

RESOLUTION
Of the
BOROUGH OF NEW PROVIDENCE
Resolution No. 2025-169

Council Meeting Date: 06-17-2025

Date Adopted: 06-17-2025

TITLE: RESOLUTION OF THE COUNCIL OF BOROUGH OF NEW PROVIDENCE, COUNTY OF UNION, STATE OF NEW JERSEY ADOPTING THE AFFORDABLE HOUSING TRUST FUND SPENDING PLAN FOR THE BOROUGH OF NEW PROVIDENCE

Councilperson Geoffroy submitted the following resolution, which was duly seconded by Councilperson Bilicska.

WHEREAS, the Borough of New Providence has prepared a Fourth Round 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 to 171, and the Amended Fair Housing Act, N.J.S.A. 52:27D-301 to -329; and

WHEREAS, a Development Fee Ordinance was originally approved by the Council on Affordable Housing (“COAH”) in 2008, and subsequently amended and approved by the Court in 2017; and

WHEREAS, the Development Fee Ordinance established an affordable housing trust fund which includes but is not limited to development fees, payments from developers in lieu of construction of affordable housing units on-site, barrier free escrow funds, repayments from affordable housing program loans, recapture funds, and proceeds from the sale of affordable units; and

WHEREAS, in accordance with the Amended Fair Housing Act, the Borough has prepared an updated Spending Plan (attached hereto as Exhibit A), which accounts for the collection and expenditures of all current and future affordable housing trust fund monies that will contribute to the development of affordable housing within the Borough; and

WHEREAS, the affordable housing planner drafted a Fourth Round Housing Element and Fair Share Plan; and

WHEREAS, the Borough desires to submit its Spending Plan to the Affordable Housing Resolution Dispute Program for its review and approval;

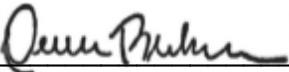
BE IT RESOLVED, the Borough Council of the Borough of New Providence in the County of Union and the State of New Jersey hereby adopts the Spending Plan that is attached hereto as Exhibit A.

APPROVED, this 17th day of June, 2025.

RECORD OF VOTE

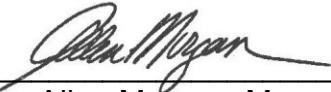
	AYE	NAY	ABSENT	NOT VOTING
BILICKSKA	X			
CUMISKEY	X			
DOLAN			X	
GEOFFROY	X			
KOGAN	X			
MCKNIGHT	X			
MORGAN			TO BREAK COUNCIL TIE VOTE	

I hereby certify that the above resolution was adopted at a meeting of the Borough Council held on the 17th day of June, 2025.



Denise Brinkofski, Borough Clerk

Borough Of New Providence
County Of Union
State Of New Jersey



Allen Morgan, Mayor

EXHIBIT A: 2025 SPENDING PLAN

AFFORDABLE HOUSING TRUST FUND SPENDING PLAN

Borough of New Providence
Union County, New Jersey

May 23, 2025
Approved by Borough Council June 17, 2025

Prepared By:



Heyer, Gruel & Associates

Community Planning Consultants 236 Broad Street,
Red Bank, NJ 07701
(732) 741-2900

The original of this report was signed and sealed in
accordance with N.J.S.A. 45:14A-12

A handwritten signature in black ink that reads "M. McKinley Mertz". The signature is written in a cursive style with a horizontal line underneath it.

M. McKinley Mertz, AICP, P.P. #6368

With contributions by Megan Adam, Associate Planner

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INTRODUCTION

The Borough of New Providence, Union County has prepared and will adopt a Fourth Round 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.) and the Fair Housing Act (N.J.S.A. 52:27D-301) as amended.

The Borough received First Round certification from the Council on Affordable Housing ("COAH") on September 18, 1989. New Providence participated in the Second Round and petitioned COAH for substantive certification on July 7, 1997, and received their substantive certification on August 5, 1998, with an extended certification date of May 11, 2005. The Borough petitioned twice for Third Round substantive certification as a result of COAH's revised methodologies, on December 30, 2008, and again on July 16, 2010; the Borough was deemed complete on October 4, 2010. Subsequent to Mount Laurel IV, a Conditional Judgment of Compliance and Repose for the Borough was granted on November 13, 2019, and the Final Judgment of Compliance and Repose was granted on August 25, 2020.

A development fee ordinance creating a dedicated revenue source for affordable housing was approved by COAH on January 4, 2008, and adopted by the Borough on March 10, 2008. This ordinance was subsequently amended by Ordinance 2017-07 (adopted May 22, 2017) and again by Ordinance 2019-10 (adopted October 15, 2019). In response to the 2024 amendment to the Fair Housing Act and any subsequent changes to the substantive rules, New Providence will once again amend its development fee ordinance if necessary to ensure it meets current standards.

