

**City of Sea Isle
Cape May County**

**Spending Plan
June 23, 2025**

Approved by the Governing Body on June 24, 2025
By Resolution No. ----

City of Sea Isle
233 John F. Kennedy Boulevard
Sea Isle City, NJ 08243

Prepared By:

Tiffany A. CuvIELLO, PP, LLC
T.A. Community Development
& Planning

Tiffany A. Morrissey, PP, AICP
7 Equestrian Drive
Galloway, NJ 08205
(856) 912-4415
tamorrissey@comcast.net

**City of Sea Isle
Cape May County**

**Spending Plan
June 2025**

MAYOR AND COUNCIL

Mayor Leonard C. Desiderio
Council President Bill Kehner

J.B. Feeley
Frank Edwardi
Jack Gibson
Mary Tighe

Shannon D. Romano, City Clerk

PLANNING BOARD

Antimo Ferrilli – Chairman
Rod Greco– Vice Chairman
Leonard C. Desiderio, Mayor
Frank Edwardi, Jr., Councilperson
Michael Baldini
Philip Bonifazi
Richard Hooper
Donna Miller
Michael O'Neill
Frances Steelman
Carmine Ragucci, Alt 1
Jason Pellegrini, Alt 2

Genell Ferrilli, Board Secretary

Prepared By:

Tiffany A. Morrissey, AICP, PP#5533

The original of this document was signed and
sealed in accordance with NJAC 13:41-1.3.b

TABLE OF CONTENTS

<i>INTRODUCTION</i>	2
<i>SPENDING PLAN</i>	3
<u>Revenues for Certification Period</u>	4
<u>Administrative Mechanism To Collect And Distribute Funds</u>	6
<u>Anticipated Use Of Affordable Housing Funds</u>	7
<u>Expenditure Schedule</u>	10
<i>FOUR YEAR SPENDING PLAN:</i>	11
<i>SUMMARY</i>	12

INTRODUCTION

This 2025 spending plan addresses the Fourth-Round Housing Element and Fair Share Plan (HEFSP) mechanisms and components and accounts for the funds already deposited, and to be deposited through 2035, into the City's Mount Laurel Trust Fund; and (2) demonstrates the manner in which the City intends to expend the funds to advance the interests of the region's low- and moderate-income households.

In accordance with the 2024 amendments to the Fair Housing Act, municipalities are permitted to rely on the previously adopted rules and regulations for Spending Plans and Development Fees. This plan is prepared in accordance with the provisions of the amended Fair Housing Act under N.J.S.A. 52:27D-329.2 and the previously effective regulations at N.J.A.C. 5:93-1 et. Seq., Substantive Rules of the New Jersey Council on Affordable Housing.

In 2018, the City of Sea Isle prepared, adopted, and endorsed an Affordable Housing Plan ("2018 Plan") to address its Affordable Housing Obligation. The 2018 Affordable Housing Plan included the Mount Laurel compliance techniques through which the City will satisfy its Prior Round and Third-Round obligation. The City obtained a Judgment of Compliance and Repose, which approved the City's 2018 HEFSP and 2018 Spending Plan, on August 28, 2018, after a duly noticed Compliance Hearing held on June 1, 2018. This Plan amends the approved 2018 Spending Plan to provide for projections through 2035.

SPENDING PLAN

A development fee ordinance creating a dedicated revenue source for affordable housing was adopted by the municipality under Ordinance 1628 on November 27, 2018. The ordinance establishes the City of Sea Isle's affordable housing trust fund for which this Spending Plan is prepared.

Pursuant to N.J.S.A. 52:27D-329.2 and N.J.A.C. 5:93-5.1(c), if a municipality intends to collect development fees, it shall prepare a plan to spend development fees that includes the following:

- A projection of revenues anticipated from imposing fees on development, based on historic development activity;
- A description of the administrative mechanism that the municipality will use to collect and distribute revenues;
- A description of the anticipated use of all development fees;
- A schedule for the creation or rehabilitation of housing units (if required);
- If the municipality envisions being responsible for public sector or non-profit construction of housing, a pro-forma statement of the anticipated costs and revenues associated with the development; and
- The manner through which the municipality will address any expected or unexpected shortfall if the anticipated.

Revenues for Certification Period

To calculate a projection of revenue anticipated during the period relevant to the City's Fourth Round HEFSP (2025-2035), the City of Sea Isle considered the following:

(a) Development fees:

1. Projects which have had development fees imposed upon them at the time of development approvals;
2. All projects currently before the planning and zoning boards for development approvals that may apply for certificates of occupancy; and
3. Future development that is likely to occur based on historical rates of development and/or projected development in accordance with COAH projections.
4. Revenues from the 2.5 non-residential, for all commercial development

(b) Other funding sources: No other funds have been or are anticipated to be collected.

