

HOUSING ELEMENT AND FAIR SHARE PLAN

TOWNSHIP OF BOONTON MORRIS COUNTY, NEW JERSEY

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TOWNSHIP OF BOONTON

HOUSING ELEMENT & FAIR SHARE PLAN

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HOUSING ELEMENT and FAIR SHARE PLAN

Introduction

The housing element is that portion of the municipal Master Plan which addresses the housing needs, both present and future, of the community, and to some extent, the region. The housing element has taken on special importance due to various court decisions and legislation involving the need to provide a realistic opportunity for affordable housing.

In 1975, the New Jersey Supreme Court handed down its first Mount Laurel decision. In that decision, the Court imposed an obligation on "developing municipalities", through their plans and development regulations, to provide an opportunity for the provision of a share of the regional housing need for families of low and moderate income, or "affordable housing" as it has become known. In 1983, the Court handed down a second decision, which has been referred to as Mount Laurel II. In that decision, the Court no longer limited the requirement to provide for affordable housing to developing municipalities, but related the obligation to the State Development Guide Plan, which delineated the State into various planning areas. The Township of Boonton, like other municipalities in the State are required to provide and plan for the provision of affordable housing for the local community and a portion of the region's population.

In January, 1985, New Jersey adopted the Fair Housing Act. This act was the Legislature's response to the Supreme Court affordable housing decisions. The act established the Council on Affordable Housing (COAH), and assigned to COAH the responsibility for monitoring affordable housing activity throughout the State. Included among COAH's responsibilities are the establishment of housing regions, the determination of state and regional low and moderate income housing needs and the promulgation of guidelines and criteria for determination of municipal shares of the regional need for affordable housing. The act also strongly links municipal planning and zoning to the provision of affordable housing. Under the act, a municipal zoning ordinance is valid only if the municipality adopts a housing

element as part of its master plan, and only if the zoning ordinance is substantially consistent with the housing element.

Subsequent to the adoption of the Fair Housing Act, COAH adopted procedural and substantive rules which set forth the requirements for municipalities under the Act. The rules determined the local and regional need for affordable housing units, and allocated a "fair share" of the regional need to each municipality in the region for the period of 1987 to 1993. In May, 1994, COAH amended its substantive rules and established revised affordable housing requirements for municipalities for the period of 1987 to 1999. COAH determined Boonton's total affordable housing obligation to be 108 housing units.

In December 2004, COAH once again amended its rules (Third Round), which adjusted the prior fair share obligations and promulgated a new methodology for determining a municipality's future obligation to plan for affordable housing. The new methodology determines the municipal obligation on the basis of development activity, or growth, in the municipality during the period from January 1, 2004 to December 31, 2013, as measured by certificates of occupancy issued. The rules require that municipalities provide a plan for one new affordable housing unit for every increase of 8 market-rate housing units and for every 25 jobs (as estimated using various use groups and employment/floor area ratios).

On January 25, 2007 however, the courts found that the method was not valid and ordered COAH to come up with amended rules within 6 months. Subsequently, there have been further extensions of time granted by the courts and COAH is in the process of recalculating the methodology used as well as revised obligations to municipalities.

In December, 2007, COAH released new draft third round rules which were ultimately adopted in May, 2008. Major provisions of the revised rules require that municipalities provide one affordable unit among every 5 residential units built, and one affordable unit for every 16 jobs generated. As part of the revision, COAH provided projected affordable housing numbers based on estimated growth. The rules require that municipalities have to plan for the construction of those units, but

only are obligated to construct affordable units based on actual growth. Additional amendments included:

- Expanded compliance options for municipalities, including bonus credits for supportive and special needs housing, new credit for affordable housing in redevelopment areas, and optional plan phasing based on economic feasibility.
- Proposed staggering schedule would require towns currently under COAH's jurisdiction to submit revised third round plans between four and seven months after the effective date of the regulations, based on county.
- Continuation of the growth share approach, with affordable housing need measured as a percentage of residential and non-residential growth from 2004 to 2018.
- Provide density bonuses for developers of residential projects where development provides for either on-site affordable housing or payment-in-lieu contributions.
- Provide compensatory benefits (i.e. increased F.A.R., height, taxes, etc.) for developers of non-residential projects where development provides for either on-site affordable housing or payment-in-lieu contributions.
- New affordable housing need for the state is 115,000 affordable units (an increase from 52,000 units in previous adoption).
- Establishes a payment in lieu standard (cost of constructing an affordable unit) averaging \$161,000 per affordable unit (\$148,000 for Morris County region).
- Regional Contribution Agreement amounts increased from \$35,000 per unit to \$67,000 to \$80,000 per unit (by COAH region).
- Development fees for new construction increased from 1% of equalized assessed value (EAV) for residential to 1 ½ % of EAV and from 2% of EAV to 3% of EAV for non-residential.

The third-round rules however, have been further amended based on revisions proposed on June 16, 2008 and adopted on September 22, 2008. Major rule changes include:

- Replacement of the staggered petition schedule with a new deadline for municipalities to submit affordable housing plans to COAH by December 31, 2008;

- Municipal level household and employment growth projections have been updated to reflect new DEP Water Quality Management rules, municipal zoning data for municipalities in the Highlands region, and actual growth through 2006 for each municipality;
- Vacant land analysis was revised to incorporate new DEP spatial data to expand the definition of C-1 streams, remove environmentally sensitive lands from current sewer service areas and recompute the development capacity of lands supported by septic systems pursuant to the pending DEP Water Quality Management Act Rule (WQMR), and use recently released Highlands spatial and other data to recompute the development capacity of lands in the Highlands Planning Area;
- Municipalities that approved affordable housing projects between December 20, 2004 and June 2, 2008 will receive a one-for-one bonus for each affordable housing unit approved;
- To promote development in smart growth and redevelopment areas, municipalities that include affordable housing units in smart growth areas near mass transit or those that include affordable housing units in redevelopment areas will receive a one-third bonus for every affordable unit approved;
- Established presumptive densities and affordable housing set-asides for inclusionary developments based on the State Development and Redevelopment Plan. Higher density standards are established in Planning Area 1, 2 and Centers and lower densities outside of these growth areas;
- Municipalities may subtract demolitions of occupied non-residential buildings from the calculation of net growth in the municipality;
- More flexibility has been added to the provision allowing credit for affordable housing in redevelopment areas.
- Number of jobs generated by warehouse construction was reduced from 1.5 to 1 job per 1,000 square feet.

On September 22, 2008, COAH also voted to propose an amendment to N.J.A.C. 5:97-2.5 regarding the exclusion of the demolition and replacement of owner-occupied residential structures from the growth share obligation.

The rules were subject to change once again based on Bill A500 which was passed in June, 2008 and effective July 17, 2008. This rule change had substantial impacts to provisions for affordable housing. Major rule changes include:

- Eliminated Regional Contribution Agreements (RCA's);
- Does not permit payments in lieu of constructing affordable units for non-residential developers;
- Reduces development fees for non-residential construction to 2.5%;
- Establishes statewide development fee bank for fees collected from non-residential developers in non-COAH participating towns;
- Permits regional planning for affordable housing if in Highlands Region.

The revised rules were further changed as a result of Executive Order #114, which was signed on September 5, 2008. Major provisions of this change include:

- Governor Corzine approves the Highlands Plan;
- Requires COAH and the Highlands Council to work with the NJDEP and the DCA to:
 - a. Review the third round growth projections for consistency with the Highlands Plan and develop projections consistent with Highlands
 - b. create realistic opportunities for municipalities to address the actual growth share obligation for the third round in the Highlands Region
 - c. Identify sites and opportunities for affordable housing in the Highlands region
 - d. Coordinate deadlines to comply with both Highlands Act and Fair Housing Act, including reasonable extensions of deadlines
- COAH and Highlands Council must reach a Memorandum of Understanding with regard to the above within 60 days (11/04/08).

This housing element is intended to satisfy the plan requirement for addressing this obligation and obtain substantive certification of the Township's third round fair share plan by providing a realistic opportunity for the construction and/or rehabilitation of affordable housing in the Township of Boonton. At the time of this writing, there continues to be court challenges to the overall methodology of calculation of the 3rd round figures issued by the Council on Affordable Housing by numerous public/private entities and municipalities.

Housing Plan Requirements

The Municipal Land Use Law (MLUL) requires a housing element as a mandatory part of the municipalities Master Plan. Under the statute, the housing plan must contain the following information:

- Inventory and analysis of the municipality's housing stock, demographic characteristics and existing and future employment characteristics;
- A projection of future housing construction;
- A determination of the municipality's present and prospective fair share of low and moderate income housing and its capacity to accommodate low and moderate income housing;
- A consideration of the lands that are most appropriate for the construction of low and moderate income housing including land owned by developers who have expressed a commitment to provide affordable housing.

Based on the latest set of rules, the following information in addition to the aforementioned must be included when preparing a housing plan:

- A projection of the municipality's probable future construction of housing through January 1, 2018, based on certificates of occupancy (CO's), construction permits, approved development and historic development trends;
- An analysis of existing jobs and employment characteristics of the municipality and a projection of the probable future jobs and employment characteristics through January 1, 2018, based upon certificates of occupancy (CO's), construction permits, approved development and historic trends;
- An analysis of how existing zoning and planned changes in zoning provide adequate capacity and provisions to accommodate residential and non-residential growth projections;
- The number of new affordable housing units the municipality was obligated to provide during the 1987 to 1999 period and the number of affordable units actually provided;

- The number of deficient units occupied by low and moderate income households that the municipality is obligated to rehabilitate;
- The projected growth share affordable housing need (based on residential and non-residential growth);
- A general description of any sites slated for affordable housing including acreage, property owner, block and lot, current zoning, surrounding land uses and street access.

Fair Share Plan Provisions

A municipal Fair Share Plan must be adopted by the Planning Board and endorsed by the governing body prior to the municipality's petition to COAH for substantive certification. The Fair Share Plan must address the municipalities total 1987 – 2018 fair share obligation (Rounds I, II & III), including implementing ordinances created to ensure that the affordable housing obligation is met.

The municipal Fair Share Plan is to include a strategy for ensuring the development of one (1) affordable housing unit for every five (5) market-rate units of new construction and one (1) affordable housing unit for every sixteen (16) newly created jobs as created by new or expanded non-residential construction.

HOUSING & FAIR SHARE PLAN

Based upon the analyses presented herein, the Township of Boonton proposes to satisfy a projected 2000 to 2018 growth share obligation of 79 affordable housing units, through several means, including provisions for 100% non-profit sponsored affordable housing, inclusionary zoning and the imposition of "growth share" requirements upon developments that increase the Township's affordable housing obligation.

The following is a summary of the housing plan obligation and compliance mechanisms.

Municipal Fair Share Plan Summary - 1987-2018

I. PRIOR ROUNDS (1987-1999)

A. Precredited Need from Prior Rounds: 20du Total

B. Credit and Reductions from Prior Rounds: 44du Total

Brae Loch	24
Victoria Mews	<u>20</u> (beds)
	44

II. THIRD ROUND (2000-2018) *(COAH rules as adopted through 09/22/08)*

A. Obligation: 79du *(COAH Substantive Rules – Appendix F)*

B. Total Obligation

20	First & Second Rounds
+ <u>79</u>	Third Round
99	Total
- <u>44</u>	Credit and Reductions
55	

C. Rehabilitation Obligation: 0 Units *(COAH Substantive Rules – Appendix B)*

Remaining obligation: 55 new affordable units plus 0 rehabilitations

D. Compliance Mechanisms

1. Develop partnership with non-profit organizations to build 100% affordable housing projects on non-restricted parcels owned by Township.
2. Develop a rental housing project. Minimum 25% of the Township's obligation must be rental housing and 50% of that must be family housing.
3. Encourage development of supportive and special needs homes for the developmentally or mentally disabled. These units provide 1.25 units of credit with a bedroom being the applicable unit.
4. Accessory apartments, buy-down program, ECHO housing.

