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Memorandum

To: Princeton Affordable Housing Board

From: Shirley M. Bishop, P.P.

Date: September 17, 2013

Re: Consolidation of Former Princeton Borough and Township Spending Plans

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I. Background

As you are aware, municipalities that are under the jurisdiction of the Court or the Council on Affordable Housing (COAH) may impose, collect and expend development fees. Both the former Township and Borough have been imposing, collecting and expending trust fund money in accordance with approved spending plans. However, now that there is one consolidated Princeton it is appropriate to have one consolidated spending plan.

It is important to consolidate the two spending plans at this time. COAH has approved the former Borough's plan to spend $135,582.58 for rehabilitation (A contract is in place for the rehabilitation) and $127,711.31 for affordability assistance. However, there were no recipients for those funds in the former Borough. Rather than sitting in an account, the funds should be available community-wide. As a result, a consolidated spending plan is proposed and attached for your review.

II. Consolidated Spending Plan

The consolidated plan is a combination of the two plans with the appropriate calculations for administration and affordability assistance.

The projection of future development fees remains the same as well as the housing activities.

Princeton / Mercer County
Consolidated Affordable Housing Trust Fund Spending Plan

September 3, 2013

INTRODUCTION

The former Princeton Borough and the former Princeton Township / Mercer County prepared Housing Elements and Fair Share Plans that addressed their regional fair shares of the affordable housing needs 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.).

As of January 1, 2013, the Township and Borough consolidated and became known as Princeton.

Development Fee Ordinances creating dedicated revenue sources for affordable housing were approved for the former Borough by the Superior Court on December 15, 1995 and adopted on June 8, 1995. The former Township's Development Fee Ordinance was approved by COAH on October 11, 1995 and adopted on June 24, 1996. A new Development Fee Ordinance for the consolidated Princeton is in the process of being prepared.
In the meanwhile, the original Development Fee Ordinances established the former Borough and the former Township Affordable Housing Trust Funds.

As of January 1, 2013 Princeton had a beginning balance of $701,193.43.
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 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.

From January 1, 2005 through December 31, 2012, the former Borough and the former Township expended funds on affordable housing activities that were previously approved by COAH and documented in the Annual Trust Fund Monitoring Reports submitted to COAH.

1. REVENUES FOR CERTIFICATION PERIOD

To calculate a projection of revenue anticipated during the period of third round substantive certification, Princeton 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:

All PIL have been collected. However, PIL are not currently anticipated to be collected or assessed, except as they may incidentally flow from obligations for fractions of units in inclusionary developments.

(c) Other funding sources:

Funds from other sources, including, but not limited to, the sale of units with extinguished controls, repayment of affordable housing program loans, rental income and proceeds from the sale of affordable units. *No other funds have been or are anticipated to be collected.*

(d) Projected interest:

Interest on the projected revenue in the Affordable Housing Trust Fund is based on the average interest rate of one percent.

SOURCE OF FUNDS	PROJECTED REVENUES-HOUSING TRUST FUND - 2013 THROUGH 2018											
						2013	2014	2015	2016	2017	2018	Total
(a) Development fees:						250,000	250,000	250,000	250,000	250,000	250,000	1,500,000
1. Approved Development												
2. Development Pending Approval												
3. Projected Development												
(b) Payments in Lieu of Construction		0	0	0	0	0	0	0	0	0	0	0
(c) Other Funds (Specify source(s))		0	0	0	0	0	0	0	0	0	0	0
(d) Interest						2,500	2,500	2,500	2,500	2,500	2,500	15,000
Total												1,515,000

Princeton projects a total of $1,515,000 in revenue to be collected between January 1, 2013 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 Princeton:

(a) Collection of Development Fee Revenues:

i Collection of development fee revenues shall be consistent with the Princeton 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

(b) Distribution of Development Fee Revenues:

The governing body shall adopt a resolution authorizing the expenditure of development fee revenues consistent with the COAH-approved spending plan. Once a request has been approved by resolution, the CFO shall release the requested revenue from the Affordable Housing Trust Fund for the specific use approved in the governing body 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)**

COAH has approved $135,582 for rehabilitation and $400,000 for a market to affordable program. In addition, $480,000 will be dedicated as contributions to buy-down low income rental units.

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

Projected minimum affordability assistance requirement:

Actual development fees and interest through 12/31/2012		$5,271,033.02
Development fees projected 2013-2018	+	$1,500,000
Interest projected 2013-2018	+	$15,000
Less housing activity expenditures through 12-31-12	-	$4,083,314.10
Total	=	$2,702,718.92
30 percent requirement	x 0.30 =	$810,815.76
Less Affordability assistance expenditures	-	$292,480.62
PROJECTED MINIMUM Affordability Assistance	=	$518,335.06

Requirement 1/1/2005 through 12/31/2018		
PROJECTED MINIMUM Very Low-Income Affordability Assistance Requirement 1/1/2005 through 12/31/2018	÷ 3 =	$172,778.35

Princeton will dedicate 518,335.06 from the affordable housing trust fund to render units more affordable, including $172,778.35 to render units more affordable to households earning 30 percent or less of median income by region, as follows:

Down payment assistance loans, association fee assistance to bring homeowner association dues current, mortgage buy-ins to homeowners to avoid foreclosure, assistance with emergency repairs, energy efficiency and a market to affordable program to render more units affordable to households earning 30 percent or less of median income.

