

**RESOLUTION NO.: 2018 - 148**

**A RESOLUTION OF THE MAYOR AND COUNCIL OF THE BOROUGH OF MOUNT ARLINGTON, IN THE COUNTY OF MORRIS, STATE OF NEW JERSEY REQUESTING THE COURT TO REVIEW AND APPROVE AN AFFORDABLE HOUSING TRUST FUND SPENDING PLAN**

**WHEREAS**, the New Jersey Supreme Court held in *In the Matter of the Adoption of N.J.A.C. 5:96 and 5:97 by the New Jersey Council on Affordable Housing, 221 N.J. 1 (2015)*, that the COAH administrative process had become non-functioning and as a result, returned primary jurisdiction over affordable housing matters to the trial court; and

**WHEREAS**, in doing so, the Supreme Court established a transitional process for municipalities, like Borough of Mount Arlington, that participated in the administrative process before COAH to file a declaratory judgment action with the trial court seeking to declare their Housing Element and Fair Share Plans as being constitutionally compliant and seeking similar protections to those that the participating municipalities would have received if they had continued to proceed before the court; and

**WHEREAS**, the Borough of Mount Arlington filed its declaratory judgment action in the Superior Court of New Jersey, Morris County, on July 7, 2015, under Docket Number MRS-L-1657-15; and

**WHEREAS**, the Borough thereafter settled its declaratory judgment action with the Fair Share Housing Center (“FSHC”) and the terms of that settlement were memorialized in an agreement dated June 12, 2018 pursuant to Resolution 2018-98, a copy of which is incorporated herein as if set forth at length; and

**WHEREAS**, at the conclusion of the Fairness Hearing held on August 10, 2018, the Honorable MaryAnn L Nergaard, J.S.C., found that the settlement agreement between the

Borough and FSHC is fair and adequately protects the interests of low and moderate income persons within the Borough's housing region subject to the Court's approval by way of a final compliance hearing, scheduled for February 8, 2019; and

**WHEREAS**, paragraph 16 of the settlement agreement with FSHC provides that the Borough "shall file with the court and FSHC an updated spending plan (valid through 2025), and which shall incorporate all of the requirements of the within agreement ('The 2018 Spending Plan'). The 2018 Spending Plan shall be substantially in a form approved by FSHC and shall be subject to the review and approval of the court and FSHC"; and

**WHEREAS**, Borough Planner Jessica C. Caldwell, P.P., A.I.C.P., prepared the Borough's Spending Plan, a copy of which is incorporated herein as if set forth at length; and recommended its adoption.

**NOW, THEREFORE, BE IT RESOLVED** by the Mayor and Council of the Borough of Mount Arlington in the County of Morris, State of New Jersey, as follows:

- 1. The Mayor and Borough Council hereby approve the Spending Plan described in the preamble, subject to court approval.
- 2. The Borough Attorney is hereby directed to submit the draft Spending Plan to the Court and seek the Court's approval.

**BE IT FURTHER RESOLVED** that this Resolution shall take effect immediately.

**I HEREBY CERTIFY** this to be a true and correct Resolution of the Borough Council of the Borough of Mount Arlington and adopted on November 7, 2018.

Approved:

Attest:   
Linda DeSantis, RMC, Borough Clerk

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Michael Stanzilis, Mayor

**AFFORDABLE HOUSING TRUST  
FUND SPENDING PLAN**

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**BOROUGH OF  
MOUNT ARLINGTON  
MORRIS COUNTY, NEW JERSEY**

November 2, 2018

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NJPP License #5944

# SPENDING PLAN

## INTRODUCTION

A development fee ordinance creating a dedicated revenue source for affordable housing following state guidelines was adopted in August 2018. The ordinance established a fee of 1.5% of equalized assessed value for new residential construction and 2.5% for new commercial construction.

The ordinance established the need for a Borough of Mount Arlington Affordable Housing Trust Fund. 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 affordable housing fees are deposited in a separate-interest-bearing affordable housing trust fund account for the purposes of affordable housing.

Mount Arlington Borough has prepared this Spending Plan (2018) to guide the allocation of funds within the Borough of Mount Arlington Affordable Housing Trust Fund. As of October 2018, the Borough of Mount Arlington has no funds in its Affordable Housing Trust Fund. The account will begin collecting fees as they are created through new development. The funds shall be spent in accordance N.J.A.C. 5:97-8.7-8.9 as described in the sections that follow.

Source of Funds	Up to 10/01/18	2019	2020	2021	2022	2023	2024	2025	Total
(a) Development Fees									
1. Approved Residential and Nonresidential Development Projects	\$0								
2. Projected Residential Development Projects Only	\$0	\$17,190	\$17,190	\$17,190	\$17,190	\$17,190	\$17,190	\$17,190	\$120,330
3. Projected Non-Residential Development Projects (New construction only)	\$0	\$27,595	\$27,595	\$27,595	\$27,595	\$27,595	\$27,595	\$27,595	\$193,165
(b) Payments in lieu of Construction	NA								
(c) Other Funds (specify source)	NA								
Subtotal									\$313,495
(d) Interest	NA								\$3,135
Total Revenue from Development Fees									\$316,630

Mount Arlington Borough projects a total of \$316,630 to be collected between January 1, 2019 and December 1, 2025. All interest earned on the account shall accrue to the account for use for affordable housing purposes only. Projections are based on projected development as it relates to permits issued within the Borough over the last five years. The Borough projects approximately \$27,595 in non-residential development fees per year and a projected \$17,190 per year in residential fees.