BACKGROUND STUDIES
Housing Inventory

A major part of a housing element is an inventory of existing housing in the municipality. Primary sources of information relating to the housing stock include tax assessment data, municipal land use surveys and the U.S. Census. The estimated housing supply in Boonton based on 2000 Census data is shown in Table 1 which indicates a total of 1,510 housing units as of April 1 of that year. The majority (1,341 units or 89%) of the housing units were one-family detached units. There were 147 attached, one-family units and 11 units in two-family structures (0.7%). The remaining 11 units or 0.7% were predominantly multi-family.

Table 1
SUMMARY OF HOUSING UNITS - 2000
Township of Boonton

Type of Unit	Number	%
1 - Family Detached	1,341	88.8%
1 - Family Attached	147	9.7%
2 - Family	11	0.7%
3 & 4 Family	3	0.2%
5 - 9 Family	8	0.5%
10 - 19 Family	0	0.0%
20 or More Family	0	0.0%
Mobile Home	0	0.0%
Others	0	0.0%
Total	1,510	100.0%

Source: 2000 U.S. Census

Table 2
SELECTED HOUSING CHARACTERISTICS - 2000
Township of Boonton

	Number	Percent
Total Housing Units	1,510	
Occupied	1,476	97.7%
Vacant	34	2.3%
Occupied Units	1,476	
Owner Occupied	1,370	92.8%
Renter Occupied	106	7.2%
Vacant Units	34	
For Sale	8	23.5%
For Rent	2	5.9%
Occasional Use	12	35.3%
Other	12	35.3%

Units Lacking Complete Plumbing: 0
 Units Lacking Complete Kitchen Facilities: 0
 Median Value-Owner Occupied Units: \$322,600 (2000 Dollars)
 Median Gross Rent-Renter Occupied Units: \$1,077 (2000 Dollars)

Source: 2000 U.S. Census Profiles

Selected housing characteristics as reported by the 2000 Census are reflected in Tables 2 and 2.1 which indicate a dominance of owner-occupied housing, generally consistent with a single-family home community. All had complete kitchen and plumbing facilities.

As a general trend, family and household size has declined in recent years and 443 units or about 32.4% contain more than 4 persons. The mean number of persons per unit (owner & renter occupied) was 2.78, or slightly higher than that of 2.7 in Morris County.

There was extremely little overcrowding in Boonton. None of the 1,368 owner-occupied units contained an average of more than one (1) person per room. This compares similarly to the renter-occupied units.

Table 2.1
OCCUPIED HOUSING UNIT CHARACTERISTICS - 2000
Township of Boonton

	Owner Occupied		Renter Occupied	
	Number	Percent	Number	Percent
Persons Per Unit				
1 Person	207	15.1%	467	34.1%
2 Persons	462	33.8%	209	15.3%
3 Persons	256	18.7%	77	5.6%
4 Persons	278	20.3%	58	4.2%
5 Persons	119	8.7%	21	1.5%
6 or more Persons	46	3.4%	14	1.0%
Total:	1,368	100.0%	846	61.8%
Persons Per Unit:	2.82		2.27	
Persons Per Unit (Township Total):	2.78			
Persons Per Room				
0.50 or less	15	5.6%	93	86.1%
0.51 - 1.00	253	94.4%	15	13.9%
1.01 - 1.50	0	0.0%	0	0.0%
1.51 or more	0	0.0%	0	0.0%
Total:	268	100.0%	108	100.0%

Source: 2000 U.S. Census Profiles

Table 3 provides a very broad description of housing characteristics. In general, it reflects a condition of sound quality, high value, owner-occupied housing. Significant features of the table can be summarized as follows:

1. The majority (89%) of units were one-family detached units.
2. Boonton Township is a community of diverse housing stock in terms of dwelling unit age. Approximately 46% of all housing was built prior to 1959 and where 23% of housing was built between 1960 and 1980. Since 1980, new homes in Boonton represented 32% of the housing stock.
3. Approximately 45% of owner-occupied units contained four or more bedrooms, compared to only 20% for renter occupied units. Units containing

no bedrooms or only one bedroom totaled 23 units (predominately rental units). In terms of percentages, the largest owner-occupied bedroom category were three-bedroom units, where two-bedroom units were the largest category for renter occupied units. As indicated within the table, over 63% of the housing stock had units with 7 or more rooms, compared to 1.3% which had 3 rooms or less.

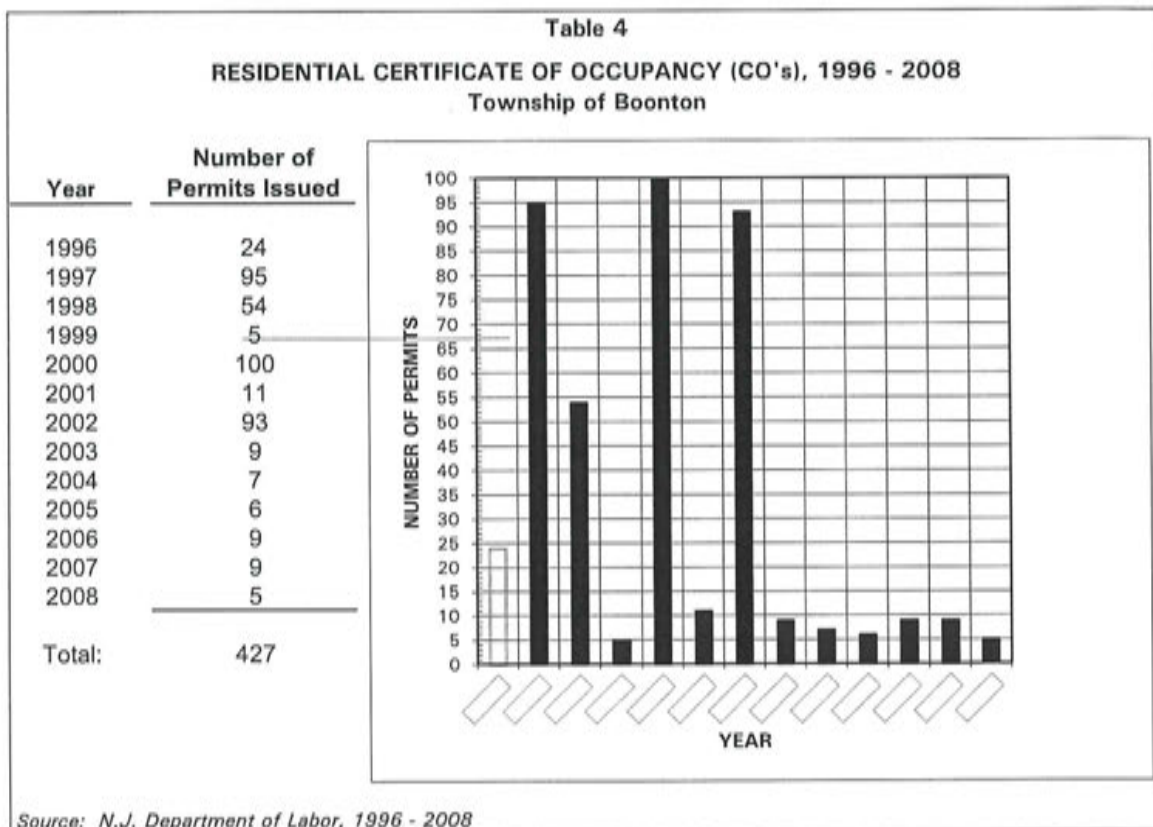
4. Similar to the diverse housing stock age, household turnover is robust. Since 1995, approximately 38% of the 2000 population had moved into their dwelling units. Approximately 17% of the population has resided in the Township for over 30 years (at time of 2000 census).
5. Based on year 2000 dollars, owner-occupied units represented approximately 34.6% of housing units in Boonton which ranged in value between \$300,000 and \$399,999, compared to 9.2% with values of less than \$150,000. During this same period, 19.7% paid more than 35% of their gross income towards mortgage costs, compared to 32% who paid 15% or less of their income towards mortgage costs.
6. As it pertains to renters during the same period, the majority of renters paid \$1,500 or more (30%). Approximately 20% paid 35% or more of their income towards rental costs, compared to 27% who paid less than 15% towards the rent.

DETAILED HOUSING CHARACTERISTICS				Table 3		
Township of Boonton						
			TOTAL			
			Number	Percent		
Housing Units			Number of Rooms			
Single Detached	1,341	88.8%	1	0	0.0%	
Single Attached	147	9.7%	2	5	0.3%	
Two Family	11	0.7%	3	15	1.0%	
3 & 4 Family	3	0.2%	4	65	4.3%	
5 or More Family	8	0.5%	5	193	12.8%	
Mobile Home	0	0.0%	6	273	18.1%	
Other	0	0.0%	7	301	19.9%	
			8	229	15.2%	
			9 or More	429	28.4%	
Total:	1,510	100.0%		1,510	100.0%	
			TOTAL			
			Number	Percent		
Tenure by Bedrooms			Tenure by Bedrooms			
Owner Occupied Units			Renter Occupied Units			
No Bedroom	0	0.0%	No Bedroom	0	0.0%	
1 Bedroom	13	1.0%	1 Bedroom	16	14.8%	
2 Bedrooms	176	12.9%	2 Bedrooms	43	39.8%	
3 Bedrooms	572	41.8%	3 Bedrooms	27	25.0%	
4 Bedrooms	483	35.3%	4 Bedrooms	13	12.0%	
5 or More Bedrooms	124	9.1%	5 or More Bedrooms	9	8.3%	
	1,368	100.0%		108	100.0%	
			TOTAL			
			Number	Percent		
Year Built			Year Householder Moved Into Unit			
1999 - 3/2000	13	0.9%	1999 - 2000	140	9.5%	
1995 - 1998	207	13.7%	1995 - 1998	419	28.4%	
1990 - 1994	69	4.6%	1990 - 1994	223	15.1%	
1980 - 1989	188	12.5%	1980 - 1989	240	16.3%	
1970 - 1979	103	6.8%	1970 - 1979	202	13.7%	
1960 - 1969	237	15.7%	1969 or earlier	252	17.1%	
1940 - 1959	459	30.4%		1,476	100.0%	
Before 1940	234	15.5%				
Total:	1,510	100.0%				
			TOTAL			
			Number	Percent		
Occupied Housing Unit Value (2000 Dollars)			Occupied Housing (2000 Dollars)			
			Mortgage Costs as a Percentage of Income			
Less than \$50,000	14	1.1%	Less than 15%	415	32.0%	
\$50,000 - \$99,999	34	2.6%	15% - 19.9%	205	15.8%	
\$100,000 - \$149,999	72	5.5%	20% - 24.9%	151	11.6%	
\$150,000 - \$199,999	94	7.2%	25% - 29.9%	124	9.6%	
\$200,000 - \$299,999	367	28.3%	30% - 34.9%	147	11.3%	
\$300,000 - \$499,999	452	34.8%	35% or more	256	19.7%	
\$500,000 - \$999,999	231	17.8%	Not computed	0	0.0%	
\$1,000,000 or more	34	2.6%		1,298	100.0%	
	1,298	100.0%				
			TOTAL			
			Number	Percent		
Gross Rents (2000 Dollars)			Gross Rents (2000 Dollars)			
			Rent Costs as a Percentage of Income			
Less than \$200	0	0.0%	Less than 15%	11	11.0%	
\$200 - \$299	0	0.0%	15% - 19.9%	16	16.0%	
\$300 - \$499	5	5.0%	20% - 24.9%	10	10.0%	
\$500 - \$749	19	19.0%	25% - 29.9%	13	13.0%	
\$750 - \$999	11	11.0%	30% - 34.9%	8	8.0%	
\$1,000 - \$1,499	13	13.0%	35% or more	20	20.0%	
\$1,500 or more	30	30.0%	Not computed	22	22.0%	
No cash rent	22	22.0%		100	100.0%	
	100	100.0%				

Source: 2000 U.S. Census Profiles

Housing Stock Projection

Building activity is usually indicative of future growth. Although a more detailed growth analysis and projection is provided in the following sections, we note that based on residential building permits (Certificate of Occupancy), a total of 427 new residential housing units were issued between 1996 and 2008, as indicated on Table 4. This number represents a gross average of 32.8 units per year, however we note that the average is somewhat skewed by the various multi-family developments approved and constructed during the late 1990's. As a trend however, future development in Boonton Township will be substantially lower and generally limited to infill, smaller subdivisions and/or redevelopment due to the general lack of available environmentally free (wetlands, flood hazard areas and steep slopes) developable land. This is evident based upon the actual CO's issued over the last 5 year period between 2004 and 2008 in which 37 residential CO's were issued, or an annual average of 7.4/yr. This is far below the prior construction rates during the 1990's and early 2000's.



