

**City of Sea Isle
Cape May County**

**Spending Plan
March 6, 2026**



Approved by the Governing Body on March 10, 2026
By Resolution No. 028-2026

City of Sea Isle
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Cape May County**

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INTRODUCTION

This 2026 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.

This Spending Plan is prepared in accordance with the provisions of the amended Fair Housing Act under N.J.S.A. 52:27D-301 et seq., the Fair Housing Act Regulations at N.J.A.C. 5:99 et seq., and is subject to all laws, regulations, ordinances, codes of the New Jersey Department of Community Affairs and the Municipality.

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.

This Spending Plan has been prepared in accordance with the provisions of the amended Fair Housing Act under N.J.S.A. 52:27D-301 et seq., the Fair Housing Act Regulations at N.J.A.C. 5:99 et seq., and has been submitted to the Program for approval as part of the City's compliance certification as required.

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:

- Development fees:
 - Projects which have had development fees imposed upon them at the time of development approvals;
 - All projects currently before the planning and zoning boards for development approvals that may apply for certificates of occupancy; and
 - Future development that is likely to occur based on historical rates of development and/or projected development in accordance with COAH projections.
 - Revenues from the 2.5 non-residential, for all commercial development
- Other funding sources: No other funds have been or are anticipated to be collected.

- 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.

SOURCE OF FUNDS	PROJECTED REVENUES-HOUSING TRUST FUND 2025 THROUGH 2035 \$85,541.18 Starting Balance (March 1, 2026)									
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
(a) Projected Development fees:	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
(c) Other Funds	0	0	0	0	0	0	0	0	0	0
(d) Interest – estimated	500	500	500	500	500	500	500	500	500	500
Totals	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					\$105,000.00					
TOTAL PROJECTION STARTING BALANCE AND PROJECTIONS					\$190,541.18					

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 \$5,000, when added to the estimated deposits the City will realize an estimated \$105,000 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:

- 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. 5:99-3.1 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.
- 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.

- Requests to expend affordable housing trust funds on emergent affordable housing opportunities not included in the municipal fair share plan shall be made to the Division and shall be in the form of a governing body resolution. Any request shall be consistent with N.J.A.C. 5:99-4.1. and as provided for herein.

Accounting of Affordable Housing Funds

As of February 2026, the City has collected just over \$85,000 in development fees and interest. The City has not expended any funds. The current balance in the AHTF will be used for future housing activity in accordance with the provisions of this Spending Plan. The following table identifies required/expected future expenditures of funds to be further addressed throughout this Spending Plan.

The City has a starting balance of \$85,541.18 entering the Fourth Round. This Spending Plan provides for expenditures of this balance and projected balances in accordance with the current regulations. It includes the required expenditures for affordability assistance and provides funds for programs identified in the City's 2025 Fourth Round HEFSP.

TABLE 1		
Account Activity Through February 2026		
Income collected through February 2026		\$85,541.18
Available Funds February 2026		\$85,541.18
Required Affordability Assistance Expenditures (MINIMUM 30% of Total Income)		\$25,662.35
Permitted Administrative Expenditures (MAXIMUM 20% of Total Income)		\$17,108.24
Available Funds Remaining After Required Affordability Assistance and Permitted Administrative Expenses		\$42,770.59
Anticipated Account Activity through 2035		
Estimated Income through 2035		\$105,000.00
Less Required Affordability Assistance	-	\$31,500.00
Less Permitted Administrative Expenses	-	\$21,000.00
Additional Estimated Available Funds for Housing Activity through 2035	=	\$52,500.00

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. In accordance with N.J.A.C. 5:99-2.2(f) funds may not be used for the following purposes:

- To reimburse the municipality for activities that occurred prior to the authorization of a municipality to collect development fees;
- On attorney fees or court costs to obtain a judgment of compliance or order of repose, including any associated administration costs;

- On any costs in connection with a challenge to a determination of the municipality's fair share obligation; or
- On any costs in connection with a challenge to the municipality's obligation, housing element, or fair share plan.

