

BOROUGH OF ORADELL
AFFORDABLE HOUSING - SPENDING PLAN AMENDMENT

DRAFT PLAN: April 11, 2022

INTRODUCTION

The Borough of Oradell adopted a 2018 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 Borough's June 18, 2018 Settlement Agreement with the Fair Share Housing Center. The Borough of Oradell established its affordable housing trust fund by resolution dated August 21, 2007.¹

This Spending Plan is an amendment to the Borough's adopted January 28, 2019 Spending Plan to include a \$50,000 payment to Bergen County United Way in connection with a proposed affordable housing development located on Block 223, Lot 5 (Genther Ave.) in the Borough. This Plan also is in conformance with Oradell's 2022 Amendment to the Housing Element and Fair Share Plan.

1. REVENUES FOR CERTIFICATION PERIOD

As of December 31, 2021, the Borough of Oradell has a balance of \$89,315 in its Affordable Housing Trust Fund. All of Oradell's 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 separate interest-bearing affordable housing trust funds in Columbia Bank for the purposes of affordable housing. All housing trust fund monies shall be spent in accordance with current affordable housing rules as described in the sections that follow.

The purpose of this plan is to amend Oradell's 2019 Spending Plan. Therefore, the assumptions contained within the 2019 Spending Plan are continued herein, including the projection of revenue through 2025, which is the end of the Borough's Third Round Judgment of Compliance and Repose. This 2022 Spending Plan follows the assumptions on Development Fee revenues contained in the 2019 Spending Plan, as follows.

(a) Development fees:

1. Residential Development Fees: This 2022 Plan continues the assumptions from the 2019 Spending Plan and assumes that the Borough will collect \$5,500 annually in

¹ Borough of Oradell Affordable Housing Trust Fund Spending Plan, January 28, 2019.

residential development fees through 2025. As such, it is estimated that Oradell will collect approximately \$22,000 in residential development fees through 2025.

2. Non-Residential Development Fees: This 2022 Plan continues the assumptions from the 2019 Spending Plan and assumes that the Borough will collect a total of \$23,340 in non-residential development fees through 2025.

(b) Payment in lieu (PIL): The Borough does not currently anticipate the contribution of any payments in lieu toward the municipal Affordable Housing Trust Fund through 2025.

(c) Other funding sources: The Borough does not currently anticipate the contribution of any other funds toward the municipal Affordable Housing Trust Fund through 2025.

(d) Projected interest: It is estimated that the Borough of Oradell will collect approximately \$1,200 in total interest through 2025.

SOURCE OF FUNDS	PROJECTED REVENUES					
	AFFORDABLE HOUSING TRUST FUND, 2022 - 2025					
	2022	2023	2024	2025		Total
(a) Development fees:						
Residential Development	5,500	5,500	5,500	5,500		22,000
Non-Residential Development	5,835	5,835	5,835	5,835		23,340
(b) Payments in Lieu of Construction	0	0	0	0		0
(c) Other Funds (Specify source(s))	0	0	0	0		0
(d) Interest	300	300	300	300		1,200
Total	11,635	11,635	11,635	11,635		46,540

The Borough of Oradell projects a total of \$46,540 in revenue and interest to be collected between January 1, 2022 and December 31, 2025. This projected amount, when added to the Borough of Oradell's trust fund balance of \$89,315 results in anticipated total revenue of \$135,855 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

There are no revisions from Oradell's 2019 Spending Plan to the administrative mechanisms that will be used to collect and distribute funds.

The following procedural sequence for the collection and distribution of development fee revenues shall be followed by the Borough of Oradell:

(a) Collection of development fee revenues:

Collection of development fee revenues shall be consistent with the Borough's development fee ordinance for both residential and non-residential developments in accordance with all applicable rules, regulations and legislation.

(b) Distribution of development fee revenues:

The Planning Board adopts and forwards a resolution to the governing body recommending the expenditure of development fee revenues as set forth in this spending plan. The governing body reviews the request for consistency with the spending plan and adopts the recommendation by resolution. The release of funds requires adoption of the governing body resolution in accordance with the sending plan. 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.

3. DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS

- (a) Rehabilitation Program – As described in Oradell's Housing Element and Fair Share Plan, the Borough has a four-unit Rehabilitation Obligation. To address the obligation, the Borough will continue to participate in the Bergen County Home Improvement Program (BCHIP), or hire a separate entity, that will utilize funds from the Borough's affordable housing trust fund. Oradell will commit an average of \$10,000 per unit consistent with applicable rules, resulting in a total contribution of approximately \$40,000.