DEMOGRAPHIC CHARACTERISTICS

Population/Demographics

Any revision or up-dating of a Housing Plan must take into consideration population growth and other demographic characteristics. A municipality is a community of people, not just a physical entity. Local planning requirements are directly related to the number of persons residing and working in the municipality and the characteristics of those people. As those numbers and characteristics change, so do community requirements. Thus, plans must be altered or adjusted to meet these changing needs. Detailed information relating to population characteristics was most recently recorded in the 2000 U.S. Census.

Regional Growth

Significant changes have been taking place in terms of regional population trends. Since all communities are regionally oriented and, in a sense, owe their existence to regional influences, a review of related population considerations in the region is the initial step in determining potential future conditions locally.

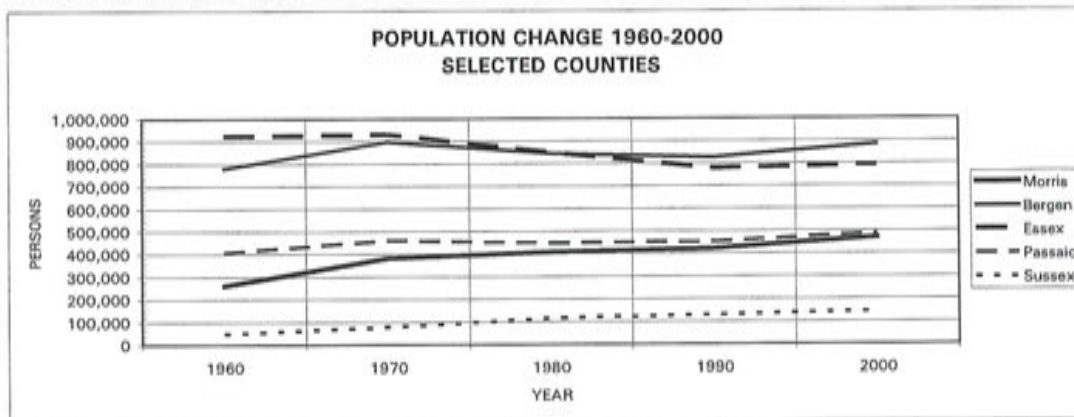
The outward development pressures in the northern New Jersey area can best be demonstrated by a review of population growth trends in recent decades. Table 5 indicates growth trends since 1960 in Morris and selected regional New Jersey counties. The figures in this table reflect a somewhat dramatic increase in county populations in 2000, where in the previous decades, county populations either decreased or only experienced low population growth, particularly in the built-up counties closer to New York City, the core of the Region, such as Bergen and Essex. As shown by the data, Morris County experienced the largest growth between 1990 and 2000, where a population increase of 11.6% occurred. In comparison, Sussex County experienced an increase of over 10% while Bergen and Passaic Counties experienced a 7.1 and 7.9% increase respectively. Essex County experienced only a moderate increase of 2%, however, this represents a shift from moderate population losses between 1970 and 1990.

Morris County experienced substantial growth between the 1950 and 1970 period, but the rate of growth declined to 6.3% during the 1970's. Its growth rate continued to decline in the 1980's, but picked up substantially through the 1990's. The 2000 population of Morris County was 470,212 persons, which represented an increase of 48,859 persons or 11.6%.

**Table 5
REGIONAL POPULATION COMPARISONS
SELECTED COUNTIES
1960 - 2000**

County	1960	1970	Change, 1960-70		1980	Change, 1970-80		1990	Change, 1980-90		2000	Change, 1990-00	
	Persons	Persons	Number	Percent	Persons	Number	Percent	Persons	Number	Percent	Persons	Number	Percent
Morris	261,620	383,454	121,834	46.6	407,630	24,176	6.3	421,353	13,723	3.4	470,212	48,859	11.6
Bergen	780,265	898,012	117,757	15.1	845,385	-52,627	-5.9	826,380	-20,005	-2.4	884,118	58,738	7.1
Essex	923,545	929,986	6,441	0.7	850,451	-79,535	-8.6	778,206	-72,245	-8.5	793,633	15,427	2.0
Passaic	406,616	460,782	54,166	13.3	447,585	-13,197	-2.9	453,060	5,475	1.2	489,049	35,989	7.9
Sussex	49,255	77,528	28,273	57.4	116,119	38,591	49.8	130,943	14,824	12.8	144,166	13,223	10.1

Source: U.S. Census of Population, 1960-2000



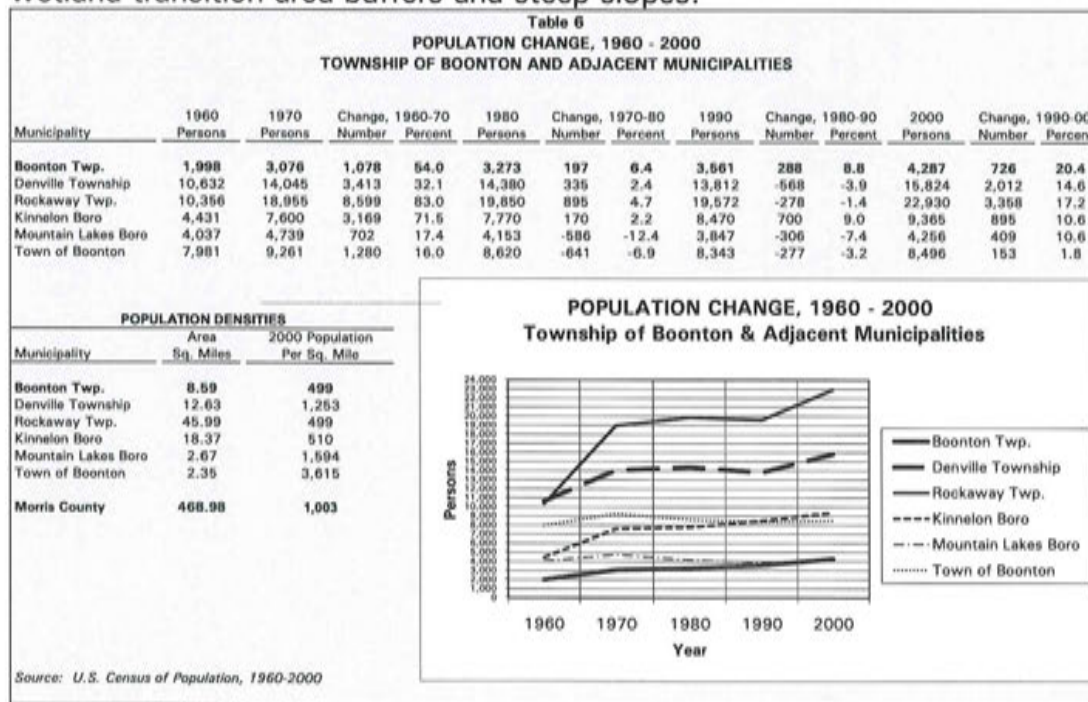
Growth in Boonton Township

Growth in Boonton and surrounding municipalities has varied since the 1960's. In fact, between 1970 and 1990, several municipalities adjacent to Boonton Township declined in population while others substantially increased (see Table 6). During this period, the Boonton Township population increased by a modest 485 persons or a 15.8% increase. In terms of number and percentage, the Township experienced it's largest growth during the 1960-1970 decade where the municipality grew by 1,078 persons or 54%.

In comparison, all the adjacent municipalities experienced an increase in population between the 1990 and 2000 period, Denville and Rockaway Townships experience the largest population growth of the adjacent municipal as a result of the available developable land, however in terms of percentage, Boonton Township experienced the largest growth rate (20.4%) for the period.

Population Density

The pattern of population density is also indicated by Table 6. Total population density for a community is influenced by many factors, including the amount of developable land, the amount of land devoted to housing development, the type and density of housing developments, etc.. For these reasons, comparisons between communities are not fair in a strict sense, however, density figures are useful in a broad sense to indicate the level of development in a community. It is interesting to note that Boonton Township's population density is substantially lower than the adjacent municipalities (except Rockaway Twp) and Morris County as a whole. While this may suggest that Boonton Township has available land for development, for all practical matters, these remaining lands are either water bodies, or environmentally constrained for development by freshwater wetlands, wetland transition area buffers and steep slopes.



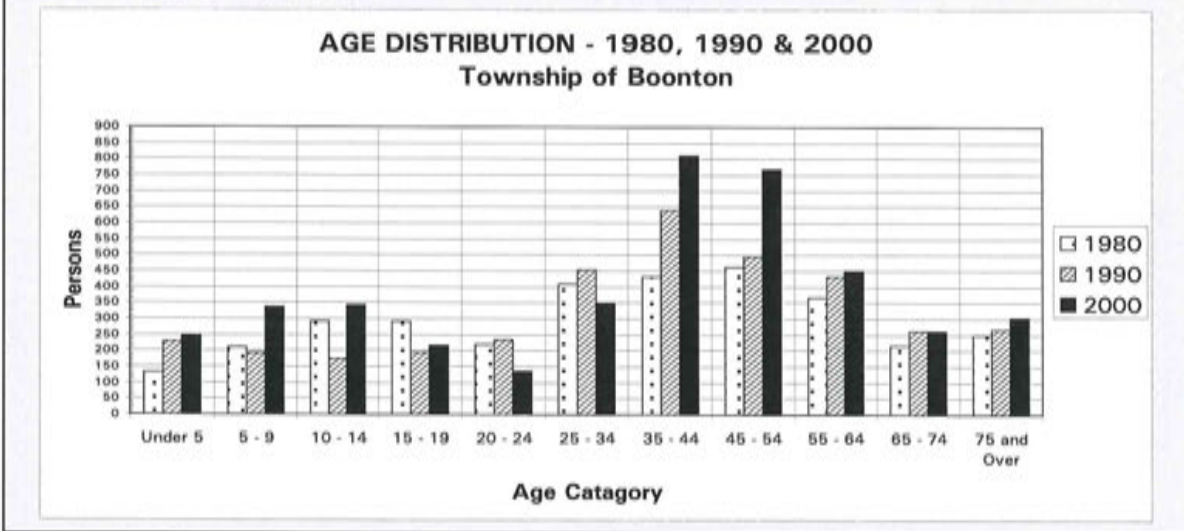
Age Composition

Basic to any discussion of population are the changes which occur within the various age groups. Analysis of age group characteristics will provide insight into the actual changes in population composition, which, in turn, may be helpful when assessing what impacts they may have on community facilities and services. For example, increases or decreases in the school age population in a given area invariably prompts a reevaluation of school expansion programs and educational facilities. Similarly, increasing life expectancy and improved medical techniques have resulted in an increasing number of elderly citizens, bringing along with it an increased community awareness for their specific needs in the area of health care, housing and transportation.

Population by age groups in Boonton Township for 1980, 1990 and 2000 are shown in Table 7, and indicate interesting changes over the past 20 year period. For example, between the 1980 and 1990 period, the under 5 age group increased substantially by 73.3%, where the other younger age groups (5-19) declined substantially, both numerically and as a percentage of the population. In 1980, these groups represented 24.2% of the population versus 15.8% in 1990. In contrast, the 2000 population reveals that the under 5 age group increased slightly by 20 persons, or a 8.8% increase from 1990 and that the 5-9 age group increased by 144 persons, or 75.4%. This increase can be partially attributed to the aging of the under 5 age group from 1990. The younger age groups (5-19) increased overall by 59% from 1990. In 2000, the population aged 19 years and younger represented a total of 27.2% of the population. In comparison, the 20-24 age group decreased substantially by almost 43%, and where the 25-34 age group also experienced a 23.2% decline. The 35-54 age group increased 39%. Persons aged 55-64 increased modestly by 19 persons (+4.4%), and persons aged 65-74 remained static. Persons aged 75 and over increased slightly by 37 persons or approximately 14%.

