

# North Hanover Affordable Housing Trust Fund Spending Plan

## INTRODUCTION

The Township of North Hanover has prepared a Housing Element and Fair Share plan that addresses its regional fair share of the affordable housing need as approved by a Burlington County Court order dated June 7, 2017. A development fee ordinance creating a dedicated revenue source for affordable housing was adopted in 2008. The ordinance establishes the Township of North Hanover affordable housing trust fund for which this spending plan is prepared.

As of December 31, 2019, the Township of North Hanover has collected \$301,436 in funds and has expended \$207,708, resulting in a balance of \$93,728. 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 are deposited in a separate interest-bearing affordable housing trust fund 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.

### **1. REVENUES FOR CERTIFICATION PERIOD**

To calculate a projection of revenue anticipated during the period of third round substantive certification, the Township of North Hanover 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) 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 may be collected when such events occur. For this plan other funding sources are not anticipated to be significant and therefore are not projected to 2025.

(c) Projected interest:

Interest earned on the projected revenue in the municipal affordable housing trust fund.

SOURCE OF FUNDS	PROJECTED REVENUES-HOUSING TRUST FUND - 2020 THROUGH 2025						
	2020	2021	2022	2023	2024	2025	Total
(a) Development fees:	\$11,960	\$11,960	\$11,960	\$11,960	\$11,960	\$11,960	\$71,760
1. Approved Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Development Pending Approval	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Projected Development	\$11,960	\$11,960	\$11,960	\$11,960	\$11,960	\$11,960	\$71,760
(b) Payments in Lieu of Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(c) Other Funds (Specify source(s))	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(d) Interest	\$135	\$135	\$135	\$135	\$135	\$135	\$810
<b>Total</b>	\$12,058	\$12,058	\$12,058	\$12,058	\$12,058	\$12,058	\$72,570

The Township of North Hanover projects a total of \$72,570 in revenue to be collected between January 1, 2020 and December 31, 2025. All interest earned on the account shall accrue to the account to be used only for the purposes of affordable housing.

## 2. 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 Township of North Hanover:

(a) Collection of development fee revenues:

Collection of development fee revenues shall be consistent with the Township of North Hanover'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 (C. 52:27D-329.2) and 32-38 (C. 40:55D-8.1 through 8.7).

(b) Distribution of development fee revenues:

A request for the expenditure of development fee revenues will be submitted to the chief financial officer (CFO) of North Hanover. Requests for expenditure of funds may come from administrative agencies, developers, contractors or other entities engage in the development or rehabilitation of affordable housing in North Hanover. The CFO will

review the request and, if deemed a valid utilization of development fee funds, will submit the request to North Hanover’s governing body. If approved by the governing body by resolution, the funds will be distributed by the CFO.

**3. DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS**

**(a) Rehabilitation and new construction programs and projects (N.J.A.C. 5:97-8.7)**

The Township of North Hanover will dedicate approximately \$26,710 to rehabilitation or new construction programs (see detailed descriptions in Fair Share Plan) as follows:

**Rehabilitation program:** \$26,710. The Township will use development fees in combination with potential Small Cities funding to rehabilitate units in need of rehabilitation.

**New construction project(s):** \$0. No new construction programs requiring Township funding are planned.

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

Projected minimum affordability assistance requirement:

Actual development fees through 12/31/2019		\$252,752
Actual interest earned through 12/31/2019	+	\$48,684
Development fees projected 2020-2025	+	\$71,760
Interest projected 2020-2025	+	\$810
Less housing activity expenditures through 6/2/2008	-	\$4,620
<b>Total</b>	=	\$369,386
30 percent requirement	x 0.30 =	\$110,816
Less Affordability assistance expenditures through 12/31/2019	-	\$0
<b>PROJECTED MINIMUM Affordability Assistance Requirement 1/1/2020 through 12/31/2025</b>	=	\$110,816
<b>PROJECTED MINIMUM Very Low-Income Affordability Assistance Requirement 1/1/2020 through 12/31/2025</b>	÷ 3 =	\$36,939

The Township of North Hanover will dedicate \$110,816 from the affordable housing trust fund to render units more affordable, including \$36,939 to render units more affordable to households earning 30 percent or less of median income by region, as follows:

The Township of North Hanover intends to utilize the full affordability assistance set-aside to provide security deposits and/or rental assistance for new renters at the three affordable housing sites.

In the table above, housing activity expenses totaling \$4,620 were used to rehabilitate one home owned by an income-qualified household in the Township in 2007.

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

The Township of North Hanover projects that \$28,772 will be available from the affordable housing trust fund to be used for administrative purposes. Projected administrative expenditures, subject to the 20 percent cap, are in the following chart.

