# AMENDMENT TO THE SPENDING PLAN

## GALLOWAY TOWNSHIP, ATLANTIC COUNTY

**Prepared for:**

**Township of Galloway**
**300 E. Jimmie Leeds Road**
**Galloway, New Jersey 08205**

Adopted after a public hearing by Resolution by the Township of Galloway Planning Board on _______________ by Resolution #____

Endorsed by Resolution by the Township of Galloway Council on ____________ by Resolution #____

## INTRODUCTION

Galloway Township 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), using the regulations of the Council on Affordable Housing (COAH) (N.J.A.C. 5:91-1 et seq., N.J.A.C. 5:93-1 et seq. and N.J.A.C. 5:97-1 et seq.) as guidance in accordance with the directives set forth in In the Matter of the Adoption of N.J.A.C. 5:96 and 5:97 by the New Jersey Council on Affordable Housing, 221 N.J. 1 (2015). A development fee ordinance creating a dedicated revenue source for affordable housing was approved by COAH on April 16, 1992 and adopted by the municipality on February 3, 1993. The development fee ordinance was amended on March 13, 2007 and subsequently approved by COAH, and most recently amended on June 14, 2022 by way of Ordinance 2087-2022 to be consistent with the collection procedures set forth in the Statewide Non-Residential Development Fee Act, N.J.S.A. 40:55D-8.1 et seq. The ordinance establishes the Galloway Township affordable housing trust fund for which this spending plan is prepared. A copy of the current Development Fee Ordinance, which includes the June 14, 2022 amendment is attached hereto as Appendix A-1.

As of December 31, 2023, Galloway Township has collected $3,504,178.70 and expended $3,301,796.90 for a final balance of $202,381.80. 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 Ocean First Bank for the purposes of affordable housing. These funds shall be spent in accordance with N.J.S.A. 52:27D-329.2 as described in the sections that follow.

Galloway Township first petitioned COAH for substantive certification in May 2000 for the second round obligation and received prior approval to maintain an affordable housing trust fund on December 15, 2004. From January 1, 2005 through December 31, 2023, Galloway Township collected $3,504,178.70 in development fees, other funds, and/or interest. From January 1, 2005 through December 31, 2023, Galloway Township expended funds on the affordable housing activities and affordability assistance detailed in the Expenditure Schedule of this spending plan.

The Township filed a Declaratory Judgment action in June of 2015 in accordance with the NJ Supreme Court's March 10, 2015 decision. The Township completed and adopted a Housing Element and Fair Share Plan on May 5, 2018 which was prepared in accordance with a Fairness Hearing held January 3, 2018 under Docket No. ATL-L-1442-15. The Township has prepared an amended Housing Element and Fair Share Plan and has prepared this amended Spending Plan in accordance with its amended Housing Element and Fair Share Plan.

## REVENUES FOR CERTIFICATION PERIOD

To calculate a projection of revenue anticipated during the period of third round substantive certification, Galloway Township considered the following:

(a) Development fees:

1. Projects which have had development fees imposed upon them at the time of development approvals;
2. Projects which have been approved by the Planning and Zoning Boards and have received all land use approvals and are currently under construction;
3. All projects currently before the planning and zoning boards for development approvals that may apply for certificates of occupancy; and
4. Future development that is likely to occur based on discussions with developers, historical rates of development and/or projected development in accordance with COAH projections.

(b) Other funding sources:

1. Funds from other sources, including, but not limited to, the sale of units with extinguished controls.

Galloway Township anticipates another source of funding would be through the 95/5 rules. the 95/5 rule, as set out in the Recapture Mortgage recorded against the unit requires that 95% of the difference between the maximum restricted sales price and the actual contract price at the time of sale must be returned to the municipality's trust fund, to be used for affordable housing purposes.

(c) Projected interest: Interest on the projected revenue in the municipal affordable housing trust fund based upon the average amount earned on prior years.

| **SOURCE OF FUNDS** | **PROJECTED REVENUES – HOUSING TRUST FUND 2024 THROUGH 2025** | | |
|---|---|---|---|
| | **2024** | **2025** | **TOTAL** |
| (a) Development Fees | $800,000 | $400,000 | $1,200,000 |
| (b) Payments in Lieu of Construction | 0 | 0 | 0 |
| (c) Other Funds | 0 | 0 | 0 |
| (d) Interest – 0.2% Estimated | $1,600 | $800 | $2,400 |
| **Total** | $801,600 | $400,800 | $1,202,400 |

The above projected revenues are based upon projected residential and commercial development growth rates from prior years. Galloway Township projects a total of $1,200,000 in revenue to be collected between

January 1, 2024 and December 31, 2025. All interest earned on the account shall accrue to the account to be used only for the purposes of affordable housing.