AGE DISTRIBUTION, 1980, 1990 & 2000										
Township of Boonton										
	1980	Percent of	1990	Percent of	Change, 1980 - 1990		2000	Percent of	Change, 1990 - 2000	
	Population	Total	Population	Total	Number	Percent	Population	Total	Number	Percent
Under 5	131	4.0	227	6.4	96	73.3	247	5.9	20	8.8
5 - 9	209	6.4	191	5.4	-18	-8.6	335	8.0	144	75.4
10 - 14	291	8.9	175	4.9	-116	-39.9	342	8.1	167	95.4
15 - 19	290	8.9	196	5.5	-94	-32.4	217	5.2	21	10.7
20 - 24	219	6.7	233	6.5	14	6.4	134	3.2	-89	-42.5
25 - 34	407	12.4	452	12.7	45	11.1	347	8.2	-105	-23.2
35 - 44	433	13.2	639	17.9	206	47.6	809	19.2	170	26.6
45 - 54	462	14.1	495	13.9	33	7.1	768	18.2	273	55.2
55 - 64	367	11.2	431	12.1	64	17.4	450	10.7	19	4.4
65 - 74	215	6.6	261	7.3	46	21.4	261	6.2	0	0.0
75 and Over	249	7.6	266	7.5	17	6.8	303	7.2	37	13.9
TOTAL	3,273	100.0	3,566	100.0	293	9.0	4,213	100.0	647	18.1

Source: U.S. Census of Population, 1980, 1990 & 2000



Age group populations for the Township of Boonton and County in 2000 are compared in Table 8. The data here reveals only slight differences between the two jurisdictions and indicates that Boonton Township is representative of Morris County as a whole. For comparative purposes, the following table indicates the breakdown by age groupings for Boonton and Morris County:

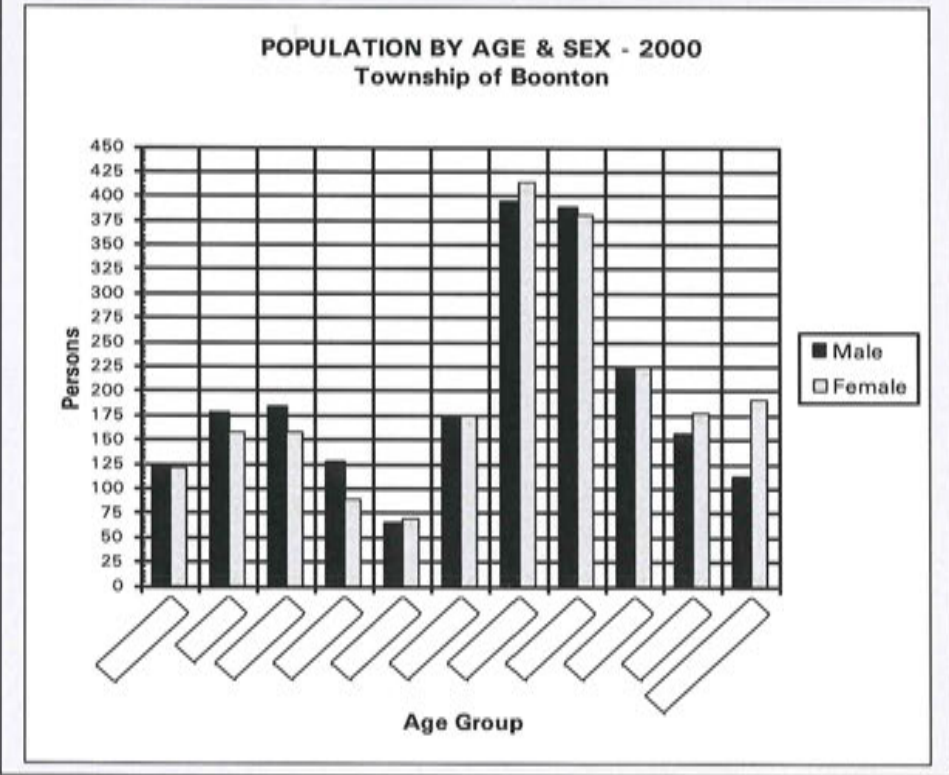
Age Group	Percent of 2000 Population	
	Township	County
Non-School Aged Children (Under 5):	7.2	7.0
School Aged Children (5-19):	18.2	19.9
Young Adult (20-24):	3.3	4.4
Adult (25-54):	45.8	47.2
Senior Citizen (55 and Over):	25.5	21.6

POPULATION BY AGE - 2000
Township of Boonton and Morris County

Table 8

	Township of Boonton				Morris County	
	Male	Female	Total	Percent	Total	Percent
Under 5	125	122	247	5.8	32,906	7.0
5 - 9	177	158	335	7.8	34,234	7.3
10 - 14	184	158	342	8.0	32,425	6.9
15 - 19	128	89	217	5.1	26,598	5.7
20 - 24	65	69	134	3.1	20,571	4.4
25 - 34	172	175	347	8.1	63,689	13.5
35 - 44	395	414	809	18.9	86,465	18.4
45 - 54	388	380	768	17.9	71,867	15.3
55 - 64	225	225	450	10.5	46,927	10.0
65 - 74	157	178	335	7.8	29,391	6.3
75 and Over	112	191	303	7.1	25,139	5.3
TOTAL	2,128	2,159	4,287	100.0	470,212	100.0
Median Age:	40.9	42.4	41.6		37.8	

Source: U.S. Census of Population



Household Size

In Boonton Township, the dominant household size continues to be the 2-person household. Over one-third (33.9%) of the households in 2000 are in this category and is slightly greater to that of 31.8% for all of Morris County (see Table 9). The Township had slightly higher percentages than the County in the 3-, 4- and 5-person households and lower percentages in the 1- and 6-person households. These figures somewhat explain the larger average household size in the Township of Boonton as compared to the County as a whole. The differences, however, are not significant.

HOUSEHOLD SIZE - 1980, 1990 & 2000											Table 9	
Township of Boonton & Morris County												
	Township of Boonton						Morris County					
	1980		1990		2000		1980		1990		2000	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
1 Person	137	13.2	185	14.9	258	17.5	21,250	16.1	27,965	18.8	36,555	21.5
2 Persons	347	33.4	448	36.1	501	33.9	37,435	28.4	46,410	31.2	53,911	31.8
3 Persons	191	18.4	256	20.6	261	17.7	24,091	18.3	28,706	19.3	29,923	17.6
4 Persons	201	19.3	214	17.2	279	18.9	26,750	20.3	28,105	18.9	30,012	17.7
5 Persons	98	9.4	107	8.6	128	8.7	14,240	10.8	12,414	8.4	13,173	7.8
6 or more Persons	66	6.3	31	2.5	49	3.3	8,011	6.1	5,027	3.4	6,137	3.6
TOTAL:	1,040	100.0	1,241	100.0	1,476	100.0	131,777	100.0	148,627	100.0	169,711	100.0
Average Household Size:	3.01		2.80		2.78		3.02		2.78		2.72	

Source: U.S. Census of Population, 1980, 1990 & 2000

HOUSEHOLD SIZE - 1980, 1990 & 2000
Township of Boonton

HOUSEHOLD SIZE - 1980, 1990 & 2000
Morris County

Household size data for 1980, 1990 and 2000 are also shown in Table 9. It is obvious from this data that, on the average, household sizes in both the Township of Boonton and Morris County have decreased over the twenty year period. For example, 1- and 2-person households in the Township represented 51.4% of all households in 2000 compared to 51% in 1990, and 46.6% in 1980. A similar difference existed at the County level. The average household size in the Township was 2.78 persons in 2000, a decrease from 2.80 persons in 1990. The County experienced a decrease during the same period, but not as much.

Income

Household incomes in the community are a further reflection of the community character and the nature of its population. In Table 10, 1999 household incomes for Boonton, Morris County and New Jersey are compared. Both the median and mean incomes of households in the Township were substantially higher than in the County. This is the result of the fact that the Township generally has lower percentages of its households in income categories under \$75,000. For example, 39.9% of households earned less than \$75,000 compared to 65.1% of the County's households. Boonton Township had a greater percentage however, of households with incomes ranging between \$100,000-\$149,999. Indicated in Table 10.1 is a summary of individual incomes as related to the poverty level. By comparison, 1% of the households in the Township were below poverty level, where 3.9% of the households in Morris County were below poverty level.

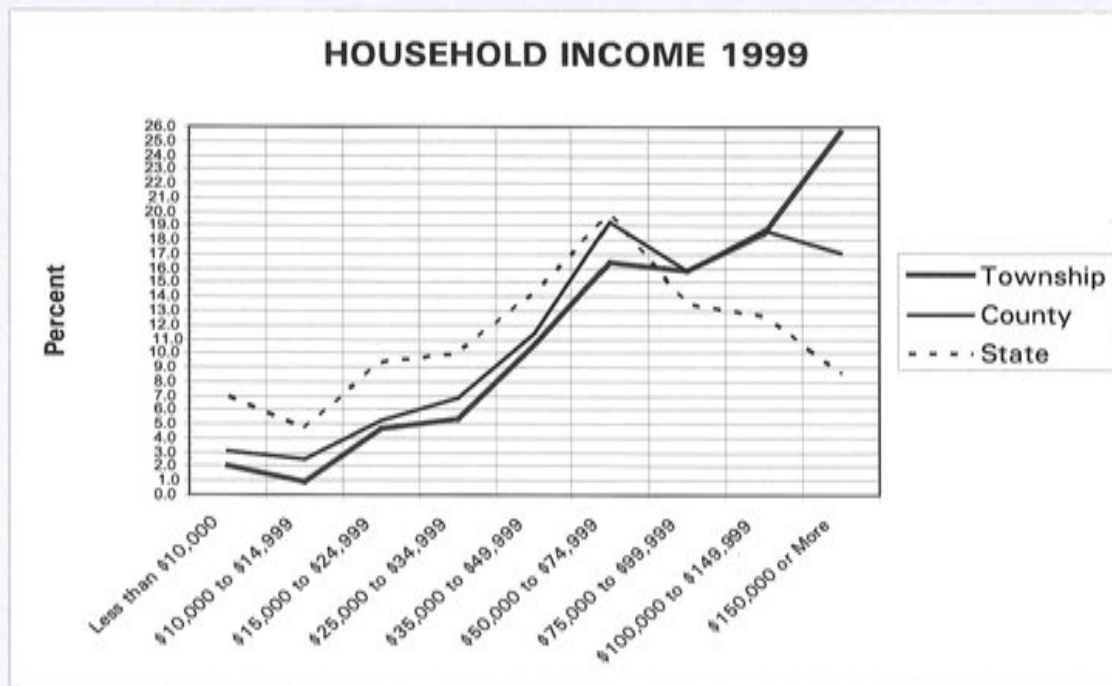
INCOME DATA - 1999

Table 10

Township of Boonton, Morris County & New Jersey

Household Income	Township of Boonton		Morris County	New Jersey
	Number	Percent	Percent	Percent
Less than \$10,000	29	2.0	3.1	7.0
\$10,000 to \$14,999	13	0.9	2.5	4.7
\$15,000 to \$24,999	68	4.7	5.3	9.4
\$25,000 to \$34,999	77	5.3	6.8	10.0
\$35,000 to \$49,999	153	10.6	11.4	14.2
\$50,000 to \$74,999	238	16.4	19.3	19.8
\$75,000 to \$99,999	230	15.9	15.9	13.5
\$100,000 to \$149,999	267	18.5	18.7	12.7
\$150,000 or More	372	25.7	17.1	8.6
TOTAL	1,447	100.0	100.0	100.0
Median Income:	\$91,753		\$77,340	\$55,146
Per Capita Income:	\$45,014		\$36,964	\$27,006

Source: 2000 U.S. Census



POVERTY STATUS - 1999		Table 10.1		
Township of Boonton & Morris County				
	<u>Township of Boonton</u>		<u>Morris County</u>	
<u>PERSONS AGED 18 YEARS AND OVER</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
Income Above Poverty Level	3,096	98.4%	444,259	96.1%
Income Below Poverty Level	50	1.6%	17,872	3.9%
Total	3,146	100.0%	462,131	100.0%

Source: 2000 U.S. Census

EMPLOYMENT CHARACTERISTICS

Among the more important demographic factors related to housing needs are employment characteristics. Various labor force and employment data for Boonton Township and Morris County are summarized in Table 11.