The Borough has sufficient existing and anticipated funds in its affordable housing trust fund to cover the \$40,000 Rehabilitation Obligation.

- (b) Affordability Assistance - Pursuant to applicable rules, the Borough will commit to spend at least 30% of the development fees collected and interest earned to provide affordability assistance to very low, low and moderate income households.

As shown in the next table, the Borough projects that approximately \$37,466 will be available from the affordable housing trust fund for this purpose through 2025, one-third of which will be dedicated toward affordability assistance for very low income households.

The Borough's 2019 Spending Plan includes an affordability assistance program that remains valid through 2025. However, this Plan amends the 2019 Spending Plan to include the proposed Bergen County United Way project located on Genther Ave., which qualifies as an affordability assistance project. As supportive housing, all residents of the Genther Ave. project will be at the very low income level, and therefore, the project qualifies as affordability assistance.

As detailed in Oradell's April 11, 2022 Amendment to the Housing Element and Fair Share Plan, the Borough is partnering with Bergen County United Way for a project

located on Block 223, Lot 5 (Genther Ave.). The Borough is donating Lot 5 to Bergen County United Way for the development of a group home and separate apartments. As part of the agreement, the Borough will be providing \$50,000 from its Trust Fund toward the proposed development. That payment will assist in the formation of a group home and apartments that will provide housing for very low-income individuals. The Genther Ave. development will help to expand and expedite affordable housing opportunities for developmentally disabled individuals. All residents will be at the very low income level, and therefore, the project is considered to be affordability assistance.

Finally, if the municipality demonstrates that there are no units for which affordability assistance programs can be offered, the Borough may, in the future, request a waiver of this requirement pursuant to applicable rules.

The table below includes the calculation of the required affordability assistance amounts through 2025. It is important to note that the Borough of Oradell is exceeding the affordability assistance requirement in this Spending Plan. The Third Round housing activity referenced in the table is the \$40,000 for the Borough's Rehabilitation Program.

AFFORDABILITY ASSISTANCE CALCULATION		
Actual development fees and interest through 12/31/21	+	118,348.00
Projected development fees and interest through 2025.	+	46,540.00
Less Housing Activity Expenditure in the Third Round	-	40,000.00
Total	=	124,888.00
30% Requirement	x .30	37,466.40
Less Affordability assist. expenditures thru 12/31/21	-	0.00
Projected Min. Afford Asst, 2022-2025	=	37,466.40
Proj Min Afford. Asst for Very Low Income, 2022 through 2025	x 1/3	12,488.80

(c) Administrative Expenses

Per affordable housing regulations, no more than 20% of the revenues collected from development fees shall be expended on administration.

ADMINISTRATIVE EXPENSE CALCULATION		
Actual fees and interest thru 12/31/21		118,348.00
Projected Development Fees and interest 2022 through 2025	+	46,540.00
Total For Admin. Calculation, through 2025	=	164,888.00
20% Maximum for Admin Expense	x .20	32,977.60
Less Admin thru 12/31/21	-	29,033.14
Available for Admin through 2025	=	3,944.46

The Borough projects that approximately \$3,900 will be available from the affordable housing trust fund to be used for administrative purposes. Legal or other fees related to litigation opposing affordable housing sites or objecting to the COAH's regulations and/or action are not eligible uses of the affordable housing trust fund.

Projected administrative expenditures, subject to the 20% cap, are as follows:

1. Expenditures for consultant and professional fees in connection with future revisions and amendments to the Housing Element and Fair Share Plan.
2. Preparation of this Spending Plan and revisions thereto as required by any future reviewing body.
3. Expenditures for consultant and professional fees in connection with future revisions to the affordable housing ordinances necessary to implement the Borough's Housing Element and Fair Share Plan.
4. Additional expenses for the Municipal Housing Liaison.
5. Expenditures for the provision of Administrative Agent services.
6. Expenditures for consultant and professional fees in connection with planning, development and implementation of affordable housing sites and developments.
7. Expenditures for consultant and professional fees to further any section or proposal from the adopted Housing Element and Fair Share Plan, and revisions and amendments thereto.
8. Expenditures for professional fees for annual affordable housing monitoring and required reviews.
9. Municipal Housing Liaison and Administrative Agent training and on-going certification.
10. Research and preparation of the annual trust fund and affordable housing activity monitoring as required by the Settlement Agreement.
11. Preparation of the very-low income monitoring every three years as required by the Settlement Agreement.
12. Preparation of the mid-point realistic opportunity review as described in the Settlement Agreement.
13. Preparation of a Housing Element and Fair Share Plan and a Spending Plan to satisfy future Round 4 requirements.

