

OLDMANS TOWNSHIP

RESOLUTION 2021-127

**RESOLUTION OF THE COMMITTEE OF TOWNSHIP
OF OLDMANS REQUESTING THE COURT TO REVIEW
AND APPROVE THE TOWNSHIP'S SPENDING PLAN**

WHEREAS, the Committee of the Township of Oldmans will seek Court approval of its Housing Element and Fair Share Plan; and

WHEREAS, the Township of Oldmans has an adopted Development Fee Ordinance currently in place; and

WHEREAS, the Development Fee Ordinance established an Affordable Housing Trust Fund that includes development fees, payments from developers in lieu of constructing affordable units on-site, barrier free escrow funds, rental income, repayments from affordable housing program loans, recapture funds, proceeds from the sale of affordable units, and/or funds collected in connection with the Township's affordable housing program; and

WHEREAS, a municipality with an Affordable Housing Trust Fund should receive approval of a Spending Plan prior to spending any of the funds in its Affordable Housing Trust Fund; and

WHEREAS, the Township of Oldmans has prepared a Spending Plan in accordance with N.J.A.C. 5:93-5.1(c) and is included in the Appendix to the Township's Housing Element and Fair Share Plan; and

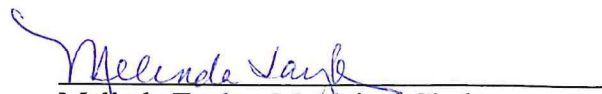
NOW THEREFORE BE IT RESOLVED that the Committee of the Township of Oldmans, County of Salem, approves the Spending Plan that is attached hereto as **Exhibit A**, and authorizes its Affordable Housing Counsel to seek Court approval of same so that it can expend funds in its Affordable Housing Trust Fund.

Dated: December 8, 2021

OLDMANS TOWNSHIP


George Bradford, Mayor

I hereby certify that the foregoing is a true copy of a Resolution duly passed and adopted by a majority of the Township Committee of the Township of Oldmans, County of Salem, New Jersey, at a meeting held on December 8, 2021.


Melinda Taylor, Municipal Clerk

SPENDING PLAN OF THE HOUSING ELEMENT AND FAIR SHARE PLAN TOWNSHIP OF OLDMANS

Approved December 8, 2021

INTRODUCTION

Oldmans Township has prepared a Housing Element and Fair Share Plan that addresses its regional fair share of the affordable housing need in accordance with the Municipal Land Use Law (*N.J.S.A. 40:55D-1 et seq.*), the Fair Housing Act (*N.J.S.A. 52:27D-3.01*) and the remaining valid regulations of the Council on Affordable Housing found at *N.J.A.C. 5:93-1*. A development fee ordinance was adopted by the Township in 2006, which assisted in creating a dedicated revenue source for affordable housing. Among other attributes, the ordinance established Oldmans Township's affordable housing trust fund. The provisions of the ordinance will be updated and incorporated into the Township's Affordable Housing Ordinance.¹ This Spending Plan directs how the trust fund monies will be dispersed.

In summary, the Township of Oldmans plans to rehabilitate major systems for up to six deficient housing units, including rental units that are occupied by income-eligible households. Oldmans also seeks to fund a Market-to-Affordable program that will newly deed-restrict up to 10 existing housing units; to assist with the establishment of at least two group homes in the Township for adults with special needs; to hold funds in reserve for affordability assistance once the durational adjustment to implementation of the Township's affordable housing obligation can be lifted; and to help defray the costs of administrative expenditures.

As of June 30, 2021, Oldmans Township had collected a total of \$1,058,663.40 in development fees and \$11,705.39 in interest. It had spent a total of \$34,284.00 toward affordable housing activity and \$70,682.13 on administrative costs, leaving a balance of \$965,402.66 in unspent funds. All development fees, other income, and interest generated by the fund are kept in an interest-bearing affordable housing trust fund account at Pennsville National Bank for these purposes, with separate journal entries for the differing revenue and expenditure items. All affordable housing trust money is spent in accordance with *N.J.A.C. 5:93-8.16*, as described in the sections that follow.

¹ - The Township's Affordable Housing Ordinance may be found in Appendix E of the Housing Element and Fair Share Plan.