Occupational profiles for Boonton Township and Morris County are also compared in Table 11. In general, the dominant portion of Boonton Township's labor force was employed in managerial/professional positions and sales/office compared to production and service occupations. These characteristics are consistent with the moderately higher income levels in the Township however, they do represent a shift more towards more professional occupations than previously noted in prior plans.

LABOR FORCE & EMPLOYMENT DATA - 2000
Township of Boonton and Morris County

Table 11

	Township of Boonton		Morris County	
	Total	Percent	Total	Percent
Labor Force*				
Armed Forces	0	0.0%	189	0.1%
Civilian Labor Force				
Employed	2,132	64.7%	243,783	66.8%
Unemployed	66	2.0%	8,920	2.4%
Not in Labor Force	1,097	33.3%	112,138	30.7%
TOTAL:	3,295	100.0	364,841	100.0

	Township of Boonton		Morris County	
	Number	Percent	Number	Percent
OCCUPATIONS*				
Managerial, Professional & Related Services	1,163	54.5%	116,282	47.7%
Sales and Office	133	6.2%	24,641	10.1%
Farming, Fishing & Forestry	615	28.8%	66,699	27.4%
Construction, Extraction & Maintenance	0	0.0%	226	0.1%
Production, Transportation & Material Moving	133	6.2%	16,150	6.6%
	88	4.1%	19,785	8.1%
	<u>2,132</u>	<u>100.0%</u>	<u>243,783</u>	<u>100.0%</u>
INDUSTRY GROUP				
Agriculture, Forestry, Fishing & Mining	35	1.6%	591	0.2%
Construction	91	4.3%	12,799	5.3%
Manufacturing	305	14.3%	36,419	14.9%
Wholesale Trade	60	2.8%	10,365	4.3%
Retail Trade	251	11.8%	24,824	10.2%
Transportation, Warehousing & Utilities	69	3.2%	10,268	4.2%
Information	125	5.9%	13,227	5.4%
Finance, Insurance & Real Estate	207	9.7%	25,857	10.6%
Professional, Scientific, Management, Administrative & Waste Management	388	18.2%	36,116	14.8%
Education, Health & Social Services	320	15.0%	43,812	18.0%
Arts, Entertainment, Recreation, Accomodations & Food Services	97	4.5%	12,470	5.1%
Other Services	126	5.9%	9,686	4.0%
Public Administration	58	2.7%	7,349	3.0%
	<u>2,132</u>	<u>100.0%</u>	<u>243,783</u>	<u>100.0%</u>

* Labor Force - Persons 16 years of age and older

Source: 2000 U.S. Census

DETERMINATION OF HOUSING NEEDS

General

In general, there is a fairly good match between Boonton Township's existing housing stock and its existing population in terms of housing type, size and quality. The number of one-person households has increased. In addition, the number of children has increased indicating that the number of children in the multiple-person households has increased. For example, a multiple-person household that previously had two adults and two children now has two adults and four children. This will likely lead to the continuation of the current housing market trend where larger homes are preferred over smaller homes. Additionally, similar to surrounding municipalities and the County as a whole, the senior citizen population (age 75 and over) has increased in the Township, thereby increasing the demand for senior housing. The Township should continue to review provisions to provide housing units designed for persons in this age group.

COMPLIANCE PLAN

Based upon COAH's rules and analyses performed for this report, The Township of Boonton is required to provide a reasonable opportunity for the development of an increase of 79 low- and moderate-income housing generated by both residential and non-residential growth. The means of addressing this obligation are discussed below:

New Construction Obligation

Based on the latest set of adopted rules, the following general rules apply to the creation of affordable housing including:

- Must provide realistic opportunity for affordable housing to provide for one affordable unit among every 5 residential units built, and one affordable unit for every 16 jobs generated.
- Affordable to income-eligible households/individuals
- Provide controls on affordability
- Must be affirmatively marketed

- Distribution of Low/moderate unit mix
- Bedroom distribution requirements
- Limits on number of age-restricted units (Cap of 25%)
- Family units (Non-Age Restricted) required- Minimum of 50%
- Rental obligation-Minimum 25%
- Minimum 13% of units in Fair Share Plan deed-restricted for households earning no more than 30% of median income (Very Low Income)

As part of amended third round rules, COAH provided projected growth of residential and non-residential growth for each municipality. The rules were to also take into account available vacant land and environmental constraints. The rules were further amended by Executive Order #114 which requires COAH and the Highlands Council reach a "memorandum of understanding" as it pertains to allocated growth to those municipalities located within the Highlands Region (Boonton is wholly located within the Highlands planning area.

Within the amended rules (Appendix F), COAH provides projected residential and non-residential growth within the community for the period between January 1, 2004 to 2018. This is to be compared with actual and anticipated future growth as estimated by the municipality. As it pertains to Boonton, the following COAH projections are indicated:

Residential Growth: 271 units, generating 54 affordable units (1/5du)
 Non-Residential Growth: 395 jobs; generating 25 affordable units (1/16jbs)
 Total Affordable Units: 79 units

Based on these growth projected, the Township would have to construct an average of 27.1 new residential dwelling units per year and construct commercial structures generating an average of 39.5 jobs for the ten-year period to 2018.

The following tables, however, reflects the historic pattern of new residential dwellings authorized by building permits, and the square footage of non-residential development for the period between 1999 to 2008.

**HISTORIC TREND OF RESIDENTIAL & NON-RESIDENTIAL CO'S BY SQUARE FOOTAGE - 1999-2008
TOWNSHIP OF BOONTON**

Use Group	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	TOTAL	Post 01/01/04 TOTAL
B - Office CO's											0	0
M - Merchante CO's											0	0
S - Storage CO's			14,400	2,304				4,500	48,492		69,696	52,992
A1/A3 Assembly CO's							72				72	72
A2 - Restaurants											0	0
A4 - Arenas, Pools											0	0
A5 - Bleachers, Etc.											0	0
F - Factories/Industrial											0	0
"E" - Education		28,370									28,370	0
"I" - Institutional Uses	151,744										151,744	0
"R1" - Hotel/Motel Uses											0	0
TOTAL Sq.Ft.	151,744	28,370	14,400	2,304	0	0	72	4,500	48,492	0	249,882	53,064

RESIDENTIAL CERTIFICATE OF OCCUPANCY'S

	Number
1999	5
2000	100
2001	11
2002	93
2003	9
2004	7
2005	6
2006	9
2007	9
2008	5
	<u>254</u>

NON-RESIDENTIAL GROWTH, 01/2004 TO PRESENT

Use Group	Square Footage	Factor	Affordable Units
B - Office	0	5,714	0.00
M - Merchante	0	9,412	0.00
S - Storage/Warehouse	52,992	16,000	3.31
A1/A3 Assembly	72	10,000	0.01
A2 - Restaurants	0	5,000	0.00
A4 - Arenas, Pools	0	4,706	0.00
A5 - Bleachers, Etc.	0	6,154	0.00
"F" Factories	0	13,333	0.00
"E" - Education	0	0	0.00
"I" - Institutional Uses	0	6,154	0.00
"R1" - Hotel/Motel Uses	0	9,412	0.00
			<u>3.32</u>

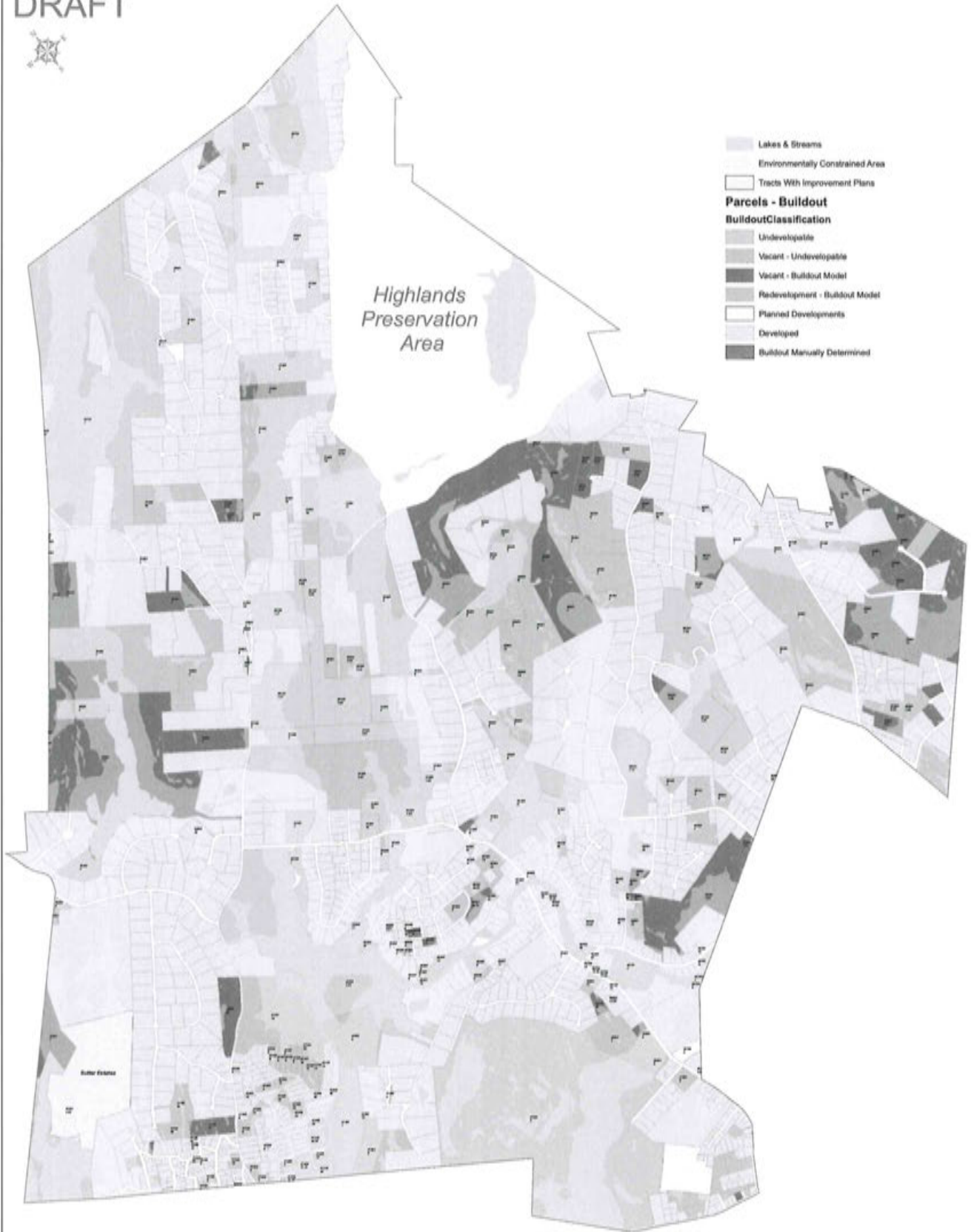
Based on a review of the historic development pattern, the following projections and assumptions are indicated below:

Residential Development

For the period between 1999 and 2008, a total of 254 new dwelling units were constructed. This equates to a 10-year average of 25.4 units per year. Based on actual growth from 2004 however, the construction pace slowed dramatically to 7.2 new dwellings per year. This pace better reflects the current Township conditions. Based on the historic averages, an additional 108 dwelling units, generating 21.6 affordable units could be anticipated for the period between 2004 and 2018. This growth however, will most likely be tempered by the available properties left within the Township.

