

**WHEREAS**, the Governing Body of Township of Ocean petitioned the Council on Affordable Housing (COAH) for substantive certification on December 31, 2008; and

**WHEREAS**, the Township of Ocean originally received approval from COAH on October 6, 2004 of its development fee ordinance and adopted said ordinance on May 12, 2005; and

**WHEREAS**, the Township of Ocean received approval from COAH on June 15, 2009 of an amended development fee ordinance; and

**WHEREAS**, the review of spending plans is currently being conducted by the Local Planning Services unit in the Department of Community Affairs (“DCA” or “the Department”); and

**WHEREAS**, the development fee ordinance 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, and proceeds from the sale of affordable units; and

**WHEREAS**, N.J.A.C. 5:97-8.1(d) requires a municipality with an affordable housing trust fund to receive approval of a spending plan prior to spending any of the funds in its housing trust fund; 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 all affordable housing trust funds, provided that the trust fund balance as of July 17, 2008 is committed for expenditure within four years of that date and that all development fees and any payments in lieu of construction are committed for expenditure within four years from the date of collection;

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. 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
9. 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 Township of Ocean has prepared a spending plan consistent with N.J.A.C. 5:97-8.10 and P.L. 2008, c.46.

**NOW THEREFORE BE IT RESOLVED** that the Governing Body of the Township of Ocean hereby endorses the Spending Plan and requests that DCA's Local Planning Services review and approve same.

#### CERTIFICATION

I, Diane B. Ambrosio, RMC, Clerk of the Township of Ocean, County of Ocean, State of New Jersey, do hereby certify that the foregoing resolution to be a true copy of a resolution adopted by the Township Committee of the Township of Ocean on the 14th day of June 2012.

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Diane B. Ambrosio, RMC  
Township Clerk

# Development Fee Spending Plan

Prepared for

**Township of Ocean  
Ocean County, New Jersey**

Prepared December 2008

Revised June 2012 by:



ASSOCIATES

11 Tindall Road

Middletown, NJ 07748



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*The original of this document has been signed and sealed in accordance with New Jersey Law*

## INTRODUCTION

The Township of Ocean, Ocean County, has prepared a Housing Element and Fair Share plan 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.). A development fee ordinance creating a dedicated revenue source for affordable housing was approved by COAH on October 6, 2004 and adopted by the Township on September 23, 2004 (Ordinance 2004-28). The Township subsequently amended its development fee schedule to increase residential and non-residential percentages in 2005 (Ordinance 2005-16), consistent with COAH regulations. The original ordinance established the Ocean Township affordable housing trust fund for which this spending plan is prepared.

The Township has prepared this spending plan to satisfy its obligation to expend all funds collected in its affordable housing trust fund account as of July 17, 2008 in order to prevent the seizure of these funds by the State of New Jersey. The spending plan also allocates funds collected subsequent to July 17, 2008 toward affordable housing activity within the Township.

As of July 17, 2008, Ocean Township collected \$177,750.56, expended \$0, resulting in a balance of \$177,750.56. Between July 18, 2008 and December 31, 2011, the Township collected an additional \$88,570.98 in development fees and interest, resulting in a trust fund balance of \$266,311.56 as of December 31, 2011. 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 TD Bank, Ocean Township 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.

## 1. REVENUES FOR CERTIFICATION PERIOD

To calculate a projection of revenue anticipated during the period of third round substantive certification, Ocean 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 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) Payment in lieu (PIL):

Actual and committed payments in lieu (PIL) of construction from developers as follows:

No payments in lieu have been collected or assessed by the Township to date. However, the Township will collect a \$630,000 payment in lieu of construction from U.S. Homes as part of a redeveloper agreement between the Township and U.S. Homes as part of the adopted Edgemont Redevelopment Plan, which allows the designated redeveloper to construct affordable units on site or make a payment in lieu of construction of \$35,000 per unit for 18 affordable units.

(c) Other funding sources:

The Township of Ocean has not collected any Affordable Housing Trust Fund Revenues from other funding sources to date.