1. REVENUES FOR CERTIFICATION PERIOD

In calculating a projection of revenue anticipated during the remaining Third Round period, Oldmans Township considered the following:

- A. Development Fees.
 - 1. Residential and nonresidential projects that have had development fees imposed upon them at the time of preliminary or final development approvals.
 - 2. All projects currently before the planning and zoning boards for development approvals that may apply for building permits and certificates of occupancy.
 - 3. Future development that is likely to occur based on historical rates of development.
- B. Payments in lieu of construction. The Township has not received any payments in lieu of construction to date and does not expect future revenues from this source.
- C. Other funding sources. Oldmans has not collected funds from any other sources, and, with the exception of the anticipated sale to an income-qualified buyer of one unit that it currently owns at 78 Perkintown Road, does not expect to collect funds from other sources in the future.
- D. Projected interest. Based on the current average interest rate, interest earned in recent years, and projected rates of development fee revenue, Oldmans Township anticipates collecting \$33,850 in interest through June 2025.

2. ADMINISTRATIVE MECHANISMS TO COLLECT AND DISTRIBUTE FUNDS

The following steps for the collection and distribution of development fee revenues shall be followed by Oldmans Township.

- A. Collection of development fee revenues. All collection of development fee revenues will be consistent with Part II, Chapter 110, Article IX, § 110-65.1, as may be amended or replaced, of the Code of the Township of Oldmans and the requirements of *N.J.S.A. 40:55D-8.1* through *-8.7*.
- B. Distribution of development fee revenues. The Municipal Housing Liaison, in concert with the Township Clerk and Chief Financial Officer will process the distribution of funds. The release of such funds requires the adoption of a resolution by the Township Committee. Once a request is approved by resolution, the Chief Financial Officer releases the requested revenue from the trust fund for the specific use approved in the governing body's resolution.

3. DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS

Oldmans Township proposes to use the funds in the trust fund for the below-listed items, pursuant to *N.J.A.C. 5:93-8.16(a)* and *(c)*, during the Third Round:

- Township match of Small Cities Grant funds for rehabilitation of three substandard housing units occupied by very low-, low-, and moderate-income households;
- Rehabilitation program sufficient to rehabilitate another six substandard housing units, including rental units, occupied by very low-, low-, and moderate-income households;
- A Market-to-Affordable program intended to create up to 10 affordable units from the Township's existing housing stock.
- Development of at least two group homes in the Township in partnership with an experienced provider of services to developmentally disabled adults.
- A reserve for additional affordability assistance, to be utilized once the durational adjustment of the Township's affordable housing obligation is lifted.

At least 30% of collected development fees will be used to provide affordability assistance to low- and moderate-income households in affordable units included in the Fair Share Plan. Additionally, no more than 20% of the revenues collected from development fees and from payments in lieu of construction collected prior to the adoption of the Roberts Bill (P.L. 2008, c. 46), will be expended on administration, including, but not limited to, salaries and benefits for municipal employees or consultant fees necessary to prepare or implement a rehabilitation program, a market-

to-affordable program, a housing element and fair share plan, and/or an affirmative marketing program.

For any other uses of affordable housing trust funds, the Township will apply to a court of competent jurisdiction or other authority, as the case may be, for an amendment to the Spending Plan.

Rehabilitation Program (N.J.A.C. 5:93-5.2)

While the Township has no Rehabilitation obligation, it has participated for many years in the state Department of Community Affairs' Small Cities Grant program, and used the funds to rehabilitate substandard units in the Township occupied by income-eligible owners. The Township must provide a 15% match for these funds. Since April 2010, the Township has rehabilitated nine units through this program, and anticipates being able to rehabilitate another four by July 1, 2025. Currently there are no funds available through this program, but should funds become available in the future, the Township will dedicate \$10,000 in local matching funds to rehabilitate three units, representing slightly more than \$3,000 per unit.

A visual survey of residential properties indicates there may be an opportunity to establish a municipal rehabilitation program open to rental properties as well as owner-occupied homes. The Township intends to establish such a program, and will dedicate \$180,000 of its municipal trust funds for the rehabilitation of six units at an average direct cost of \$24,000 per unit, plus \$6,000 per unit in administrative costs.

Market-to-Affordable Program (N.J.A.C. 5:93-5.11)

The Township has allocated up to \$875,000, representing \$70,000 per moderate-income unit, \$100,000 per low-income unit, and \$125,000 per very low-income unit, toward subsidies to current owners to convert up to 10 properties into deed-restricted affordable units. It will endeavor to create at least one very low-income unit out of a total of five low-income units. The remaining five units may be either low- or moderate-income units.