## ADMINISTRATIVE MECHANISM TO COLLECT AND DISTRIBUTE FUNDS

The Township's Finance Office is responsible for the day-to-day management of the Affordable Housing Trust Fund. The Township's Manager and Chief Financial Officer will review all fund requests and approves the disbursement of funds from the Fund. The following procedural sequence for the collection and distribution of development fee revenues shall be followed by Galloway Township:

(a) Collection of Development Fee Revenues:

1. The Planning and Zoning Board Administrator will notify the construction code official when a preliminary or final approval is granted for a development application.

2. When a request is made for a building permit, the construction office determines whether the project is subject to the imposition of a mandatory development fee. If so, the construction office obtains a preliminary assessment of the project from the Township Tax Assessor who calculates the fee.

3. For any residential development fee imposed, fifty percent of the initially calculated residential development fee shall be collected at the time of issuance of the first construction permit. The remaining portion shall be collected at the time of issuance of the certificate of occupancy. For any non-residential development fee, the entire non-residential development fee shall be collected at the time of the issuance of the certificate of occupancy. The funds are then forwarded to the Finance Office for deposit into the Affordable Housing Trust Fund.

4. The Township Manager monitors this process and provides, as needed an annual report to the Township Council.

(b) Distribution of Development Fee Revenues:

The Township Council reviews the request for consistency with the spending plan and adopts a resolution recommending the expenditure of development fee revenues as set forth in this fee-spending plan.

The use and release of funds requires the adoption of a resolution in accordance with the spending plan. Once a request is approved, the Chief Financial Officer releases the revenues from the trust fund for the specific use pursuant to the resolution issued by the governing body.

## ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS

N.J.S.A. 52:27D-329.2 permits the use of revenues generated by a development fee ordinance for activities that address the municipal fair share obligation including, but not limited to, rehabilitation, new construction, improvement to land, roads and infrastructure for affordable housing, assistance to render units more affordable, and administrative costs of housing plan implementation.

**Completed Housing Trust Fund Expenditures**

In accordance with the Township's existing Spending Plan the following projects have received assistance from the Housing Trust Fund:

- Seashore Gardens - Galloway contributed $200,000.00 in Affordability Assistance for the Seashore Gardens project in September of 2011. This contribution was utilized for the construction of 10 very low-income units.

- Habitat for Humanity - In 2011 and 2012 the Township contributed $71,079.18 to Habitat for Humanity. Additional expenditures are proposed for property acquisition and land development costs. These Housing Activity expenditures will vary depending upon the project need.

- Caring, Inc. - In 2012 and 2015 the Township contributed $300,000 in Affordability Assistance to Caring to assist with the purchase and creation of two new group homes with 10 very low-income bedrooms.

- Society Hill - In 2011 the Township purchased two housing units in Society Hill and used them as part of a Market to Affordable Program. While the Township owned these units, the Township paid $33,421.05 in condominium fees, taxes and sewer bills as Affordability Assistance. In addition, the Township provided an additional $187,865.31 in Affordability Assistance to other units within Society Hill.

- Market to Affordable - The Township contributed $220,000 to the Market to Affordable program to assist with renovations and Affordability Assistance in the seven units between 2014 and 2016. As part of the $220,000 in assistance, $175,000 was spent on Housing Activity and $45,000 was spent to convert three of the seven units to be affordable to very low-income households.

- Affordable Assistance Subsidy Program – The Township provided Affordability Assistance to income-qualified residents who needed assistance with condominium fees, taxes and sewer fees. In 2010 and 2011, the Township provided $24,269.63 in assistance. From 2012 to the present time, the Township has provided Affordability Assistance totaling $139,029.10 to income-qualified residents as part of the subsidy program.

- Property Acquisitions – In 2002, the Township spent $56,783.55 to acquire existing units. Between 2009 and 2014, the Township spent a total of $221,286.36 to purchase 11 Iroquois Drive and 10 Arapaho Place.