As part of the Borough's efforts to address its Third Round obligation, New Providence's first Third Round Spending Plan was adopted on August 9, 2019. The Plan was subsequently amended in October of 2019 and in September of 2023. Resolution 2023-280, which outlines the adoption of the most recent Spending Plan, was adopted by the Borough Council on October 10, 2023 and approved by the Court on March 28, 2024. Pursuant to the settlement agreement with Fair Share Housing Center (FSHC) which was executed on April 1, 2019, annual monitoring reports were submitted to the New Jersey Department of Community Affairs, FSHC, and posted to the Borough website. These reports provided updates on the Borough's Affordable Housing Trust Fund. This 2025 Spending Plan supersedes all prior Spending Plans.

Since the inception of the trust fund in 2006, the Borough had collected more than \$1.7 million in development fees, payments in lieu of construction, interest, and other income. New Providence has spent nearly \$1 million on administrative costs, housing activity, and affordability assistance. The balance of the Borough's Trust Fund was \$790,936, as of April 30, 2025.

All development fees, payments in lieu of constructing affordable units on site, interest generated by the fees as well as any other source of income are deposited into this separate, interest-bearing affordable

housing trust fund for the purposes of affordable housing. These funds shall be spent in accordance with N.J.A.C. 5:93, or applicable regulations, as described in the sections that follow.

This Fourth Round Spending Plan is submitted for approval to expend all current and future affordable housing trust fund monies, as necessary, that will contribute to the development of new affordable housing units.

1. REVENUES FOR CERTIFICATION PERIOD

To calculate a projection of revenue anticipated during the period of Fourth Round "Substantive Certification," the Borough of New Providence 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.

(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.

(d) Projected interest

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

(e) Projected Revenues

Projected Revenues – Housing Trust Fund – June 2025 through June 2035				
	Current Balance	(a) Projected Development Fees:	(d) Interest	TOTAL
Trust Fund Balance as of 4/30/2025	\$790,936	-	-	\$790,936
2025	-	\$100,000	\$450	\$100,450
2026	-	\$200,000	\$900	\$200,900
2027	-	\$200,000	\$900	\$200,900
2028	-	\$200,000	\$900	\$200,900
2029	-	\$200,000	\$900	\$200,900
2030	-	\$200,000	\$900	\$200,900
2031	-	\$200,000	\$900	\$200,900
2032	-	\$200,000	\$900	\$200,900
2033	-	\$200,000	\$900	\$200,900
2034	-	\$200,000	\$900	\$200,900
2035	-	\$100,000	\$450	\$100,450
TOTAL	\$790,936	\$2,000,000	\$9,000	\$2,799,936

To calculate the projection of revenue anticipated from the general development fees, 11 years (2013 through 2023) of construction data (for both residential and non-residential construction) for the Borough, acquired from the New Jersey Department of Community Affairs, was examined. The historic activities of Borough's existing affordable housing trust fund were also analyzed, and the projected development fees reflect both trends.

The Borough projects a total of \$2,000,000 will be collected between July 1, 2025, and June 30, 2035. An additional \$9,000 in interest is projected to be earned through June of 2035. Interest calculations are based on a historic average of the interest earned in the Borough's trust fund. All interest earned on the account shall accrue to the account to be used only for the purposes of affordable housing. Including the existing trust fund balance, the Borough projects a total of \$2,799,936 through June 30, 2035.

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 the Borough of New Providence:

(a) Collection of development fee revenues:

Collection of development fee revenues shall be consistent with New Providence's development fee ordinance for both residential and non-residential developments.

(b) Distribution of development fee revenues:

The Administrative Agent and the Municipal Housing Liaison will manage the projects outlined in this Spending Plan and the Housing Element and Fair Share Plan.

The release of funds requires the adoption of a resolution by the Borough Council. Once a request is approved by resolution, the Chief Financial Officer releases the requested revenue from the trust fund for the specific use approved in the Borough Council resolution.

(c) Collection and distribution of barrier free funds:

Collection and distribution of barrier free funds shall be consistent with the Borough's Affordable Housing Ordinance (Chapter 225 of the Borough's Revised General Code) and in accordance with applicable regulations. A process describing the collection and distribution procedures for barrier free escrow is detailed within the Borough's Affordable Housing Ordinance.

3. DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS

The following sections represent the anticipated affordable housing expenditures within the Borough of New Providence, that will utilize trust fund monies.

