

STRATFORD BOROUGH

RESOLUTION 24:121

RESOLUTION APPROVING AN AMENDED SPENDING PLAN FOR THE AFFORDABLE HOUSING TRUST FUND

WHEREAS, in 2005 the Borough of Stratford first adopted a mandatory development fee ordinance that established standards for the collection, maintenance, and expenditure of development fees to be used for supporting and providing low- and moderate-income housing in the Borough; and

WHEREAS, the mandatory development fee ordinance located at section 17.05.020 of the Borough Code has been updated several times, most recently by Ordinance 2021:08 on May 11, 2021, consistent with the Fair Housing Act and COAH's rules; and

WHEREAS, Stratford Borough has established an Affordable Housing Trust Fund (AHTF); and

WHEREAS, as of the time of the adoption of the 2016 Housing Element and Fair Share Plan no mandatory development fees had been collected by the Borough and no funds were anticipated; and

WHEREAS, when the 2021 Spending Plan was prepared it was intended to ensure that the Borough is authorized to collect and spend affordable housing trust fund monies for affordability assistance consistent with the applicable rules and regulations, if and when monies were collected; and

WHEREAS, since the adoption of the 2021 AHTF Spending Plan, the possibility of additional non-residential redevelopment has arisen; which may result in the collection of additional funds; and

WHEREAS, the Borough has amended the AHTF Spending Plan to account for previously unanticipated revenue and to describe the anticipated use of funds pursuant to N.J.A.C. 5:97-8.7, 8.8, and 8.9 and a schedule for same; and

WHEREAS, N.J.A.C. 5:97-8.10 requires a Spending Plan to include the following:

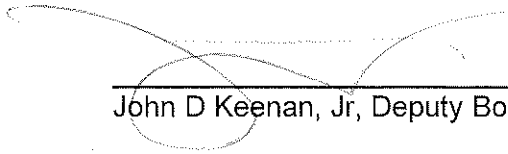
1. A projection of revenues anticipated from imposing fees on development, based on pending, approved and anticipated developments and historic development activity;
2. A projection of revenues anticipated from other sources, including payments in lieu of constructing affordable units on sites zoned for affordable housing, funds from the sale of units with extinguished controls, proceeds from the sale of affordable units, rental income, repayments from affordable housing program loans, and interest earned;
3. A description of the administrative mechanism that the municipality will use to collect and distribute revenues;

4. A description of the anticipated use of all affordable housing trust funds pursuant to N.J.A.C. 5:97-8.7, 8.8, and 8.9;
5. A schedule for the expenditure of affordable housing trust funds;
6. If applicable, a schedule for the creation or rehabilitation of housing units;
7. A pro-forma statement of the anticipated costs and revenues associated with the development if the municipality envisions supporting or sponsoring public sector or non-profit construction of housing; and
8. A plan to spend the trust fund balance within four years of the approval of the Spending Plan and subsequently to spend trust fund monies within four years of collecting the funds, or in accordance with an implementation schedule approved by the Court;
9. The manner through which the municipality will address any expected or unexpected shortfall if the anticipated revenues from development fees are not sufficient to implement the plan; and
10. A description of the anticipated use of excess affordable housing trust funds, in the event more funds than anticipated are collected, or projected funds exceed the amount necessary for satisfying the municipal affordable housing obligation.

WHEREAS, the purpose of this Resolution is to approve the Affordable Housing Trust Fund Spending Plan as amended in August 2024 so that the Borough may continue to collect mandatory development fees if and when applicable, and may make expenditures as set forth in the Spending Plan in support of affordable housing within Stratford Borough.

NOW, THEREFORE, BE IT RESOLVED by the Borough Council of the Borough of Stratford, that the Affordable Housing Trust Fund Spending Plan dated March 2021 and amended August 2024 be and is hereby approved.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Borough Council of the Borough of Stratford, County of Camden, State of New Jersey at their meeting held on September 05, 2024.



John D Keenan, Jr, Deputy Borough Clerk

Stratford Borough Affordable Housing Trust Fund Spending Plan

**Adopted By Resolution 2021:83 on May 11, 2021
Amended by Resolution 2024:121 on September 5, 2024**

OVERVIEW

This Spending Plan has been prepared to demonstrate that Stratford Borough has the required structure in place to collect mandatory affordable housing development fees, to deposit the fees into the Borough's Affordable Housing Trust Fund Account ("AHTF"), and to spend the fees in accordance with the Spending Plan as part of the Borough's efforts to address its cumulative affordable housing obligation through 2025. The Borough understands that all fees shall be committed for expenditure within four years from the date of collection pursuant to N.J.S.A. 52:27D-329.2d, effective July 17, 2008. As of the date of initial adoption of this Spending Plan on May 11, 2021, Stratford Borough had not collected any development fees. The compliance mechanisms provided in Stratford Borough's cumulative prior round and third round Housing Element and Fair Share Plan do not rely upon funding from the AHTF. Since the initial adoption of the Spending Plan in 2021, opportunities for non-residential redevelopment have arisen that will enable the Borough to collect mandatory development fees. This 2024 Spending Plan amendment includes a municipal rehabilitation program to assist low- and moderate-income households with needed home improvements and to assist the Borough in satisfying its 24-unit rehabilitation obligation. The spending plan also proposes affordability assistance for very low-income households when additional funds are collected.