- Wrangleboro Road 100% Affordable - In 2023, Galloway Township contributed $1,000,000.00 in Housing Activity expenditures from the Trust Fund to purchase the Wrangleboro Road parcels for the 100% Affordable project approved as part of the updated Compliance Plan.

| **HOUSING ACTIVITY AND AFFORDABILITY ASSISTANCE: Inception – December 31, 2023** | | | | | |
|---|---|---|---|---|---|
| **Project or Program** | **Year(s)** | **Housing Activity** | **Total Affordability Assistance** | **TOTAL** | **Very Low-Income Affordability Assistance** |
| Subsidy Program | 2010-2011 | | $24,269.63 | $24,269.63 | |
| 11 Iroquois Drive | 2009 to 2014 | $132,553.18 | | $132,553.18 | |
| 10 Arapaho Place | 2009 to 2014 | $88,733.18 | | $88,733.18 | |
| Society Hill II & III | 2012 to Present | | $139,029.10 | $139,029.10 | |
| Market to Affordable Program | 2014-2016 | $175,000.00 | $45,000.00 | $220,000.00 | $45,000.00 |
| Habitat for Humanity – Land Purchase | 2011 | $56,429.19 | | $56,429.19 | |
| Seashore Gardens – New Construction | 2011 | | $200,000.00 | $200,000.00 | $200,000.00 |
| Habitat for Humanity – New Construction | 2012 | $14,649.99 | | $14,649.99 | |
| Purchase of Existing Units | 2002 | $56,783.55 | | $56,783.55 | |
| Caring, Inc. II | 2012 & 2015 | | $300,000.00 | $300,000.00 | $300,000.00 |
| Wrangleboro Road 100% Affordable | 2023 | $1,000,000.00 | | $1,000,000.00 | |
| | **TOTALS** | **$1,524,149.09** | **$708,298.73** | **$1,227,888.06** | **$545,000.00** |

The revenue funds projected under the original 2018 Spending Plan came in lower than anticipated. To make the Heritage Village project more affordable, in 2020, the Township waived the recreation fees ($500,000.00) and the sanitary sewer connection fees ($152,800.00) for the project. The Heritage Village project included 11 very low-income units, which resulted in very low-income affordability assistance in the amount of $70,400.00 in 2020. The Township did not reimburse itself from the Affordable Housing Trust Fund for the affordability assistance for Heritage Village.

In addition, prior to 2008, the Township spent $285,292.61 in rehabilitation expenditures.

## <u>**Proposed Affordable Housing Programs and Projects**</u>

Galloway Township will dedicate funds to new construction programs in accordance with N.J.A.C.5:97-8.7 (see detailed descriptions in Fair Share Plan) as follows:

### New construction projects

The Township has identified several housing projects in the Amended Housing Element and Fair Share Plan. The funds from the Trust Fund may be utilized to implement any one of these projects, or in the event a new project is identified which provides affordable housing opportunities for use in meeting the Township's housing obligation. The Trust Fund may be used for the projects included in the updated Compliance Plan (attached hereto as Appendix B), with priority given to the 100% affordable projects.

### Housing Rehabilitation

Galloway Township will dedicate funds to affordable housing programs in accordance with N.J.A.C.5:93-8.16. The primary purpose is to create a local housing rehabilitation program. This will be coordinated with the assistance of the Atlantic County Improvement Authority (ACIA) to expand upon the existing ACIA program specifically within Galloway Township. The Township has a rehabilitation obligation of 180 units. ACIA has rehabilitated 14 of the required units already using Community Development Block Grants (CDBG) funds, as of the time of the adoption of the original 2018 Spending Plan. That left a remaining obligation to rehabilitate 166 units, and since 2018, the AICA has provided assistance with rehabilitating 12 additional units. The Township proposes to use collected development fees to implement a program in cooperation with the ACIA to rehabilitate additional units in the Township.

The Township currently has a revolving loan program which is funded by the CDBG funding and is not part of the Township's Trust Fund. The projects are administered by the ACIA and the owners are income qualified by the ACIA. The Township prepares the Discharge of Mortgage when the property is refinanced or sold and the money is then returned to the Township and deposited into the Revolving Loan Program fund. The Township will use some of the collected development fees for rehabilitation in conjunction with the Revolving Loan Program.

## Affordability Assistance

The Township commits to providing affordability assistance in accordance with N.J.S.A. 52:27D-329.2(c) and N.J.A.C. 5:97-8.8. In accordance with the projections for new development prepared by COAH, the Township of Galloway has prepared a table projecting the minimum affordability assistance requirement. The following table has been prepared solely to meet the requirements of N.J.A.C.5:97-8.8:

| | | |
|---|---|---|
| Actual development fees through 12/31/2023 | | $2,658,545.26 |
| Actual interest earned through 12/31/2023 | + | $571,600.97 |
| Other Income | + | $198,701.02 |
| Development fees projected 2024-2025 | + | $1,200,000.00 |
| Interest projected 2023-2025 | + | $2,400.00 |
| Less housing activity expenditures through 6/2/2008 | - | $342,076.16 |
| **Total** | **=** | **$4,364,502.54** |
| Calculate 30 percent | x .30 = | $1,309,350.76 |
| Less Affordability assistance expenditures through 12/31/23 | - | $708,298.73 |
| **PROJECTED MINIMUM Affordability Assistance Requirement 1/1/2024 through 12/31/2025** | = | $601,052.03 |
| **PROJECTED MINIMUM Very Low-Income Affordability Assistance Requirement 1/1/2024 through 12/31/2025** | ÷ 3 = | $200,350.68 |

*Other deposits include recapture fees, sewer payments, etc.