Affordability Assistance (N.J.A.C. 5:93-8.16(c))

Oldmans Township is required to spend a minimum of 30% of development fee revenue and interest to render existing affordable units more affordable. At least one-third of that amount must be dedicated to very low-income households (i.e., households earning less than 30% of the regional median income) or to create very low-income units. Because Oldmans is seeking a durational adjustment of its entire Prior Round and Third Round affordable housing obligations, it has no existing obligation toward which to direct very low-income affordability assistance. Nonetheless, as noted above, Oldmans will endeavor to create at least one very low-income unit through its Market-to-Affordable program; will endeavor to subsidize the development of two group homes in the Township; and will set aside a reserve for

additional affordability assistance to be expended at such time as the durational adjustment is lifted.

Table SP-2 shows the calculations required to determine the minimum amount of affordability assistance.

Table SP-2. Projected Minimum Affordability Assistance Requirement.

Actual development fees to 6/30/2021		\$1,058,663.40
Actual interest earned to 6/30/2021	+	\$11,705.39
Development fees projected 7/1/2021-6/30/2025	+	\$907,950.00
Interest projected 7/1/2021-6/30/2025	+	\$33,850.00
Less Housing Activity through 6/30/2021	-	\$34,284.00
Less Rehabilitation 7/1/2021-6/30/2025	-	\$180,000.00
Less housing activity 7/1/2021-6/30/2025	-	\$875,000.00
Total	=	\$922,884.79
30% requirement	x 0.30 =	\$276,865.44
Less affordability assistance expenditures to 6/30/2021	-	\$0.00
Projected Minimum Affordability Assistance Requirement	=	\$276,865.44
Projected Minimum Very Low-Income Affordability Assistance Requirement	÷ 3 =	\$92,288.48

Based on fees and interest collected to date, and projected revenues, Oldmans Township would be required to dedicate \$276,865.44 to provide affordability assistance to income-qualified households, of which \$92,288.48 must be dedicated to affordability assistance to very low-income households.

Between July 2021 and July 2025, the Township will utilize its affordable housing trust fund to provide up to \$620,452.66 in affordability assistance, in the following forms:

Group Home Development

The Township is exploring a partnership with at least one experienced provider of services to developmentally disabled adults, to identify two suitable residences in the Township that can be purchased and converted into group

homes. It will expend up to \$500,000 in trust funds on acquisition and rehabilitation in order to create units affordable to very low-income residents.

Other Affordability Assistance

Provided there are sufficient development fees collected, the Township will dedicate up to an additional \$110,452.66 on other affordability assistance programs, including down payment assistance, closing cost assistance, and rental security deposit assistance, and emergency repairs, once the durational adjustment is lifted. Affordability assistance manuals will be provided once the programs are established.

Administrative Expenses (N.J.A.C. 5:93-8.16(e))

Oldmans Township may use affordable housing trust fund revenue for related administrative costs up to a 20% limitation pending funding availability after programmatic and affordability assistance expenditures. The Roberts Bill (P.L. 2008, c. 46), which was adopted on July 17, 2008, amended the Fair Housing Act to differentiate between payments in lieu of construction and development fees, among other things. Historically, municipalities counted payments in lieu received prior to July 17, 2008 as revenues that can be spent toward administration, while subtracting past spending on RCA programs from the gross revenue basis of the administrative expenses cap calculation.

Table SP-3. Projected Allowed Administrative Expense

Development fees/interest collected to 6/30/2021		\$1,070,368.79
Development fees projected 7/1/2021-6/30/2025	+	\$907,950.00
Interest projected 7/1/2021-6/30/2025	+	\$33,850.00
Less RCA Expenditures to Date	-	\$0.00
Total	=	\$2,012,168.79
20% maximum permitted administrative expenses	x 0.20 =	\$402,433.76
Less administrative expenditures through 6/30/2021	-	\$70,682.13
Projected allowed administrative expenditures 7/1 2021 to 6/30/2025	=	\$331,751.63

Oldmans Township will not expend for administrative purposes in excess of the formula in Table SP-3. Permitted administrative expenditures within this framework are as follows:

- A. Township Attorney, Engineer, and Planner fees related to plan preparation;
- B. Municipal Housing Administrative Agent program operational expenses.

