

Lumberton Township Affordable Housing Trust Fund Spending Plan

INTRODUCTION

Lumberton Township’s Spending Plan was prepared in accordance with the P.L 2024, Chapter 2, including the amended Fair Housing Act (“FHA”) at N.J.S.A. 52:27D-301 et seq., as well as the Department of Community Affairs, Division of Local Planning Services (“LPS”) at N.J.A.C. 5:99 et seq., statutorily upheld existing regulations of the now-defunct Council on Affordable Housing (“COAH”) at N.J.A.C. 5:93 and 5:97, the Uniform Housing Affordability Controls (“UHAC”) at N.J.A.C. 5:80-26.1 et seq., and as reflected in the adopted municipal Fourth Round Housing Element and Fair Share Plan (“HEFSP”). This spending plan is intended to project anticipated affordable housing trust fund revenues, expenditures, and the mechanisms for expenditure through December 31, 2035.

As of December 31, 2024, the Township of Lumberton had collected: \$3,321,792 in development fees, \$263,150 in interest earned, and \$115,006 in other income (\$3,699,948); expended: \$450,373 in administrative costs, and \$952,766 in housing activities (\$1,403,139). Pursuant to the Appellate Division authorization allowing for the adoption of a Development Fee Ordinance and restriction on expenditure of collected fees in the absence of a spending plan approved by the Court, no fees have been expended, aside from administrative costs. All development fees and interest earned (as of December 31, 2024, the account maintained a balance of \$2,296,809) were deposited in a separate interest-bearing Affordable Housing Trust Fund at PNC Bank (located at 778 Eayrestown Rd, Lumberton Township, NJ). These funds shall be spent in accordance with N.J.A.C. 5:99-2.3 through 2.5, as described in the sections that follows:

1. REVENUES FOR CERTIFICATION PERIOD

To calculate a projection of revenue anticipated through December 31, 2035, the Township of Lumberton considered the following:

- (a) Development fees:
 1. Residential and nonresidential projects which have been subject to development fees 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):

Actual and committed payments in lieu (PIL) of construction from developers.

To date, there are no actual or committed payments in lieu (PIL) of construction from developers. If any such funds are collected during the Fourth Round, said funds will be deposited in the Township’s Affordable Housing Trust Fund.

(c) Other funding sources:

Lumberton Township does not anticipate collecting funds from other funding sources at the present time. 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. If any such funds are collected during the Fourth Round, said funds will be deposited in the Township’s Affordable Housing Trust Fund.

(d) Projected interest:

Affordable Housing Trust Fund interest is based on the current rate of interest of 3.15%.

(e) Anticipated revenue:

Table 1 below shows the anticipated revenue to be generated from development fees. Lumberton Township projects that a total of \$4,740,763 (\$4,890,098 with interest) will be collected between January 1, 2025 and December 31, 2035 for affordable housing purposes (see table below). After adding to the funds currently in the account, the total is projected to be \$7,186,914.

Table 1: Projected Revenues, Housing Trust Fund- 2025 through 2035

Year Source of Funds	2024	2025	2026-2027	2028-2029	2030-2031	2032-2033	2034-2035	2025-2035 Total
Projected Residential Development	STARTING BALANCE \$2,296,809 (12/31/24)	\$13,233	\$26,466	\$26,466	\$26,466	\$26,466	\$26,466	\$145,563
Projected Non-Residential Development		\$417,746	\$835,492	\$835,492	\$835,492	\$835,492	\$835,492	\$4,595,208
Interest		\$13,576	\$27,152	\$27,152	\$27,152	\$27,152	\$27,152	\$149,334
Total	\$2,296,809	\$444,554	\$889,110	\$889,110	\$889,110	\$889,110	\$889,110	\$7,186,914

Projected residential development is based on the average construction of two (2) new dwelling units per year. The two (2) units were multiplied by \$441,100, which is the Township’s approximate average equalized value for a residential dwelling unit as indicated by the Township Tax Assessor, resulting in an estimated \$882,200 in average equalized value (for the two units). This was then multiplied by the 1.5% residential development fee, providing a yearly estimated development fee of \$13,233.

Projected non-residential development is based on square footage data provided by the Township Tax Assessor for commercial and industrial development in Lumberton Township. Between 2023 and 2024, an average of 210,068 square feet was built yearly (this would equate to the construction of 2,310,748 square feet over the eleven-year period). The average square feet built was then multiplied by \$80, which is the Township's average equalized assessed value per square foot for commercial and industrial buildings (as was indicated by the Tax Assessor for project built in 2023 or 2024), resulting in \$16,709,846 which represents the average equalized value. This is then multiplied by the 2.5% non-residential development fee, providing an estimated yearly non-residential development fee of \$417,746.