(d) Projected interest:

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

| SOURCE OF FUNDS                      | ACTUAL AND PROJECTED REVENUES-HOUSING TRUST FUND - 2008 THROUGH 2018 |          |          |         |          |           |           |           |           |           |           |           |
|--------------------------------------|--|----------|----------|---------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                      | 7/18/08 Through 12/31/08*  | 2009*    | 2010*    | 2011*   | 2012**   | 2013      | 2014      | 2015      | 2016      | 2017      | 2018      | Total     |
| (a) Development fees:                |  |          |          |         |          |           |           |           |           |           |           |           |
| 1. Approved Development              | \$3,260  | \$56,453 | \$18,188 | \$7,225 | \$13,717 | \$15,000  | \$15,000  | \$15,000  | \$15,000  | \$15,000  | \$15,000  | \$188,843 |
| 2. Pending Development Approval      | \$3,260  | \$56,453 | \$18,188 | \$7,225 | \$3,717  | \$0       | \$0       | \$0       | \$0       | \$0       | \$0       | \$88,843  |
| 3. Projected Development             | \$0  | \$0      | \$0      | \$0     | \$0      | \$0       | \$0       | \$0       | \$0       | \$0       | \$0       | \$0       |
| (b) Payments in Lieu of Construction | \$0  | \$0      | \$0      | \$0     | \$10,000 | \$15,000  | \$15,000  | \$15,000  | \$15,000  | \$15,000  | \$15,000  | \$100,000 |
| (c) Other Funds (Specify source(s))  | \$0  | \$0      | \$0      | \$0     | \$0      | \$105,000 | \$105,000 | \$105,000 | \$105,000 | \$105,000 | \$105,000 | \$630,000 |
| (d) Interest                         | \$1,318  | \$726    | \$564    | \$336   | \$400    | \$400     | \$400     | \$400     | \$400     | \$400     | \$400     | \$5,744   |
| Total                                | \$4,578  | \$57,179 | \$18,752 | \$7,561 | \$14,117 | \$120,400 | \$120,400 | \$120,400 | \$120,400 | \$120,400 | \$120,400 | \$824,587 |

\*Actual Development Fees and Interest

\*\*Includes Actual Development Fees and Interest as of May 2012

Ocean Township projects a total of \$824,587 in revenue to be collected between July 18, 2008 and December 31, 2018. All interest earned on the account shall accrue to the account to 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 Ocean Township:

(a) Collection of development fee revenues:

Collection of development fee revenues shall be consistent with Ocean 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:

The Mayor and the Township Administrator forward to the Township Governing Body a recommendation for 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, if the request is consistent with the plan, adopts the recommendation.

The use and release of the funds require the adoption of a resolution in accordance with the COAH-approved spending plan. Once a request is approved, the Chief Financial Officer releases the revenues from the trust fund for the specific use as per the Governing Body's resolution.

## 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)**

Ocean Township will dedicate \$300,000 to rehabilitation or new construction programs (see detailed descriptions in Fair Share Plan) as follows:

**Rehabilitation program:** \$300,000

**New construction project(s):** \$0

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

Projected minimum affordability assistance requirement:

|   |          |              |
|---|----------|--------------|
| Actual development fees and interest through 7/17/2008  |          | \$177,750.56 |
| Development fees collected/projected: 2008-2018   | +        | \$188,842.50 |
| Interest collected/projected: 2008-2018   | +        | \$5,744.48   |
| Less housing activity expenditures through 6/2/2008   | -        | \$0.00       |
| <b>Total</b>  | =        | \$372,337.54 |
| 30 percent requirement  | x 0.30 = | \$111,701.26 |
| Less affordability assistance expenditures through 12/31/2004   | -        | \$0.00       |
| <b>PROJECTED MINIMUM Affordability Assistance Requirement 1/1/2005 through 12/31/2018</b>                 | =        | \$111,701.26 |
| <b>PROJECTED MINIMUM Very Low-Income Affordability Assistance Requirement 1/1/2005 through 12/31/2018</b> | ÷ 3 =    | \$37,233.75  |

Ocean Township will dedicate \$111,701.26 from the affordable housing trust fund to render units more affordable, including \$37,233.75 to render units more affordable to households earning 30 percent or less of median income by region.

The Township of Ocean has not yet committed to a specific affordability assistance program. However, the Township will examine affordability assistance programs such as rental assistance and down-payment assistance when allocating affordability assistance funds for low- and moderate-income households.