It should be noted that COAH approved $127, 711.31 for affordability assistance.

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

Princeton projects that $1,163,161.73 will be available from the Affordable Housing Trust Fund to be used for administrative purposes. However, Princeton only intends to allocate $400,000 at this time but may increase this amount at a later date. Projected administrative expenditures, subject to the 20 percent cap, are as follows:

Administrative salaries and benefits for municipal employees and/or consultant fees to implement an affordable housing program, preparation of a Housing Element,/ Fair Share Plan, spending plan and amendments , an affirmative marketing program, income qualification of households, monitoring the turnover of sale and rental units, preserving existing affordable housing and compliance with COAH monitoring requirements.

PRINCETON PROJECTED MAXIMUM ADMINISTRATIVE EXPENSES		
Actual Development Fees and Interest to 12/31/12		$5,271,033.02
Development Fees Projected 1/1/13-12/31/18	+	$1,500,000
Interest Projected 1/1/13-12/31/18	+	$15,000
Payments in Lieu of Construction through 12/31/18	+	$0.00
Less RCA Expenditures through 2018	-	$0.00
Total Projected Administrative Expenses from Trust Fund	x.20	$1,357,206.60
Less Actual Administrative Expenses through 12/31/12	-	$194,044.87
Total Remaining Projected Administrative Expenses		$1,163,161.73

4. EXPENDITURE SCHEDULE

Princeton intends to use Affordable Housing Trust Fund revenues for the creation and/or rehabilitation of housing units up to 2018 as described in the former Borough's and former Township's Housing Elements and Fair Share Plans. Where applicable, the funding schedule below parallels the new implementation schedule and is summarized as follows: Rehabilitation, affordability assistance, rental contributions, administration and a market to affordable program.

Program *dividually list programs* *ıd projects e.g. Rehab,* *essory Apartments, for-* *and rental municipally* *sponsored, etc].*	Number of Units Projected		PROJECTED EXPENDITURE SCHEDULE 2013-2018											
								2013	2014	2015	2016	2017	2018	Total
ıabilitation								67,791	67,791					135,582
v Construction:														
rket to Affordable gram									100,000	100,000	100,000	100,000		400,000
ıtributions from tal housing								80,000	80,000	80,000	80,000	80,000	80,000	480,000
														1,015,582
al Programs														
ordability Assistance								135,000	135,000	135,000	135,000	8135,000	125,610.85	800,610.85
ninistration								70,000	70,000	70,000	70,000	70,000	50,000	400,000
al														2,216192.85

5. EXCESS OR SHORTFALL OF FUNDS

The governing body of Princeton has adopted a resolution agreeing to fund any shortfall of funds required for implementing the consolidated affordable housing programs. In the event that a shortfall of anticipated development fees occurs, Princeton will bond or utilize general revenues. A copy of the adopted resolution is attached. Princeton may also elect to amend its Fair Share Plan.

In the event of excess funds, any remaining funds above the amount necessary to satisfy the affordable housing obligation will be used for affordability assistance, to increase the administrative expenses up to the 20 percent cap, for the purchase of existing residences to create group homes, for housing rehabilitation, contribution to rental housing and/or to expand the market to affordable program.

6. BARRIER FREE ESCROW

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

SUMMARY

Princeton 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 adopted Housing Elements and Fair Share Plans of the former Borough and the former Township in addition to any waivers granted by COAH.

Princeton has a remaining balance of $701,193.43 as of January 1, 2013 and anticipates an additional $1,515,000 in revenues for a total of $2,216,193.43. Princeton will dedicate $1,015,582.58 towards rehabilitation, a market to affordable program and a rental contribution program, $800,610.85 to render units more affordable, and $400,000 to administrative costs. Any shortfall of funds will be offset by bonding.

SPENDING PLAN SUMMARY	
Balance as of January 1, 2013	$ 701,193.43
PROJECTED REVENUE 2013-2018	
Development fees	+ $1,500,000
Payments in lieu of construction	+ $00.00
Other funds	+ $00.00
Interest	+ $15,000
TOTAL REVENUE	= $2,216, 193.43
EXPENDITURES	
Funds used for Rehabilitation	- $135,582.58
Funds used for New Construction	
Market to Affordable	- $400,000
Rental Contribution	- $480,000
	- $
	- $
	- $
	- $
	- $
	- $
	- $
Affordability Assistance	- $ 800,610.85
Administration	- $400,000
Excess Funds for Additional Housing Activity	
	-
	-
	-
TOTAL PROJECTED EXPENDITURES	= $2,216,193.43
REMAINING BALANCE	= $0.00