

RESOLUTION NO. 117-2022

**RESOLUTION OF THE MAYOR AND COMMITTEE OF THE TOWNSHIP OF HARRISON,
COUNTY OF GLOUCESTER, STATE OF NEW JERSEY, ADOPTING AN AMENDMENT TO
THE TOWNSHIP'S AFFORDABLE HOUSING SPENDING PLAN**

WHEREAS, the rules of the Council on Affordable Housing, N.J.A.C. 5:97-8.1(d) and 5:93-5.1(c), require a municipality to prepare and obtain approval of its affordable housing spending plan prior to expending development fees and funds from its affordable housing trust fund; and

WHEREAS, pursuant to the New Jersey Supreme Court's decision 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) ("Mount Laurel IV"), the Township of Harrison ("Township") instituted an action in the Superior Court entitled In the Matter of the Application of the Township of Harrison in Gloucester County, Docket No. GLO-L-908-15; and

WHEREAS, during the course of the action, on September 15, 2016 and by amendment adopted on December 3, 2020, the Harrison Township Joint Land Use Board (the "Board") adopted a Third Round Housing Element and Fair Share Plan (the "Plan") that addresses the Township's third round affordable housing obligations; and

WHEREAS, in conjunction with and as part of the Township's adoption and endorsement of the September 15, 2016 Plan, the Township adopted an affordable housing spending plan; and

WHEREAS, prompted by changes in the Township's Plan and pursuant to a December 20, 2021 amended settlement agreement by and between the Township and Fair Share Housing Center, on March 3, 2022 the Board adopted an Amendment to the Plan, with said Amendment endorsed by the Township's Governing Body by resolution adopted March 7, 2022; and

WHEREAS, the Amendments to the Plan require an amendment and update to the Township's spending plan and submission to the Court for approval as part of the Township's compliance submissions.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Township Committee of the Township of Harrison, Gloucester County, New Jersey, as follows:

1. The governing body hereby adopts the April 12, 2022 Amended Spending Plan prepared by the Township's affordable housing planning consultant, Elizabeth McManus, PP, AICP, LEED AP of Kyle + McManus Associates.
2. The Township affirms that the proposed expenditure of funds from the Township's Affordable Housing Trust Fund as set forth in the Amended Spending Plan is consistent with and authorized by the Fair Housing Act, and that such funds are hereby committed for expenditure for the purposes set forth therein, as required, if at all, by the Act.

3. The Township respectfully requests the Court's review and approval of its adopted Amended Spending Plan.

4. The Mayor, Township Administrator, Clerk, Attorneys, Planners, and other appropriate officers, employees and professionals are hereby authorized and directed to prepare any and all documents and undertake any and all acts necessary to effectuate the actions set forth herein.


ADOPTED at a regular meeting of the Mayor and Township Committee of the Township of Harrison, County of Gloucester, State of New Jersey held on April 18, 2022.

TOWNSHIP OF HARRISON

BY:


LOUIS F. MANZO, MAYOR

ATTEST:



DIANE MALLOY, RMC
Municipal Clerk

ROLL CALL VOTE				
COMMITTEE MEMBER	AYES	NAYS	ABSTAIN	ABSENT
Manzo	✓			
DeLaurentis	✓			
Powell	✓			
Williams	✓			
Wingate	✓			

CERTIFICATION

I hereby certify that the above Resolution is a true copy of a resolution adopted by the Township Committee of the Township of Harrison, County of Gloucester, State of New Jersey, at a regular meeting held by the same on April 18, 2022, in the Harrison Township Municipal Building, 114 Bridgeton Pike, Mullica Hill, New Jersey 08062.


DIANE MALLOY, RMC
Municipal Clerk



SPENDING PLAN

TOWNSHIP OF HARRISON | GLOUCESTER COUNTY, NEW JERSEY

DRAFT: APRIL 12, 2022



INTRODUCTION

The Township of Harrison 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-3.01*) and the remaining valid regulations of the Council on Affordable Housing found at *N.J.A.C. 5:93-1*. A development fee ordinance creating a dedicated revenue source for affordable housing was first adopted on January 27, 2001 and approved by the Superior Court on June 27, 2001, then amended on December 7, 2009 and approved by COAH on March 12, 2010. Among other attributes, the ordinance established the development fees to be collected and the terms of the Township's affordable housing trust fund. This Spending Plan projects anticipated collection of fees and directs how the trust fund monies will be dispersed through the end of the third round, July 1, 2025.

To date, Harrison collected a total of \$3,517,322 in development fees and interest. There has been \$2,719,557 in expenditures toward affordable housing activity and administrative costs. All development fees, other income, and interest generated by the fund are kept in an interest-bearing affordable housing trust fund account at Truist Bank. All affordable housing trust money shall be spent in accordance with *N.J.A.C. 5:93-8.16* and consistent with this Spending Plan, as described in the sections that follow.