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

Ocean Township projects that \$200,467.51 will be available from the affordable housing trust fund to pay for reimbursable administrative expenses. The Township intends to expend these funds to pay for professional planning services, administration fees such as employee salary and benefits, and other professional fees.

#### 4. EXPENDITURE SCHEDULE

Ocean Township intends to use affordable housing trust fund revenues for the creation and/or rehabilitation of housing units. Where applicable, the creation/rehabilitation funding schedule below parallels the implementation schedule set forth in the Housing Element and Fair Share Plan and is summarized as follows.

|                          |                           | PROJECTED EXPENDITURE SCHEDULE 2012-2018* |          |           |          |          |          |          |           |  |  |  |
|--------------------------|---------------------------|---|----------|-----------|----------|----------|----------|----------|-----------|--|--|--|
| Program                  | Number of Units Projected | 2012                                      | 2013     | 2014      | 2015     | 2016     | 2017     | 2018     | Total     |  |  |  |
| Rehabilitation           | 11                        | \$130,000                                 | \$40,000 | \$40,000  | \$40,000 | \$20,000 | \$20,000 | \$10,000 | \$300,000 |  |  |  |
| Total Programs           | 11                        | \$130,000                                 | \$40,000 | \$40,000  | \$40,000 | \$20,000 | \$20,000 | \$10,000 | \$300,000 |  |  |  |
| Affordability Assistance |                           | \$0                                       | \$0      | \$37,234  | \$18,617 | \$18,617 | \$18,617 | \$18,617 | \$111,701 |  |  |  |
| Administration           |                           | \$53,260                                  | \$24,535 | \$24,535  | \$24,535 | \$24,535 | \$24,535 | \$24,535 | \$200,467 |  |  |  |
| Total                    |                           | \$183,260                                 | \$64,535 | \$101,768 | \$83,151 | \$63,151 | \$63,151 | \$53,151 | \$612,169 |  |  |  |

\*The Township did not expend any trust fund revenues between the inception of the trust fund and December 31, 2011

## **5. EXCESS OR SHORTFALL OF FUNDS**

Pursuant to the Housing Element and Fair Share Plan, the governing body of Ocean Township has adopted a resolution agreeing to fund any shortfall of funds required for implementing rehabilitation and new construction programs. In the event that a shortfall of anticipated revenues occurs, Ocean Township will issue municipal bonds. A copy of the adopted resolution is attached.

In the event of excess funds, any remaining funds above the amount necessary to satisfy the municipal affordable housing obligation will be used to provide additional rehabilitations.

## **6. BARRIER FREE ESCROW**

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

## **SUMMARY**

Ocean 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 dated December 11, 2008.

Ocean Township had a balance of \$177,750.56 as of July 17, 2008. Between July 18, 2008 and December 31, 2011, the Township collected an additional \$88,571.00 in development fees and interest, resulting in a trust fund balance of \$266,311.56 as of December 31, 2011. The Township anticipates collecting an additional \$736,517 in revenues before the expiration of substantive certification for a total of \$1,002,828.56. The Township will dedicate \$300,000 towards the rehabilitation of substandard units, \$111,701.26 to render units more affordable, and \$200,467.51 to administrative costs. Any shortfall of funds will be offset by the issuance of municipal bonds. The Township will dedicate any excess funds toward additional affordable housing programs.

| <b>SPENDING PLAN SUMMARY</b>                                 |                       |
|--|-----------------------|
| Balance as of December 31, 2011                              | \$266,321.56          |
| <b>PROJECTED REVENUE 2012-2018</b>                           |                       |
| Development fees   | \$103,717             |
| Payments in Lieu of Construction                             | \$630,000             |
| Other funds  | \$0                   |
| Interest   | \$2,800               |
| <b>TOTAL REVENUE</b>   | <b>\$1,002,838.56</b> |
| <b>EXPENDITURES 2012-2018</b>                                |                       |
| Funds used for Rehabilitation                                | \$300,000             |
| Funds used for New Construction                              |                       |
| Affordability Assistance                                     | \$111,701             |
| Administration   | \$200,467             |
| <b>TOTAL PROJECTED EXPENDITURES</b>                          | <b>\$612,169</b>      |
| <b>REMAINING BALANCE (APPLIED TO FUTURE REHABILITATIONS)</b> | <b>\$390,669.82</b>   |