(a) Rental Rehabilitation Program and New Construction Projects (N.J.A.C. 5:93-8.16)

Additional information on each of the programs and projects below can be found in the Housing Element and Fair Share Plan.

As part of New Providence's Third Round Compliance, the Borough agreed to implement a rental rehabilitation program to supplement the County owner rehabilitation program. New Providence will continue to administer this rental rehabilitation program in the Fourth Round through its Administrative Agent, CGP&H. As there has not been significant interest in the rental rehabilitation program since it was implemented during the Third Round, the Borough will dedicate any additional funds to support the rehabilitation of owner-occupied units as well.

Further, the Borough is interested in supporting ongoing operations of alternative living arrangements/group homes. As outlined in the Fair Share Plan, several group homes have been operating in New Providence for decades. The Borough will prioritize spending funds on necessary renovations to existing group homes and the creation of new alternative living arrangements within the Borough.

The Borough will dedicate \$1,633,674 to the rehabilitation of substandard units and new construction within the Borough.

(b) Affordability Assistance (N.J.A.C. 5:93-8.16)

As per the requirements regarding the use of funds for affordability assistance laid out in N.J.A.C. 5:93-8.16, the Borough is required to dedicate at least 30% of all development fees collected and interest earned to provide affordability assistance to low-, and moderate-income households. In addition, at least one-third of the affordability assistance shall be used to provide affordability assistance to very-low-income households.

The calculation of available affordability assistance funds is performed by considering the lifetime of the trust fund. To project the funding amount that is dedicated to affordability assistance, all actual expenditures spent on new construction activities as well as any rehabilitation activities from the inception of the fund are subtracted from the sum of the actual and projected development fees and interest. That total is multiplied by 30% to determine the 30% requirement. The actual affordability assistance expenditures from the inception of the fund are then subtracted from the overall 30% requirement. This final outcome is the total remaining funds that must be dedicated to affordability assistance for the period moving forward.

The Borough of New Providence has collected \$1,776,966 in development fees and interest through April 30, 2025. The Borough projects an additional \$2,000,000 in development fees and \$9,000 in interest through 2035. The Borough has spent \$748,845 on housing activities to date. The Borough's appointed Administrative Agent, Community Planning Grants & Housing (CPG&H) is in the process of completing an updated Affordability Assistance Manual. Until such time as an updated manual is completed and adopted, the previous manual, adopted in 2019 and 2023 and approved by the Court, remains in effect.

Affordability Assistance Projection

Affordability Assistance		
Actual development fees collected, and interest earned through 4/30/2025		\$1,776,966
Projected Development Fees June 2025-2035	+	\$2,000,000
Projected Interest June 2025-2035	+	\$9,000
Less Housing Activity Through 4/30/2025	-	\$748,845
Total	=	\$3,037,121
30 percent requirement	x 0.30=	\$911,136
Minimum Affordability Assistance	=	\$911,136
Less Affordability Assistance Expenditures through 4/30/2025	-	\$12,701
Remaining Affordability Assistance Requirement		\$898,435
Minimum Very Low-Income Requirement	÷ 3 =	\$299,478

Housing Activity History

Since the inception of the trust fund in 2006, the Borough has spent \$748,845 on housing activity. This includes new construction, property acquisition, affordability assistance, and renovations. Since the previous Court-approved Spending Plan, the Elizabeth Barabash Manor has undergone extensive renovations. Funds from the Borough's Affordable Housing Trust Fund were expended in March 2024 for the rehabilitation of the building's roof, and in July of 2024 to add new refrigerators, stoves, and range hoods within each apartment. In May of 2024, the facility's mortgage was paid off. Further, New Providence has received grant money toward the replacement of the facility's elevator, and is currently in the process of bidding the new elevator.

(c) Administrative Expenses (N.J.A.C. 5:93-8.16)

No more than 20% of revenues collected from development fees shall be expended on administration, including, but not limited to, salaries and benefits for municipal employees or consultant fees necessary to develop and implement: a new construction program; a housing element; and an affirmative marketing

program. Administrative funds may be used for: income qualification of households; monitor the turnover of sale and rental units; and compliance with monitoring requirements.

The calculation of allowable administrative expenses is performed by considering the lifetime of the trust fund. To project the funding amount that will be available for administrative costs, the sum of all development fees actually collected, and all interest earned since the inception of the account will be added to the sum of all projected development fees and interest projected to be collected through the remainder of this round. From this amount, any Regional Contribution Agreement (RCA) expenditures made or contractually obligated from the inception of the account are subtracted. This final amount is multiplied by 20% and then actual administrative expenditures made from inception is subtracted out. The final outcome of this calculation, as depicted in the following table, is the total remaining funds that will be available for administrative expenses through the end of this Round.

