

**Explanation:** This ordinance repeals and replaces the Township's existing affordable housing development fee ordinance. The existing ordinance imposes a one percent (1%) development fee on the Equalized Assessed Value (EAV) of residential development and a two and a half percent (2.5%) development fee on the EAV of non-residential development. This ordinance would increase the development fee on EAV of residential properties to one and a half percent (1.5%) while leaving the non-residential development fee unchanged. These moneys are, and will continue to be used for, affordable housing purposes and spent pursuant to the Township's approved spending plan.

**TOWNSHIP OF WARREN  
ORDINANCE NO. 18-15**

**AN ORDINANCE SUPPLEMENTING AND AMENDING CHAPTER XV ENTITLED "LAND USE PROCEDURES" BY REPEALING AND REPLACING SECTION 15.5.4 ENTITLED "AFFORDABLE HOUSING DEVELOPMENT FEES" WITH NEW SECTION 15-5.4 ENTITLED "DEVELOPMENT FEES TO FUND AFFORDABLE HOUSING."**

**NOW, THEREFORE, BE IT ORDAINED** by the Township Committee of the Township of Warren, in the County of Somerset and State of New Jersey, as follows:

**Section 1.** Section 15-5.4 entitled "Affordable Housing Development Fees" is hereby repealed and replaced with new Section 15-5.4 entitled "Development fees to fund affordable housing" as follows:

a. Purpose.

1. In *Holmdel Builder's Association v. Holmdel Township*, 121 N.J. 550 (1990), the New Jersey Supreme Court determined that mandatory development fees are authorized by the Fair Housing Act of 1985 (the Act), N.J.S.A. 52:27D-301 et seq., and the State Constitution, subject to the Council on Affordable Housing's adoption of rules.

2. Pursuant to P.L. 2008, c. 46, § 8 (N.J.S.A. 52:27D-329.2), and the Statewide Nonresidential Development Fee Act (N.J.S.A. 40:55D-8.1 through 40:55D-8.7), COAH is authorized to adopt and promulgate regulations necessary for the establishment, implementation, review, monitoring and enforcement of municipal affordable housing trust funds and corresponding spending plans. Municipalities that are under the jurisdiction of the Council or court of competent jurisdiction and have a COAH-approved or court-approved spending plan may retain fees collected from nonresidential development.

3. This section establishes standards for the collection, maintenance and expenditure of development fees pursuant to COAH's regulations and in accordance P.L. 2008, c. 46, §§ 8 and 32 through 38. Fees collected pursuant to this section shall be used for the sole purpose of providing low- and moderate-income housing. This section shall be interpreted within the framework of COAH's rules on development fees, codified at N.J.A.C. 5:93-8.

b. Basic requirements.

1. This section shall not be effective until approved by COAH or the Superior Court of the State of New Jersey pursuant to N.J.A.C. 5:93-8.

2. The Township of Warren shall not spend development fees until COAH or the Superior Court of New Jersey has approved a plan for spending such fees in conformance with N.J.A.C. 5:93-5.1(c).

c. Definitions. The following terms, as used in this section, shall have the following meanings:

**AFFORDABLE HOUSING DEVELOPMENT**

A development included in the Housing Element and Fair Share Plan and includes, but is not limited to, an inclusionary development, a municipal construction project or a one-hundred-percent affordable development.

**COAH or THE COUNCIL**

The New Jersey Council on Affordable Housing, established under the Act, or such other Agency as is created by the Legislature which has primary jurisdiction for the administration of housing obligations in accordance with sound regional planning consideration in the state.

**COURT**

The Superior Court of the State of New Jersey.

**DEVELOPER**

The legal or beneficial owner or owners of a lot or of any land proposed to be included in a proposed development, including the holder of an option or contract to purchase, or other person having an enforceable proprietary interest in such land.

**DEVELOPMENT FEE**

Money paid by a developer for the improvement of property as permitted in N.J.A.C. 5:93-8.

**EQUALIZED ASSESSED VALUE**

The assessed value of a property divided by the current average ratio of assessed to true value for the municipality in which the property is situated, as determined in accordance with §§ 1, 5 and 6 of P.L. 1973, c. 123 (N.J.S.A. 54:1-35a through N.J.S.A. 54:1-35c).

**GREEN BUILDING STRATEGIES**

Those strategies that minimize the impact of development on the environment and enhance the health, safety and well-being of residents by producing durable, low-maintenance, resource-efficient housing while making optimum use of existing infrastructure and community services.