(c) Projected interest: Interest on the projected revenue in the municipal affordable housing trust fund based upon the average amount earned on prior years. This is subject to change as interest rates change and the account balance will fluctuate with approved spending. The current interest rate is 0.5%.

SOURCE OF FUNDS	PROJECTED REVENUES-HOUSING TRUST FUND 2025 THROUGH 2035 \$85,509.94 Starting Balance (May 28, 2025)										
	6/2025 12/2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
(a) Projected Development fees:	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
(b) Payments in Lieu of Construction	0	0	0	0	0	0	0	0	0	0	0
(c) Other Funds	0	0	0	0	0	0	0	0	0	0	0
(d) Interest – estimated	200	500	500	500	500	500	500	500	500	500	500
Totals	200	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500
TOTAL PROJECTED REVENUES AND INTEREST 2025-2035					\$105,200.00						
TOTAL PROJECTION STARTING BALANCE AND PROJECTIONS					\$190,509.94						

The above projected revenues are based upon projected non-residential development growth rates from prior years. All funds deposited into the AHTF were from non-residential developments. The City does not collect funds from residential developments.

Non-Residential Development Fees in the City have been generated from five developments over a nine-year period. Based on recent Planning Board approvals and expected new applications the City is projecting deposits of \$100,000 from non-residential development fees spread across the next ten-year period through 2035.

All interest earned on the account shall accrue to the account to be used only for the purposes of affordable housing. The projected interest through 2035 is \$5,200, when added to the estimated deposits the City will realize an estimated \$105,200 in additional deposits (including interest).

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 City of Sea Isle:

(a) Collection of development fee revenues:

Collection of development fee revenues shall be consistent with the City's development fee ordinance for residential developments in accordance with the rules and regulations at N.J.A.C. 5:93-8.1 et. seq. and for non-residential development consistent with N.J.S.A. 52:27D-329 et. seq. and N.J.S.A. 40:55D-8.1 through 8.7.

(b) Distribution of development fee revenues:

The City of Sea Isle's Municipal Housing Liaison shall recommend to the governing body the expenditure of development fee revenues as set forth in this Spending Plan. The governing body shall then review the request and, assuming for consistency with the Spending Plan, shall authorize the expenditure by resolution.

The release of funds requires the adoption of the governing body resolution in accordance with the City's approved amended spending plan. Once a request is approved by resolution, the Chief Financial Officer shall release the requested revenue from the Affordable Housing Trust Fund for the specific use approved in the governing body's resolution referenced immediately above.

Anticipated Use Of Affordable Housing Funds

Regulations permit 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.

(a) **New construction programs and projects (N.J.A.C. 5:93-8.16)**

The City of Sea Isle will dedicate an estimated \$296,686 to assisting in any market to affordable unit and in addressing their rehabilitation requirements. The City of Sea Isle will develop a market to affordable program, which would subsidize existing units to make them affordable to low-income households. Additional funding may be provided through the Affordability Assistance program to designate these units for very low-income households. This is consistent with the 2018 Spending Plan as submitted in accordance with the City's 2018 Final JOR.

New Construction Expenditure Estimates through 2035		
Development fees collected through May 2025		\$85,509.94
Less Required Affordability Assistance	-	\$25,652.98
Less Administrative Expenditures	-	\$17,101.99
Available New Construction Funds June 2025	=	\$42,754.97
Development fees projected 6/2025-2035		\$105,200.00
Less Estimated Required Affordability Assistance		\$31,560.00
Less Estimated Administrative Expenditures		\$21,040.00
Estimated Available Additional New Construction Funds 6/2025-2035		\$52,600.00
Total Existing and Estimated New Construction Funds Available	=	\$95,354.97

(b) **Affordability Assistance N.J.S.A. 52:27D-392.2.c.(3) and N.J.A.C. 5:93-8.16**

The City shall provide affordability assistance in accordance with the rules and requirements of the Fair Housing Act. In accordance with the projections for new development the City of Sea Isle has prepared a table projecting the minimum affordability assistance requirement. The following table includes current funds and estimates of future funds with the required expenditures:

May 2025 – Current Fund Estimates for Expenditures		
Development fees collected through May 2025		\$85,509.94
MINIMUM Affordability Assistance Requirement through 5/31/2025	x 0.30=	\$25,652.98
PROJECTED MINIMUM Very Low-Income Affordability Assistance Requirement through 5/31/2025	1/3 rd of Requirement	\$8,550.99

