

RESOLUTION 62 - 2014

**Resolution of the Borough Council of the Borough of Woodbury Heights
Requesting Review and Approval of a
Municipal Affordable Housing Trust Fund Spending Plan**

Woodbury Heights Borough, Gloucester County

WHEREAS, Woodbury Heights Borough, Gloucester County, was granted a Judgment of Repose by the Superior Court on April 8, 2014; and

WHEREAS, Woodbury Heights Borough received approval from the Superior Court on April 8, 2014 of its development fee ordinance; and

WHEREAS, the development fee ordinance establishes 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 interest;

WHEREAS, N.J.A.C. 5:97-8.1(d) requires a municipality with an affordable housing trust fund to receive approval of a spending plan from the Council on Affordable Housing (COAH) prior to spending any of the funds in its housing trust fund; and

WHEREAS, N.J.A.C. 5:97-8.10 requires a spending plan to include the following:

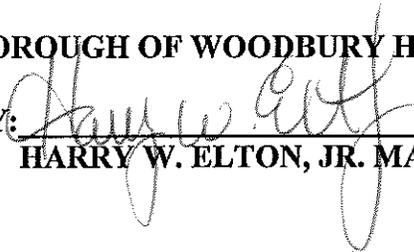
1. A projection of revenues anticipated from imposing fees on development, based on pending, approved and anticipated developments and historic development activity;
2. A projection of revenues anticipated from other sources, including payments in lieu of constructing affordable units on sites zoned for affordable housing, funds from the sale of units with extinguished controls, proceeds from the sale of affordable units, rental income, repayments from affordable housing program loans, and interest earned;
3. A description of the administrative mechanism that the municipality will use to collect and distribute revenues;
4. A description of the anticipated use of all affordable housing trust funds pursuant to N.J.A.C. 5:97-8.7, 8.8, and 8.9;
5. A schedule for the expenditure of all affordable housing trust funds;
6. If applicable, a schedule for the creation or rehabilitation of housing units;

7. A pro-forma statement of the anticipated costs and revenues associated with the development if the municipality envisions supporting or sponsoring public sector or non-profit construction of housing; and
8. A plan to spend the trust fund balance as of July 17, 2008 within four years of the Council's approval of the spending plan, or in accordance with an implementation schedule approved by the Council;
9. The manner through which the municipality will address any expected or unexpected shortfall if the anticipated revenues from development fees are not sufficient to implement the plan; and
10. A description of the anticipated use of excess affordable housing trust funds, in the event more funds than anticipated are collected, or projected funds exceed the amount necessary for satisfying the municipal affordable housing obligation.

WHEREAS, Woodbury Heights Borough has prepared a spending plan consistent with N.J.A.C. 5:97-8.10 and P.L. 2008, c.46.

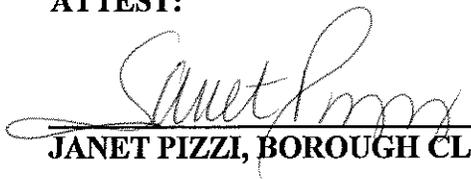
NOW THEREFORE BE IT RESOLVED that the Governing Body of Woodbury Heights Borough, Gloucester County requests that COAH review and approve the Borough's spending plan annexed hereto.

BOROUGH OF WOODBURY HEIGHTS

BY: 

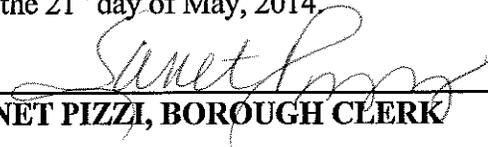
HARRY W. ELTON, JR. MAYOR

ATTEST:



JANET PIZZI, BOROUGH CLERK

The foregoing Resolution was duly adopted by the Borough Council of the Borough of Woodbury Heights at the regular meeting held on the 21st day of May, 2014.



JANET PIZZI, BOROUGH CLERK

**Borough of Woodbury Heights
Affordable Housing Trust Fund Spending Plan
May 1, 2014**

INTRODUCTION

The Borough of Woodbury Heights, Gloucester County, has prepared a 2013 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-301*) and the regulations of the Council on Affordable Housing (COAH) (*N.J.A.C. 5:97-1 et seq.* and *N.J.A.C. 5:96-1 et seq.*) A development fee ordinance creating a dedicated revenue source for affordable housing was adopted by the municipality on November 26, 2013 and approved by the NJ Superior Court on April 8, 2014. The ordinance establishes the Borough of Woodbury Heights' affordable housing trust fund for which this spending plan is prepared. Per the April 8, 2014 Court Order, the Court also granted the Borough a Judgment of Repose for the 2013 Plan which addressed the Borough's prior round obligation and rehabilitation share and the Court granted the Borough a third round stay (see attached order.)

