

**BOROUGH OF MENDHAM**  
MORRIS COUNTY, NEW JERSEY

**RESOLUTION #088-2020**

**RESOLUTION OF THE BOROUGH OF MENDHAM, IN THE COUNTY OF MORRIS AND STATE OF NEW JERSEY, REQUESTING THAT THE COURT REVIEW AND APPROVE THE BOROUGH'S SPENDING PLAN**

**WHEREAS**, the Borough of Mendham will ask the Court to approve its Housing Element and Fair Share Plan; and

**WHEREAS**, the Borough has adopted a Development Fee Ordinance, which establishes an Affordable Housing Trust Fund that includes development fees, payments from developers in lieu of constructing affordable units on-site, barrier free escrow funds, rental income, repayments from affordable housing program loans, recapture funds, proceeds from the sale of affordable units, and/or funds collected in connection with the Borough's affordable housing program; and

**WHEREAS**, a municipality with an Affordable Housing Trust fund should receive approval of a Spending Plan prior to spending any of the funds in its Affordable Housing Trust Fund; and

**WHEREAS**, the Borough has prepared a Spending Plan consistent with Council on Affordable Housing regulations and the settlement agreement dated December 26, 2019 entered into between the Borough and Fair Share Housing Center.

**THEREFORE, BE IT RESOLVED** that the Borough Council of the Borough of Mendham, in the County of Morris and State of New Jersey, hereby approves the Spending Plan attached hereto as Exhibit A, and requests that the Court review and approve same, so that it can expend funds in its Affordable Housing Trust Fund.

This Resolution shall take effect immediately.

[Spending Plan attached as Exhibit A.]

Dated: June 10, 2020

Attest:

  
Robin R. Kline, Borough Clerk

BOROUGH OF MENDHAM

  
Christine Serrano-Glassner, Mayor

**CERTIFICATION**

I, Robin R. Kline, Registered Municipal Clerk for the Borough of Mendham, hereby certify that the foregoing resolution was adopted by the Borough Council at a Regular Meeting held on June 10, 2020.

  
Robin R. Kline, MAS, RMC, CMR  
Borough Clerk

# AFFORDABLE HOUSING TRUST FUND SPENDING PLAN

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BOROUGH OF MENDHAM  
MORRIS COUNTY, NEW JERSEY

April 2020

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# SPENDING PLAN

## INTRODUCTION

A development fee ordinance creating a dedicated revenue source for affordable housing following state guidelines was approved by COAH on April 12, 1995 and adopted by Mendham on July 3, 1995.

The ordinance established a fee of 1.5% of equalized assessed value for new residential construction and 2.5% for new commercial construction.

The ordinance established the Borough of Mendham Affordable Housing Trust Fund. 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 affordable housing fees are deposited in a separate-interest-bearing affordable housing trust fund account for the purposes of affordable housing.

Mendham Borough has prepared this Spending Plan (2019) to guide the allocation of funds within the Borough of Mendham Housing Trust Fund. As of December 31, 2019, the Borough of Mendham has \$424,577 in its Affordable Housing Trust Fund. The account will continue to collect funds as they are created through new development. The funds shall be spent in accordance N.J.A.C. 5:97-8.7-8.9 as described in the sections that follow.

Source of Funds	Up to 12/31/19	2020	2021	2022	2023	2024	2025	Total
(a) Development Fees								
1. Approved Residential and Nonresidential Development Projects	424,577							\$424,577
2. Projected Residential Development Projects Only		\$114,682	\$114,682	\$114,682	\$114,682	\$114,682	\$114,683	\$688,093
3. Projected Non-Residential Development Projects (New construction only)		\$3,493	\$3,493	\$3,493	\$3,493	\$3,493	\$3,493	\$20,958
(b) Payments in lieu of Construction	N/A							
(c) Other Funds (specify source)	N/A							
Subtotal								
(d) Interest	N/A	\$1,699	\$1,699	\$1,699	\$1,699	\$1,700	\$1,700	\$10,196
<b>Total Revenue from Development Fees</b>								<b>\$1,143,824</b>

Mendham Borough projects a total of \$1,143,824 to be collected between January 1, 2020 and December 31, 2025 including interest. All interest earned on the account shall accrue to the account for use for affordable housing purposes only. Projections are based on projected development as it relates to permits issued within the Borough over the last five years. The Borough projects approximately \$688,093 in residential development fees per year and a projected \$3,493 per year in non-residential fees.

### **REVENUES FOR CERTIFICATION PERIOD**

To calculate a projection of revenue anticipated during the period of Third Round substantive certification, Mendham Borough the following:

- (a) Development fees:
  - 1. Nonresidential projects which have had development fees imposed upon them at the time of preliminary or final development approvals;
  - 2. All nonresidential 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.
- (b) Payments in Lieu (PIL): Payments in Lieu of development into the Borough's Housing Trust are permitted as pursuant to Section 215-57 of the Mendham Borough Code.
- (c) Other funding sources: The Borough reserves the option to pursue various public funding options to support its municipal rehabilitation program.
- (d) Projected interest: Interest on the projected revenue in the municipal affordable housing trust fund at the current average interest rate is 1%.

