would help revive housing for middle-class working families, which has been crowded out by age-restricted zoning. "If senior housing isn't selling, then having a requirement to build it makes no sense," Malone said.

State Senator Paul Sarlo (D-Bergen) is sponsoring the bill in the Senate.

Around the state, developers are doing what Gabinelli did -- returning to local planning and zoning boards, hat in hand.

In Riverdale, in Morris County, the borough changed the zoning of an industrial area to allow developer Trammell Crow Residential to build a 424-unit development, half of which was slated as age-restricted. But last year, TCR returned to the borough council, asking to remove all the age restrictions. The borough agreed.

In 2007, the Residences at Aberlour, a 45-unit age-restricted condominium in Newton, in Sussex County, opened with only a handful of takers. The developer convinced the town to remove the age restrictions but since then, only two units have sold and the property was taken over by the bank, said community development director Debra Millikin.

Similar applications have appeared before boards in Bound Brook, Lakewood, South Bound Brook and Wanaque, in Passaic County. Otteau's firm has identified at least six other projects in Bergen, Camden, Essex, Morris and Warren counties where age restrictions were removed, and another 15 age-restricted projects that are approved but stalled.

"It's definitely a trend," said Thomas Carroll, partner-in-charge of the land use division at Hill Wallack, which frequently represents developers. "There's definitely a push under way to get some of these developments converted."

Carroll said builders are increasingly putting together fiscal analyses and taking them to towns to show how removing restrictions will not drain resources.

"That's a kind of bait and switch, in my opinion," said Bill Potter, a Princeton attorney specializing in land use and environmental law. Developers clearly benefit from the favorable reception age-restricted developments enjoy with local boards, he said. "They should be held to the bargains they negotiated."

"They'll promise anything to get their approvals," said Jeff Tittel, director of the New Jersey chapter of the Sierra Club. "They basically conned a lot of towns."

But developers are not coming back empty handed. They are tacking on additional affordable housing units or offering enhanced recreational spaces.

The new buzzword is "age-targeted." The design of the units -- bedrooms on opposite sides of the apartment, bathrooms inside the bedrooms, no direct access to a yard -- is not child-friendly, Otteau said. There are meeting rooms, not playgrounds.

In fact, the overwhelming fear that children will invade schools if age restrictions are lifted is "misplaced," Otteau said. "We've seen projects like this built as market-rate and the number of school children is very low."

Officials in Bound Brook are hoping that's true. Mayor Carey Pilato said the borough had no choice but to lift age restrictions on two stalled projects. In the case of Carriage Park, a 144-unit condominium, developer Kalian Companies agreed to fund the upgrade of the borough's recreation building into a larger, multi-use gymnasium -- "\$750,000 that we wouldn't have had otherwise," Pilato said.

"You have to get beyond being angry and sit down with a pad and paper," Pilato said. "You have to deal with what's been presented."

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## Comments

### 7fornj says...

Holy Cow !! age restricting Areas can be a law suit waiting to happen . Federal laws prohibe any Discrimination base on ages , gender , disabilities , nationality , religion and even sexual orientation .

But again this is NJ do as i say and never you do as i Do !! :)

Posted on 02/15/09 at 8:49AM

### njbrat says...

USA is one of the few places in the World if not the almost "only One" that when a person reach " certain age " They have to think about moving to a much "Elderly Enviroment " even a Nursing Home .

Life and enthusiasm about Life and daily activities Should not have an age Limit .

DOnt let any one tell you that at a certain age you belong in a NUrsing Home or in a Old Comunity when you probably cant bring any younger relatives or freinds where you cant put HIgh Volume Music or even go out w/t any drivers who on certain days drive you where they have assign to go .. just like jail; unless this type of jail is even worse you have to pay for it lol and on top wont get no fun .

Look at Corsine and Frankie ?? I dont understand why is that Americans have to be in Nursing HOMes or Old folks COMunity ,, Sorry but thats not for me .. Freedom and Life and fun and activities goes First .

Dnt let the families or Kids send you to a elderly isolation settings , you send them first lol .

Posted on 02/15/09 at 9:02AM

**jmjral says...**

It is very clear in both the law and court decisions that age restrictions that only allow for seniors are permitted.

Posted on 02/15/09 at 9:05AM

**curleyque says...**

◆ Demand is far less than projected, largely because seniors are leaving for cheaper locations, says Jeffrey Otteau, president of Otteau Valuation Group, a real estate research firm in East Brunswick. ◆

That ◆s the most important line right there.

Until New Jersey politicians can learn to spend only what the taxpayers can afford to pay, citizens will continue to leave the state.

As soon as I can sell my house, I ◆ll be out of here and that will be one less person to support bloated government and outrageous entitlements for politicians and their friends.

Posted on 02/15/09 at 10:25AM

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