As of December 31, 2013, the Borough of Woodbury Heights has collected \$0, expended \$0, resulting in a balance of \$0. All development fees, payments in lieu of constructing affordable units on site, funds from the sale of units with extinguished controls, and interest generated by the fees will be deposited in a separate interest-bearing affordable housing trust fund in TD Bank for the purposes of affordable housing. These funds shall be spent in accordance with *N.J.A.C. 5:97-8.7-8.9* as described in the sections that follow.

REVENUES FOR CERTIFICATION PERIOD

To calculate a projection of revenue anticipated during the period of the Judgment of Repose and the balance of the third round through December 31, 2018, the Borough of Woodbury Heights considered the following:

A. Development fees:

1. Residential and nonresidential projects which 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; and
3. Future development that is likely to occur based on historical rates of development.

B. Payment in lieu (PIL):

Actual and committed payments in lieu (PIL) of construction from developers as follows:

- The Borough has not collected any payments in lieu of construction and does not anticipate future payments in lieu of construction

C. Other funding sources:

Funds from other sources, including, but not limited to, the sale of units with extinguished controls, repayment of affordable housing program loans, rental income, and proceeds from the sale of affordable units. The Borough does not anticipate other funds will be collected.

D. Projected interest:

Interest on the projected revenue in the municipal affordable housing trust fund at the current average interest rate.

The Borough of Woodbury Heights projects a total of \$27,054 in revenue to be collected between January 1, 2014 and December 31, 2018. All interest earned on the account shall accrue to the account to be used only for the purposes of affordable housing.

Table SP-1. Projected Revenues between 2014 and 2018

SOURCE OF FUNDS	PROJECTED REVENUES - TRUST FUND 2014 - 2018						
	Year	2014	2015	2016	2017	2018	Total
A. Development Fees:							
1. Approved Development		\$0	\$0	\$0	\$0	\$0	\$0
2. Development Pending Approval		\$0	\$0	\$0	\$0	\$0	\$0
3. Projected Development		\$3,375	\$3,375	\$6,750	\$6,750	\$6,750	\$27,000
B. Payments in Lieu of Construction		\$0	\$0	\$0	\$0	\$0	\$0
C. Other Funds		\$0	\$0	\$0	\$0	\$0	\$0
D. Interest		\$3	\$6	\$12	\$15	\$18	\$54
Total		\$3,378	\$3,381	\$6,762	\$6,765	\$6,768	\$27,054

ADMINISTRATIVE MECHANISM TO COLLECT AND DISTRIBUTE FUNDS

The following procedural sequence for the collection and distribution of development fee revenues shall be followed by the Borough of Woodbury Heights:

A. Collection of development fee revenues:

Collection of development fee revenues shall be consistent with the Borough of Woodbury Heights's development fee ordinance for both residential and non-residential developments in accordance with COAH's rules and P.L.2008, c.46, sections 8 (N.J.S.A. 52:27D-329.2) and 32-38 (N.J.S.A. 40:55D-8.1 through 8.7).

B. Distribution of development fee revenues:

The Planning and Zoning Board adopts and forwards a resolution to the governing body recommending the expenditure of development fee revenues as set forth in this spending plan. The governing body reviews the request for consistency with the spending plan and adopts the recommendation by resolution.

The release of funds requires the adoption of the governing body resolution in accordance with the COAH-approved spending plan. Once a request is approved by resolution, the Chief Finance Officer releases the requested revenue from the trust fund for the specific use approved in the governing body's resolution.

DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS

A. **Rehabilitation program (N.J.A.C. 5:97-8.7)**

The Borough of Woodbury Heights will dedicate \$13,527 to the County rehabilitation program, if needed (see detailed description in the 2013 Plan.)

In addition, as also noted in subsection (b) below, the Borough will dedicate up to \$8,117 in affordability assistance for assistance with emergency repairs undertaken by the County rehabilitation program on rehabilitation units eligible to address the Borough's rehabilitation share.

B. **Affordability Assistance (N.J.A.C. 5:97-8.8)**

COAH's current rules require the Borough of Woodbury Heights to spend a minimum of 30 percent of development fee revenue to render existing affordable units (including rehabilitated units) more affordable and one-third of that amount must be dedicated to very low-income households (i.e. households earning less than 30 percent of the regional median income). The actual affordability assistance minimums are calculated on an ongoing basis in the CTM system based on actual revenues.



Table SP-2. Projected Minimum Affordability Assistance Requirement

Actual development fees through 12/31/2008		\$0.00
Actual interest earned through 12/31/2013	+	\$0.00
Development fees projected 2014-2018	+	\$27,000.00
Interest projected 2014-2018	+	\$54.00
Less housing activity expenditures through 6/2/2008	-	\$0.00
Total	=	\$27,054.00
30 percent requirement	x 0.30 =	\$8,116.20
Less affordability assistance expenditures through 12/31/2013	-	\$0.00
Projected minimum affordability assistance requirement 1/1/2014 through 12/31/2018	=	\$8,116.20
Projected minimum very low-income affordability assistance Requirement 1/1/2014 through 12/31/2018	÷ 3 =	\$2,705.40

The Borough of Woodbury Heights will dedicate \$8,117 from the affordable housing trust fund to render units more affordable, including \$2,706 to render units more affordable to households earning 30 percent or less of median income by region, as follows:

- Assistance with emergency repairs – focused on very-low income homeowners taking part in the County rehabilitation program;

Additional affordability assistance may also include:

- Down-payment assistance;
- Rental assistance;
- Security deposit assistance
- Low interest loans
- Assistance with homeowners association or condominium fees and special assessments; and/or
- Converting low-income units to very-low-income units, etc.

