

Mount Olive Township Morris County

Spending Plan

Endorsed by the Mount Olive Township Council
pursuant to N.J.A.C. 5:96-5.3

February 13, 2018

Charles T. McGroarty, PP, AICP
New Jersey Professional Planning License No. 4145

The original copy has been signed and sealed in accordance with N.J.A.C. 13:41-1.3

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I. INTRODUCTION

Mount Olive Township has prepared a Housing Element and Fair Share Plan (HE/FSP) 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.).

Mount Olive Township received substantive certification on September 1, 1999 for its second round petition and received prior approval to maintain an affordable housing trust fund on May 28, 1999 and adopted the ordinance on August 24, 1999. The Township adopted its third round HE/FSP on November 20, 2005 addressing the cumulative obligation from 1987 through 2014 and with authorization from the Mount Olive Township Council submitted the HE/FSP with a petition for substantive certification to COAH on December 2, 2005. Following COAH's review, the HE/FSP was amended and was adopted on October 19, 2006 and resubmitted to COAH on November 6, 2006. COAH scheduled the HE/FSP at its public hearing of February 14, 2007 however, the Appellate Division's decision invalidating key components of N.J.A.C. 5:94 and N.J.A.C. 5:95 prevented COAH's approval of the Township's HE/FSP. Mount Olive again petitioned for substantive certification on November 9, 2009 with a new HE/FSP structured in accordance with N.J.A.C. 5:96 and N.J.A.C. 5:97 but was again thwarted in its effort to secure COAH approval when the "growth share" methodology was rejected by the Appellate Division's on October 8, 2010.

Despite the absence of an official declaration of substantive certification for its HE/FSP due to the legal turbulence described above, Mount Olive continued its efforts to promote affordable housing and desired to utilize the Township's affordable housing trust fund in this regard. Accordingly the Township prepared a Spending Plan dated April 24, 2012 resulting in COAH's approval of the plan with authorization to proceed with funding for certain projects.

Mount Olive Township entered into a Settlement Agreement dated July 25, 2017 with Fair Share Housing Center to resolve the Township's third round affordable housing obligation. A Preliminary Fairness and Compliance hearing was held in New Jersey Superior Court, Law Division, on August 28, 2017 at which time the Settlement Agreement was approved, as memorialized by an Order entered by the Honorable Maryann L. Nergaard, J.S.C. the same day. The Township Planning Board then adopted a revised third round HE/FSP on December 21, 2017 in accordance with the Settlement Agreement. A Compliance Hearing was held before Judge Nergaard on January 12, 2018 at which time several remaining tasks were identified, including the preparation of an updated Spending Plan, pursuant to the report by Michael P. Bolan, AICP, PP, the court-appointed Special Master in this matter.

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As of December 31, 2017, the balance remaining in the affordable housing trust fund was \$905,888.01. Since the adoption of the Township's development fee ordinance on August 24, 1999, Mount Olive has collected \$2,717,633.19 in revenues and interest and expended \$1,811,745.18 for specific affordable housing projects (\$1,285,614), affordability assistance (\$30,540), and administrative costs (\$459,591.18).

II. REVENUES FOR COMPLIANCE PERIOD

To calculate a projection of revenue anticipated during the period of third round (1999-2025) Mount Olive 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 Board (combined planning and zoning board of adjustment) 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- adjusted to reflect limits of future growth due to the impact of the Highlands Preservation Area restrictions on 80 percent of the Township.

(b) Projected interest:

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

Table I
Projected Revenues-Housing Trust Fund - 2018 Through 2025

SOURCE OF FUNDS	YEAR								
	2018	2019	2020	2021	2022	2023	2024	2025	Total
(a) Development fees									
1. Approved Development	25,375	14,000							39,375
2. Development Pending Approval									
3. Projected Development			45,000	45,000	2,000	2,000	2,000	2,000	98,000
Subtotal	25,375	14,000	45,000	45,000					137,375
(b) Projected interest	500	500	500	500	500	500	500	500	4,000
Total	25,875	14,500	45,500	45,500	500	500	500	500	141,375

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Mount Olive Township projects a total of \$141,375 in revenue plus interest to be collected between January 1, 2018 and December 31, 2025. This projected amount, when added to \$905,888.01 in the Mount Olive Affordable Housing Trust fund balance as of December 2017 results in anticipated total revenue of \$1,047,263.01 available to fund and administer its affordable housing plan. All interest earned on the account shall be used only for the purposes of affordable housing.

III. ADMINISTRATIVE MECHANISM TO COLLECT AND DISTRIBUTE FUNDS

The following procedural sequence for the collection and distribution of development fee revenues shall be followed by Mount Olive Township:

- (a) Collection of development fee revenues:
Collection of development fee revenues shall be consistent with Mount Olive 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:
Mount Olive Township's Director of Planning /Municipal Housing Liaison will review all requests/proposals for funding from the Township's Housing Trust Fund to determine consistency with the approved Housing Element/Fair Share Plan and approved Spending Plan and will prepare a report to the Township Council with appropriate recommendations. All distributions from the Housing Trust Fund shall be authorized by a Resolution adopted by the Township Council.

IV. DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS

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

- (a) Rehabilitation program: Mount Olive Township intends to satisfy its rehabilitation obligation through the Morris County Community Development Program however, \$100,000 is allocated for this program to supplement such funding.
- (b) New construction projects: Mount Olive Township allocates \$587,412 to new construction consisting of \$437,412 for the municipally sponsored 100% project known as Cobblestone and \$150,000 for future Habitat for Humanity dwellings.
- (c) Affordability Assistance: Mount Olive Township intends to allocate \$283,640 (rounded) for affordability assistance as calculated pursuant to N.J.A.C 5:97-8.8 in Table II, below.