The Borough has collected \$1,776,966 in development fees and interest from inception through April 30, 2025. The Borough projects an additional \$2,000,000 in development fees and \$9,000 in interest through 2035. The Borough has never taken part in an RCA. New Providence has spent \$258,331 on administrative expenses through April 30, 2025.

Administrative Expenses		
Actual development fees collected, and interest earned through 4/30/2025		\$1,776,966
Projected Development Fees June 2025-2035	+	\$2,000,000
Projected Interest June 2025-2035	+	\$9,000
RCA expenditures	-	\$0.00
Total	=	\$3,785,966
20 percent maximum permitted on administrative expenses based on total projection	x 0.20 =	\$757,193
Less Administrative Expenditures through 12/31/2024		\$258,331
Projected Allowed Admin. Expenditures	=	\$498,862

Moving forward, the Borough projects that \$498,862 will be available from the affordable housing trust fund for administrative expenses for the time period of June 1, 2025, through June 30, 2035. Because the actual administrative expense maximum is calculated on an ongoing basis based on actual revenues, the Borough shall be permitted to spend 20% of the actual balance at any given time on administrative fees. Money becomes available for administrative expenses as additional income is collected.

Projected administrative expenditures, subject to the 20 percent cap, include but are not limited to:

- Administration and expenses associated with the Borough's affordable housing units;
- Expenses associated with the preparation and implementation of the Housing and Fair Share Plan and monitoring of the current and future housing programs for the Borough of New Providence
- Affirmative Marketing;
- Income qualification; and
- Administration of the Borough's affordable housing units.

Legal or other fees related to litigation opposing affordable housing sites are not eligible uses of the affordable housing trust fund.

4. EXPENDITURE SCHEDULE

Projected Expenditure Schedule – Housing Trust Fund – June 2025 through June 2035				
	Rental Rehabilitation Program	Affordability Assistance	Administration	TOTAL
2025	\$70,132	\$44,922	\$24,943	\$139,997
2026	\$140,264	\$89,844	\$49,886	\$279,994
2027	\$140,264	\$89,844	\$49,886	\$279,994
2028	\$140,264	\$89,844	\$49,886	\$279,994
2029	\$140,264	\$89,844	\$49,886	\$279,994
2030	\$140,264	\$89,844	\$49,886	\$279,994
2031	\$140,264	\$89,844	\$49,886	\$279,994
2032	\$140,264	\$89,844	\$49,886	\$279,994
2033	\$140,264	\$89,844	\$49,886	\$279,994
2034	\$140,264	\$89,844	\$49,886	\$279,994
2035	\$70,132	\$44,922	\$24,943	\$139,997
TOTAL	\$1,402,639	\$898,435	\$498,862	\$2,799,936

5. EXCESS OR SHORTFALL OF FUNDS

In the event funding sources as identified within this Spending Plan for the projects detailed in the Housing Element and Fair Share Plan prove inadequate to complete the affordable housing programs, the Borough shall provide sufficient funding to address any shortfalls through bonding.

In the event that more funds than anticipated are collected or projected funds exceed the amount necessary to implement the Borough's affordable housing projects, these excess funds will be used to fund eligible affordable housing activity pursuant to applicable rules and regulations.

SUMMARY

The Borough of New Providence intends to spend affordable housing trust fund revenues pursuant to N.J.A.C. 5:93 and consistent with the housing programs outlined in its adopted Housing Element and Fair Share Plan.

The Borough's trust fund has a balance of \$790,936 as of April 30, 2025. New Providence anticipates an additional \$2,799,936 in revenues and interest by June 30, 2035. The Borough will expend:

- Rental rehabilitation program and new construction: \$1,402,639
- Affordability Assistance: \$898,435, which includes \$299,478 for the very low-income requirement
- Administration: \$498,862

SPENDING PLAN SUMMARY	
Balance as of April 30, 2025	\$790,936
Projected REVENUE June 1, 2025 to June 30, 2035	
Development fees	+ \$2,000,000
Payments in lieu of construction	+ \$0
Other funds	+ \$0
Interest	+ \$9,000
TOTAL REVENUE + CURRENT BALANCE	= \$2,799,936
EXPENDITURES	
Funds used for New Construction/Accessory Apartments	- \$1,402,639
Affordability Assistance	- \$898,435
Administration	- \$498,862
Excess Funds for Additional Housing Activity	= \$0
TOTAL PROJECTED EXPENDITURES	= \$2,799,936
REMAINING BALANCE	= \$0