New construction programs and projects (N.J.A.C. 5:99-2.3)

The City of Sea Isle will dedicate an estimated \$95,270 of funds (current and projected through 2035) to the creation of new affordable housing units or the rehabilitation of existing housing units. The City of Sea Isle will implement 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. The City currently does not have sufficient funds in their Trust Fund to support this program and is expecting to either partner with a developer and/or seek additional grants or funding from other sources. If the projected deposits into the Trust Fund exceed the estimates the City will use those funds, after accounting for the required affordability assistance, for a market to affordable program

TABLE 2		
New Construction Expenditure Estimates		
Available Funds for New Construction Programs as of February 2026 (Table 1)		\$42,770.59
Projected New Construction Funds Available 2026-2035 (Table 1)	+	\$52,500.00
Total Available/Projected New Construction Funds through 2035	=	\$95,270.59
New Construction Program Estimates (Current Funds)		
Market to Affordable Program		\$42,770.59
Total New Construction Estimates	=	\$42,770.59
Projected Fund Estimates		
Market to Affordable Program		\$52,500.00
Total Projected New Construction	=	\$52,500.00

Affordability Assistance N.J.S.A. 52:27D-392.2.c.(3) and N.J.A.C. 5:99-2.5

The City shall provide affordability assistance in accordance with the rules and requirements of the Fair Housing Act. 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. These funds will go to existing affordable housing units and future affordable housing units.

The City has prepared an affordability assistance manual which is included in the Appendix of this Plan. As provided for under N.J.A.C. 5:99-2.5 affordability assistance includes the following:

- A municipality shall set aside a portion of all development fees collected and interest earned for the purpose of providing affordability assistance to very low-, low- and moderate-income households in affordable units included in the municipality's fair share plan.
- Affordability assistance for very-low-income households may include offering a subsidy to developers of inclusionary or 100 percent affordable housing developments or buying down the cost of low- or moderate-income units in a municipal fair share plan to make them affordable to very low-income households, including special needs and supportive housing opportunities.
- A municipality may contract with a private or public entity to administer any part of its housing element and fair share plan, including the requirement for affordability assistance, or any program or activity for which the municipality expends development fee proceeds.

TABLE 3		
Affordability Assistance Expenditure Estimates		
Required Affordability Assistance Expenditures (MINIMUM 30% of Total Income)		\$25,662.35
Projected Affordability Assistance Funds Available 2026-2035 (Table 1)	+	\$31,500.00
Total Affordability Assistance Funds Estimated as required through 2035	=	\$57,162.35
REQUIRED MINIMUM Very Low-Income Affordability Assistance Requirement through February 2026		
		\$8,554.12
PROJECTED MINIMUM Very Low-Income Affordability Assistance Requirement through 2035	+	\$10,500.00
TOTAL MINIMUM Very Low-Income Affordability Assistance Requirement through 2035 Required and Projected	=	\$19,054.12

Administrative Expenses N.J.S.A. 52:27D-392.2.c.(5) and N.J.A.C. 5:99-2.4

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. As provided for under N.J.A.C. 5:99-2.4 Administrative expenses are limited to the following items:

- Administrative expenses may include costs reasonably related to the determination of the fair share obligation and the development of a municipal housing element and fair share plan and may include fees necessary to develop or implement affordable housing programs, an affirmative marketing program, and/or expenses that are reasonably necessary for compliance with the processes of the Program, including, but not limited to, the costs to the municipality of resolving a challenge pursuant to the Program.

- Administrative expenses may also include costs associated with functions carried out in compliance with UHAC, including activities related to the marketing program and waitlist management, administering the placement of occupants in housing units, income qualification of households, monitoring the turnover of sale and rental units, preserving existing affordable housing, and compliance with the Division’s monitoring requirements.
- The proportion of a municipal employee’s salary related to the MHL or RCA administrator functions and fees for required educational programs, may be paid as an administrative expense from the municipal affordable housing trust fund.

TABLE 4		
Administrative Expenditures Estimates		
Permissible Funds for Administrative Expenses as of February 2026 (Table 1)		\$17,108.24
Estimated Available Funds for Administrative Expenses 2026-2035 (Table 1)	+	\$21,000.00
Total Available Funds for Administrative Expenses through 2035	=	\$38,108.24

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:

TABLE 5		
Expenditure Schedule		
Available Funds February 2026		\$85,541.18
Less Required Affordability Assistance Expenditures (MINIMUM 30% of Total Income)	-	\$25,662.35
Less Permitted Additional Administrative Expenditures (MAXIMUM 20% of Total Income)	-	\$17,108.24
Available Funds for Housing Activity including: Market to Affordable Units	-	\$42,770.59
Anticipated Account Activity through 2035		
Estimated Income through 2035		\$105,000.00
Less Required Affordability Assistance	-	\$31,500.00
Less Permitted Administrative Expenses	-	\$21,000.00
New Housing Activity through 2035 Market to Affordable Units	-	\$52,500.00

Expedited Approval of Expenditures for Emergent Opportunities to Create Affordable Housing

In accordance with N.J.A.C. 5:99-4.1 the City may consider expenditures for affordable housing opportunities which are not in the adopted HEFSP. The City may request authorization from the Division for expenditure of excess affordable housing trust funds on emergent affordable housing opportunities not included in the municipal fair share plan. In order to be considered a request shall be consistent with the Fair Housing Act and shall not remove or reduce any approved affordable housing delivery mechanisms.

