

WARREN TOWNSHIP

DEVELOPMENT FEE

SPENDING PLAN

Prepared for the
Warren Township
Committee

By

John T. Chadwick IV, P.P.
3176 Route 27, Suite 1A
Kendall Park, NJ 08824

December 19, 2008

This report was signed and sealed in a accordance with NJJSA45:14A-12

INTRODUCTION

Warren 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-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.). The original development fee ordinance creating a dedicated revenue source for affordable housing was approved by COAH on March 1992 and adopted by the municipality on March 12, 1992. The ordinance and amendments establish the Warren Township affordable housing trust fund for which this spending plan is prepared.

As of July 17, 2008, Warren Township has collected \$6,241,005, expended \$2,349,077, resulting in a balance of \$3,891,928. 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 in Skylands Community 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.

Warren Township first petitioned COAH for substantive certification on March 3, 1985 and received prior approval to maintain an affordable housing trust fund on March 4, 1992. As of December 31, 2004, the prior round balance remaining in the affordable housing trust fund was \$3,179,979. From January 1, 2005 through July 17, 2008, Warren Township collected an additional \$1,925,895 in development fees, payments in lieu of construction, other funds, and/or interest. From January 1, 2005 through July 17, 2008, Warren Township expended funds on the affordable housing activities detailed in section 4 of this spending plan.

1. REVENUES FOR CERTIFICATION PERIOD

To calculate a projection of revenue anticipated during the period of third round substantive certification, Warren Township 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 Township does not anticipate any PIL revenues.

(c) Other funding sources:

No other funds have been or are anticipated to be collected.

(d) Projected interest:

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

Current rate is approximately 1.0% (see following table)

SOURCE OF FUNDS	PROJECTED REVENUES-HOUSING TRUST FUND - 2008 THROUGH 2018											
	7/18/08 Through 12/31/08	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
(a) Development fees:												
1. Approved Development	50	100	50	20	0							220
2. Development Pending Approval		60	40	30	20							150
3. Projected Development			30	30	40	60	60	60	60	60	60	460
(b) Payments in Lieu of Construction												
(c) Other Funds (Specify source(s))												
(d) Interest	0.5	1.6	1.2	0.8	0.6	0.6	0.6	0.6	0.6	0.6	0.6	8.3
Total	50.5	161.6	121.2	80.8	60.6	60.6	60.6	60.6	60.6	60.6	60.6	838.3

Warren Township projects a total of \$838,300 in revenue to be collected between July 18, 2008 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.

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 Warren Township:

(a) Collection of development fee revenues:

Collection of development fee revenues shall be consistent with Warren Township’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:

The Township distributes funds in accordance with standard procedures. The Township has been granted Dedication by Rider authority.

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)**

Warren Township will dedicate \$2,608,086 to rehabilitation or new construction programs (see detailed descriptions in Fair Share Plan) as follows:

Rehabilitation program: \$150,000

New construction project(s): Township new construction project has not proceeded to development pro-forma. The Township has evaluated sites in accordance with COAH development criteria, evaluated and analyzed 100% affordable vs a blend of market and affordable units as well as type of construction. Pro-forma and estimated expenditures of available and projected development fee funds will be provided within the first three year period of third-round certification.

The Township has sold for one dollar consideration 1.5 acres of land to Cerebral Palsy of North Jersey for development of six special-needs units. The property is known as block 114, lot 22.03. A development plan has also been approved. Further, CPNJ has requested and the Township has approved a subsidy to advance affordability in the amount of \$250,000.

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

Projected minimum affordability assistance requirement:

Actual development fees through 7/17/2008		\$5,663,661
Actual interest earned through 7/17/2008	+	\$507,087
Development fees projected* 2008-2018	+	\$830,000
Interest projected* 2008-2018	+	\$8,300
Less housing activity expenditures through 6/2/2008	-	\$1,914,576
Total	=	5,094,472

30 percent requirement	x 0.30 =	\$1,528,342
Less Affordability assistance expenditures through 12/31/2004	-	\$0
PROJECTED MINIMUM Affordability Assistance Requirement 1/1/2005 through 12/31/2018	=	\$1,528,342
PROJECTED MINIMUM Very Low-Income Affordability Assistance Requirement 1/1/2005 through 12/31/2018	÷ 3 =	\$509,447

* Note: The 2008 portion of this projection reflects 2008 subsequent to July 17 as the remainder of 2008 is included in the actual figure reported above.

