

Town of Morristown

Affordable Housing Trust Fund Spending Plan

INTRODUCTION

The Town of Morristown 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 adopted by the municipality on March 23, 2010, but has not yet been approved by COAH. The ordinance established the Town of Morristown Affordable Housing Trust Fund for which this spending plan is prepared.

As of December 31, 2008, the Town of Morristown has collected \$0, expended \$0, resulting in a balance of \$0. 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 The Provident 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.

1. REVENUES FOR CERTIFICATION PERIOD

To calculate a projection of revenue anticipated during the period of third round substantive certification, The Town of Morristown 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):

Payments in lieu from the developers of the Epstein's Rehabilitation Area & the Vail Mansion Redevelopment Project.

(c) Other funding sources:

No other funding sources are anticipated at this time.

(d) Projected interest:

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

SOURCE OF FUNDS	PROJECTED REVENUES - HOUSING TRUST FUND (2011-2018)								Total
	2011	2012	2013	2014	2015	2016	2017	2018	
(a) Development fees:									
Trend Residential ¹	\$16,358.97	\$16,358.97	\$16,358.97	\$16,358.97	\$16,358.97	\$16,358.97	\$16,358.97	\$16,358.97	\$130,871.76
Trend Non-Residential ²	\$0.00	\$0.00	\$0.00	\$30,148.44	\$90,445.32	\$90,445.32	\$90,445.32	\$90,445.32	\$391,929.72
(b) Payment in Lieu of Construction									
Epstein's	\$750,000.00								
Vail Mansion	\$60,000.00								
(c) Other Funds									
Subtotal	\$826,358.97	\$16,358.97	\$16,358.97	\$46,507.41	\$106,804.29	\$106,804.29	\$106,804.29	\$106,804.29	\$1,332,801.48
(d) Interest (@ 1%)	\$8,263.59	\$163.59	\$163.59	\$465.07	\$1,068.04	\$1,068.04	\$1,068.04	\$1,068.04	\$13,328.01
Total	\$834,622.56	\$16,522.56	\$16,522.56	\$46,972.48	\$107,872.33	\$107,872.33	\$107,872.33	\$107,872.33	\$1,346,129.49

¹ Projected residential and non-residential development fees assume a continuation of actual development trends between 2000 and 2010.

² Non-residential development fees have been discounted pursuant to three-year moratorium on non-residential development fees, signed into law on August 24, 2011.

The Town of Morristown projects a total of \$1,346,129.49 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 Town of Morristown:

(a) Collection of development fee revenues:

Collection of development fee revenues shall be consistent with Morristown's development fee ordinance for both residential and non-residential developments in accordance with COAH's rules and P.L.2008, c.46, sections 8 (C. 52:27D-329.2) and 32-38 (C. 40:55D-8.1 through 8.7).

(b) Distribution of development fee revenues:

The governing body shall approve all expenditures from the account, including administrative expenses and direct expenditures. The Affordable Housing Administrator and the Municipal Housing Liaison shall directly manage projects and expenditures from the fund.

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)**

Morristown will dedicate \$648,065 to rehabilitation or new construction programs (see detailed descriptions in Fair Share Plan) as follows:

Rehabilitation program: \$ 45,000

New construction project(s): \$603,065

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

Projected minimum affordability assistance requirement: \$403,838.85

Actual development fees through 12/31/2008		\$0
Actual interest earned through 12/31/2008	+	\$0
Development fees projected 2009-2018	+	\$1,332,801.48
Interest projected 2009-2018	+	\$13,328.01
Less housing activity expenditures through 6/2/2008	-	\$0
Total	=	\$1,346,129.49
30 percent requirement	x 0.30	\$403,838.85
Less Affordability assistance expenditures through 12/31/2008	-	\$0
PROJECTED MINIMUM Affordability Assistance Requirement 1/1/2009 through 12/31/2018	=	\$403,838.85
PROJECTED MINIMUM Very Low-Income Affordability Assistance Requirement 1/1/2009 through 12/31/2018	÷ 3 =	\$134,613

The Town of Morristown will dedicate \$ \$403,838.85 from the affordable housing trust fund to render units more affordable, including \$134,613 to render units more affordable to households earning 30 percent or less of median income by region.

