

Amended March 2026

TOWNSHIP OF MOUNT LAUREL FOURTH ROUND AFFORDABLE HOUSING TRUST FUND SPENDING PLAN

I. INTRODUCTION

On May 5, 1997, the Township of Mount Laurel adopted a Development Fee Ordinance (“DFO”) as Ordinance No. 1997-12, thereby establishing the affordable housing trust fund and creating a dedicated revenue source for affordable housing. The Township’s DFO was approved by the Department of Community Affairs on December 31, 1997. Amendments to the DFO were adopted in 2004 and 2009; however, as part of repealing and replacing the existing Affordable Housing Ordinance (“AHO”) during the Third Round, the DFO was replaced in its entirety and adopted via Ordinance No. 2022-11 on June 13, 2022. As part of the Township’s compliance with its Fourth Round affordable housing obligations, the existing AHO was repealed and replaced with a new AHO implementing the Fourth Round affordable housing regulations consistent with the amended Fair Housing Act (N.J.S.A. 52:27D-301 et seq.), Uniform Housing Affordability Controls (N.J.A.C. 5:80-26.1 et seq.), and other applicable laws. This new AHO, which is inclusive of updated development fee regulations, was adopted via Ordinance No. 12 on March 2, 2026.

As part of the Third Round, a Spending Plan was prepared to be adopted as part of the Township’s Third Round Housing Element and Fair Share Plan (“HEFSP”) detailing how the Township of Mount Laurel intended to spend its affordable housing trust fund revenues pursuant to N.J.S.A 52:27D-329.2 and in alignment with the housing programs outlined in the HEFSP. During the course of the Third Round, the Township prepared an initial HEFSP, which was adopted by the Planning Board on June 29, 2017. The Spending Plan was approved by the Court pursuant to a Conditional Judgement of Compliance and Repose on November 8, 2017. In 2021, the Township prepared an amended Housing Element and Fair Share, which included an amended Spending Plan. On January 5, 2022, by Order of Hon. Paula T. Dow, P.J.Ch., the 2021 Spending Plan for the Township was approved.

As part of the Township’s compliance with its affordable housing obligations for the Fourth Round, the Township has prepared this Spending Plan for the Fourth Round period in accordance with the Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.) and the Fair Housing Act (N.J.S.A. 52:27D-301 et seq.). The use of the Township’s affordable housing trust fund shall comply with the regulations of the Fair Housing Act, the Uniform Housing Affordability Controls, the Township’s Affordable Housing Ordinance, and any other applicable law, as amended, and this Fourth Round Spending Plan shall be adopted and subject to revision to maintain consistency with the Township’s Fourth Round HEFSP, the Mediation Agreement with Fair Share Housing Center (“FSHC”) filed with the Court on February 9, 2026, and any other order issued by the Program Judge or Superior Court Judge related to the Township’s Fourth Round HEFSP, as may be amended. This Spending Plan is submitted to the Superior Court of New Jersey for approval as an appendix to the Township’s Fourth Round Housing Element and Fair Share Plan.

Per the Township’s affordable housing trust fund bank statements ending on December 31, 2025 (the Township’s affordable housing trust fund balance consists of funds held in a savings account with Citizens Bank and a separate interest-bearing account held with WSFS Bank), the Township had a combined balance of \$3,611,156.51 in its affordable housing trust fund. 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 separate interest-bearing accounts at Citizens Bank and WSFS Bank for the purposes of affordable housing. These funds shall be spent in accordance with N.J.S.A. 52:27D-329.2 and N.J.A.C. 5:99 as described in the sections that follow.

1. REVENUES FOR CERTIFICATION PERIOD

To calculate a projection of revenue anticipated through the Fourth Round period (July 1, 2025 - June 30, 2035), the Township has considered the following:

(a) Development fees:

Future development that is likely to occur based on historical rates of development.

(b) Payment in lieu (PIL)

(c) Other funding sources:

May include reimbursements from overpayments of administrative expenses and/or reconciliations of errors within the trust fund account ledger.

(d) Projected interest

2. REVENUE PROJECTION

One of the primary sources of revenue for the Township's affordable housing trust fund is through development fees. Development fees are issued as a percentage of the equalized assessed value for residential and non-residential development, with this percentage differing based on the type of development. The collected payments of residential and non-residential development fees are then deposited into the Township's affordable housing trust fund and are to be used and expensed in accordance with N.J.S.A. 52:27D-329.2 and N.J.A.C. 5:99. The process for the imposition and collection of residential development fees, including any applicable exactions and exemptions, is provided in § 154-219.W.3 of the Mount Laurel Township Code. The process for the imposition and collection of non-residential development fees, including any applicable exactions and exemptions, is provided in § 154-219.W.4 of the Mount Laurel Township Code

Given that this Spending Plan has been prepared at the start of the ten-year Fourth Round period, and assuming the variability of development trends over the next decade, the projection of revenue in the Township's affordable housing trust fund during the Fourth Round is simplified by combining the income from residential development fees, non-residential development fees, fees from Redevelopment Agreements, interest, and other income over the last five years to calculate an annual income average. This annual income average is then redistributed over the forthcoming ten-year Fourth Round period.