THIRD ROUND REVENUES

In calculating a projection of revenue anticipated during the remaining Third Round, Harrison Township considered the following:

- A. Development Fees. The Township anticipates that it will receive up to \$6,062,800 from residential development and nonresidential development fees between February 28, 2022 and the end of Third Round, July 1, 2025.
 1. Residential and nonresidential projects that 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.
 3. Future development that is likely to occur based on historical rates of development.
- B. Payments in lieu of construction. The Township has not received any payments in lieu of construction and does not expect future revenues from this source.
- C. Other funding sources. The Township has not received any funds from other funding sources and does not expect future revenues from this source.



D. Projected interest. Based on the current average interest rate, interest earned in recent years, and projected rates of development fee revenue, Harrison Township anticipates collecting \$2,290 in interest between February 28, 2022 and the end of Third Round, July 1, 2025.

Assumptions. Harrison Township projects a total of \$6,062,800 in revenue to be collected between February 28, 2022 and July 1, 2025, from residential and non-residential development fees, and accrued interest. Projected residential development fees are based on development fee receipts from the past five years and anticipated development.

Projected Revenue					
Revenue Source	March - December 2022	2023	2024	Jul-25	Total
Development Fees - Residential	\$509,975	\$1,529,925	\$1,779,925	\$759,975	\$4,579,800
Development Fees - Non-Residential	\$185,089	\$555,266	\$555,266	\$185,089	\$1,480,710
Payments-In-Lieu	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0
Interest	\$255	\$765	\$890	\$380	\$2,290
Total	\$695,319	\$2,085,956	\$2,336,081	\$945,444	\$6,062,800



ADMINISTRATIVE MECHANISMS TO COLLECT AND DISTRIBUTE FUNDS

The following steps for the collection and distribution of development fee revenues shall be followed by Harrison Township.

- A. Collection of development fee revenues. All collection of development fee revenues will be consistent with the Township's development fee ordinance and the requirements of *N.J.S.A. 40:55D-8.1 through -8.7*.
- B. Distribution of development fee revenues. The Municipal Affordable Housing Administrator, in concert with the Township Manager and Chief Financial Officer will process the distribution of funds. The release of such funds, with the exception of administrative use of funds, requires the adoption of a resolution by the Township Council. Once a request is approved by resolution, the Chief Financial 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

Harrison Township proposes to use the funds in the trust fund for the below listed items, pursuant to *N.J.A.C. 5:93-8.16(a) and (c)*, during the Third Round:

- Funding of New Construction
- Affordability assistance to very low-, low- and moderate-income buyers and renters of affordable housing units; and
- Administration of affordable housing units and the Township's affordable housing programs.

For any other uses of affordable housing trust funds, the Township will apply to a court of competent jurisdiction or other authority, as the case may be, for an amendment to the Spending Plan.

New Construction

The Township will expend its affordable housing trust fund on two (2) affordable housing developments with expenditures of \$650,000 each for a total of \$1,300,000.

Mullica West Senior Development

The Mullica West Senior Development is a new 96-unit 100% affordable senior development, located to the north of the Mullica West Apartments, near the intersection of Mt Cavalry Lane and High Street. The site is composed of Block 52 Lots 8 and 9. As stated in the 2021 Settlement Agreement with Fair Share



Housing Center, the developer, Ron Rukenstein Associates will pursue 4% or 9% Low Income Housing Tax Credits in the 2022 and, if necessary, in the 2023 application cycle. The Township has indicated it shall support and facilitate all tax credit applications and will provide \$650,000 to assist with pre-development costs.

Project Freedom/Richwood

The Project Freedom/Ridgewood project is a new 84-unit 100% affordable special needs and family rental development. Of the 84 units, 21 will be special needs units and at least 63 will be affordable family rentals. The site is located on the southernly portion of Block 2 Lot 1, in the eastern portion of the Township, on Richwood Aura Road. The Township has indicated it will partner with the developer, MOTUS, on the 84-unit development. As depicted in the 2021 Settlement Agreement with Fair Share Housing Center, the developer will pursue 4% or 9% Low Income Housing Tax Credits in the 2022 and, if necessary, in the 2023 application cycle. The Township has indicated it shall support and facilitate all tax credit applications and will a subsidy to assist with pre-development costs. It is anticipated the subsidy will be in the same range as the Mullica West Senior project, \$650,000.

AFFORDABILITY ASSISTANCE (N.J.A.C. 5:93-8.16(C))

Harrison Township is required to spend a minimum of 30% of development fee revenue and interest to render existing affordable units more affordable. At least one-third of that amount must be dedicated to very low-income households (i.e., households earning less than 30% of the regional median income) or to create very low-income units. It may use a variety of vehicles to do this, including but not limited to the following:

- 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 or creating new very low income units, etc.

The following table shows the calculations required to determine the minimum amount of affordability assistance.