Galloway Township will dedicate money as required from the affordable housing trust fund to render units more affordable, including money to render units more affordable to households earning 30 percent or less of median income by region. The Township intends to continue to provide assistance to affordable units in Society Hill for Homeowner's Association Fees, property taxes and sewer fees and similar items, as deemed appropriate. Pursuant to N.J.S.A. 52:27D-329.2(c)(1) and N.J.A.C.5:97-8.8(a)(1) this qualifies as affordability assistance. The Township will provide additional funds to offset the costs of living and sewer fees for the Wrangleboro Road 100% affordable project, through security deposit assistance, rental assistance and/or sewer connection fees, as deemed appropriate. The funds will also be used to offset the costs of very low-income units as required. The Township intends to provide $15,000 per bedroom unit to Caring, Inc. for $75,000 to satisfy the very low-income affordability assistance obligation.

The Township intends to expend the Affordability Assistance as follows:

- Caring, Inc. - $15,000 per bedroom to deed restrict for very-low-income units ($75,000.00 maximum)

- Society Hill – Up to $30,000 for Homeowner's Association Fees, property taxes and sewer bills ($15,000 per year for two years)
- Wrangleboro Road - $426,165 for security deposit assistance, with at least $60,000 in Affordability Assistance for very-low-income units, and the remainder for security deposit assistance for low-income units and for sewer connection fees.
- Reimbursement of itself for the $70,400 in Very-Low Income Affordability Assistance provided to the Heritage Village project.

The Township may also utilize a portion of these funds in Aloe Village, CIS Heron Pines, Countryside Meadows, Nantucket Project, and the Wrangleboro Road 100% affordable project, as deemed appropriate, to assist tenants with rental costs and fees.

The Township of Galloway intends to spend funds for affordability assistance in accordance with N.J.S.A. 52:27D-329.2(c)(5) and N.J.A.C.5:97-8.8. One-third of the balance will be utilized for the affordability assistance to very low-income households.

## Administrative Expenses

Galloway Township projects that 20% of the Housing Trust Fund Balance will be available to be used for administrative purposes (N.J.S.A. 52:27D-329.2(c)(5) and N.J.A.C. 5:97-8.9). Projected administrative expenditures, subject to the 20 percent cap, are as follows:

| | | |
|---|---|---|
| Actual dev fees, interest and other deposits* thru 12/31/2023 | | $3,504,178.70 |
| Projected dev fees and interest 2024 thru 2025 | + | $1,202,400.00 |
| **Total** | **=** | **$4,706,578.70** |
| Calculate 20 percent | x .20 = | $941,315.74 |
| Less admin expenditures thru 12/31/2023 | - | $784,056.47 |
| **PROJECTED MAXIMUM available for administrative expenses 1/1/2024 thru 12/31/2025** | **=** | **$163,259** |

*Other deposits include recapture fees, sewer payments, etc.

Administration includes such items as supplies that are used to assist to all affordable units, salaries, and benefits for municipal employees or consultant fees necessary to develop or, implement a new program, a Housing Element and Fair Share Plan, and/or an affirmative marketing program. Administrative funds can also be used to income qualify households, monitor the turnover of a sale and rental units, and comply with COAH'S monitoring requirements.

The Township of Galloway will expend funds for administrative expenses through December 31, 2025 for the purposes of salaries and benefits of the municipal employees involved in the implementation and administration of the Township's Affordable Housing program, Housing Element and Fair Share Plan, and affirmative marketing program, and/or paying the costs to retain a consultant to perform the same, as well as any other permitted program under N.J.A.C.5:97-8.9.

## Emerging Compliance Mechanisms (N.J.A.C. 5:97-8.11)

In the event that the Township has additional funds remaining in the Trust Fund after expending the funds identified in the Expenditure Schedule set forth below, the Township may dedicate remaining available funds towards emerging compliance mechanisms that have yet to be identified. This may include providing funding assistance to a new 100% affordable project, market to affordable programs, or any other use authorized in N.J.A.C. 5:97-8.7 for a project that will provide at least a 20% affordable housing set-aside.