**d. Mandatory residential development fee.**

1. Residential development, except for residential development specifically addressed in Subsection d(2) below, shall pay a fee of 1.5% of the equalized assessed value (EAV) of the residential development; provided, however, in the event an increase in density has been approved pursuant to N.J.S.A. 40:55D-70d(5), or permitted pursuant to a rezoning subsequent to March 9, 2010, a fee of 6% of the equalized assessed value shall be paid for each dwelling unit over the number of units permitted as a matter of right or permitted prior to rezoning. However, if the zoning on a site has changed during the two-year period preceding the filing of such a variance application, the base density for the purposes of calculating the bonus development fee shall be the highest density permitted by right during the two-year period preceding the filing of the variance application.

2. Exemptions from residential mandatory development fees. The following types of residential development shall be exempt from the requirement to pay a residential mandatory development fee:

(a) Inclusionary affordable housing

developments or one-hundred-percent affordable housing developments.

(b) Developments where the developer is providing for the construction of the affordable units elsewhere in the Township.

c) Developments where the developer has made a payment in lieu of on-site construction of affordable units.

(d) On an existing lot, either vacant or improved, the expansion, improvement, renovation, rehabilitation, reconstruction or replacement of an existing detached single-family dwelling resulting in an increased EAV of \$50,000 or less, in any two-year period. For increases in EAV of less than \$50,000 but greater than \$25,000, there shall be a flat-fee payment of \$300. For increases in EAV in excess of \$50,000, the fee shall be \$300 plus 1.5% of the increase that exceeds \$50,000.

(e) The repair, reconstruction or replacement of owner-occupied residential structures damaged or destroyed by fire or natural disaster.

(f) Developments that have received preliminary or final site plan approval prior to the adoption of a municipal development fee ordinance shall be exempt from development fees, unless the developer seeks a substantial change in the approval. Where a site plan approval does not apply, a zoning and/or building permit shall be synonymous with preliminary or final site plan approval for this purpose. The fee percentage shall be vested on the date that the building permit is issued.

e. Nonresidential development fees.

1. Imposed fees.

(a) Within all zoning districts, nonresidential developers, except for developers of the types of development specifically exempted, shall pay a fee equal to 2.5% of the equalized assessed value of the land and improvements for all new nonresidential construction on an unimproved lot or lots.

(b) Nonresidential developers, except for developers of the types of development specifically exempted, shall also pay a fee equal to 2.5% of the increase in equalized assessed value resulting from any additions to existing structures to be used for nonresidential purposes.

(c) Development fees shall be imposed and collected when an existing structure is demolished and replaced. The development fee of 2.5% shall be calculated on the difference between the equalized assessed value of the preexisting land and improvement and the equalized assessed value of the newly improved structure, i.e., land and improvement, at the time a final certificate of occupancy is issued. If the calculation required under this section results in a negative number, the nonresidential development fee shall be zero.

2. Eligible exactions, ineligible exactions and exemptions for nonresidential development:

(a) The nonresidential portion of a mixed-use inclusionary or market rate development shall be subject to the development fee of 2.5%, unless otherwise exempted below.

(b) The fee of 2.5% shall not apply to an increase in equalized assessed value resulting from alterations, change in use within existing footprint, reconstruction, renovations and repairs.

(c) Nonresidential developments shall be exempt from the payment of nonresidential development fees in accordance with the exemptions required pursuant to P.L. 2008, c. 46, as specified in the Form N-RDF, State of New Jersey Nonresidential Development Certification/Exemption form. Any exemption claimed by a developer shall be substantiated by that developer.

(d) A developer of a nonresidential development exempted from the nonresidential development fee pursuant to P.L. 2008, c. 46 shall be subject to it at such time the basis for the exemption no longer applies and shall make the payment of the nonresidential development fee, in that event, within three years after that event or after the issuance of the final certificate of occupancy of the nonresidential development, whichever is later.

(e) If a property which was exempted from the collection of a nonresidential development fee thereafter ceases to be exempt from property taxation, the owner of the property shall remit the fees required pursuant to this section within 45 days of the termination of the property tax exemption. Unpaid nonresidential development fees under these circumstances may be enforceable by the Township of Warren as a lien against the real property of the owner.

f. Collection procedures.

1. Upon the granting of a preliminary, final or other applicable approval for a development, the applicable approving authority shall direct its staff to notify the Zoning Officer.

2. For nonresidential developments only, the developer shall also be provided with a copy of Form N-RDF, State of New Jersey Nonresidential Development Certification/Exemption, to be completed as per the instructions provided. The developer of a nonresidential development shall complete Form N-RDF as per the instructions provided. The construction official shall verify the information submitted by the nonresidential developer as per the instructions provided in Form N-RDF. The Tax Assessor shall verify exemptions and prepare estimated and final assessments as per the instructions provided in Form N-RDF.