INTRODUCTION

Stratford Borough has prepared a Housing Element and Fair Share Plan 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 affordable housing regulations of the New Jersey Department of Community Affairs (the Department) (N.J.A.C. 5:93-1 et seq. and N.J.A.C. 5:94-1 et seq.). The Borough first adopted a development fee ordinance creating a dedicated revenue source for affordable housing by ordinance 2005:20 on October 11, 2005. The mandatory development fee ordinance was updated by ordinance 2008:17 on December 9, 2008, by ordinance 2009:12 on May 12, 2009, by ordinance 2010:10 on September 14, 2010, and by ordinance 2021:08 on May 11, 2021. The ordinance establishes the Stratford Borough Affordable Housing Trust Fund for which this spending plan is prepared.

1. REVENUES FOR CERTIFICATION PERIOD

As of October 31, 2020, Stratford Borough had not collected any funds and had not expended any funds, and the affordable housing trust fund balance was zero. Since that time non-residential redevelopment has resulted in an increase in projected revenues. As of August 1, 2024 the AHTF balance is \$138,481, with additional funds anticipated in the coming year. 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 First Colonial 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.

To calculate a projection of revenue anticipated during the period of third round substantive certification, Stratford Borough 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;

Single-family Residential Infill Lot Development Fee (101 Princeton Ave)

\$4,731.37

Non-residential project approved and Anticipated Development Fee

RSG Stratford Urban Renewal \$267,500

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 and know redevelopment opportunities.

(b) Payment in lieu (PIL):

Payments in lieu of building affordable housing are not anticipated in Stratford.

(c) Other funding sources:

Stratford does not anticipate funds from other sources. However, if the situation presents itself, it will be addressed.

(d) Projected interest:

Interest on the projected revenue in the municipal affordable housing trust fund at the current average interest rate. There is no interest projected since funds do not remain in the AHTF for long, and the interest rate on the account is nominal.

SOURCE OF FUNDS	PROJECTED REVENUES – AFFORDABLE HOUSING TRUST FUND 2020 THROUGH 2025						
	2020	2021	2022	2023	2024	2025	Total
(a) Development fees:							
Residential Infill Development		0	0	0	\$4,731	0	\$4,731
Projected Commercial Development	0	\$0	\$0	\$0	\$133,750	\$133,750	\$267,500
(b) Payments in Lieu of Construction	0	0	0	0	0	0	0
(c) Other Funds (Specify source(s))	0	0	0	0	0	0	0
(d) Interest	0	0	0	0	0	0	0
Total							\$272,231

Stratford Borough projects a total of \$272,231 in revenue to be collected between January 1, 2020 and December 31, 2025. This projected amount, results in an anticipated total revenue of \$272,231 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.

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 Stratford Borough:

(a) Collection of development fee revenues:

Collection of development fee revenues shall be consistent with Stratford's development fee ordinance (section 17.05.020) for both residential and non-residential developments in accordance with the Department'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:

1. The Municipal Housing Liaison and Borough Administrator with advice from the Borough's affordable housing planner, administrative agent, and affordable housing counsel will coordinate implementation of the Spending Plan as it relates to the Fair Share Plan and emergent affordable housing opportunities, and coordinate recommendations for expenditure of funds in support of affordable housing and consistent with the Spending Plan.
2. A request for funds details the amount requested, the beneficiary of the distribution, the use of funds, and the timeline for distribution.
3. The Borough Administrator transmits the requested amount to the CFO to affirm the availability of sufficient funds, then authorizes preparation of a Resolution to encumber the funds that includes an explanation of how the expenditure advances the Borough's affordable housing objectives, implements some aspect of the Fair Share Plan, and is consistent with the Spending Plan.
4. Borough Council reviews the request and authorizes the expenditure by resolution.
5. The Municipal Housing Liaison and the CFO maintain accounting of expenditures and required monitoring.

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)**

There are three components that make up the municipality's affordable housing obligation: the rehabilitation share, the prior round obligation, and the third round obligation. In order to accelerate the satisfaction of the rehabilitation obligation, Stratford will initiate a municipal rehabilitation program to provide funds for improvements to substandard housing units occupied by low- and moderate-income households. Stratford's third round rehabilitation obligation is 24 units.

Since 2018, six households in Stratford have participated in Camden County's home improvement program. The municipal program will accelerate the ability to assist qualified households within the Borough.

If AHTF revenues allow, Stratford will also dedicate funds to support the provision of "very low income" units within the proposed inclusionary developments, as the Borough recognizes that the subsidy required to price a very-low income unit in a small scale residential project is substantial and may be more than can be absorbed by a developer or redeveloper.

Rehabilitation program: Up to \$ 136,116

Stratford Borough will provide up to \$25,000 per unit for up to six (6) units to partially satisfy the Borough's rehabilitation obligation. Any units that receive rehabilitation funds will be deed restricted for an additional ten (10) years in accordance with applicable rules and the Borough's Rehabilitation Program manual.