The Township will identify and prioritize these projects/programs in the future and as funding becomes available through collection of development fees, and such projects will be proactively pursued as funding becomes available. Court approval of this Spending Plan shall constitute the required approval for such expenditure.

Regarding the Township’s dedication of trust fund monies to future emerging affordable housing opportunities, to ensure that these funds are committed in a timely manner, the Township will provide an annual update on the allocation of these funds and commit to expending these funds pursuant to N.J.S.A. 52:27D-329.2 and -329.3. The four-year deadline to commit and expend collected fees for emerging compliance mechanisms shall commence upon the entry of an amended Final Round 3 Judgment of Compliance and Repose and in accordance with the provisions set forth in In re Tp. of Monroe, 442 N.J.Super. 565 (Law Div. 2015) (aff’d 442 N.J.Super. 563).

## Expenditure Schedule

Galloway Township intends to use affordable housing trust fund revenues for the creation and/or rehabilitation of housing units. The following summarizes the use of the funds existing in the Housing Trust Fund as of December 31, 2023 over the next two years - as required under N.J.A.C.5:97-8.10(a)8:

| **PROJECTS/PROGRAMS** | **Number of Units Projected** | **PROJECTED EXPENDITURE SCHEDULE 2024-2025** | | |
|---|---|---|---|---|
| | | **2024** | **2025** | **TOTAL** |
| Rehabilitation | | $355,000 | $355,000 | $710,000.00 |
| New Construction* | | | | |
| | | | | |
| Affordability Assistance* | | | | |
| 1. Caring (611A Sixth Avenue) | | $75,000 | | $75,000.00 |
| 2. Wrangleboro Road | | $100,000 | $326,165 | $426,165.00 |
| 3. Society Hill | | $15,000 | $15,000 | $30,000.00 |
| 4. Heritage Village Reimbursement | | $70,000.00 | | $70,000.00 |
| | | | | |
| **Total** | | | | **$1,311,165.00** |

*Funds for new construction will be based on project need

Any funds not needed for new construction or emerging compliance mechanisms will go towards the rehabilitation obligation.

## Excess Or Shortfall Of Funds

The Township of Galloway does not intend to realize a shortfall in funds for the programs in this plan. The Township of Galloway will closely monitor the Housing Trust fund balance and will only expend those funds that are available.

The Township acknowledges that the actual amount of the development fees collected may be less than what is projected in this Spending Plan for a variety of reasons, including but not limited to: (a) a moratorium on collection of fees may be imposed by law; (b) the actual amount of development in the Township of Galloway may be less than what is anticipated; and (c) developers may choose to provide inclusionary developments in lieu of development fees. In the event of a shortfall of funds, any shortfall will first be deducted from the Affordability Assistance Program, except that in no event will the Township spend less than the required 30% of trust fund monies towards affordability assistance.

In the event that a continued shortfall of funds occurs and there is insufficient funds to implement the Spending Plan, the Township Council of Galloway Township has adopted a resolution with Intent to Bond for Unanticipated Shortfall in Funding. In the event of excess funds, any remaining funds above the amount necessary to satisfy the municipal affordable housing obligation will be used for programs as permitted under N.J.A.C.5:97-8.1. The Township of Galloway intends to use any excess funds for rehabilitation projects.

## Summary

Galloway Township intends to spend affordable housing trust fund revenues pursuant to N.J.S.A. 52:27D-329.2 and consistent with the housing programs outlined in the housing element and fair share plan approved on ____________, and the updated Compliance Plan.

| **SPENDING PLAN SUMMARY** | | |
|---|---|---|
| Balance as of December 31, 2023 | | $202,381.80 |
| | | |
| **PROJECTED REVENUE 2024-2025** | | |
| Development fees | + | $1,200,000.00 |
| Payments in lieu of construction | + | $0.00 |
| Other funds | + | $0.00 |
| Interest | + | $2,400.00 |
| | | |
| **TOTAL REVENUE** | = | $1,404,781.80 |
| **PROJECTED EXPENDITURES 2024-2025** | | |
| Funds used for Rehabilitation / Revolving Loan Program | - | $710,000.00 |
| Funds used for New Construction | - | $0.00 |
| Affordability Assistance | - | $601,165.00 |

| | | |
|---|---|---|
| Administration | **-** | $93,616.80 |
| **TOTAL PROJECTED EXPENDITURES** | = | $1,404,781.80 |
| **REMAINING BALANCE** | = | $0.00 |