3. The construction official responsible for the issuance of a building permit shall notify the local tax assessor of the issuance of the first building permit for a development which is subject to a development fee.

4. Within 90 days of receipt of that notice, the Municipal Tax Assessor, based on the plans filed, shall provide an estimate of the equalized assessed value of the development.

5. The construction official responsible for the issuance of a final certificate of occupancy notifies the local assessor of any and all requests for the scheduling of a final inspection on property which is subject to a development fee.

6. Within 10 business days of a request for the scheduling of a final inspection, the Municipal Assessor shall confirm or modify the previously estimated equalized assessed value of the improvements of the development; calculate the development fee; and thereafter notify the developer of the amount of the fee.

7. Should the Township of Warren fail to determine or notify the developer of the amount of the development fee within 10 business days of the request for final inspection, the developer may estimate the amount due and pay that estimated amount consistent with the dispute process set forth in Subsection b of § 37 of P.L. 2008, c. 46 (N.J.S.A. 40:55D-8.6).

8. Fifty percent of the development fee shall be collected by the Zoning Officer at the time of issuance of the zoning permit. The remaining portion shall be collected at the issuance of the certificate of occupancy. The developer shall be responsible for paying the difference between the fee calculated at the time of the issuance of the zoning permit and that determined at issuance of the certificate of occupancy.

9. Appeal of development fees.

(a) A developer may challenge residential development fees imposed by filing a challenge with the County Board of Taxation. Pending a review and determination by the Board, collected fees shall be placed in an interest-bearing escrow account by the Township of Warren. Appeals from a determination of the Board may be made to the Tax Court in accordance with the provisions of the State Tax Uniform Procedure Law, N.J.S.A. 54:48-1 et seq., within 90 days after the date of such determination. Interest earned on amounts escrowed shall be credited to the prevailing party.

(b) A developer may challenge nonresidential development fees imposed by filing a challenge with the Director of the Division of Taxation. Pending a review and determination by the Director, which shall be made within 45 days of receipt of the challenge, collected fees shall be placed in an interest-bearing escrow account by the Township of Warren. Appeals from a determination of the Director may be made to the Tax Court in accordance with the provisions of the State Tax Uniform Procedure Law, N.J.S.A. 54:48-1 et seq., within 90 days after the date of such determination. Interest earned on amounts escrowed shall be credited to the prevailing party.

g. Affordable Housing Trust Fund.

1. Establishment of fund. There is hereby established in the Township of Warren an interest-bearing account known as the "Warren Township Affordable Housing Trust Fund," which shall have as its primary purpose support of low- and moderate-income housing in the Township of Warren and the region in which it is included, in furtherance of the mandates of the Constitution of the State of New Jersey. Trustees of the fund shall be the Township Committee of the Township of Warren, and, in accordance with the provisions of N.J.A.C. 5:93-8.19, the Superior Court of the State of New Jersey may, upon notice to the Township Clerk, direct the disbursement of development fees.

2. The Township Committee, acting as trustees of the fund, shall have the power to appoint a person or organization as Housing Officer to administer the fund on its behalf and at its direction.

3. Development fees collected from residential and nonresidential developers and proceeds from the sale of units with extinguished controls shall be deposited in the Township of Warren's affordable housing trust fund maintained by the Chief Financial Officer.

4. The following additional funds shall be deposited in the Affordable Housing Trust Fund and shall at all times be identifiable by source and amount:

(a) Payments in lieu of on-site construction of affordable units;

(b) Developer-contributed funds to make 10% of the adaptable entrances in a townhouse or other multistory attached development accessible;

(c) Rental income from municipally operated units;

(d) Repayments from affordable housing program loans;

(e) Recapture funds;

(f) Proceeds from the sale of affordable units; and

(g) Any other funds collected in connection with the Township of Warren's affordable housing program.

5. All interest accrued in the housing trust fund shall only be used on eligible affordable housing activities approved by COAH or the Court.

6. The Township of Warren shall provide COAH and/or the DCA with written authorization, in the form of a three-party escrow agreement between the Township, the bank, and COAH and/or DCA to permit COAH and/or DCA to direct the disbursement of the funds as provided for in N.J.A.C. 5:93-8.19.

h. Use of Funds.