Warren Township will dedicate 30% of the development fee from the affordable housing trust fund to render units more affordable, including 1/3 of the above to render units more affordable to households earning 30 percent or less of median income by region, as follows:

The Township will spend funds in accordance with N.J.A.C. 5:97-8.7 inclusive. The Township opines expenditures for extension of expiring controls is eligible affordability assistance activity as per 5:97-8.7(a)-13. Simply put if controls expire affordability is lost. The Township further reserves its right to demonstrate that there are not sufficient units for which an affordability assistance program can be offered to equal or exceed 30% of Development Fee fund and funds may be utilized for other eligible activities.

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

Warren Township projects that \$1,018.894 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 as follows:

The Township will spend funds for activities set forth in N.J.A.C. 5:97-8.9. The Township anticipates the majority of funds will go to licensed engineers, architects, land planners, construction supervision and legal services in connection with Township partnered and/or sponsored affordable housing projects.

4. EXPENDITURE SCHEDULE

Warren Township 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.

Program <i>[Individually list programs and projects e.g. Rehab, Accessory Apartments, for-sale and rental municipally sponsored, etc].</i>	Number of Units Projected	Funds Expended and/or Dedicated	PROJECTED EXPENDITURE SCHEDULE 2009 -2018 (In Thousands)											
			2005- July 17, 2008	7/18/08 – 12/31/08	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Rehabilitation/ Units Assigned	15	100	0	15	15	15	15	15	15	15	15	15	15	250
Extension of Controls*	88	0			1,120									1,120
Township Project #1	50	0			1,508									1,508
Township Project #2	64	0			500			600						1,100
Total Programs	217	100	0	15	3,143	15	15	615	15	15	15	15	15	3,978
Affordability Assistance														
* Extension of controls = affordability assistance														
Administration		0	0	100	100	100	100	100	100	100	100	100	100	1,000
Total		100		115	3,243	115	115	115	115	115	115	115	115	4,378

Note: figures are rounded to nearest \$1,000

5. EXCESS OR SHORTFALL OF FUNDS

Pursuant to the Housing Element and Fair Share Plan, the governing body of Warren Township will adopt a resolution of intent agreeing to fund any shortfall of funds required for implementing housing programs. In the event that a shortfall of anticipated revenues occurs, Warren Township intends to bond for 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 fund eligible projects and programs.

6. BARRIER FREE ESCROW

Warren Township has not adopted a barrier free option within its Affordable Housing Ordinance.

SUMMARY

Warren Township 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 and adopted November 10, 2008 by the Planning Board of Warren Township.

Warren Township has a balance of \$4,930,970 as of July 17, 2008 and anticipates an additional \$838,000 in revenues before the expiration of substantive certification for a total of \$5,094,472. The municipality will dedicate \$2,608,086 towards Fair Share Plan projects, \$1,528,342 to render units more affordable, and \$1,018,894 to administrative costs. Any shortfall of funds will be offset by bonding against future Development Fee revenues. The municipality will dedicate any excess funds toward implementation of its Fair Share Plan.

SPENDING PLAN SUMMARY	
Balance as of July 17, 2008	\$4,930,970
PROJECTED REVENUE July 18, 2008-2018	
Development fees	+ \$830,000
Payments in lieu of construction	+ \$0
Other funds	+ \$0
Interest	+ \$8,300
TOTAL REVENUE	= \$5,769,270
EXPENDITURES	
Funds used for Rehabilitation	- \$250,000
Funds used for New Construction	
1. Township Project #1	- \$1,358,000
2. Township Project #2	- \$1,000,000
3. CPNJ/b114, 122.03	- \$250,000
4.	- \$
5.	- \$
6.	- \$
7.	- \$
8.	- \$
9.	- \$
10.	- \$
Affordability Assistance (ext of controls/88 units)	- \$1,120,000
Administration	- \$1,000,000
Excess Funds for Additional Housing Activity	= \$
1. Township Project #3	- \$791,270
2.	- \$
3.	- \$
TOTAL PROJECTED EXPENDITURES	= \$5,769,270
REMAINING BALANCE	= \$0.00