Estimates through 2035		
Development fees collected through May 2025		\$85,509.94
Development fees projected 6/2025-2035		\$105,200.00
Subtotal	=	\$190,509.94
PROJECTED MINIMUM Affordability Assistance Requirement through 12/31/2035	x 0.30=	\$57,152.98
PROJECTED MINIMUM Very Low-Income Affordability Assistance Requirement through 12/31/2035	1/3 rd of Requirement	\$19,050.99

The City of Sea Isle will dedicate a minimum of 30% of the total collected fees from the Affordable Housing Trust Fund to render units more affordable, including a minimum of 1/3rd of the required 30% to render units more affordable to households earning 30 percent or less of median income by region. Affordability assistance programs will include down-payment assistance, rental assistance, and the conversion of low-income units to very low-income units and other programs. These funds will go to existing affordable housing units and future affordable housing units. Specifically, the funds can assist families in any future affordable housing units created pursuant to the City's Fair Share Plan.

(c) **Administrative Expenses N.J.S.A. 52:27D-392.2.c.(5) and N.J.A.C. 5:97-8.9**

The City of Sea Isle is permitted to expend a maximum of 20% of the collected revenues from the Affordable Housing Trust Fund to be used for administrative purposes. The amount will be utilized for administrative purposes such as salaries and benefits for municipal employees or consultant fees necessary to develop or implement municipal housing programs such as rehabilitation, accessory apartments, new construction, housing elements and/or affirmative marketing programs. Administrative funds may be used to income qualify households and monitor implementation. Development fees may be used to defray the costs of staff or consultants that are preparing or implementing a Fair Share Plan.

June 2025 – Current Fund Estimates for Expenditures		
Development fees collected through May 2025		\$85,509.94
Available for Administrative Expense through 5/31/2025	x 0.20 =	\$17,101.99

Estimates through 2035		
Development fees collected through May 2025		\$85,509.94
Development fees projected 6/2025-2035		\$105,200.00
Subtotal	=	\$190,509.94
Available for Administrative Expense through 12/31/2035	x 0.20 =	\$38,101.99

Expenditure Schedule

The City of Sea Isle intends to use Affordable Housing Trust Fund revenues for the creation of new affordable housing units through a market to affordable program and/or to address the City's rehabilitation requirement if necessary. The following summarizes the use of the funds as required:

May 2025– Current Fund Expenditures		
Development fees collected through May 2025		\$85,509.94
Expenditures		
New Construction Projects	-	\$0
Affordability Assistance	-	\$0
Administrative Expense	-	\$0
Total Expenditures	=	\$0
Remaining Balance May 2025	=	\$85,509.94

Estimates through 2035		
Account Balance May 2025		\$85,509.94
Projected Revenue		\$105,200.00
Subtotal		\$190,509.94
Expenditures		
<i>New Construction Projects</i>		
Market to Affordable or Rehab	-	\$95,354.97
<i>Affordability Assistance</i>		
Unit Assistance	-	\$38,101.99
Very Low Income Assistance		\$19,050.99
<i>Administrative Expense</i>	-	\$38,101.99
Total Projected Expenditures	=	\$190,509.94
Remaining Balance	=	\$0

Administrative Expenses: The City of Sea Isle will expend funds for administrative expenses through December 31, 2035, for the purposes of salaries and benefits of the municipal employees involved in the implementation and administration of the City's Affordable Housing program, Housing Element and Fair Share Plan, and affirmative marketing program. Funds will also be used for consultants and any other permitted program under N.J.A.C. 5:93-8.16(e).

Affordability Assistance: The City of Sea Isle intends to spend funds for affordability assistance in accordance with N.J.A.C. 5:93-8.16(c). One-third of the balance will be utilized for the affordability assistance to very low-income households.

Housing Programs: The City of Sea Isle intends to utilize \$95,354 of the projected Housing Trust Fund balance for the creation of new affordable housing units through a market to affordable program and/or to address the City's rehabilitation requirement if necessary.

FOUR YEAR SPENDING PLAN:

In accordance with N.J.S.A. 52:27D-329.2.d development fees collected are required to be committed for expenditure within four years of the date of collection. As of May 2025, the Affordable Housing Trust Fund had a balance of \$85,509.94. This money must be committed for use within four years of collection. The City commits to utilize funds as follows:

AHTF Balance May, 2025		\$85,509.94
Less Estimated Allowable Administrative Expenses	-	\$17,101.99
Less Required Affordability Assistance	-	\$25,652.98
AHTF Balance	=	\$42,754.97
Market to Affordable Rehabilitation	-	\$42,754.97
AVAILABLE BALANCE	=	\$0

SUMMARY

The City of Sea Isle intends to spend affordable housing trust fund revenues as approved by the court pursuant to the Fair Housing Act and consistent with the housing programs outlined in the Housing Element and Fair Share Plan.