As part of the on-going wastewater management planning program being conducted by the Morris County Planning Board, a detailed build out analysis (*see map*) was prepared by the County and reviewed by Township professionals. Based on this review, the County indicated that based on available existing sewers and septic densities, a total of 271 additional dwelling units (lots) could be provided

Buildout Analysis Boonton Twp DRAFT



- Lakes & Streams
- Environmentally Constrained Area
- Tracts With Improvement Plans
- Parcels - Buildout**
- BuildoutClassification**
- Undevelopable
- Vacant - Undevelopable
- Vacant - Buildout Model
- Redevelopment - Buildout Model
- Planned Developments
- Developed
- Buildout Manually Determined

0 0.5 1 Miles
19,096

throughout the Township. This figure was reduced to 188 units based on correction of data and taking into consideration environmental constraints. A build out of 188 units would generate an obligation of 37.6 affordable units, less than half the obligation mandated by the amended COAH third-round rules.

Non-Residential Growth.

The table above, which was compiled from State data, also indicates non-residential CO's by use group for the period between 1999 and 2008. Based on this analysis, non-residential growth since 2004 would generate a total affordable housing obligation of 3.3 units. An additional 2.7 affordable units were generated (for a total of 6 units) by the 2008 approval of the project known as Powerville Village, where 25,167sf of retail space was approved. To date, this establishment has not been built.

Based on the above findings, it can be estimated that for the period between 2004 and 2018, an affordable housing obligation of approximately 24.3 affordable units could be anticipated based on the historic pattern of residential growth and lack of new developable non-residential construction.

Restrictions to Future Growth

Based on the above analysis, an affordable housing obligation of 24.3 units is projected, compared to COAH's projection of 79 units. This reduced projection is derived in part from the following facts:

- Lack of large parcels of developable land, environmental constraints (wetlands/steep slopes) and current zone development standards;
- No new multi-family development under as-of-right zoning is anticipated as all the existing multi-family zones are currently built-out. Any multi-family development may occur as part of use variance applications, or subsequent master plan land use plan amendments;

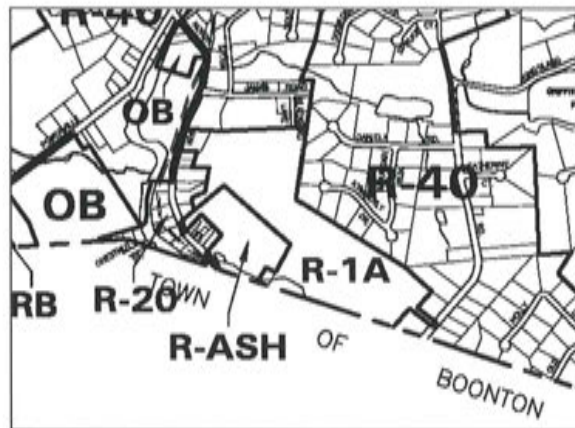
- The majority of residential growth over the next 10 year period will be a result of infill development of scattered vacant lots and minor subdivisions in conformance with the historic pattern of development
- The remaining historic growth has been confined to small additions to existing commercial establishments. Based on the current Township of Boonton Master Plan and the absence of large vacant developable (without environmental constraints) commercial and industrial lands, together with limited demolitions, additional large scale redevelopment of existing non-residential uses is not anticipated.

Methods to Address Third Round Obligation

The Township proposes to address its affordable housing obligation by a variety of methods as described as follows:

1. Municipally sponsored and 100 percent affordable programs
(*N.J.A.C. 5:97-6.7*)
 - a. New construction or reconstruction to create affordable housing.
 - b. Municipally-sponsored or constructed by non-profit or for-profit developer.
 - c. 30-year controls on affordability.

This option alone is proposed to satisfy the projected affordable housing obligations. The Township owns Block 40501, Lot 1, which is a vacant 37.86 acre lot located within the southeast portion of the Township along the border of the Town of Boonton (see aerial below). This lot is currently zoned R-1A and permits a density of 4.5 units per acre.



From a planning perspective, this site provides for the most realistic opportunities for affordable housing through the 2018 period. The advantages of this site location within the Township are clear due to the proximity to regional road networks, public transportation and nearby services. It is recommended that the Township partner with approved non-profit housing developers to develop and construct a 100% municipal-sponsored development project which can be sized based on actual growth.



2. As part of the above method to be utilized for the provision for affordable housing, and as part of the certifications sought by the Township, it is recommended that the governing body consider and adopt a development fee ordinance to provide sources of funding for affordable housing endeavors. Part of this procedure requires that COAH review and approve the Housing Trust Fund Spending Plan. Sample ordinances of each are found in Appendices A & B respectively. Such funds collected would be used to further the construction of affordable units.

3. Supportive and Special Needs Housing (Alternative living arrangements) *(N.J.A.C. 5:97-6.10)*
 - a. Structure in which individuals and households reside, including:
 - (1) Residential health care facilities
 - (2) Group homes for the developmentally disabled and mentally ill
 - (3) Permanent supportive housing
 - (4) Supportive shared living housing
 - b. Long term health care facilities and boarding homes not eligible.

- c. Counts toward rental obligation.
- d. Bedroom is considered a unit of credit except for permanent supportive housing (unit of credit is dwelling unit).
- e. Qualifying persons must be 18 years and over.
- f. Affirmatively marketed to individuals with special needs.
- g. 30-year controls on affordability.

It is recommended that the Township actively pursue and partner with non-profit agencies specializing in supportive and special needs citizens. Such facilities are credited by the number of bedrooms and may be subject to receive additional bonus credits.

Other options available to the Township include the following, however, at this time, these options are not proposed to be utilized, but rather identified for any unforeseen future circumstances.

1. Elder Housing Opportunity (ECHO) Unit (*N.J.A.C. 5:97-6.3*)
 - a. Modular, self-contained units erected on sites containing an existing dwelling – owned or leased by municipality for minimum 10 years
 - b. Low- or moderate-income individuals over-55 and/or disabled
 - c. Credit toward rehabilitation obligation – exempt from affirmative marketing requirements

2. Accessory Apartment Program (*N.J.A.C. 5:97-6.8*)
 - a. Self-contained residential dwelling unit with kitchen, sanitary facilities, sleeping quarters and private entrance
 - b. Created within an existing home OR through the conversion of an existing accessory structure on the same site OR by an addition to an existing home or accessory building
 - c. Minimum subsidy is \$20,000 per moderate-income unit or \$25,000 per low-income unit.
 - d. May be designed to produce only low-income units, only moderate-income units or both low- and moderate-income units.
 - e. Maximum of 10 units or 10% of fair share obligation, whichever is greater, until viability of program is documented

- f. Adequate water/sewer infrastructure with sufficient capacity (including individual well and/or septic system)
 - g. 10 year controls on affordability
3. Market to Affordable Program (Buy-down program) *(N.J.A.C. 5:97-6.9)*
- a. New, pre-owned, or vacant market-rate units purchased or subsidized through written agreement with property owner and sold or rented to low or moderate income households
 - b. Must be in sound condition
 - c. Minimum subsidy \$25,000 per unit per unit for moderate-income and \$30,000 per unit for low-income households (additional subsidy as determined by local market)
 - d. Maximum of 10 units or an amount equal to a combined total of ten percent of the fair share obligation, whichever is greater, until viability of program is documented
 - e. 30-year controls on affordability
4. Other innovative approaches *(N.J.A.C. 5:97-6.15)*
- a. Municipality may propose innovative programs or approaches, provided that COAH's normally applied standards can be achieved and clearly demonstrated, including:
 - (1) Affordable to income-eligible households
 - (2) Appropriate controls on affordability
 - (3) Affirmatively marketed
 - b. Demonstrated source(s) of funding

Summary

The Township of Boonton has taken, and will continue to take a proactive position in providing affordable housing within the limits of the municipality. This Plan proposes the methods to address potential growth while preserving the established small-town character of the Township. Although this Plan projects significant less development through the 2018 time period, the Plan provides for a minimum of 79 affordable housing units under COAH third-round projections, where Township projections indicate a need of approximately 24 affordable units.

This Plan provides for affordable housing within the most appropriate locations within the Township balanced against the lack of developable vacant lands, environmental constraints and current competing regulations associated with the Highlands Regional Master Plan, NJDEP regulations and Wastewater Management requirements.

APPENDIX A

SAMPLE – COAH Development Fee Ordinance

Council on Affordable Housing

Sample Development Fee Ordinance

1. Purpose

- a) In Holmdel Builder's Association V. Holmdel Township, 121 N.J. 550 (1990), the New Jersey Supreme Court determined that mandatory development fees are authorized by the Fair Housing Act of 1985 (the Act), N.J.S.A. 52:27d-301 et seq., and the State Constitution, subject to the Council on Affordable Housing's (COAH's) adoption of rules.
- b) Pursuant to P.L.2008, c.46 section 8 (C. 52:27D-329.2) and the Statewide Non-Residential Development Fee Act (C. 40:55D-8.1 through 8.7), COAH is authorized to adopt and promulgate regulations necessary for the establishment, implementation, review, monitoring and enforcement of municipal affordable housing trust funds and corresponding spending plans. Municipalities that are under the jurisdiction of the Council or court of competent jurisdiction and have a COAH-approved spending plan may retain fees collected from non-residential development.
- c) This ordinance establishes standards for the collection, maintenance, and expenditure of development fees pursuant to COAH's regulations and in accordance P.L.2008, c.46, Sections 8 and 32-38. Fees collected pursuant to this ordinance shall be used for the sole purpose of providing low- and moderate-income housing. This ordinance shall be interpreted within the framework of COAH's rules on development fees, codified at N.J.A.C. 5:97-8.

2. Basic requirements

- a) This ordinance shall not be effective until approved by COAH pursuant to *N.J.A.C. 5:96-5.1*.
- b) *[Insert name of municipality]* shall not spend development fees until COAH has approved a plan for spending such fees in conformance with *N.J.A.C. 5:97-8.10* and *N.J.A.C. 5:96-5.3*.

3. Definitions

- a) The following terms, as used in this ordinance, shall have the following meanings:
 - i. "**Affordable housing development**" means a development included in the Housing Element and Fair Share Plan, and includes, but is not limited to, an inclusionary

development, a municipal construction project or a 100 percent affordable development.

- ii. **“COAH”** or the **“Council”** means the New Jersey Council on Affordable Housing established under the Act which has primary jurisdiction for the administration of housing obligations in accordance with sound regional planning consideration in the State.
- iii. **“Development fee”** means money paid by a developer for the improvement of property as permitted in *N.J.A.C. 5:97-8.3*.
- iv. **“Developer”** means the legal or beneficial owner or owners of a lot or of any land proposed to be included in a proposed development, including the holder of an option or contract to purchase, or other person having an enforceable proprietary interest in such land.
- v. **“Equalized assessed value”** means the assessed value of a property divided by the current average ratio of assessed to true value for the municipality in which the property is situated, as determined in accordance with sections 1, 5, and 6 of P.L.1973, c.123 (C.54:1-35a through C.54:1-35c).
- vi. **“Green building strategies”** means those strategies that minimize the impact of development on the environment, and enhance the health, safety and well-being of residents by producing durable, low-maintenance, resource-efficient housing while making optimum use of existing infrastructure and community services.

4. Residential Development fees

a) Imposed fees

- i. Within the *[insert name of zoning]* district(s), residential developers, except for developers of the types of development specifically exempted below, shall pay a fee of *[insert number - maximum of one and a half percent]* percent of the equalized assessed value for residential development provided no increased density is permitted.
- ii. When an increase in residential density pursuant to N.J.S.A. 40:55D-70d(5) (known as a “d” variance) has been permitted, developers may be required to pay a development fee of *[insert specific number – maximum of six percent]* percent of the equalized assessed value for each additional unit that may be realized. However, if the zoning on a site has changed during the two-year period preceding the filing of such a variance application, the base density for the purposes of calculating the bonus development fee shall be the highest density permitted by right during the two-year period preceding the filing of the variance application.

