

City of Sea Isle City

MUNICIPAL SERVICES - 2ND FLOOR

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SEA ISLE CITY, NJ 08243

TRUST FUND SPENDING PLAN



CITY OF SEA ISLE CITY

AFFORDABLE HOUSING TRUST FUND SPENDING PLAN

INTRODUCTION

The City of Sea Isle City, County of Cape May, 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 has been prepared and adopted by the municipality. The Ordinance establishes the Sea Isle City Affordable Housing Trust Fund for which this spending plan is prepared.

To date, Sea Isle City has collected no affordable housing funds. 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 will be deposited in a separate interest-bearing affordable housing trust fund in First Bank of Sea Isle City 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.

REVENUES FOR CERTIFICATION PERIOD

To calculate a projection of revenue anticipated during the period of third round equivalent of substantive certification, Sea Isle City considered the following:

(a) Development fees:

1. Nonresidential projects or nonresidential portions of mixed residential/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):

Sea Isle City currently has no actual or 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, and 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.

Table 1 provides a breakdown by year for all sources of funds collected and/or anticipated during the substantive certification period. Projected non-residential development fees assume a continuation of actual development trends between 2007 and 2017.

The Court will substitute actual revenue for the period between the preparation of this spending plan and the Court's approval, as entered by the municipality in the CTM system.

Sea Isle City projects a total of \$22,471 in revenue to be collected between January 1, 2019 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.

Table 1
Projected Affordable Housing Revenues

SOURCE OF FUNDS	PROJECTED REVENUES - HOUSING TRUST FUND (2019 - 2025)							
	2019	2020	2021	2022	2023	2024	2025	TOTAL
Development Fees								
Approved Development	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Development Pending Approval	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Projected Development ¹	\$3,171	\$3,171	\$3,171	\$3,171	\$3,171	\$3,171	\$3,171	\$22,197
Payments in Lieu of Construction	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Other Funds (Specify source(s))	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Interest 1%	\$32	\$32	\$32	\$32	\$32	\$32	\$32	\$224
TOTAL	\$3,203	\$3,203	\$3,203	\$3,203	\$3,203	\$3,203	\$3,203	\$22,421

ADMINISTRATIVE MECHANISM TO COLLECT AND DISTRIBUTE FUNDS

The following procedural sequence for the collection and distribution of development fee revenues shall be followed by Sea Isle City:

(a) Collection of development fee revenues:

Collection of development fee revenues shall be consistent with Sea Isle City’s development fee ordinance 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:

Sea Isle City affordable housing trust funds will be distributed according to the adopted Spending Plan. Funds deposited in the Housing Trust Fund will be expended towards providing or subsidizing housing in the City to address the City’s affordable housing obligation, and other activity as permitted pursuant to N.J.A.C. 5:97-8.7 through 8.9 and specified in the approved Spending Plan.

¹ Projected development fee revenues are calculated based upon average rate of development of 2,818 SF of non-residential development per year. Average costs are estimated at \$45 per SF of non-residential development.

Funds shall not be expended to reimburse Sea Isle City for past housing activities.

Sea Isle City may contract with a private or public entity to administer any part of its Housing Element and Fair Share Plan in accordance with N.J.A.C. 5:96-18.

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.

DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS

(a) Rehabilitation program (N.J.A.C. 5:97-8.7)

To address its present need obligation of two (2) units, the City will engage a qualified professional affordable housing consultant to initiate and administer a housing rehabilitation program that adheres to the regulatory requirements for housing rehabilitations (including, the rehabilitation of rental units). The rehabilitation program will be funded by the use of development fee trust fund monies. This spending plan allocates \$20,000 (\$10,000 for each of two units) to housing rehabilitation as described in the Fair Share Plan. As necessary and based on available funding, the City will determine an additional annual allocation to be made to housing rehabilitation. In addition, the City also has adopted a resolution establishing the rehabilitation program.

(b) 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.

Sea Isle City projects that \$2,421 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:

- Sea Isle City Administrative Agent salaries and benefits for efforts devoted towards implementing and monitoring the affordable housing plan.
- Consultant fees necessary to update or implement affordable housing programs, Housing Element and Fair Share Plan, and/or an affirmative marketing program.

EXPENDITURE SCHEDULE

Sea Isle City intends to use affordable housing trust fund revenues for the creation and/or rehabilitation of housing units. See Table 2.

Table 2
Projected Expenditures

Program	Number of Units Projected	Funds Expended and/or Dedicated	PROJECTED EXPENDITURE SCHEDULE							
			2019 -2025							
			2019	2020	2021	2022	2023	2024	2025	Total
Rehabilitation	2	-0-	-0-	-0-	-0-	\$10,000	-0-	-0-	\$10,000	\$20,000
Administration		-0-	\$345	\$345	\$345	\$345	\$345	\$345	\$345	\$2,421
Total	2	-0-	\$345	\$345	\$345	\$10,345	\$345	\$345	10,\$345	\$22,421

EXCESS OR SHORTFALL OF FUNDS

The governing body of the Sea Isle City reserves the right to revise projections and anticipated funding commitments based upon actual revenues to the Affordable Housing Trust Fund Pursuant to the Housing Element and Fair Share Plan.

In the event of excess funds, any remaining funds above the amount necessary to satisfy the municipal affordable housing obligation will be used to provide further assistance for affordable housing in the form of additional rehabilitation fund availability.

SUMMARY

Sea Isle City 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 City’s Housing Element and Fair Share Plan, as amended periodically.

Sea Isle City currently has no affordable housing trust funds, but anticipates \$22,421 in revenues before the expiration of period of response. The municipality will dedicate \$20,000 towards rehabilitation programs, and \$2,421 to administrative costs. The municipality will dedicate any excess funds toward further rehabilitation assistance.

Table 3
Spending Plan Summary

Balance as of December 31, 2018		\$0
PROJECTED REVENUE, 2019-2025		
Development fees	+	\$22,197
Payments in lieu of construction	+	\$0
Other funds	+	\$0
Interest	+	\$224
TOTAL REVENUE	=	\$22,421
EXPENDITURES		
Funds used for Rehabilitation	-	\$20,000
Administration	-	\$2,421
TOTAL PROJECTED EXPENDITURES	=	\$22,421
REMAINING BALANCE	=	\$0.00