Emergent affordable housing opportunities may include, but are not limited, to, those activities permitted pursuant to N.J.A.C. 5:99-2.3. A request to utilize excess affordable housing trust funds on emergent affordable housing opportunities shall be in the form of a resolution from the governing body of the municipality and shall include the following:

- Documented proof that the excess funds are not accounted for in the municipality’s spending plan approved by the Program or a court of competent jurisdiction;
- A description of the affordable housing activity;

- Documentation demonstrating that the entire municipal trust fund balance will be spent and/or committed for expenditure within four years, as set forth at N.J.A.C. 5:99-5.5; and
- A certification that the affordable housing opportunity is consistent with the Act and include a description of the proposed affordable housing mechanism. The certification shall demonstrate that the proposal does not alter the spending plan approved by the Program or court of competent jurisdiction.

FOUR YEAR SPENDING PLAN:

In accordance with N.J.S.A. 52:27D-329.2.d and N.J.A.C. 5:99-5.5 development fees collected are required to be committed for expenditure within four years of the date of collection. In accordance with N.J.A.C. 5:99-5.5(b) funds are expended, or committed for expenditure, if one of the following standards has been met:

- The funds have been spent on a housing activity in accordance with N.J.A.C. 5:99-2.3;
- The Division has been provided with an executed contract or legally enforceable agreement funding the implementation of an allowable housing activity in accordance with N.J.A.C. 5:99-2.3, and the following, as applicable:
 - a municipal resolution or ordinance creating the affordable housing program, a policy and procedures manual, and completion of affordable housing trust fund and unit monitoring, indicating units completed or rehabilitated,
 - or the municipality has otherwise demonstrated a firm and binding obligation to spend such funds in a manner consistent with addressing its respective affordable housing obligation.

- For affordability assistance expenses, the Division has been provided with the following:
 - demonstration of a firm and binding obligation to spend such funds in a manner consistent with addressing the affordability assistance obligation required by the Act; or
 - a municipal resolution or ordinance and an executed contract or agreement for expenses related to providing affordability assistance to existing low- and moderate-income households, a policies and procedures manual for any affordability assistance program executed by the municipality, and a contract with an administrative agent to carry out the program if applicable.

- For administrative expenses, the Division has been provided with the following:
 - a municipal resolution or ordinance and an executed contract or agreement for expenses related to administering affordable housing.

As of February 2026, the Affordable Housing Trust Fund had a balance of \$85,541.18. This money must be committed for use within four years of collection. The City commits to utilize funds as follows:

TABLE 6		
Four Year AHTF Expenditure Schedule		
Available Funds February 2026		\$85,541.18
Less Required Affordability Assistance Expenditures (MINIMUM 30% of Total Income)	-	\$25,662.35
Less Permitted Additional Administrative Expenditures (MAXIMUM 20% of Total Income)	-	\$17,108.24
Available Funds for Housing Activity including: Market to Affordable Units	-	\$42,770.59
Anticipated Account Activity through 2035		
Estimated Income through 2035		\$105,000.00
Less Required Affordability Assistance	-	\$31,500.00
Less Permitted Administrative Expenses	-	\$21,000.00
New Housing Activity through 2035 Market to Affordable Units		\$52,500.00

The City has adopted an Affordability Assistance Manual. The Affordability Assistance Manual is included in the Appendix of this Plan and was adopted by resolution of the Governing Body. This meets the requirement of committing the \$25,662.35 of existing funds and \$31,500.00 of projected funds for affordability assistance through 2035. As new funds are collected the City will continue to utilize the same programs further committing the required funds for affordability assistance.

The City has proposed to implement a Market to Affordable Program committing the existing funds of \$42,770.59 and projected funds of \$52,500.00 to the creation of new market to affordable units. The City will implement this program through partnerships or with other funding sources if the projected deposits into the Trust Fund are not sufficient to support the program.

In accordance with the above the Borough has “Committed” the AHTF for expenditure as required under the Fair Housing Act and the Fair Housing Act Regulations.

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.

APPENDIX – AFFORDABILITY ASSISTANCE MANUAL