Example: If an approval allows four units to be constructed on a site that was zoned for two units, the fees could equal one and a half percent of the equalized assessed value on the first two units; and the specified higher percentage up to six percent of the equalized assessed value for the two additional units, provided zoning on the site has not changed during the two-year period preceding the filing of such a variance application.

- b) Eligible exactions, ineligible exactions and exemptions for residential development
 - i. Affordable housing developments, developments where the developer is providing for the construction of affordable units elsewhere in the municipality, and developments where the developer has made a payment in lieu of on-site construction of affordable units shall be exempt from development fees.
 - ii. Developments that have received preliminary or final site plan approval prior to the adoption of a municipal development fee ordinance shall be exempt from development fees, unless the developer seeks a substantial change in the approval. Where a site plan approval does not apply, a zoning and/or building permit shall be synonymous with preliminary or final site plan approval for this purpose. The fee percentage shall be vested on the date that the building permit is issued.
 - iii. Owner-occupied residential structures demolished and replaced as a result of a fire, flood, or natural disaster shall be exempt from paying a development fee.
 - iv. *[optional]* Development fees shall be imposed and collected when an existing structure undergoes a change to a more intense use, is demolished and replaced, or is expanded, if the expansion is not otherwise exempt from the development fee requirement. The development fee shall be calculated on the increase in the equalized assessed value of the improved structure.
 - v. *[optional]* Developers of *[specific types of residential development, for example developments with one or two owner-occupied dwelling units, green buildings etc.]* shall be *[select only one of the following: exempt from paying a development fee, or subject to a reduced fee of X percent]*.
 - vi. *[optional]* Within the *[name of zoning district(s) or area(s), e.g. TOD District, Revenue Allocation District, Historic District, etc.]*, residential developers shall be exempt from paying a development fee.

5. Non-residential Development fees

- a) Imposed fees

- i. Within all zoning districts, non-residential developers, except for developers of the types of development specifically exempted, shall pay a fee equal to two and one-half (2.5) percent of the equalized assessed value of the land and improvements, for all new non-residential construction on an unimproved lot or lots.
 - ii. Non-residential developers, except for developers of the types of development specifically exempted, shall also pay a fee equal to two and one-half (2.5) percent of the increase in equalized assessed value resulting from any additions to existing structures to be used for non-residential purposes.
 - iii. Development fees shall be imposed and collected when an existing structure is demolished and replaced. The development fee of two and a half percent (2.5%) shall be calculated on the difference between the equalized assessed value of the pre-existing land and improvement and the equalized assessed value of the newly improved structure, i.e. land and improvement, at the time final certificate of occupancy is issued. If the calculation required under this section results in a negative number, the non-residential development fee shall be zero.
- b) Eligible exactions, ineligible exactions and exemptions for non-residential development
- i. The non-residential portion of a mixed-use inclusionary or market rate development shall be subject to the two and a half (2.5) percent development fee, unless otherwise exempted below.
 - ii. The 2.5 percent fee shall not apply to an increase in equalized assessed value resulting from alterations, change in use within existing footprint, reconstruction, renovations and repairs.
 - iii. Non-residential developments shall be exempt from the payment of non-residential development fees in accordance with the exemptions required pursuant to P.L.2008, c.46, as specified in the Form N-RDF "State of New Jersey Non-Residential Development Certification/Exemption" Form. Any exemption claimed by a developer shall be substantiated by that developer.
 - iv. A developer of a non-residential development exempted from the non-residential development fee pursuant to P.L.2008, c.46 shall be subject to it at such time the basis for the exemption no longer applies, and shall make the payment of the non-residential development fee, in that event, within three years after that event or after the issuance of the final certificate of occupancy of the non-residential development, whichever is later.
 - v. If a property which was exempted from the collection of a non-residential development fee thereafter ceases to be exempt from property taxation, the

owner of the property shall remit the fees required pursuant to this section within 45 days of the termination of the property tax exemption. Unpaid non-residential development fees under these circumstances may be enforceable by *[insert municipality]* as a lien against the real property of the owner.

6. Collection procedures

- a) Upon the granting of a preliminary, final or other applicable approval, for a development, the applicable approving authority shall direct its staff to notify the construction official [**OR** *insert title of designated municipal official*] responsible for the issuance of a building permit.
- 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" to be completed as per the instructions provided. The developer of a non-residential development shall complete Form N-RDF as per the instructions provided. The construction official shall verify the information submitted by the non-residential developer as per the instructions provided in the Form N-RDF. The Tax assessor shall verify exemptions and prepare estimated and final assessments as per the instructions provided in Form N-RDF.
- c) The construction official responsible for the issuance of a building permit shall notify the local tax assessor of the issuance of the first building permit for a development which is subject to a development fee.
- d) Within 90 days of receipt of that notice, the municipal tax assessor, based on the plans filed, shall provide an estimate of the equalized assessed value of the development.
- e) The construction official responsible for the issuance of a final certificate of occupancy notifies the local assessor of any and all requests for the scheduling of a final inspection on property which is subject to a development fee.
- f) Within 10 business days of a request for the scheduling of a final inspection, the municipal assessor 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.
- g) Should *[insert municipality]* fail to determine or notify the developer of the amount of the development fee within 10 business days of the request for final inspection, the developer may estimate the amount due and pay that estimated amount consistent with the dispute process set forth in subsection b. of section 37 of P.L.2008, c.46 (C.40:55D-8.6).

h) *[select one of the following paragraphs:]*

The developer shall pay 100 percent of the calculated development fee amount prior to the municipal issuance of a final certificate of occupancy for the subject property.

OR

Fifty percent of the development fee shall be collected at the time of issuance of the building permit. The remaining portion shall be collected at the issuance of the certificate of occupancy. The developer shall be responsible for paying the difference between the fee calculated at building permit and that determined at issuance of certificate of occupancy.

i) Appeal of development fees

1) A developer may challenge residential development fees imposed by filing a challenge with the County Board of Taxation. Pending a review and determination by the Board, collected fees shall be placed in an interest bearing escrow account by *[insert name of municipality]*. Appeals from a determination of the Board may be made to the tax court in accordance with the provisions of the State Tax Uniform Procedure Law, R.S.54:48-1 et seq., within 90 days after the date of such determination. Interest earned on amounts escrowed shall be credited to the prevailing party.

2) A developer may challenge non-residential development fees imposed by filing a challenge with the Director of the Division of Taxation. Pending a review and determination by the Director, which shall be made within 45 days of receipt of the challenge, collected fees shall be placed in an interest bearing escrow account by *[insert name of municipality]*. Appeals from a determination of the Director may be made to the tax court in accordance with the provisions of the State Tax Uniform Procedure Law, R.S.54:48-1 et seq., within 90 days after the date of such determination. Interest earned on amounts escrowed shall be credited to the prevailing party.

7. Affordable Housing trust fund

a) *[select one of the following paragraphs:]*

There is hereby created a separate, interest-bearing housing trust fund to be maintained by the *[chief financial officer or insert municipal employee title]* for the purpose of depositing development fees collected from residential and non-residential developers and proceeds from the sale of units with extinguished controls.

OR

Upon approval by COAH and by the Division of Local Government Services, *[insert name of municipality]* shall invest development fee revenue and proceeds from the sale of units with extinguished controls into the State of New Jersey Cash Management Fund, provided that the funds in the Cash Management account that comprise the deposits and income attributable to such deposits shall at all times be identifiable.

- b) The following additional funds shall be deposited in the Affordable Housing Trust Fund and shall at all times be identifiable by source and amount:
 - 1. payments in lieu of on-site construction of affordable units;
 - 2. developer contributed funds to make ten percent (10%) of the adaptable entrances in a townhouse or other multistory attached development accessible;
 - 3. rental income from municipally operated units;
 - 4. repayments from affordable housing program loans;
 - 5. recapture funds;
 - 6. proceeds from the sale of affordable units; and
 - 7. any other funds collected in connection with *[insert municipal name]*'s affordable housing program.
- c) Within seven days from the opening of the trust fund account, *[insert name of municipality]* shall provide COAH with written authorization, in the form of a three-party escrow agreement between the municipality, *[select one: the bank or the bank linked to the Cash Management Fund]*, and COAH to permit COAH to direct the disbursement of the funds as provided for in N.J.A.C. 5:97-8.13(b).
- d) All interest accrued in the housing trust fund shall only be used on eligible affordable housing activities approved by COAH.

8 Use of funds

- a) The expenditure of all funds shall conform to a spending plan approved by COAH. Funds deposited in the housing trust fund may be used for any activity approved by COAH to address the *[insert name of municipality]*'s fair share obligation and may be set up as a grant or revolving loan program. Such activities include, but are not limited to: preservation or purchase of housing for the purpose of maintaining or implementing affordability controls, rehabilitation, new construction of affordable housing units and related costs, accessory apartment, market to affordable, or regional housing partnership programs, conversion of existing non-residential buildings to create new affordable units, green building strategies designed to be cost saving and in accordance with accepted national or state standards, purchase of land for affordable housing, improvement of land to be used for affordable housing, extensions or improvements of roads and infrastructure to affordable housing sites, financial assistance designed to increase

affordability, administration necessary for implementation of the Housing Element and Fair Share Plan, or any other activity as permitted pursuant to N.J.A.C. 5:97-8.7 through 8.9 and specified in the approved spending plan.

- b) Funds shall not be expended to reimburse *[insert name of municipality]* for past housing activities.
- c) At least 30 percent of all development fees collected and interest earned shall be used to provide affordability assistance to low- and moderate-income households in affordable units included in the municipal Fair Share Plan. One-third of the affordability assistance portion of development fees collected shall be used to provide affordability assistance to those households earning 30 percent or less of median income by region.
 - i. Affordability assistance programs may include down payment assistance, security deposit assistance, low interest loans, rental assistance, assistance with homeowners association or condominium fees and special assessments, and assistance with emergency repairs.
 - ii. Affordability assistance to households earning 30 percent or less of median income may include buying down the cost of low or moderate income units in the municipal Fair Share Plan to make them affordable to households earning 30 percent or less of median income.
 - iii. Payments in lieu of constructing affordable units on site and funds from the sale of units with extinguished controls shall be exempt from the affordability assistance requirement.
- d) *[insert name of municipality]* may contract with a private or public entity to administer any part of its Housing Element and Fair Share Plan, including the requirement for affordability assistance, in accordance with N.J.A.C. 5:96-18.
- e) No more than 20 percent of all revenues collected from development fees, may be expended on administration, including, but not limited to, salaries and benefits for municipal employees or consultant fees necessary to develop or implement a new construction program, a Housing Element and Fair Share Plan, and/or an affirmative marketing program. In the case of a rehabilitation program, no more than 20 percent of the revenues collected from development fees shall be expended for such administrative expenses. Administrative funds may be used for income qualification of households, monitoring the turnover of sale and rental units, and compliance with COAH's monitoring requirements. Legal or other fees related to litigation opposing affordable housing sites or objecting to the Council's regulations and/or action are not eligible uses of the affordable housing trust fund.

9. Monitoring

- a) *[insert name of municipality]* shall complete and return to COAH all monitoring forms included in monitoring requirements related to the collection of development fees from residential and non-residential developers, payments in lieu of constructing affordable units on site, funds from the sale of units with extinguished controls, barrier free escrow funds, rental income, repayments from affordable housing program loans, and any other funds collected in connection with *[insert municipal name]*'s housing program, as well as to the expenditure of revenues and implementation of the plan *[select appropriate one: certified by COAH or approved by the court]*. All monitoring reports shall be completed on forms designed by COAH.