Per the Township's Affordable Housing Monitoring System (AHMS), which is used to report the Township's trust fund transactions to the DCA, over the five-year period of December 31, 2019 to December 31, 2024, the Township collected approximately \$1,456,244 in residential development fees, non-residential development fees, interest and other income sources. Therefore, on average, the Township collected approximately \$291,248 per year, or approximately \$24,270 per month, in its affordable housing trust fund. Based on a conservative assumption that development occurs at a similar rate over the next decade and interest rates have limited fluctuation, a total of \$2,912,480 in revenue from development fees, interest, and other income is projected to be collected from July 1, 2025 to June 30, 2035.¹

Based on a projected existing balance, exclusive of any expenditures, of \$3,453,228 at the start of the Fourth Round period (calculated by summing the December 2024 trust fund balance of \$3,307,604 + January 1, 2025 through June 30, 2025 projected income of \$145,624 from development fees, Redevelopment Agreement fees, and interest) and the projected income over the ten-year Fourth Round period (\$2,912,480), this Spending Plan projects a total balance of approximately \$6,365,708 by June 30, 2035 prior to any expenditures from the account.²

Furthermore, all revenue from the affordable housing trust fund collected during the Third Round period shall be allocated as provided in the adopted Third Round Spending Plan. This Fourth Round Spending Plan therefore only provides an allocation of funds projected to be collected during the Fourth Round, as the remaining revenue within the affordable housing trust fund has been set aside to be spent as outlined in the adopted Third Round Spending Plan. Should any change in circumstances necessitate the allocation of funds as detailed in the Third Round Spending Plan to be modified, the Township reserves the right to amend the Fourth Round Spending Plan to address any adjustments to the apportionment of existing trust fund monies.

¹ For simplification purposes, interest is grouped with development fees as total projected revenue; however, in reality, the collected interest each year will vary subject to the timing and amount of funds expended from the affordable housing trust fund.

² This Spending Plan, amended as of March 2026, has been prepared with the acknowledgment that an additional year of affordable housing trust fund transactions have occurred through December 2025 which have not been factored into the revenue projection calculations of this amended Spending Plan. However, given the uncertainty of development trends that may occur over the ten-year Fourth Round period, and considering the balance projected in the affordable housing trust fund (prior to any expenditures) by December 2025 (\$3,598,852) is relatively consistent with the actual balance per the Township's December 2025 bank statement (\$3,611,156.51), the projections remain unchanged for the purposes of this Spending Plan and may be subject to further amendment throughout the Fourth Round period.

3. 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 Township of Mount Laurel:

(a) Collection of Development Fee revenues:

Collection of development fee revenues shall be consistent with the Township of Mount Laurel's development fee regulations for both residential and non-residential developments as provided in §154-219 of the Township Code and in accordance with P.L. 2024, c.2 and P.L.2008, c.46, sections 8 (C. 52:27D-329.2) and 32-38 (C. 40:55D-8.1 through 8.7).

Pursuant to a development approval by the Board having jurisdiction, the Township Clerk will notify the construction official of the approval. At the time of construction permit application, the construction official will notify the tax assessor and request an initial calculation of the equalized assessed value (EAV) of the proposed development and the resulting fee to be posted. One-half of the fee will be due at the time of issuance of the first building permit. For non-residential development only, the developer will be provided a copy of Form N – RDF "State of New Jersey Non-Residential Development Certification/Exemption". This form will be used by the tax assessor to verify exemptions and to prepare estimated and final assessments.

At the time of request for the final inspection, the construction official will notify the tax assessor and request confirmation of, or modification of, the initial (EAV) as the case may be. The final (EAV) will be provided to the developer within ten (10) days of the request for final inspection. Payment of the fee will then become a condition of issuance of the certificate of occupancy.

(b) Distribution of Development Fee revenues:

A general description of the distribution of revenues is provided below:

The Township's Municipal Housing Liaison forwards a requisition of affordability assistance and administrative costs (routine expenditures) and costs for municipally sponsored 100% affordable housing development (significant expenditures) to the Finance Department recommending the expenditure of development fee revenues as set forth in this spending plan. The Finance Department reviews the request for consistency with the spending plan.

Once a request is approved by the Finance Department, the request is presented to the Township Council for approval. After receiving Township Council approval, the Township of Mount Laurel Administrator releases the requested revenue from the trust fund for the specific use.

4. DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS

Based on the \$2,912,480 in revenue from development fees, interest, and other income projected to be collected in the Township's affordable housing trust fund during the Fourth Round period, the Township anticipates to expend available funds as detailed below. Upon approval by the Court, the Township acknowledges that the expenditures of funds contemplated herein shall constitute the "commitment" for expenditure required pursuant to N.J.S.A. 52:27D-329.2, with the ten-year time period contemplated therein commencing in accordance with the provisions of In re Tp. Of Monroe, 442 N.J. Super. 565 (Law Div. 2015) (aff'd 442 N.J. Super. 563). Expenditures are not detailed on an annual basis for the purposes of this expenditure plan to avoid misrepresentation of the availability of funds throughout the Fourth Round period. This Spending Plan shall be subject to future amendment to represent the actual funds collected and expended throughout the progression of the Fourth Round.

(a) **Fourth Round Projects**

i. **Rehabilitation Projects (N.J.S.A. 52:27D-329.2)**

The Township will continue to participate in the Burlington County Home Improvement Loan Program until the rehabilitation obligation has been fully satisfied. In the case that the County program is ever abandoned or loses its funding, the Township shall amend the Spending Plan to fund a municipal rehabilitation program to be created and administered by an experienced Administrative Agent of the Township's choosing. Alternatively, in the event that the County program sufficiently addresses the Township's rehabilitation obligation, the Township reserves the right to amend the Spending Plan to allocate funds to other affordable housing activities.

ii. **Costs Associated with the New Construction of Affordable Units (N.J.S.A. 52:27D-329.2)**

The Township will dedicate funding towards the new construction of affordable units during the Fourth Round period for projects set forth in the Township's Fourth Round HEFSP, as amended, or projects proposed while the Fourth Round progresses. Specifically, the Township may elect to allocate funds from its affordable housing trust fund for the following 100% affordable projects:

- 1) 90 affordable rental units to be constructed through the redevelopment of the Red Roof Inn Mt. Laurel Site (603 Fellowship Road; Block 1310, Lot 12.01)
- 2) 86 affordable rental units to be constructed through the redevelopment of the Rodeway Inn Mt. Laurel Site (1132 Route 73; Block 1306.01, Lot 7.02)

Funds for the construction of new affordable units will be allocated on a project-by-project basis as a project realistically moves forward. Additional funding towards the project(s) will likely be sought through and be the subject

of a 9-percent NJHMFA tax credit application or other funding source. The Township may also elect to use funds dedicated for new construction towards the creation and/or maintenance of special needs/supportive housing and group homes.

Per N.J.A.C. 5:99-2.3, "A municipality may use affordable housing trust funds for any housing activity as itemized in the spending plan and approved by the Program or court of competent jurisdiction or as approved by the Division as an emergent opportunity to create affordable housing. Such activities include, but are not limited to... Extensions or improvements of roads and infrastructure directly serving affordable housing development sites; in the case of inclusionary developments, costs shall be prorated based on the proportion of affordable housing units included in the development." In accordance with N.J.A.C. 5:99-2.3, as part of the expenditures dedicated towards costs associated with the new construction of affordable units provided for in this Spending Plan, the Township may elect to use affordable housing trust funds towards infrastructure improvements demonstrated to directly serve affordable developments.

iii. Costs Associated with the Extensions of Controls Program (for ownership units per N.J.A.C. 5:97-6.14 and UHAC at N.J.A.C. 5:80-26.6(h) through (k) and (m); and for rental units per N.J.A.C. 5:97-6.14 and N.J.A.C. 5:80-26.12(h) through (k))

In accordance with the Township's Fourth Round HEFSP, as amended, and the February 9, 2026 Mediation Agreement with Fair Share Housing Center, the Township may dedicate funding towards up to 342 units for which extensions of controls were completed in the Third Round or will be completed in the Fourth Round. Of the up to 342 units for which the Township elects to extend or has already extended the affordability controls in compliance with the regulations provided in N.J.A.C. 5:97-6.14 and UHAC, the Township will commit to extending the affordability controls for units at Ethel Lawrence I & II provided that the Township will contribute \$12,500 per unit and extend the PILOT agreement. As the affordability controls for eligible units are extended per the Township's Fourth Round HEFSP, as amended, and the February 9, 2026 Mediation Agreement with Fair Share Housing Center, the Township agrees to put forth a minimum contribution for each unit if and/or as may be required by N.J.A.C. 5:97-6.14 and UHAC, and the Township reserves the right to amend this Spending Plan as necessary to reflect the available funds within the municipal affordable housing trust fund which shall be expended for executing extensions of affordability controls on eligible units.

