



SPENDING PLAN

TOWNSHIP OF WYCKOFF | BERGEN COUNTY, NEW JERSEY

SEPTEMBER 2020



INTRODUCTION

Wyckoff Township has prepared this spending plan in response to the June 18, 2018 settlement agreement with Fair Share Housing Center ("FSHC") which was approved by the Court via a July 23, 2018 Order granting Conditional Compliance. In accordance with the Settlement Agreement, the disbursement of funds as outlined in this document will constitute a "commitment" for expenditure pursuant to N.J.S.A. 52:27D-329.2 and -329.3, within the four-year time period for spending in the law that runs from the entry of a final Judgment of Repose approving this settlement in accordance with the provisions of In re Tp. Of Monroe, 442 N.J. Super. 565 (Law Div. 2015) (aff'd 442 N.J. Super. 563). Additionally, this Spending Plan reflects the Township's 2018 Housing Element and Fair Share Plan that addresses the Township's third round affordable housing obligation.

A development fee ordinance creating a dedicated revenue source for affordable housing was approved by COAH on February 28, 2006 and adopted by the municipality on June 5, 2006. The ordinance established the imposition of development fees and the Township of Wyckoff affordable housing trust fund for which this spending plan is prepared. An amended ordinance (Ordinance No. 1866) was most recently adopted by the Township on November 20, 2018 and was subject to the July 23, 2018 Order Granting Conditional Compliance. This Ordinance establishes residential development fees in the amount of 1.5% of the equalized assessed value of residential development and nonresidential development fees in the amount of 2.5% of the equalized assessed value of nonresidential development.

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 the Affordable Housing Trust Fund, a separate interest-bearing affordable housing trust fund in TD Bank for the purposes of affordable housing. These funds shall be spent in accordance with N.J.A.C. 5:93-8 as described in the sections that follow.

As of December 31, 2019, the Township's affordable housing trust fund revenues and expenditures can be summarized as per the below table. Revenues to date have been generated from residential and non-residential development fees, as well interest.



Affordable Housing Trust Fund Summary (June 5, 2006 – December 31, 2019)		
Opening Balance 6/5/2006		\$0
Development Fees	+	\$1,436,150
Interest	+	\$14,089
Payments in Lieu of Construction	+	\$0
Other Income	+	\$0
Expenditures	-	(\$485,348)
Ending Balance 12/31/2019		\$964,891

ANTICIPATED THIRD ROUND REVENUE

To calculate a projection of revenue anticipated during the remainder of the Third Round, the Township of Wyckoff considered development fees, other funding sources, and interest. The Township reviewed projects which have had development fees imposed upon them at the time of preliminary or final development approvals, all projects currently before the planning and zoning boards for development approvals that may apply for building permits and certificates of occupancy; and future development that is likely to occur based on historical rates of development. Projected development fees and interest are based upon an average of the last 5 years and adjusted to reflect of the Township’s fully built character and that much of the new development anticipated will be in inclusionary housing zone districts and will therefore not generate development fees. The Township anticipates all revenues to be generated by development fees and interest; payments-in-lieu of construction for affordable housing, or other sources of revenue, are not anticipated during the third round. Lastly, the Township calculated interest on the projected revenue in the municipal affordable housing trust fund based on the trend of interest revenue over the last four years and anticipated expenditures.



Projected Revenue							
Revenue Source	2020	2021	2022	2023	2024	7/2025	Total
Development Fees	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$125,000	\$1,375,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest	\$6,000	\$5,000	\$4,000	\$2,000	\$2,000	\$1,000	\$20,000
Total	\$256,000	\$255,000	\$254,000	\$252,000	\$252,000	\$126,000	\$1,395,000

The Township of Wyckoff projects a total of \$1,395,000 in revenues between January 1, 2020 and July 2025, including interest. The total available for affordable housing is therefore \$3,324,783 (\$964,891 + \$1,395,000).

COLLECTION OF DEVELOPMENT FEE REVENUE

Wyckoff Township shall collect development fees for affordable housing in accordance with the following. The Township's development fee ordinance contains additional detail.

- a. The Planning Board Secretary of Wyckoff Township shall notify the Wyckoff Township Construction Code Official whenever either a preliminary or final approval is granted to any development which is subject to the collection of a development fee.
- b. For non-residential developments only, the developer shall also be provided with a copy of Form N-RDF "State of New Jersey Non-Residential Development Certification/Exemption", which is to be completed by the developer as per the instructions provided. The Township Construction Official shall verify the information submitted by the non-residential developer as per the instructions provided in the Form N-RDF. The Township Tax Appraiser shall verify exemptions and prepare estimated and final assessments as per the instructions provided in Form N-RDF.
- c. The Township Construction Official responsible for the issuance of a building permit shall notify the Township Tax Appraiser of the issuance of the first building permit for a development which is subject to a development fee.
- d. Within ninety (90) days of receipt of that notice, the Township Tax Appraiser, based on the plans filed, shall provide an estimate of the equalized assessed value of the development. The equalized assessed value and the required development fee shall be estimated by the Township Tax Appraiser prior to the issuance of the construction permit, with the understanding that the



estimate of the equalized assessed value is not intended to establish the equalized assessed value for tax purposes.