As indicated in the Table above, Lumberton Township anticipates that a total of \$4,890,105 in revenue will be collected between January 1, 2025 and December 31, 2035: \$145,563 (residential) + \$4,595,208 (non-residential) + \$149,334 (interest).

2. ADMINISTRATIVE MECHANISM TO COLLECT AND DISTRIBUTE FUNDS

The procedural sequence to be followed by Lumberton Township for the collection and distribution of development fee revenues is presented below.

(a) Collection of development fee revenues

Collection of development fee revenues shall be consistent with Lumberton Township's development fee ordinance for both residential and non-residential developments 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 et seq.), applicable COAH regulations, and the proposed new Fair Housing Act (N.J.A.C. 5:99) promulgated by the New Jersey Department of Community Affairs (DCA) .

(b) Distribution of development fee revenues

A resolution recommending the expenditure of development fee revenues as set forth in this spending plan is adopted by the Planning Board and forwarded to the Committee. The Committee then reviews the request for consistency with the spending plan and, by resolution, adopts the recommendation.

Upon adoption of the Committee's resolution, funds can be released in accordance with the Court-approved spending plan. The Chief Financial Officer releases the requested revenue from the trust fund for the specific use approved in the Committee's resolution following approval of a request by resolution.

3. DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS

Lumberton Township may use the monies in the trust fund for any of the following items, pursuant to N.J.A.C. 5:99-2.3 through 2.5:

- New construction of affordable housing and related development costs; eligible costs for inclusionary development shall be pro-rated based on the proportion of affordable housing units that are included in the development.
- Extensions and/or improvements of roads and infrastructure directly serving affordable housing sites; costs for inclusionary development shall be pro-rated based on the proportion of affordable housing units that are included in the development.
- Purchase and/or improvement of land to be used for low- and moderate-income housing.
- Market-to-affordable programs to pay down the cost of unrestricted units and offer them in sound condition, for sale or rent, at affordable prices to low- and moderate-income households to address all or a portion of the affordable housing obligation;
- RCAs, approved prior to July 17, 2008;
- Acquisition and/or improvement of land to be used for affordable housing;
- The extension of expiring controls;
- The construction of group homes and supportive and special needs housing;
- Rehabilitation, maintenance and repair of affordable housing units.
- To defray the costs of structured parking; in the case of inclusionary developments, eligible costs shall be prorated based on the proportion of affordable housing units included in the development;
- Repayment of municipal bonds issued to finance affordable housing activity.
- Affordability assistance in accordance with N.J.A.C. 5:99-2.5;
- Any other activity as specified in the approved spending plan or as approved by the Division as an emergent affordable housing opportunity; or
- Any other activity approved by the Division.

Specific Projects

- Rehabilitation of 30 units: up to \$30,000 per unit and \$5,000 administration per unit for \$1,050,000 total
- 100% Affordable Family Rental Walters Group Cornerstone Phase II: 28 units for \$400,000
- Affordability Assistance for Eayrestown Road Redevelopment: \$20,000 subsidy for 11 very low-income units within 80-unit age restricted building: \$220,000 total
- Affordability Assistance for Eayrestown Road Redevelopment for recreation facilities: \$250,000
- Affordability Assistance for Eayrestown Road Redevelopment for sewer connection fees: \$300,000

4. AFFORDABILITY ASSISTANCE (N.J.A.C. 5:99-2.5)

Pursuant to N.J.A.C. 5:99-2.5, the Township is required to 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 Township's Fourth Round Fair Share Plan.

Table 2 below shows the minimum amount anticipated being available for affordability assistance to low- and moderate-income households, including very low-income households.

Table 2: Projected Affordability Assistance

Development fees + interest collected, as of 12/31/24	+	\$3,699,948
Development fees projected, 2025-2035	+	4,740,771
Interest projected, 2025-2035	+	\$149,334
Total	=	\$8,590,053
30 percent	x .30 =	\$2,577,016
Less affordability assistance expenditures through 12/31/2024	-	\$0
Projected affordability assistance expenditures	=	\$2,577,016
Projected very low-income affordability assistance	÷ 3 =	\$859,005

The Township of Lumberton will dedicate \$2,577,016 from the affordable housing trust fund to render units more affordable, including at least \$859,005 to render units more affordable to households earning no more than 30 percent of median income by region. Programs and activities for which funds will be spent will be determined from the following list:

- Affordability assistance to very low-, low- and moderate-income buyers and renters of affordable housing units to lower the cost of homeownership, subsidize closing costs and down payments, security deposits, emergency repairs funding and/or reduce the capitalized basis of the rent payments.
- Assistance with homeowners’ association or condominium fees and special assessments.
- 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.

The Township reserves the right to reallocated funds to other permissible expenses, including but not limited to, the scattered site program indicated under Table 4 or as necessary to support additional affordable housing. Any future reallocation will require an amendment to this spending plan.