Affordability Assistance Calculation		
Actual development fees through February 28, 2022		\$3,517,322
Less Nonresidential Development Fee Reimbursements	-	\$0.00
Development fees and interest projected, 2022 - 2025	+	\$6,062,800
Less development fees collected to finance new construction of affordable housing	-	\$0.00
Total	=	\$9,580,121
30 percent requirement	x 0.30 =	\$2,874,036
Less affordability assistance expenditures through February 28, 2022	-	\$0
Projected minimum affordability assistance requirement	=	\$2,874,036
Projected minimum very low-income affordability assistance requirement	÷ 3 =	\$958,012

Based on fees and interest collected to date, projected revenues, and affordability assistance expenditures to date, Harrison Township must dedicate not less \$2,874,036 toward affordability assistance for income-qualified households in affordable units, including \$958,012 for very low income households. Between March 2022 and July 2025, the Township will operate the following affordability assistance programs:

- **Rental Assistance**

Harrison Township will designate up to \$2,094,546 of its affordable housing trust fund as a Rental Assistance Fund. A rental supplement from the fund will be received by an income eligible renter who qualifies for a low- or moderate-income rental unit when only a unit in a higher income category is available (i.e.: placing a low-income household in a moderate-income unit, or placing a very-low income household in a low-income unit).



The amount of the rental supplement will be determined by Harrison as the difference between the restricted rent set by the landlord and 35 percent of the renter's gross monthly income. The rental supplement will be paid directly to the landlord each month by Harrison on behalf of the tenant.

Rental assistance does not need to be repaid by the tenant. If the tenant wishes to renew the lease, they must be re-income qualified and the rental supplement will be recalculated. If the tenant no longer qualifies for the rental assistance, but qualifies for the actual rent, they may renew the lease and stay in the unit, but will no longer receive rental assistance.

- **Security Deposit Assistance**

Harrison Township will designate up to \$2,094,546 of its affordable housing trust fund as a revolving Security Deposit Assistance Fund. A grant from the fund will be received by an income eligible renter with good credit standing who qualifies for a low- or moderate-income rental unit.

The security deposit assistance will be in the form of a grant equal to the security deposit amount determined by the landlord paid to the landlord on behalf of the tenant.

ADMINISTRATIVE EXPENSES (N.J.A.C. 5:93-8.16(E))

Harrison Township may use affordable housing trust fund revenue for related administrative costs in an amount up to 20% of collected development fees. The table that follows provides a calculation of permitted administrative expenses.

Harrison Township will not expend for administrative purposes in excess of the formula the table that follows. Permitted administrative expenditures within this framework are as follows:

- A. Township Attorney, Engineer, Planner and other staff (proportionate) salaries and fees related to plan preparation and implementation; and
- B. Program administration expenses, such as but not limited to those for the administrative agent.



Administration Expenditure Calculation		
Actual development fees through February 28, 2022		\$3,517,322
Non-residential Development Fee Reimbursements	-	\$0.00
Development fees and interest projected, 2022 - 2025	+	\$6,062,800
Total	=	\$9,580,121
20 percent maximum permitted administrative expenses	x 0.20 =	\$1,916,024
Less administrative expenditures through February 28, 2022	-	\$544,552
Projected Administrative Costs through July 1, 2025	=	\$1,371,472



EXPENDITURE SCHEDULE

Harrison Township intends to spend affordable housing trust funds on the construction of new affordable housing units, affordability assistance programs, and to cover some of the costs of administering the Township’s affordable housing programs.

Projected Expenditures					
Program	March - December 2022	2023	2024	Jul-25	Total
New Construction	\$0	\$650,000	\$650,000	\$0	\$1,300,000
Affordability Assistance	\$1,047,273	\$1,047,273	\$1,047,273	\$1,047,273	\$4,189,092
Administration	\$342,868	\$342,868	\$342,868	\$342,868	\$1,371,472
Total	\$1,390,141	\$2,040,141	\$2,040,141	\$1,390,141	\$6,860,564

EXCESS OR SHORTFALL OF FUNDS

If funding should fall short of the amount necessary, the Township of Harrison will seek grants or low-cost loans, or use general revenues and its bonding capacity to meet such 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 produce additional affordable housing through these programs or pursuant to a Court-approved amendment to this Spending Plan.



SUMMARY

The Township will expend affordable housing trust fund revenues pursuant to the regulations governing such funds and consistent with its amended Third Round Housing Element and Fair Share Plan. To date, Harrison collected a total of \$3,517,322 in development fees and interest and anticipates an additional \$6,062,800 in revenues before the expiration of the third round, for a total of \$9,580,121. There has been \$2,719,557 in expenditures toward affordable housing activity and administrative costs. Based on those projected revenues, \$1,300,000 will be spent on new construction, \$4,189,092 will be reserved for affordability assistance measures; and up to \$1,371,472 may be spent on administering the Township’s affordable housing programs.

Spending Plan Summary		
June 2016 Balance, actual development fees, and interest through February 28, 2022		\$3,517,322
Development fees and interest projected, 2022 - 2025	+	\$6,062,800
Total	=	\$9,580,121
Expenditures (From July 2016 - February 2022)	-	\$2,719,557
New Construction Expenditures through July 1, 2025	-	\$1,300,000
Administrative expenditures through July 1, 2025	-	\$1,371,472
Affordability Assistance Program through July 1, 2025	-	\$4,189,092
Excess Funds	=	\$0