4. EXPENDITURE SCHEDULE

The Borough of Oradell intends to use affordable housing trust fund revenues to fund its rehabilitation program, to provide a payment to Bergen County United Way for the Genther Ave.

affordable project, other affordability assistance programs, and for affordable housing administration. The Spending Plan includes \$40,000 for the potential rehabilitation of four units, at a cost of \$10,000 per unit. The Plan also includes a \$50,000 payment to Bergen County United Way for the Genther Ave. project, and \$25,000 in payments for other affordability assistance programs as identified in Oradell's 2019 Spending Plan.

PROJECTS/PROGRAM	Projected Expenditure Schedule 2022- 2025				
	2022	2023	2024	2025	TOTAL
Rehabilitation Program	10,000.00	10,000.00	10,000.00	10,000.00	40,000.00
(4 Units)					
Bergen County United Way	25,000.00	25,000.00	0.00	0.00	50,000.00
Other Affordability Assistance	5,000.00	5,000.00	7,500.00	7,500.00	25,000.00
Administration	1,000.00	450.00	450.00	2,000.00	3,900.00
Total	41,000.00	40,450.00	17,950.00	19,500.00	\$ 118,900.00

5. EXCESS OR SHORTFALL OF FUNDS

In the event of excess funds, any remaining funds above the amount necessary to satisfy the municipal affordable housing obligation will be dedicated its rehabilitation and/or affordability assistance program, and/or additional affordable housing activity necessary to address any remaining Unmet Need. In the event that a shortfall of anticipated revenues occurs, the Borough of Oradell will address the shortfall of funds through an alternative funding source to be identified by the Borough or by adopting a resolution with an intent to bond, or the Borough will amend its spending plan to reduce the amount of funds available for the affordability assistance program and administrative expenses.

6. BARRIER- FREE ESCROW

Collection and distribution of barrier free funds shall be consistent with the Borough of Oradell's Affordable Housing Ordinance and in accordance with applicable rules.

SUMMARY

The Borough intends to spend affordable housing trust fund revenues pursuant to applicable rules and to be consistent with the housing programs outlined in the 2022 Amendment to the Housing Element and Fair Share Plan.

The Borough of Oradell has a balance of \$89,315 as of December 31, 2021 and estimates a total of \$46,540 in revenue and interest to be collected between January 1, 2022 and December 31, 2025. This projected amount, when added to the Borough of Oradell's trust fund balance as of December 31, 2021, results in anticipated total revenue of \$135,855 available to fund and administer its affordable housing plan. The municipality will dedicate \$40,000 toward its Rehabilitation Program, and 75,000 toward affordability assistance to render units more affordable. The affordability assistance total includes a \$50,000 payment to Bergen County United Way to assist with the Genther Ave. affordable development. The amount indicated for affordability assistance exceeds the 30% requirement. Finally, \$3,900 is proposed for administrative costs.

The Spending Plan summary is provided below.

SPENDING PLAN SUMMARY		
Balance as of December 31, 2021		89,315
PROJECTED REVENUE 2022-2025		
Development fees	+	45,340
Payments in lieu of construction	+	0
Other funds	+	0
Interest	+	1,200
TOTAL AVAILABLE FUNDS	=	135,855
PROJECTED EXPENDITURES 2022-2025		
Funds used for Rehabilitation	+	40,000.00
Affordability Assistance: Bergen Co. United Way Payment *	+	50,000.00
Affordability Assistance: Other Programs *	+	25,000.00
Administration **	+	3,900.00
TOTAL PROJECTED EXPENDITURES	=	118,900.00
REMAINING BALANCE	=	16,955
Excess Funds or Remaining Balance Reserved for Additional Rehabilitation/Affordability Assistance/Affordable Housing Activity Necessary to Address Unmet Need.	=	16,955

* Actual affordability assistance minimums are calculated on an ongoing basis, based on actual revenues.

** Administrative expenses are limited to 20 percent of what is actually collected.