The Township of North Hanover will utilize 20 percent of development fees to assist with its Administrative Agent, monitoring and planning responsibilities. Administrative costs may include the costs of salaries and benefits for municipal employees or consultants' fees necessary to develop or implement municipal housing programs such as the preparation of amendments to the housing element and fair share plan, the implementation of the affirmative marketing program, or the costs of marketing the Housing Rehabilitation Program and reporting. Legal or other fees related to litigation

<b>North Hanover Maximum Administrative Expense Calculation</b>		
Actual development fees and interest thru 12/31/2019		\$301,436
Projected Development Fees and interest 1/1/2020 thru 12/31/2025	+	\$72,570
Payment in Lieus (Do not count for admin Calc)		\$0
Less RCA expenditures thru 12/31/25	-	\$0
Total for Admin. Calculation, 1/1/2020 thru 2025	=	\$374,006
20% Maximum for Admin Expense	x .20	\$74,801
Less Admin thru 12/31/2019	-	\$46,029
Available for Admin 1/1/2020 Thru 12/31/2025	=	\$28,772

opposing affordable housing sites or COAH's rules are not eligible uses of the affordable housing trust fund.

**4. EXPENDITURE SCHEDULE**

The Township of North Hanover intends to use affordable housing trust fund revenues for the creation and/or rehabilitation of housing units. Where applicable, the creation/rehabilitation funding schedule below parallels the implementation schedule set forth in the Housing Element and Fair Share Plan and is summarized as follows. The Township's rehabilitation obligation has been met at this time, any new obligation will likely be announced after the 2020 Census results are known, and therefore the Township has chosen to delay the expenditure of rehabilitation funds until 2022.

Program	Number of Units Projected	Funds Expended and/or Dedicated	PROJECTED EXPENDITURE SCHEDULE 2020 -2025						
			2020 - 2025	2020	2021	2022	2023	2024	2025
Rehab	2	\$0	\$0	\$0	\$13,355	\$0	\$13,355	\$0	\$26,710
<b>Total Programs</b>	2	\$0	\$0	\$0	\$13,356	\$0	\$13,356	\$0	\$26,710
Affordability Assistance		\$0	\$18,470	\$18,470	\$18,469	\$18,469	\$18,469	\$18,469	\$110,816
Administration		\$3,536	\$1,261	\$4,795	\$4,795	\$4,795	\$4,795	\$4,795	\$28,772
<b>Total</b>		\$3,536	\$19,731	\$23,265	\$36,620	\$23,264	\$36,620	\$23,264	\$166,298

## **5. EXCESS OR SHORTFALL OF FUNDS**

Pursuant to the Housing Element and Fair Share Plan, the governing body of the Township of North Hanover has adopted a resolution agreeing to fund any shortfall of funds required for implementing its housing rehabilitation program. In the event that a shortfall of anticipated revenues occurs, the Township of North Hanover will pass a resolution of intent to bond. A copy of the adopted resolution is attached.

In the event of excess funds, any remaining funds above the amount necessary to satisfy the municipal affordable housing obligation will be used to expand the existing housing rehabilitation program.

## **6. BARRIER FREE ESCROW**

No Barrier free escrow funds are expected to be collected or distributed because no new affordable units are planned at this time. Collection and distribution of barrier free funds shall be consistent with the Township of North Hanover's Affordable Housing Ordinance in accordance with N.J.A.C. 5:97-8.5.

## **SUMMARY**

The Township of North Hanover 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, which are currently under review.

The Township of North Hanover has a balance of \$93,728 as of December 31, 2019 and anticipates an additional \$72,570 in revenues before December 31, 2025 for a total of \$166,298. The municipality will dedicate \$26,710 towards the rehabilitation program, \$110,816 to render units more affordable, and \$28,772 to administrative costs. Any shortfall of funds will be offset by local bonding. The municipality will dedicate any excess funds toward expansion of its existing housing rehabilitation program.

<b>SPENDING PLAN SUMMARY</b>	
Balance as of December 31, 2019	\$93,728
<b>PROJECTED REVENUE 2020-2025</b>	
Development fees	+ \$71,760
Payments in lieu of construction	+ \$0
Other funds	+ \$0
Interest	+ \$810
<b>TOTAL PROJECTED REVENUE</b>	<b>= \$166,298</b>
<b>PROJECTED EXPENDITURES 2020-2025</b>	
Rehabilitation Program	- \$26,710
Affordability Assistance	- \$110,816
Administration	- \$28,772
<b>TOTAL PROJECTED EXPENDITURES</b>	<b>= \$166,298</b>
<b>REMAINING BALANCE</b>	<b>= \$0.00</b>