- e. Developers shall pay fifty percent (50%) of the required development fee to Wyckoff Township at the time of the issuance of the construction permit.
- f. Developers shall pay the remainder of the development fee to Wyckoff Township at the time of the issuance of a Certificate of Occupancy. The Township Construction Official responsible for the issuance of a final Certificate of Occupancy notifies the Township Tax Appraiser of any and all requests for the scheduling of a final inspection on property which is subject to a development fee.

Within ten (10) business days of a request for the scheduling of a final inspection, the Township Tax Appraiser shall confirm or modify the previously estimated equalized assessed value of the improvements of the development; calculate the development fee; and thereafter notify the developer of the amount of the fee.

The equalized assessed value and the required development fee shall be re-estimated by the Township Tax Appraiser prior to the issuance of the Certificate of Occupancy, again with the understanding that the estimate of the equalized assessed value is not intended to establish the equalized assessed value for tax purposes. The developer shall be responsible for paying the difference between the development fee calculated at the time of the issuance of the Certificate of Occupancy and the amount paid at the time of the issuance of the construction permit.

Upon tender of the remaining development fee, provided the developer is in full compliance with all other applicable laws, the Township shall issue a final Certificate of Occupancy for the subject property.

- g. The Construction Code Official shall forward all collected development fees to Wyckoff Township's Chief Financial Officer who shall deposit such fees into the established "Housing Trust Fund".

DISTRIBUTION OF AFFORDABLE HOUSING FUNDS

Requests for distribution of funds will first be made in writing to the Township Administrator's Office for eligible activities. The request for funds will detail the amount requested, the beneficiary of the distribution, the use of funds and the timeline for distribution. In this request for funds and determination of eligible activities the municipal staff may be assisted by the Township Attorney and/or Township Planner. Upon examination and approval, the Township Administrator will transmit the requested amount to the Chief Financial Officer (CFO) of the municipality. If sufficient funds are available, the requested amount will be brought before the Township Committee for approval and the amount encumbered in the affordable housing trust fund by the CFO. Township Committee approval may take one of any number of forms, including resolution authorizing the expenditure of funds, inclusion of the amount on a bill list for



approval, or any other mechanism allowed by statute or rule for the dispersal of funds. Once approved, the payment will be made by the CFO to the designated individual or organization and the proper notation made in the affordable housing trust fund.

EXPENDITURE OF AFFORDABLE HOUSING FUNDS

Wyckoff Township may use the funds in the trust fund for any of the below listed items, pursuant to N.J.A.C. 5:93-8.16:

- 100% affordable housing
- Accessory apartment program;
- Market to affordable program;
- Extensions of controls;
- Creation of group homes;
- Repayment of municipal bonds issued to finance low and moderate income housing activity;
- Affordability assistance(required); and
- Administration.

Notwithstanding these permitted expenditures of affordable housing funds, any expenditure must be consistent with this Spending Plan or receive approval from Superior Court (or COAH if applicable) for said expenditure.

Affordable Housing Mechanism Expenditures

The Township's 2018 Housing Element and Fair Share Plan includes one program that requires municipal funding – a rental rehabilitation program. In addition, the Township will also expend funds on a special needs housing program, affordability assistance and administration.

Rental Rehabilitation Program - \$162,000

The Township will address its 33 unit rehabilitation obligation through an Interlocal Services Agreement with Bergen County Department of Community Development (BCCD) and through a Township-operated Rental Housing Rehabilitation Program operated by the Township's Affordable Housing Administrator, CGP&H. As such, the Township will provide funding for the Rental Housing Rehabilitation Program from the affordable housing trust fund in an amount necessary to address 25% of the 33-unit rehabilitation obligation – 9 units. As detailed in the *Wyckoff Township Rental Housing Rehabilitation Program Policies and Procedural Manual*, the Township will dedicate a maximum of \$18,000 per unit. As such, the Township reserves \$162,000 for the municipal rehabilitation program (9 units x \$18,000).

Special Needs Housing Program - \$1,114,894

The Township will create a special needs housing program through partnership with one or more special needs housing providers to create affordable housing opportunities in Wyckoff for those with special



needs. The Township seeks to create up to approximately three (3) group homes with this funding, given the 2020 median home value of \$732,162 but depending on the financial assistance sought by the special needs providers. The Township may consider alternative special needs housing arrangements, aside from group homes, at the request of the housing provider.