C. Administrative Expenses (N.J.A.C. 5:97-8.9)

Additionally, in accordance with N.J.A.C. 5:97-8.9, the Borough of Woodbury Heights may use no more than 20% of the revenues collected each year on administrative costs including, but not limited to, salaries and benefits for municipal employees or consultant fees necessary to prepare or implement affordable housing mechanisms in the Borough's housing element and fair share plan. The actual administrative expense maximum is calculated on an ongoing basis in the CTM system based on actual revenues.

The Borough projects that \$5,410 will be available from the affordable housing trust fund to be used for administrative purposes. Projected administrative expenditures, subject to the 20 percent cap, may be as follows:

- Borough Attorney, Engineer, and Planner fees related to obtaining a judgment of repose and implementing the Borough's court-approved plan(s);
- Rehabilitation administration fees, if necessary;
- Administration fees related to the municipally sponsored site;
- Administrative agent fees for the Woodbury Heights Development, LLC, inclusionary development per the settlement agreement approved at a fairness hearing by the Hon. Anne McDonnell, P.J.G.E., on June 27, 2012:

Table SP-3. Projected Maximum Administrative Expenses

Actual development fees through December 31, 2013		\$0.00
Actual interest earned through December 31, 2013	+	\$0.00
Actual other funds collected through July 17, 2008	+	\$0.00
Additional fees and interest projected 2014 - 2018	+	\$27,054.00
Less RCA expenditures	-	\$0
Total	=	\$27,054.00
20 percent maximum permitted administrative expenses	x 0.20 =	\$5,410.80
Less admin expenditures through December 31, 2013	-	\$0.00
Allowed administrative expenditures	=	\$5,410.80

EXPENDITURE SCHEDULE

The Borough of Woodbury Heights intends to use affordable housing trust fund revenues for the rehabilitation of housing units including for the potential emergency repair assistance to address affordability assistance. Where applicable, the rehabilitation funding schedule below parallels the implementation schedule set forth in the Housing Element and Fair Share Plan and is summarized as follows.

Table SP-4. Projected Expenditure Schedule

PROGRAM	NUMBER OF UNITS PROJECTED	PROJECTED EXPENDITURE SCHEDULE 2014 - 2018					
		2014	2015	2016	2017	2018	Total
Rehabilitation	1	\$0	\$0	\$10,000	\$0	\$3,527	\$13,527
Affordability Assistance	1	\$0	\$0	\$0	\$0	\$8,117	\$8,117
Administration	-	\$0	\$1,000	\$2,000	\$2,410	\$0	\$5,410
Total	2	\$0	\$1,000	\$12,000	\$2,410	\$11,644	\$27,054

EXCESS OR SHORTFALL OF FUNDS

In the event that a shortfall of anticipated revenues occurs, the Borough of Woodbury Heights will adopt a resolution of intent to bond.

In the event of excess funds, any remaining funds above the amount necessary to satisfy the municipal affordable housing obligation will be used to complete rehabilitations.

BARRIER FREE ESCROW

Collection and distribution of barrier free funds shall be consistent with the Borough of Woodbury Heights' Affordable Housing Ordinance in accordance with *N.J.A.C. 5:97-8.5*.

SUMMARY

The Borough of Woodbury Heights intends to spend affordable housing trust fund revenues pursuant to N.J.A.C. 5:97-8.7 through -8.9 and consistent with the housing programs outlined in the housing element and fair share plan dated November 4, 2013.

The Borough of Woodbury Heights has a balance of \$0 as of December 31, 2013 and anticipates \$27,054 in revenues before the expiration of its Judgment of Repose. The municipality will dedicate \$13,527 towards the rehabilitation program, \$8,117 to render units more affordable including an emergency repair program, and \$5,410 to administrative costs. Any shortfall of funds will be offset by a resolution of intent to bond. The municipality will dedicate any excess funds toward the rehabilitation program.

Table SP-5. Spending Plan Summary

<i>Balance</i> as of December 31, 2013		\$0.00
Projected Revenue 2014-2018		
Development fees	+	\$27,000.00
Payments in lieu of construction	+	\$0.00
Other funds	+	\$0.00
Interest	+	\$54.00
Total Revenue	=	\$27,054.00
Expenditures		
Funds used for Rehabilitation	-	\$13,527.00
Affordability Assistance	-	\$8,117.00
Administration	-	\$5,410.00
Total Projected Expenditures	=	\$27,054.00