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Table II
Calculation of Affordability Assistance

Actual development fees & interest through 12/31/2017		\$2,717,633.19
Development fees projected 2018-2025	+	\$137,375.00
Interest projected 2009-2018	+	\$4,000.00
Subtotal		\$2,859,008.19
Less housing activity expenditures through 12/31/17	-	(\$1,811,745.18)
Total	=	\$1,047,263.01
30 percent requirement	x 0.30 =	\$314,178.90
Less Affordability assistance expenditures through 12/31/2017	-	(\$30,540.00)
Projected minimum affordability assistance requirement 1/1/2018 through 12/31/2025	=	\$283,638.90
Projected minimum very low-income affordability assistance requirement 1/1/2018 through 12/31/2025	÷ 3 =	\$94,546.30

The Township of Mount Olive will meet its affordability assistance requirement with a rental assistance program to be managed by the Township's Administrative Agent. The plan is described as follows:

Eligible recipients of the program are renters who qualify for a very-low, low or moderate-income rental unit. The following assistance is available to low and moderate-income households:

1. Payment of "moving expenses" based upon verified receipts, in an amount not to exceed five hundred dollars (\$500.) per household.
2. Rent subsidies base upon size of household and number of bedrooms in apartment.
 - (a) One-bedroom, low-income unit: Not to exceed \$50 per month subsidy
 - (b) One-bedroom, moderate-income units: Not to exceed \$100 per month subsidy
 - (c) Two-bedroom, low-income unit: Not to exceed \$100 per month subsidy
 - (d) Two-bedroom, moderate-income unit: Not to exceed \$200 per month subsidy
 - (e) Three-bedroom, low-income unit: Not to exceed \$150 per month subsidy
 - (f) Three-bedroom, moderate-income unit: Not to exceed \$250 per month subsidy

The following assistance is available to very low-income households:

1. Payment of "moving expenses" based upon verified receipts, in an amount not to exceed one-thousand five hundred dollars (\$1,500.) per household.
2. Rental security deposit – Deposits paid to landlord to be returned to the Township's Affordable Housing Trust Fund upon termination of tenancy.
3. Rent subsidies based upon size of household and number of bedrooms in apartment.
 - (a) One –bedroom unit: Not to exceed \$75 per month subsidy.

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- (b) Two-bedroom unit: Not to exceed \$125 per month subsidy.
- (c) Three-bedroom unit: Not to exceed \$175 per month subsidy.

Rental assistance does not need to be repaid by the tenant. The amount of the rental supplement will be calculated initially based on the tenant's actual income and the rent level of the affordable units to help bring the total shelter costs down to 30 percent of the total household income or lower, if warranted by the particular household circumstances. If the tenant wishes to renew the lease, he/she must be re-income qualified and the rental supplement will be recalculated. If the tenant no longer qualifies for the rental assistance, he/she may renew the lease and stay in the unit, but will no longer receive rental assistance.

Mount Olive's Rental Unit Affordability Assistance Program will be administered by the Township's Administrative Agent. The availability of the program shall be advertised continually on the Township's website and be made known to all administrative agents of affordable units within Mount Olive Township. After an applicant is income qualified by the Administrative Agent pursuant to the Uniform Housing Affordability Controls, the applicant shall complete and provide an affordability assistance application to the Administrative Agent.

For qualified and approved payment of moving expenses and rental security deposits, the Administrative Agent shall follow the Township's purchasing and requisition process for generating a check that is made out to the applicant. Once the check is produced, the Administrative Agent will provide same to the applicant.

V. ADMINISTRATIVE EXPENSES

The Township of Mount Olive allocates \$76,210 for administrative expenses in accordance with N.J.A.C. 5:97-8.9 as detailed in Table III, below.

Table III
Calculation of Administration Expenses

Actual development fees, and interest through December 31, 2017	\$2,717,633.19
Projected development fees and interest anticipated through December 31, 2025	\$141,375.00
Sub-Total	\$2,859,008.19
\$2,859,008.19 x 20 percent	\$571,801.64
Actual expenditures from inception of Housing Trust Fund through December 31, 2017 for administrative purposes	(\$495,591.18)
Remaining balance available for administrative purposes	\$76,210.46

The Administrative Expenses will be applied towards costs incurred for the Township's Administrative Agent and for partial salary compensation for the Township's Municipal Housing Liaison for tasks related to monitoring, training, and public assistance.

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VI. EXPENDITURE SCHEDULE

Mount Olive Township intends to spend the affordable housing trust fund revenues in support of the various projects and programs described in this Spending Plan in accordance with the anticipated timelines set forth in Table IV, below.

Table IV
Expenditure Schedule

Program	Number of units	2018	2019	2020	2021	2022	2023	2024	2025	Total
New construction	3		50,000		50,000		50,000			150,000
Municipally sponsored 100% affordable	10	150,000	50,000	77,804	79,804	79,804				437,412
Rehabilitation program	10-12	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	100,000
Affordability assistance	To be determined									283,640
Administration										76,210
Total										\$1,047,262

VII. SUMMARY

Mount Olive Township had a balance of \$905,888.01 as of December 31, 2017 and anticipates an additional \$141,375 in revenues and interest before the expiration of the third round period in December 2025 for a total of \$1,047,263.01. The 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 adopted by the Planning Board on December 21, 2017 as summarized in Table V, below.

Table V
Spending Plan Summary

Balance as of December 31, 2018	\$905,888.01
Projected development fees & interest 2018-2025	\$141,375.00
Total anticipated revenue	\$1,047,263.01
Rehabilitation program	\$100,000
New construction	\$587,412
Affordability assistance	\$283,640
Administrative expenses	\$76,210
Total expenditures	\$1,047,262