#### **REVENUES FOR CERTIFICATION PERIOD**

To calculate a projection of revenue anticipated during the period of Third Round substantive certification, Mount Arlington Borough the following:

- (a) Development fees:
  - 1. Nonresidential projects which have had development fees imposed upon them at the time of preliminary or final development approvals;
  - 2. All nonresidential 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) Payments in Lieu (PIL): Payments in Lieu of development into the Borough's Housing Trust are not permitted.
- (c) Other funding sources: The Borough reserves the option to pursue various public funding options to support its municipal rehabilitation program.
- (d) Projected interest: Interest on the projected revenue in the municipal affordable housing trust fund at the current average interest rate is 1%.

#### **ADMINISTRATIVE MECHANISM TO COLLECT AND DISTRIBUTE FUNDS**

Mount Arlington Borough will follow the process for the collection and distribution of development fee revenues detailed below.

- (a) Collection of development fee revenues: Mount Arlington Borough will collect development fee revenues in a manner that is consistent with the Borough's development fee ordinance for both residential and nonresidential development and in accordance with COAH's rules.
- (b) Distribution of development fee revenues: Mount Arlington Borough will distribute funds with the oversight of the Borough Committee. The Committee will work with the Borough Administrator and the Municipal Housing Liaison to manage the projects outlined in this spending plan.

#### **DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS**

Mount Arlington Borough proposes to use the monies in its Affordable Housing Trust Fund for the following purposes:

- (a) **Affordability Assistance** (N.J.A.C. 5:97-8.8) Mount Arlington will dedicate 30 percent of its income from the affordable housing trust fund to render units more affordable, including at least one-third of that to render units created in the Borough more affordable to households earning 30 percent or less of median income by region. This could include down payment assistance for new units, rehabilitation assistance for existing units and rental assistance for rental unit.

Actual development fees through 10/01/2018		\$0
Actual interest earned through 10/01/2018	+	\$0
Development fees projected 2019-2025	+	\$313,495
Interest projected 2019-2025	+	\$3,135
Less housing activity expenditures through 1/1/2019	-	included
Subtotal	=	\$316,630
30 percent requirement	X 0.30 =	\$94,989
Less affordability assistance expenditures through 8/10/2016	-	included
<b>Projected minimum Affordability Assistance Requirement 10/1/2018 through 12/31/2025</b>	=	<b>\$94,989</b>
<b>Projected minimum Very Low-Income Affordable Assistance Requirement 10/1/2018 through 12/31/2025</b>	/3 =	<b>\$31,663</b>

- (b) **Rehabilitation Projects** (N.J.A.C. 5:97-6.2): Mount Arlington Borough will dedicate the following funds to Rehabilitation projects in order to meet its fair share affordable unit obligation:

**Borough Rehabilitation Program:** The Borough proposes to address its 16-unit rehabilitation obligation through continued participation in the Morris County Housing Rehabilitation program.

Rehabilitation of additional units will be pursued if there are more funds than projected available in the trust fund.

- (c) **Administrative Expenses** (N.J.A.C. 5:97-8.9) Mount Arlington Borough will dedicate no more than 20 percent of revenue from the affordable housing trust fund to be used for administrative purposes. The current budget for administrative expenses is \$63,326 subject to the 20 percent cap are as follows:

- Administration of affordable housing programs;
- Legal fees associated with affordable housing administration;
- Planning fees for any necessary updates and/or revision to the Housing Element and Fair Share Plan; and
- Other expenses associated with the development and implementation of the Housing and Fair Share Plan and the monitoring of current and future affordable housing programs within Mount Arlington Borough.

- (d) **Transitional Housing and Group Homes**

The Borough of Mount Arlington has an existing transitional housing project that has five (5) family units that may request funds if needed. The Borough will also use trust funds for group homes as opportunities arise. The budgeted amount is \$52,772 depending on funds available at the time of the development.

- (e) **New Development**

The Borough will allocate \$52,772 towards development of new affordable residential units.

**(f) Veteran's Housing**

The Borough of Mount Arlington proposes to partner with a non-profit organization to convert the former Borough Hall/Police Station into a group residence for disabled veterans. If this site is not viable, the Borough will seek another suitable location. The Borough is budgeting 52,771 for this project.

Program	Units	Funds earmarked as of 10/01/2018	2019	2020	2021	2022	2023	2024	2025	Total
Transitional Housing Facility/Group Home							\$52,772			\$52,772
Veteran's Housing								\$52,772		\$52,772
New Development									\$52,771	\$52,771
Administration	20% of Total	\$0	\$9,047	\$9,047	\$9,047	\$9,047	\$9,046	\$9,046	\$9,046	\$63,326
Affordability Assistance	30% of Total	\$0	\$13,570	13,569	13,570	13,570	13,570	13,570	13,570	\$94,989
<b>Total</b>										\$316,630

**SUMMARY**

Mount Arlington Borough 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 affordable housing programs outlined in the Mount Arlington Borough's Housing Element and Fair Share Plan.

**Spending Plan Summary  
Mount Arlington Borough Affordable Housing Trust Fund**

<b>Trust fund balance as of 10/01/2018</b>	<b>\$0</b>
<b>Projected Revenue (2019-2025)</b>	
Development fees	\$313,495
Payments in lieu of construction	
Other funds	
Interest	\$3,135
<b>Total Revenue (Rounded)</b>	<b>\$316,630</b>
<b>Expenditures</b>	
Transitional Housing Facility/Group Home	\$52,772
Veteran's Housing	\$52,772
New Development	\$52,771
Administration	\$63,326
Affordability Assistance	\$94,989
<b>Total Projected Expenditures</b>	<b>\$316,630</b>