10. Ongoing collection of fees

- a) The ability for *[insert name of municipality]* to impose, collect and expend development fees shall expire with its *[select appropriate one: substantive certification or judgment of compliance]* unless *[insert name of municipality]* has filed an adopted Housing Element and Fair Share Plan with COAH, has petitioned for substantive certification, and has received COAH's approval of its development fee ordinance. If *[insert name of municipality]* fails to renew its ability to impose and collect development fees prior to the expiration of *[pick one: substantive certification or judgment of compliance]*, it may be subject to forfeiture of any or all funds remaining within its municipal trust fund. Any funds so forfeited shall be deposited into the "New Jersey Affordable Housing Trust Fund" established pursuant to section 20 of P.L.1985, c.222 (C.52:27D-320). *[insert name of municipality]* shall not impose a residential development fee on a development that receives preliminary or final site plan approval after the expiration of its substantive certification or judgment of compliance, nor shall *[insert name of municipality]* retroactively impose a development fee on such a development. *[Insert name of municipality]* shall not expend development fees after the expiration of its substantive certification or judgment of compliance.

APPENDIX B

SAMPLE – COAH Affordable Housing Trust Fund Spending Plan

Council on Affordable Housing

Sample Affordable Housing Trust Fund Spending Plan

OVERVIEW

[This model Spending Plan reflects the latest amendments to COAH's rules. In addition to demonstrating how municipal affordable housing trust funds will be expended, the spending plan should be prepared together with the implementation schedule of the fair share plan. The spending plan will serve as the basis for demonstrating realistic opportunity of each proposed affordable housing option that relies on affordable housing trust funds as well as a basis for any affordable housing delivery mechanisms that are the subject of an implementation schedule. Another key provision in this update is the requirement to spend existing balances as of July 17, 2008 within four years of the date the municipality's spending plan is approved by COAH. To ensure timeliness of fund expenditures, there is a requirement to spend or contractually commit newly collected funds within three years from the calendar year in which those funds were collected. Proposed spending may be through a revolving loan, no-interest loans, forgivable loans, below-market loans, bridge loans, a hybrid loan and grant program, etc.]

This document is organized into five sections that address the standard information required by N.J.A.C. 5:97-8.10. A process describing the collection and distribution procedures for barrier free escrow funds pursuant to N.J.A.C. 5:97-8.5 should be detailed separately within the municipality's Affordable Housing Ordinance. Please tailor this form to the individual municipality's circumstance(s) and provide or insert information where text is italicized and in brackets [thus]. Depending on when this spending plan is completed, the actual versus projected years will vary and should be adjusted accordingly. Instructions for completing this model document are bolded, italicized and in brackets [thus] and should be deleted from the final document submitted to COAH for approval.

Please be aware that COAH staff will be utilizing the actual collections, expenditure and balances reported in the municipal affordable housing trust fund monitoring submitted to COAH via the Computer Tracking and Monitoring (CTM) system. The preparer is encouraged to collaborate with the municipal affordable housing trust fund report preparer to ensure consistency. Information about viewing municipal data in the CTM system is available on COAH's website at www.nj.gov/dca/coah/training.shtml.]

INTRODUCTION

[Insert name of municipality, 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 *[insert date of approval]* and adopted by the municipality on *[insert date of adoption]*. The ordinance establishes the *[insert name of municipality]* affordable housing trust fund for which this spending plan is prepared.

As of December 31, 2008, *[insert name of municipality]* has collected \$ *[insert amount of revenue already collected]*, expended \$ *[insert amount of funds already expended]*, resulting in a balance of \$ *[insert balance as of December 31, 2008]*. 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 *[insert name of bank]* 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.

[If your municipality maintained an affordable housing trust fund as part of a previous third round petition under N.J.A.C. 5:94 or second round substantive certification, please complete the following section.]

[Insert name of municipality] first petitioned COAH for substantive certification on *[insert earliest date of previous second or third round petition]* and received prior approval to maintain an affordable housing trust fund on *[date COAH first approved a development fee ordinance]*. As of December 31, 2004, the prior round balance remaining in the affordable housing trust fund was \$ *[insert trust fund balance as of December 31, 2004]*. From January 1, 2005 through December 31, 2008, *[insert name of municipality]* collected an additional \$ *[insert total revenue]* in development fees, payments in lieu of construction, other funds, and/or interest. From January 1, 2005 through December 31, 2008, *[insert name of municipality]* expended funds on the affordable housing activities detailed in section 4 of this spending plan.

1. REVENUES FOR CERTIFICATION PERIOD

To calculate a projection of revenue anticipated during the period of third round substantive certification, *[insert name of municipality]* 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:

[List affordable housing sites from inclusionary zone(s) where the developer(s) has made or committed to make a PIL along with the associated PIL amount(s). If payments in lieu have not been collected or assessed, so indicate. Please note that while all other fund sources include projected revenues, PIL funds are based only on actual revenues]

(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, proceeds from the sale of affordable units and *[insert name of other fund(s)]*. *[If no other funds have been or are anticipated to be collected, so indicate.]*

(d) Projected interest:

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

[Provide a breakdown by year for all sources of funds collected and/or anticipated during the substantive certification period. COAH will substitute actual revenue for the period between the preparation of this spending plan and COAH's approval, as entered by the municipality in the CTM system. Use and submit additional spreadsheet(s) as necessary. A sample spreadsheet format is provided below.]

SOURCE OF FUNDS	PROJECTED REVENUES-HOUSING TRUST FUND - 2009 THROUGH 2018										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
(a) Development fees:											
1. Approved Development											
2. Development Pending Approval											
3. Projected Development											
(b) Payments in Lieu of Construction											
(c) Other Funds (Specify source(s))											
(d) Interest											
Total											

[Insert name of municipality] projects a total of \$ [insert total of all revenue listed above] in revenue to be collected between January 1, 2009 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 *[insert name of municipality]*:

(a) Collection of development fee revenues:

Collection of development fee revenues shall be consistent with *[insert municipality]*'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:

[Provide a brief explanation of local procedures for distributing the municipality's affordable housing trust funds.]

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)**

[Insert name of municipality] will dedicate \$ *[insert amount of revenue to be dedicated]* to rehabilitation or new construction programs (see detailed descriptions in Fair Share Plan) as follows:

Rehabilitation program: \$ *[insert amount of revenues to be expended]*

New construction project(s): \$ *[insert amount of revenues to be expended, by project and total; individually list programs and projects e.g. for-sale and rental municipally sponsored, accessory apartments, etc.]*

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

[Municipalities are required to spend a minimum of 30 percent of development fee revenue 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). Utilize the formulae below to project the minimum affordability assistance requirements. The actual affordability assistance minimums are calculated on an ongoing basis in the CTM system based on actual revenues.]

To initially project a funding amount that will be dedicated to affordability assistance, first subtract actual expenditures on all new construction, previously funded regional contribution agreements and rehabilitation activities from inception of the fund

through June 2, 2008 from the sum of actual and projected development fees and interest through December 31, 2018. Multiply this amount by 30 percent and then subtract actual affordability assistance expenditures from inception of the fund through December 31, 2008 from the result. The outcome of this calculation will be the total remaining funds that must be dedicated to affordability assistance for the period January 1, 2009 through December 31, 2018.

To initially project a funding amount that will be dedicated to affordability assistance for very low-income households, divide the affordability assistance figure derived from the above paragraph by three. The outcome of this calculation will be the total remaining funds that must be dedicated to very low-income affordability assistance for the period January 1, 2009 through December 31, 2018. Municipalities will receive credit against this projected minimum for affordability assistance activity from January 1, 2009 to the present.]

Projected minimum affordability assistance requirement:

Actual development fees through 12/31/2008		\$
Actual interest earned through 12/31/2008	+	\$
Development fees projected 2009-2018	+	\$
Interest projected 2009-2018	+	\$
Less housing activity expenditures through 6/2/2008	-	\$
Total	=	
30 percent requirement	x 0.30 =	\$
Less Affordability assistance expenditures through 12/31/2008	-	\$
PROJECTED MINIMUM Affordability Assistance Requirement 1/1/2009 through 12/31/2018	=	\$
PROJECTED MINIMUM Very Low-Income Affordability Assistance Requirement 1/1/2009 through 12/31/2018	÷ 3 =	\$

[Insert name of municipality] will dedicate \$ [insert amount of revenues to be dedicated] from the affordable housing trust fund to render units more affordable, including \$ [insert amount of revenue to be dedicated] to render units more affordable to households earning 30 percent or less of median income by region, as follows:

[List affordability assistance programs such as down-payment assistance, rental assistance, converting low-income units to very-low-income units, etc.]

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

[Municipalities are permitted to use affordable housing trust fund revenue for related administrative costs up to a 20 percent limitation pending funding availability after programmatic and affordability assistance expenditures. The actual administrative

expense maximum is calculated on an ongoing basis in the CTM system based on actual revenues.

To initially project a funding amount that will be available for administrative costs, sum all development fees actually collected since the inception of the account and all actual interest earned since the inception of the account with all projected development fees and interest projected to be collected through December 31, 2018. To this amount, add all payments in lieu of constructing affordable units and other account deposits from the inception of the account through July 17, 2008. From this total amount, subtract RCA expenditures made or contractually obligated from the inception of the account through December 31, 2018. Multiply this amount by 20 percent and then subtract actual administrative expenditures made from the inception of the account through December 31, 2008. The outcome of this calculation will be the total remaining funds that will be available to defray administrative expenses for the period January 1, 2009 through December 31, 2018.]

[Insert name of municipality] projects that \$[insert projected amount of revenue available] will be available from the affordable housing trust fund to be used for administrative purposes. Projected administrative expenditures, subject to the 20 percent cap, are as follows:

[Provide detailed description]

4. EXPENDITURE SCHEDULE

[Insert name of municipality] 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.

[In developing this spending plan, it is important to note that all funds in the municipal trust fund as of July 17, 2008 must be fully expended or committed to be expended within four years of COAH's approval of the spending plan.]

[A sample spreadsheet format is provided below.]

5. EXCESS OR SHORTFALL OF FUNDS

Pursuant to the Housing Element and Fair Share Plan, the governing body of *[insert name of municipality]* has adopted a resolution agreeing to fund any shortfall of funds required for implementing *[insert types of housing programs]*. In the event that a shortfall of anticipated revenues occurs, *[insert name of municipality]* will *[describe method of handling the shortfall of funds such as a resolution of intent to bond]*. A copy of the adopted resolution is attached.

[COAH requires a municipality to pass a resolution of intent to bond or a resolution appropriating funds from general revenue for any unanticipated shortfall in a municipal rehabilitation program or municipal construction project.]

In the event of excess funds, any remaining funds above the amount necessary to satisfy the municipal affordable housing obligation will be used to *[describe type of housing activities]*.

6. BARRIER FREE ESCROW

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

[Reference section of Affordable Housing Ordinance that explains the collection and distribution of barrier free funds.]

SUMMARY

[Insert name of municipality] 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 *[insert date]*.

[Insert name of municipality] has a balance of \$ *[insert balance]* as of December 31, 2008 and anticipates an additional \$ *[insert total projected revenue]* in revenues before the expiration of substantive certification for a total of \$*[insert total of balance and projections]*. The municipality will dedicate \$ *[insert amount of revenue for housing activities]* towards *[insert types of housing programs]*, \$ *[insert amount of revenue for affordability assistance]* to render units more affordable, and \$*[insert amount of revenue for administrative costs]* to administrative costs. Any shortfall of funds will be offset by *[insert source of funds]*. The municipality will dedicate any excess funds toward *[insert types of housing programs]*.

SPENDING PLAN SUMMARY	
Balance as of December 31, 2008	\$
PROJECTED REVENUE 2009-2018	
Development fees	+ \$
Payments in lieu of construction	+ \$
Other funds	+ \$
Interest	+ \$
TOTAL REVENUE = \$	
EXPENDITURES	
Funds used for Rehabilitation	- \$
Funds used for New Construction	
1. <i>[list individual projects/programs]</i>	- \$
2.	- \$
3.	- \$
4.	- \$
5.	- \$
6.	- \$
7.	- \$
8.	- \$
9.	- \$
10.	- \$
Affordability Assistance	- \$
Administration	- \$
Excess Funds for Additional Housing Activity	= \$
1. <i>[list individual projects/programs]</i>	- \$
2.	- \$
3.	- \$
TOTAL PROJECTED EXPENDITURES = \$	
REMAINING BALANCE = \$0.00	