1. The expenditure of all funds shall conform to a spending plan approved by COAH or the Court. Funds deposited in the housing trust fund may be used for any activity approved by COAH or the Court to address the Township of Warren's fair share obligation and may be set up as a grant or revolving loan program. Such activities include, but are not limited to, preservation or purchase of housing for the purpose of maintaining or implementing affordability controls, rehabilitation, new construction of affordable housing units and related costs, accessory apartment, market to affordable or regional housing partnership programs, conversion of existing nonresidential buildings to create new affordable units, green building strategies designed to be cost saving and in accordance with accepted national or state standards, purchase of land for affordable housing, improvement of land to be used for affordable housing, extensions or improvements of roads and infrastructure to affordable housing sites, financial assistance designed to increase affordability, administration necessary for implementation of the Housing Element and Fair Share Plan or any other activity as permitted pursuant to N.J.A.C. 5:93-8.16 and specified in the approved spending plan.

2. Funds shall not be expended to reimburse the Township of Warren for past housing activities.

3. At least 30% of all development fees collected and interest earned shall be used to provide affordability assistance to low- and moderate-income households in affordable units included in the municipal Fair Share Plan. One-third of the affordability assistance portion of development fees collected shall be used to provide affordability assistance to those households earning 30% or less of median income by region.

(a) Affordability assistance programs may include down payment assistance, security deposit assistance, low-interest loans, rental assistance, assistance with homeowners' association or condominium fees and special assessments and assistance with emergency repairs.

(b) Affordability assistance to households earning 30% or less of median income may include buying down the cost of low- or moderate-income units in the municipal Fair Share Plan to make them affordable to households earning 30% or less of median income.

(c) Payments in lieu of constructing affordable units on site and funds from the sale of units with extinguished controls shall be exempt from the affordability assistance requirement.

4. The Township of Warren may contract with a private or public entity to administer any part of its Housing Element and Fair Share Plan, including the requirement for affordability assistance, in accordance with N.J.A.C. 5:93--8.16(d).

5. No more than 20% of all revenues collected from development fees may be expended on administration, including, but not limited to, salaries and benefits for municipal employees or consultant fees necessary to develop or implement a new construction program, a Housing Element and Fair Share Plan and/or an affirmative marketing program. In the case of a rehabilitation program, no more than 20% of the revenues collected from development fees shall be expended for such administrative expenses. Administrative funds may be used for income qualification of households, monitoring the turnover of sale and rental units and compliance with COAH's or the Court's monitoring requirements. Legal or other fees related to litigation opposing affordable housing sites or objecting to the Council's regulations and/or action are not eligible uses of the Affordable Housing Trust Fund.

i. Monitoring. The Township of Warren shall complete and return to COAH and/or the Court all monitoring forms included in monitoring requirements related to the collection of development fees from residential and nonresidential developers, payments in lieu of constructing affordable units on site, funds from the sale of units with extinguished controls, barrier-free escrow funds, rental income, repayments from affordable housing program loans and any other funds collected in connection with the Township of Warren’s housing program, as well as to the expenditure of revenues and implementation of the plan certified by COAH or approved by the Court. All monitoring reports shall be completed on forms designed by COAH and/or the Court.

j. Ongoing collection of fees. The ability for the Township of Warren to impose, collect and expend development fees shall expire with its substantive certification or judgment of compliance unless the Township of Warren has filed an adopted Housing Element and Fair Share Plan with COAH, has petitioned for substantive certification or the entry of a judgment of compliance from the Court, and has received COAH's or the Court’s approval of its development fee ordinance. If the Township of Warren fails to renew its ability to impose and collect development fees prior to the expiration of substantive certification or judgment of compliance, it may be subject to forfeiture of any or all funds remaining within its municipal trust fund. Any funds so forfeited shall be deposited into the New Jersey Affordable Housing Trust Fund established pursuant to § 20 of P.L. 1985, c. 222 (N.J.S.A. 52:27D-320). The Township of Warren shall not impose a residential development fee on a development that receives preliminary or final site plan approval after the expiration of its substantive certification or judgment of compliance nor shall the Township of Warren retroactively impose a development fee on such a development. The Township of Warren shall not expend development fees after the expiration of its substantive certification or judgment of compliance.

**Section 2.** If any article, section, subsection, sentence, clause or phrase of this Ordinance is, for any reason, held to be unconstitutional or invalid, such decision shall not affect the remaining portions of this Ordinance and they shall remain in full force and effect.

**Section 3.** This Ordinance shall take effect immediately upon final passage and publication according to law.

**ATTEST:**

**TOWNSHIP OF WARREN**

\_\_\_\_\_  
Cathy Reese, RMC

By: \_\_\_\_\_  
Victor J. Sordillo, Mayor

INTRODUCED: JUNE 14, 2018

ADOPTED: JULY 12, 2018

EFFECTIVE: July 19, 2018