Affordability Assistance

Pursuant to N.J.A.C. 5:93-8.16(c), municipalities are required to spend a minimum of 30 percent of development fee revenue which is not expended on housing costs to render existing affordable units more affordable and one-third of that amount must be dedicated to very low income households (i.e. households earning less than 30 percent of the regional median income) or creating very low income units. Specifically, this section states, "development fees collected to finance an RCA, a rehabilitation program or a new construction project shall be exempt from this requirement." All collected development fees, except for those collected to fund the RCA (\$1,313,653.71), have been done for the sole purpose of subsidizing the construction of affordable housing in the Township of Wyckoff.

The Township previously contributed toward affordability assistance with the expenditure of \$475,000 for the creation of a group home for those with special needs. The group is operated by the United Way / Madeline Corp. and is located at Block 238, Lot 2; it received six (6) very low income credits against the Township's third round obligation. As this group home provides housing for very low income individuals; expenditures for the creation of very low income units is a permitted use of affordability assistance funds (N.J.A.C. 5:97-8.8).

Affordability Assistance Calculation		
Actual development fees through December 31, 2019		\$1,436,150
Development fees projected, 2020 - 2025	+	\$1,375,000
Less development fees collected to finance new construction of affordable housing	-	(\$485,347.50)
Total	=	\$3,296,497
30 percent requirement	x 0.30 =	\$988,949
Less affordability assistance expenditures through December 31, 2019	-	\$475,000
Projected minimum affordability assistance requirement	=	\$513,949
Projected minimum very low-income affordability assistance requirement	÷ 3 =	\$171,316



The Township will expend the required affordability assistance on subsidizing deeper affordability of affordable housing units so as to create very low income units. The Township intends to work with special needs housing providers to create a special needs housing program. Additional funding, currently estimated at \$514,000, will be provided in the form of affordability assistance to convert these units from being restricted to low income households to units restricted to very low income households.

Administration Costs

In accordance with N.J.A.C. 5:93-8.16(e), up to 20% of the revenues collected each year may be expended on administration, including, but not limited to, salaries and benefits for municipal employees or consultant fees necessary to prepare or implement an affordable housing program, a new construction program, a housing element and fair share plan, and/or an affirmative marketing program.

Administration Expenditure Calculation		
Actual development fees and interest through December 31, 2019		\$1,450,239
Development fees and interest projected, 2020 - 2025	+	\$1,395,000
Total	=	\$2,845,239
20 percent maximum permitted administrative expenses	x 0.20 =	\$569,048
Less administrative expenditures through December 31, 2019	-	\$0
Projected Administrative Expenditures through July 1, 2025	=	\$569,048



Anticipated Schedule of Expenditure

The following table identifies the anticipated schedule of expending the existing and anticipated trust fund money based upon the expenditure items described above.

Projected Expenditures							
Program	2020	2021	2022	2023	2024	Jul-25	Total
Rental Rehabilitation Program	\$17,000	\$32,000	\$32,000	\$32,000	\$32,000	\$17,000	\$162,000
Special Needs Housing Program		\$214,894	\$300,000	\$300,000	\$300,000		\$1,114,894
Affordability Assistance		\$123,949	\$130,000	\$130,000	\$130,000		\$513,949
Administration	\$20,000	\$123,512	\$123,512	\$123,512	\$123,512	\$55,000	\$569,048
Total	\$37,000	\$494,355	\$585,512	\$585,512	\$585,512	\$72,000	\$2,359,891

SHORTFALL OR EXCESS OF FUNDS

Wyckoff has excess funds over those needed to fulfill its affordable housing obligation. As such, the Township is not required to adopt a Resolution of Intent to Fund. In the event of excess funds, any remaining funds above the amount necessary to satisfy the municipal affordable housing obligation will be used to produce additional affordable housing through these programs or pursuant to a Court-approved amendment to this Spending Plan.

BARRIER FREE ESCROW

Collection and distribution of barrier free funds shall be consistent with Chapter 97-5 of the Code of the Township of Wyckoff to the extent that such funds are paid pursuant to law to ensure the adaptability of low and moderate income units for barrier free accessibility in accordance with N.J.A.C. 5:97-3.14.



SUMMARY

The Township of Wyckoff intends to spend affordable housing trust fund revenues pursuant to the regulations governing such funds and consistent with the 2018 Third Round Housing Element and Fair Share Plan. A summary of the Township's spending plan is shown in the below table.

Spending Plan Summary		
Affordable Housing Trust Fund Balance December 31, 2019		\$964,891.31
Development fees and interest projected, 2020 - 2025	+	\$1,395,000
Total	=	\$2,359,891.31
Rental Rehabilitation Program		\$162,000
Special Needs Housing Program	-	\$1,114,894
Administrative expenditures through July 1, 2025	-	\$569,047.76
Affordability Assistance Program through July 1, 2025	-	\$513,949.11
Excess Funds	=	\$0