If Affordable Housing Trust Fund revenues exceed the current estimate of \$272,785, then 50% of additional revenues will be dedicated to the Rehabilitation program.

New construction project(s): Up to \$ 81,670 (*see also Affordability Assistance*)

Thirty percent of Affordable Housing Trust Fund revenues will be used to provide affordability assistance as set forth below.

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

AFFORDABILITY ASSISTANCE CALCULATION

Actual development fees through 12/31/2020		\$0
Actual interest earned through 12/31/2020	+	\$0
Development fees projected 2020-2025	+	\$272,231
Interest projected	+	\$0
Less housing activity expenditures through 6/2/2008	-	\$0
Total	=	272,231
Calculate 30 percent	x .30 =	\$81,669
Less Affordability assistance expenditures through 12/31/2020	-	\$0
PROJECTED MINIMUM Affordability Assistance Requirement through 12/31/2025	=	\$81,669
PROJECTED MINIMUM Very Low-Income Affordability Assistance Requirement through 12/31/2025	+ 3 =	\$27,223

Stratford Borough will dedicate at least \$81,669 from the affordable housing trust fund to render units more affordable, including at least \$27,223 to render units more affordable to households earning 30 percent or less of median income by region, as follows:

1. Emergency Health and Safety Repairs- Rehabilitation Program:

As part of the rehabilitation program emergency health and safety repairs will be available to low and very-low income households in deed restricted units. This program is detailed in the rehabilitation program manual.

2. Homeowner Association Fee Assistance Program:

The Borough may support the owners of affordable units with emergency aid contributions toward Homeowners Association Fees (HOA). Owner occupants of low- and moderate-income housing units within the Borough may apply for a grant to assist with HOA fees for a period not to exceed six months. An application will be submitted to the Borough's Municipal Housing Liaison and Administrative Agent. The maximum total amount per household and unit is \$1,000; and the maximum per month is \$150 (not to exceed actual fees for the particular HOA). The funds will be sent directly to the HOA.

3. Very-Low Income Units:

The Borough is required to ensure that thirteen percent (13%) of all new affordable units are "very low income" units. Very low-income households are defined as those with a total gross annual household income equal to 30 percent or less of the median household income. The Very-Low Income affordability assistance program enables a developer of low- and moderate-income units to request a subsidy for the provision of the very low-income units. The subsidy will be an up-front payment for re-pricing what would be a "low" income unit as a "very low income" unit. The appropriate subsidy will be determined on a case-by-case basis at the Borough's discretion and only as funds allow. For rental units the subsidy would represent the present-day value of the difference between the "low" income rent and the "very low" income rent for the restriction period. For ownership units, the subsidy would be the difference in the "low" and "very low" income affordable sale price.

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

ADMINISTRATIVE EXPENSE CALCULATION

Actual dev fees and interest thru 12/31/2020		\$0
Projected dev fees and interest through 2025	+	\$272,231
Payments-in-lieu of construction and other deposits	+	\$0
Less RCA expenditures	-	\$0
Total	=	\$272,231
Calculate 20 percent	x .20 =	\$54,446
Less admin expenditures thru 12/31/2020	-	\$0
PROJECTED MAXIMUM available for administrative expenses 1/1/2012 thru 12/31/2018	=	\$54,446

Stratford Borough projects that \$54,446 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:

1. Administration of the rehabilitation program not to exceed \$33,050 for the first six units.
2. Wait list management and general administration.
3. Establishment and Administration of Homeowner Association Fee Assistance Program by Administrative Agent
4. Establishment and Administration of the Very Low-Income Assistance program
5. Preparation and Review of Affordable Housing Agreements, Resolutions, Deed Restrictions for affordable housing developments.
6. Preparation and adoption of amendments to Housing Element and Fair Share Plan, implementing ordinances, resolutions, and other program documentation.

4. EXPENDITURE SCHEDULE

Stratford Borough intends to use affordable housing trust fund revenues for the rehabilitation of housing units and to support housing affordability.

The timing of expenditures depends upon the timing of collection of revenue. Similarly, there are several inclusionary developments anticipated, but the timing of construction and occupancy is unknown. The Borough commits to spending Affordable Housing Trust Fund monies within four years of the date of collection as required by N.J.S.A. 52:27D-329.2d.

The municipal rehabilitation program will be initiated in January of 2025 and will proceed as funds allow. The Borough aims to complete four to six rehabilitations per year.

5. EXCESS OR SHORTFALL OF FUNDS

Implementation of Stratford Borough's Fair Share Plan does not depend upon funding from the AHTF. In the event more funds than anticipated are collected, the funds will be used to expand the programs outlined in this Spending Plan.

6. BARRIER FREE ESCROW

Collection and distribution of barrier free funds shall be consistent with Stratford's Affordable Housing Ordinance in accordance with N.J.A.C. 5:97-8.5.

SUMMARY

Stratford 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 housing programs outlined in the Borough's Housing Element and Fair Share Plan adopted January 19, 2016 and affordable housing opportunities that may arise to satisfy unmet need.