### **ADMINISTRATIVE MECHANISM TO COLLECT AND DISTRIBUTE FUNDS**

Mendham Borough will follow the process for the collection and distribution of development fee revenues detailed below.

- (a) Collection of development fee revenues: Mendham Borough will collect development fee revenues in a manner that is consistent with the Borough's development fee ordinance for both residential and nonresidential development and in accordance with COAH's rules.
- (b) Distribution of development fee revenues: Mendham Borough will distribute funds with the oversight of the Borough Council. The Council will work with the Borough Administrator and the Municipal Housing Liaison to manage the projects outlined in this spending plan.

### **DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS**

Mendham proposes to use the monies in its Affordable Housing Trust Fund for the following purposes:

- (a) **Affordability Assistance** (N.J.A.C. 5:97-8.8) Mendham Borough will dedicate 30 percent of its income from the affordable housing trust fund to render units more affordable, including at least one-third of that to render units created in the Borough more affordable to households earning 30 percent or less of median income by region. This will include rental assistance for existing affordable rental units. To date the Borough has spent \$87,899 on a new HVAC system for the MASH units to continue to keep the units affordable as well as provided \$4,087 in rent subsidies to tenants.

Actual development fees through 12/31/2019		\$421,735
Actual interest earned through 12/31/2019	+	\$2,842
Development fees projected 2020-2025	+	\$1,133,628
Interest projected 2020-2025	+	\$10,196
Less housing activity expenditures through 1/1/2020	-	\$0
Payments in lieu of Construction	+	\$0
Subtotal	=	\$1,568,401
30 percent requirement	X 0.30 =	\$470,520
Less affordability assistance expenditures through 12/31/2019	-	\$91,986
<b>Projected minimum Affordability Assistance Requirement 1/1/2020 through 12/31/2025</b>	=	<b>\$378,534</b>
<b>Projected minimum Very Low-Income Affordable Assistance Requirement 1/1/2020 through 12/31/2025</b>	/3 =	<b>\$126,178</b>

**(b) Rehabilitation Projects** (N.J.A.C. 5:97-6.2): Mendham Borough will dedicate the following funds to Rehabilitation projects in order to meet its fair share affordable unit obligation:

**Borough Rehabilitation Program:** The Borough's efforts to meet its present need include a municipally sponsored local rehabilitation program and participation in the County's rehabilitation program. This is sufficient to satisfy the Borough's present need obligation of 9 units. Additionally, the Borough will provide rehabilitation funds for rehabilitation of the Borough's MASH units as necessary. Rehabilitation of additional units will be pursued if there are more funds than projected available in the trust fund.

**(c) Administrative Expenses** (N.J.A.C. 5:97-8.9) Mendham Borough will dedicate no more than 20 percent of revenue from the affordable housing trust fund to be used for administrative purposes. The current budget for administrative expenses is \$228,765 subject to the 20 percent cap are as follows:

- Administration of affordable housing programs;
- Legal fees associated with affordable housing administration;
- Planning fees for any necessary updates and/or revision to the Housing Element and Fair Share Plan; and
- Other expenses associated with the development and implementation of the Housing and Fair Share Plan and the monitoring of current and future affordable housing programs within Mendham Borough.
- Funds may not be used for legal or other fees to oppose affordable housing projects.

Project/ Programs	Units	Funds earmarked as of 12/31/2019	2020	2021	2022	2023	2024	2025	Total
Affordability Assistance			\$63,089	\$63,089	\$63,089	\$63,089	\$63,089	\$63,089	\$378,534
Rehabilitation Program	9+		\$89,425	\$89,420	\$89,420	\$89,420	\$89,420	\$89,420	\$536,525
Administration			\$38,130	\$38,127	\$38,127	\$38,127	\$38,127	\$38,127	\$228,765
<b>Total</b>									<b>\$1,143,824</b>

**SUMMARY**

Mendham 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 affordable housing programs outlined in the Mendham Borough Housing Element and Fair Share Plan. Additional funds will be used to rehabilitate additional units and/or provide additional rental assistance.

**Spending Plan Summary  
Mendham Borough Affordable Housing Trust Fund**

<b>Trust fund balance as of 12/31/2019</b>	<b>\$424,577</b>
<b>Projected Revenue (2020-2025)</b>	
Development fees	+ \$1,133,628
Payments in lieu of construction	+ \$0
Other funds	+ \$0
Interest	+ \$10,196
<b>Total Revenue (Rounded)</b>	<b>= \$1,143,824</b>
<b>Expenditures</b>	
Rehabilitation Program	- \$536,525
Administration	- \$228,765
Affordability Assistance	- \$378,534
<b>Total Projected Expenditures</b>	<b>= \$1,143,824</b>