4. PREVIOUS EXPENDITURES

Since 2015, the Township has made several expenditures out of its affordable housing trust fund. These expenditures are accounted for in the summary in the introduction to this Spending Plan. Table SP-4 below provides additional details.

Table SP-4 – Affordable Housing Trust Fund Expenditures 2015 thru 6/30/2021

Expenditure/Payee	Amount	Year	Purpose
Habitat for Humanity	\$25,000.00	2017	Demolition of existing structure, 54 Railroad Ave.
Debris removal	\$2,700.00	2018	78 Perkintown Road
Tedesco Engineering	\$2,460.00	2018	Septic design and related fees, 78 Perkintown Road
Clarke Caton Hintz	\$44,479.12	2018-2021	Affordable housing planning services
Surenian, Edwards & Nolan	\$3,646.15	2019-2021	Affordable housing legal services
Community Grants, Planning & Housing	\$4,124.00	2019-2020	Affordable Housing Administrative Agent Services
TOTAL	\$78,285.27		

5. EXPENDITURE SCHEDULE

Oldmans Township intends to spend affordable housing trust funds to rehabilitate as many as nine structurally deficient housing units occupied by low- and moderate-income households, to create up to 10 new affordable units in the Township through its Market-to-Affordable program, and to establish two group homes in the Township for very low-income special-needs residents. The remainder of the Township’s current and projected trust funds will be spent toward additional affordability assistance and to cover some of the costs of administering the Township’s affordable housing programs.

Table SP-5 - Projected Expenditure Schedule 2021 through 2025

Program	Units	2021	2022-2023	2024-2025	Total
Small Cities Grant Match	3		\$5,000	\$5,000	\$10,000
Municipal Rehabilitation	6	\$22,500	\$90,000	\$67,500	\$180,000
Housing Activity					
<i>Market-to-Affordable</i>	10		\$500,000	\$375,000	\$875,000
Affordability Assistance					
<i>Group Home</i>	2		\$250,000	\$250,000	\$500,000
<i>Affordability Assistance Reserve</i>					\$110,452
Administration		\$41,450	\$165,875	\$124,425	\$331,750
TOTAL		\$63,950	\$1,010,875	\$821,925	\$2,007,202

6. EXCESS OR SHORTFALL OF FUNDS

If funding should fall short of the amount necessary, Oldmans Township will seek grants or low-cost loans, or use general revenues and its bonding capacity to meet such shortfall. In the event of excess funds, any remaining funds above the amount necessary to satisfy the municipal affordable housing obligation will be used to produce additional affordable housing through these programs or pursuant to a Court-approved amendment to this Spending Plan.

7. SUMMARY

The Township of Oldmans intends to spend affordable housing trust fund revenues pursuant to the regulations governing such funds and consistent with the amended Third Round Housing Element and Fair Share Plan. Oldmans had a balance of \$965,402.66 as of June 30, 2021, and anticipates an additional \$1,041,800 in revenues before the expiration of a Third Round Judgment of Repose for a total of \$2,007,202.66. Of that amount, \$10,000 will be available as matching funds to rehabilitate three units should the state's Small Cities Grant program be funded in the future; \$180,000 will be set aside to rehabilitate as many as six units through a Township-operated rehabilitation program; \$875,000 will be reserved for subsidies to create up to 10 new affordable units through its Market-to-Affordable program; up to \$500,000 will be spent toward development of two new group homes in the Township; and up to an estimated \$331,750 may be spent from the trust fund through 2025 toward the cost of administering the Township's affordable housing programs. The Township will reserve another \$110,452.66 for affordability assistance expenditures once the durational adjustment on its affordable housing obligation is lifted.

Table SP-6. Spending Plan Summary

Revenues	
Balance as of June 30, 2021	\$965,402.66
Projected Revenue from 7/1/2021 through 6/30/2025	
1. Development fees	+ \$907,950.00
2. Payments in lieu of construction	+ \$0
3. Other funds – Sale of 78 Perkintown Road	+ \$100,000.00
Interest	+ \$33,850.00
Total Projected Funds	= \$2,007,202.66
Expenditures	
Rehabilitation (Small Cities and Township programs)	\$190,000.00
Group Homes	+ \$500,000.00
Other Affordability Assistance – to be held in reserve until durational adjustment is lifted	+ \$110,452.66
Housing Activity – Market-to-Affordable	+ \$875,000.00
Administration	+ \$331,750.00
Total Projected Expenditures	= \$2,007,202.66