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

The Town of Morristown projects that \$366,139.54 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:

- Administration and setup expenses for all affordable housing programs including rehabilitation and new construction;
- Administration and setup expenses for affordability assistance program;
- Staffing and consulting fees associated with future planning and outreach and activities, as permitted under NJAC 5:97-8.9
- Other expenses associated with the implementation of the Housing Element and the monitoring of current and future housing programs in the Town.

4. EXPENDITURE SCHEDULE

The Town of Morristown 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.

Program	Number of Units Projected	Expended Funds	PROJECT EXPENDITURE SCHEDULE 2009-2018										
			2005-2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<i>Rehabilitation</i>	9	\$0	\$0	\$0	\$0	\$10,000	\$10,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$45,000
100% Affordable ¹	12	\$0	\$0	\$0	\$0	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$50,000	\$53,065	\$603,065
Total Programs	21	\$0	\$0	\$0	\$0	\$110,000	\$110,000	\$105,000	\$105,000	\$105,000	\$55,000	\$58,065	\$648,065
Affordability Assistance		\$0	\$0	\$0	\$0	\$61,263	\$61,263	\$61,263	\$61,263	\$61,263	\$61,263	\$61,263	\$428,839
Administration ²		\$0	\$0	\$0	\$0	\$38,461	\$38,461	\$38,461	\$38,461	\$38,461	\$38,461	\$38,461	\$269,226
Total		\$0	\$0	\$0	\$0	\$209,724	\$209,724	\$204,724	\$204,724	\$204,724	\$154,724	\$157,789	\$1,346,130

¹ Assumes \$50K/unit subsidy on 100% affordable projects.

² Assumes statutory 20% maximum on administrative expenses.

5. EXCESS OR SHORTFALL OF FUNDS

The governing body of the Town of Morristown reserves the right to revise projections and anticipated funding commitments based upon actual revenues to the Affordable Housing Trust Fund. In the event that a shortfall of anticipated revenues occurs, the Town of Morristown will revise its spending plan accordingly. A copy of the adopted resolution is attached.

In the event of excess funds, any remaining funds above the amount necessary to satisfy the municipal affordable housing obligation will be used toward the affordability assistance program.

6. BARRIER FREE ESCROW

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

SUMMARY

Morristown 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 August 17, 2011.

The Town of Morristown has a balance of \$ 0 as of December 31, 2008 and anticipates an additional \$1,346,130 in revenues before the expiration of substantive certification for a total of \$1,346,130. The municipality will dedicate \$603,065 towards 100% affordable projects, \$45,000 toward rehabilitation of substandard units, \$428,839 to render units more affordable, and \$269,226 to administrative costs.

Actual development fees through 12/31/2008		\$0
Actual interest earned through 12/31/2008	+	\$0
Development fees projected 2009-2018	+	\$1,332,801.48
Interest projected 2009-2018	+	\$13,328.01
Less housing activity expenditures through 6/2/2008	-	\$0
Total	=	\$1,346,129.49
30 percent requirement	x 0.30 =	\$403,838.85
Less Affordability assistance expenditures through 12/31/2008	-	\$0
PROJECTED MINIMUM Affordability Assistance Requirement 1/1/2009 through 12/31/2018	=	\$403,838.85
PROJECTED MINIMUM Very Low-Income Affordability Assistance Requirement 1/1/2009 through 12/31/2018	÷ 3 =	\$134,613

SPENDING PLAN SUMMARY		
Balance as of December 31, 2008		\$0
Projected REVENUE 2009-2018		
Development fees	+	\$522,801
Payments in lieu of construction	+	\$810,000
Other funds	+	\$0
Interest	+	\$13,328.01
TOTAL REVENUE	=	\$1,346,129
EXPENDITURES		
Funds used for Rehabilitation	-	\$45,000.00
Funds used for New Construction		
1. <i>100% Affordable</i>	-	\$603,065
2	-	\$
3	-	\$
4	-	\$
5	-	\$
6	-	\$
7	-	\$
8	-	\$
9	-	\$
10	-	\$
Affordability Assistance	-	\$428,839
Administration	-	\$269,226
Excess Funds for Additional Housing Activity	=	\$
1. <i>Affordability Assistance</i>	-	\$TBD
2	-	\$
3	-	\$
TOTAL PROJECTED EXPENDITURES	=	\$1,346,130
REMAINING BALANCE	=	\$0.00