5. ADMINISTRATIVE EXPENSES (N.J.A.C. 5:99-2.4(a))

Table 3: Projected Allowed Administrative Expense

Development fees, 7/17/08 thru 12/31/24	+	\$3,436,798
Projected development fees, 2025-2035	+	\$4,740,771
Total	=	\$8,177,569
20 percent maximum allowed administrative expense	x .20 =	\$1,635,514

Less administrative expenditures through 12/31/24	-	\$450,373
Projected maximum allowable administrative expenses, 12/31/24 through 12/31/2035	=	\$1,185,141

The Township of Lumberton projects that \$1,185,141 will be available from the affordable housing trust fund to be used for administrative purposes. Projected administrative expenditure, which is subject to the 20 percent cap, includes:

- 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 Affordable Housing Dispute Resolution Program, including, but not limited to, the costs of the municipality of resolving a challenge pursuant to the Affordable Housing Dispute Resolution Program.
- 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.
- Administrative costs to underwrite professional consulting fees relating to the preparation and implementation of the Township’s Fair Share Plan and any amendments thereto;
- Professional, legal, and court fees related to affordable housing;
- Administrative fees related to the municipally sponsored new construction program; and
- Underwrite fees associated with the retention of a qualified administrative agent as may be found necessary.

The Township will not expend for administrative purposes in excess of the formula in Table 3 above.

6. EXPENDITURE SCHEDULE

The Township of Lumberton anticipates using affordable housing trust fund revenues to the benefit of low-, moderate-, and very low-income households, as set forth in the table below. In preparing this Spending Plan, it should be noted that, apart from the requested waiver as indicated below, the Township is committed to expending the funds in the municipal Affordable Housing Trust Fund within four years of the date of collection or within four years after the Township receives approval under P.L. 2024, C.2, whichever is later. The expenditure schedule is summarized in Table 4 on the following page.

Table 4: Projected Expenditure Schedule, 2025 through 2035

PROJECTS/ PROGRAMS	2025	2026-2027	2028-2029	2030-2031	2032-2033	2034-2035	Total
Walters Group (28 units)	-	\$400,000	-	-	-	-	\$400,000
Eayrestown Rd Redevelopment							

PROJECTS/ PROGRAMS	2025	2026-2027	2028-2029	2030-2031	2032-2033	2034-2035	Total
11 very-low-income units	-	\$220,000	-	-	-	-	\$220,000
Recreation facilities	-	\$250,000	-	-	-	-	\$250,000
Sewer connection	-	\$300,000	-	-	-	-	\$300,000
Rehabilitation Program	-	\$210,000	\$210,000	\$210,000	\$210,000	\$210,000	\$1,050,000
Affordability Assistance	\$234,274	\$901,382	\$901,382	\$901,382	\$901,384	\$901,384	\$4,506,914
Administration	\$150,000	\$70,000	\$40,000	\$40,000	\$40,000	\$120,000	\$460,000
Total	\$150,000	\$2,351,382	\$1,151,382	\$1,151,382	\$1,151,384	\$1,231,384	\$7,186,914

7. SUMMARY

The Township of Lumberton intends to spend affordable housing trust fund revenues as approved by the Program and/or the Court pursuant to the Fair Housing Act and applicable regulations, and consistent with the programs described in the Township’s Housing Element and Fair Share Plan.

The Township of Lumberton has a balance of \$2,296,809 as of December 31, 2024 and anticipates an additional \$4,890,105 in revenues (including interest) through December 31, 2035, for a total of \$ 7,186,914. The municipality will dedicate \$400,000 towards the Walters Group Cornerstone Phase II for the 28 units; a total of \$770,000 towards the Eayrestown Rd Redevelopment Plan for the subsidy of 11 very-low-income units, recreation facilities, and sewer connection fees; \$1,050,000 towards rehabilitation program; \$4,506,914 in affordability assistance, and \$460,000 in administrative costs.

Table 5: Spending Plan Summary

REVENUES	
Balance as of December 31, 2024	\$2,296,809
Projected Revenue from December 31, 2025 through 2035	
1. Development fees	+ \$4,740,771
2. Payments in lieu of construction	+ \$ 0
3. Other funds	+ \$ 0
4. Interest	+ \$149,334
TOTAL REVENUE	= \$7,186,914
EXPENDITURES	
Walters Group - 28 units	- \$400,000
Affordability Assistance - subsidy for 11 very-low-income units	- \$220,000
Affordability Assistance - recreation facilities	- \$250,000
Affordability Assistance - sewer connection fees	- \$300,000
Rehabilitation Program	\$1,050,000

Affordability Assistance	\$4,506,914
Administration	\$460,000
TOTAL PROJECTED EXPENDITURES	= \$7,186,914
REMAINING BALANCE	= \$0