

**AFFORDABLE HOUSING TRUST
FUND SPENDING PLAN**

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

February 2026

Prepared by: Jessica C. Caldwell, P.P., A.I.C.P.
NJPP License #5944

SPENDING PLAN

INTRODUCTION

Mendham Borough, Morris County, has prepared a Housing Element and Fair Share plan that addresses its regional fair share of the present and prospective affordable housing need in accordance with the Municipal Land Use Law (MLUL), the Fair Housing Act (FHA), the regulations of the Council on Affordable Housing (COAH) and recent decisions by the Courts.

A development fee ordinance creating a dedicated revenue source for affordable housing following state guidelines was adopted in July 1995 and updated in 2009. 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 need for a 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 to guide the allocation of funds within the Borough of Mendham Affordable Housing Trust Fund. As of December 31, 2025, the Borough of Mendham has \$324,735.95 in its Affordable Housing Trust Fund. The funds shall be spent in accordance N.J.A.C. 5:97-8.7-8.9 as described in the sections that follow.

REVENUES FOR CERTIFICATION PERIOD

To calculate a projection of revenue anticipated during the period of Fourth Round substantive certification, Mendham Borough considered 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 in limited cases pursuant to Section 17-98 of 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 0.5% based on prevailing interest rates for savings accounts.

Projected Revenue Schedule, 2025-2035
Borough of Mendham Affordable Housing Trust Fund

Source of Funds	Up to 12/31/2025	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
(a) Development Fees	\$324,735												
1. Approved Residential and Nonresidential Development Projects	NA	\$2,500	\$2,500	\$2,500									\$7,500
2. Projected Residential Development Projects Only	NA	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$99,000
3. Projected Non-Residential Development Projects (New construction only)	NA	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$55,000
(b) Payments in lieu of Construction	NA												
(c) Other Funds (specify source)	NA												
Subtotal	\$324,735	\$16,500	\$16,500	\$16,500	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$161,500
(d) Interest	NA	\$390	\$390	\$390	\$390	\$390	\$390	\$390	\$390	\$390	\$390	\$390	\$4,290
Total Revenue from Development Fees	\$324,735	\$16,890	\$16,890	\$16,890	\$14,390	\$14,390	\$14,390	\$14,390	\$14,390	\$14,390	\$14,390	\$14,390	\$490,525

Mendham Borough projects a total of **\$161,500** to be collected between January 1, 2025 and December 31, 2035 for residential and non-residential new construction. With an existing balance of \$324,735, the total amount projected is \$490,525. Projections are based on projected development as it relates to permits issued within the Borough over the last five years and revenues generated by the fund over the last six years.

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 applicable regulations.
- (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 Borough proposes to use the monies in its Affordable Housing Trust Fund for the following purposes:

- (a) **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 \$50,000 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 Mount Arlington.
- (b) **Affordability Assistance** (N.J.A.C. 5:97-6.7): Mendham Borough will dedicate funds to affordability assistance. The budgeted amount is 30% of the projected total fund or \$150,000, depending on funds available at the time of the development. At least 30% of the affordability assistance, or \$43,000 will be dedicated to households with very low income.
- (c) **Supportive Living and Special Needs** (N.J.A.C. 5:97-6.10): Mendham Borough will dedicate **\$100,000** in funds to assist in the development and renovation of supportive and special needs homes as the budget permits.
- (d) **100% Affordable/Market to Affordable** (N.J.A.C. 5:97-6.7 & 6.10): Mendham Borough will dedicate **\$200,000+** to its 100% affordable, market to affordable program to assist non-profit developers in pursuing 100% affordable projects in Mendham Borough. Mendham will also

review its existing municipally owned properties to determine if land can be donated to a non-profit housing developer for 100% affordable projects.

- (e) **Excess Funds:** Any excess funds will be dedicated to rehabilitation of eligible housing units within the Borough, group homes or emerging projects or to the 100 Percent Affordable Housing Project.

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 Borough 's Housing Element and Fair Share Plan.

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

Trust fund balance as of 12/31/2025	\$324,735
Projected Revenue (2025-2035)	
Development fees	\$161,500
Payments in lieu of construction	
Other funds	
Interest	\$4,290
Total Revenue (Rounded)	\$490,525
Expenditures	
Administration	\$32,300
Affordability Assistance	\$150,000
Supportive Living	\$100,000
100% Affordable / Market to Affordable	\$200,000
Total Projected Expenditures	\$483,300