(b) Affordability Assistance (N.J.S.A. 52:27D-329.2)

The enabling legislation for the Fourth Round, at N.J.S.A. 52:27D-329.2.c(3), specifies that municipalities must set aside a *portion* of their development fee trust fund for the purpose of providing affordability assistance — without providing a minimum percentage of what this portion shall be. The Township commits to dedicating a portion of its development fee revenue collected throughout the Fourth Round for affordability assistance. The total funds used for affordability assistance shall be subject to the Township's use of available funds for Fourth Round projects and in compliance with the 20 percent administrative expenses cap as outlined in Sections 1.4(a) and 1.4(c) of this Spending Plan, as well as the other projected expenditures identified in this Plan.

Per N.J.A.C. 5:99-2.5, the Township may use funds for affordability assistance as follows:

- (a) 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 pursuant to N.J.S.A. 52:27D-329.1.
 1. 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.
- (b) 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.

An Affordability Assistance Manual will be prepared by the Township's Administrative Agent.

(c) Administrative Expenses (N.J.S.A. 52:27D-329.2)

Per N.J.S.A. 52:27D-329.2, "Not more than 20 percent of the revenues collected from development fees shall be expended on administration, in accordance with rules of the department." The actual administrative expense maximum is calculated on an ongoing basis based on actual revenues. The Township commits to expending Fourth Round affordable housing trust fund revenues on administrative costs below the 20 percent cap as required by statute.

Per N.J.A.C. 5:99-2.4, funds for administrative expenses may be used as follows:

- a) No more than 20 percent of all affordable housing trust funds, exclusive of those collected prior to July 17, 2008, to fund an RCA, shall be expended on administration.
- b) 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.
- c) 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.
- d) 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.

5. EXCESS OR SHORTFALL OF FUNDS

The Township of Mount Laurel acknowledges that the actual revenue 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 development fees may be imposed by law; and (b) the actual amount of development in the Township may be less than what is anticipated. Should there be a shortfall of funds, the Township agrees that in no event shall it utilize more than 20% of the revenue collected from development fees, Redevelopment Agreement fees, and interest for administration.

The Township intends to expend all current and future revenues toward the mechanisms, as described in this Spending Plan. In the event of an excess of funds, these would be dedicated toward supplementing any programs or projects within the regulatory limits as described herein. The Township reserves the right to use the remainder first toward emerging mechanisms and for additional assistance where needed to support mechanisms included in the Township's Housing Element and Fair Share Plan as needed, in accordance with the requirements set forth in P.L. 2024, c.2. Should there be a surplus beyond emerging mechanisms, et. al., the Township reserves the right to use the remainder toward the next round of affordable housing, which will be addressed by an adopted Spending Plan in a timeframe that will satisfy the requirements of N.J.S.A 52:27D-329.2. The Township reserves the right to submit an updated Spending Plan to reflect any change in circumstance of the mechanisms and funds detailed herein.

II. SUMMARY

The Township of Mount Laurel 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, as amended, that evolves from the Township's ongoing compliance efforts.

The Township recognizes that the projections in this Spending Plan are generated from a baseline assumption that development over the last five years will continue at a similar rate over the ten-year Fourth Round period, and the Township therefore reserves the right to amend the contents of this Spending Plan to reflect a change in the Township's development climate, Fourth Round HEFSP, development fee regulations, and/or any circumstance impacting the projections detailed herein.

Regarding the Fourth Round period, the Township projects approximately \$2,912,480 to be collected from development fees, Redevelopment Agreement fees, interest on existing funds, and other income from July 1, 2025, through June 30, 2035. Of this projected \$2,912,480 to be collected during the Fourth Round, the Township intends to dedicate a portion towards affordability assistance (which shall be subject to the Township's use of available funds for Fourth Round projects and in compliance with the 20 percent administrative expenses cap as outlined in Sections I.4(a) and I.4(c) of this Spending Plan) and no more than 20% of actual income collected to cover administrative costs. The remaining amount of income collected in the Township's affordable housing trust fund during the Fourth Round is intended to be used toward Fourth Round projects in accordance with Section I.4(b) of this Spending Plan (which includes rehabilitation projects, new construction of affordable units — including funds that may be used towards special needs/group home units — and/or extensions of expiring controls), which will be allocated on a project-by-project basis as the specificity of these projects becomes more apparent over the Fourth Round period. The Township anticipates that the balance of revenues collected less expenses from July 1, 2025 to June 30, 2035 will be as close to zero dollars (\$0) as possible whereas any excess funds would be dedicated toward supplementing any programs or projects within the limits as described herein, toward emerging mechanisms pursuant to N.J.S.A. 52:27D-329.2, or reserved toward compliance with the next round of affordable housing in accordance with the Fair Housing Act.