

**BOROUGH OF CAPE MAY POINT
COUNTY OF CAPE MAY
STATE OF NEW JERSEY**

RESOLUTION 70-25

**APPROVING AFFORDABLE HOUSING SPENDING PLAN CONTAINED IN
ADOPTED HOUSING ELEMENT AND FAIR SHARE PLAN**

WHEREAS, the Borough of Cape May Point Board of Commissioners resolved through Resolution 29-25 to accept the Present Need Obligation of zero (0) units and Prospective Need Obligation of five (5) units and to participate in the Affordable Housing Dispute Resolution Program, pursuant to the amended Fair Housing Act ("FHA") at N.J.S.A. 52:27D-301, *et seq.*, per P.L. 2024, c.2; and

WHEREAS, pursuant to the FHA, Administrative Directive No. 14-24, and Res. No. 29-25, the Borough's affordable housing professional filed a Declaratory Judgment action with the Program under Docket No.: CPM-L-000046-25; and

WHEREAS, on March 27, 2025, the Honorable John C. Porto, P.J.Cv., entered an Order establishing the Borough's Present Need Obligation as zero (0) units and the Borough's Prospective Need Obligation as five (5) units; and

WHEREAS, on May 20, 2025, the Planning Board of the Borough of Cape May Point (the "Planning Board") held a public hearing and voted to adopt the Borough's 2025 Fourth Round Housing Element and Fair Share Plan (the "Plan"), addressing the Borough's Fourth Round Prospective Need Obligation and Fourth Round Present Need Obligation, as established; and

WHEREAS, the Plan includes a Fourth Round Spending Plan component, pursuant to N.J.S.A. 52:27D-329.2 and the Affordable Housing Alternative Dispute Resolution Program Directive 14-24, which projects anticipated revenues to the Borough's Affordable Housing Trust Fund and describes estimated expenditures of funds to address its fair share obligation as set forth in the Fair Share Plan and which specifically establishes that the expenditure of funds contemplated in the Fourth Round Spending Plan constitutes a 'commitment' for expenditure, pursuant to N.J.S.A. 52:27D-329.2.d., with the time period beginning to run with the date of collection of the funds as extended by virtue of the date of the Superior Court's approval of this Fourth Round Spending Plan; and

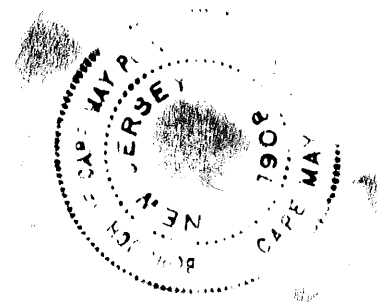
NOW THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Borough of Cape May Point, County of Cape May, State of New Jersey, hereby adopts the Spending Plan Component of the 2025 Fourth Round Housing Element and Fair Share Plan, which is annexed hereto as "Exhibit A."

	MOTION	SECOND	YES	NO	ABSTAIN	ABSENT
Geiger		X	X			
vanHeeswyk	X		X			
Yunghans			X			

Certification

I hereby certify that the foregoing is a true copy of a Resolution duly passed and adopted by a majority of full membership of the Board of Commissioners of the Borough of Cape May Point, County of Cape May, New Jersey, at a meeting held on Tuesday, June 10, 2025.

Elaine L. Wallace
Elaine Wallace, Municipal Clerk





BOROUGH OF CAPE MAY POINT FOURTH ROUND SPENDING PLAN

INTRODUCTION

The Borough of Cape May Point has prepared a Fourth Round Housing Plan Element and Fair Share Plan ("HPE/FSP") 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) as amended by P.L. 2024, c.2, and the remaining valid regulations of the former Council on Affordable Housing ("COAH") found at N.J.A.C. 5:93-1 and N.J.A.C. 5:97-8.

The Borough of Cape May received Second Round substantive certification and approval of a Prior Round spending plan on January 5, 1999. On July 8, 2009, the Borough formally received substantive certification from COAH in relation to their petition for Third Round obligations. The Borough did not receive approval for an updated Spending Plan at the time. On June 27, 2018, the Third Round HEFSP and spending plan were amended pursuant to a 2017 Settlement Agreement between the Borough of Cape May Point and Fair Share Housing Center ("FSHC") and a March 20, 2018, Order of Fairness and Compliance which granted the Borough "the judicial equivalent of substantive certification and accompanying protection as provided under the FHA' per Mount Laurel IV, through July 31, 2025."

The Borough has a development fee ordinance that was most recently amended on July 12, 2018, following the court-approved 2018 Third Round HPE/FSP. The ordinance established the Borough's affordable housing trust fund as a dedicated revenue source of affordable housing funding. This Spending Plan sets forth how the Borough will spend its affordable housing trust funds in support of the affordable housing compliance plan detailed in the Fourth Round HEFSP.

As of December 31, 2024, the Borough collected a total of \$1,073,439.98 in revenue, including \$1,005,204.00 in development fees, \$56,114.92 in interest, \$0.00 in payments in lieu of construction of affordable housing units, and \$12,121.06 in other income, while the Borough has spent a total of \$123,627.73, including \$51,390.90 in housing activity related to a former rehabilitation program, \$0.00 in affordability assistance, and \$72,236.83 in administrative expenditures, leaving a balance in the trust fund of \$949,812.25.

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All development fees, payments in lieu of constructing affordable units, other income, and interest generated are deposited in a separate, interest-bearing affordable housing trust account at Crest Savings Bank.

The Borough acknowledges that the expenditure of funds contemplated in this spending plan constitute a “commitment” for expenditure pursuant to N.J.S.A. 52:27D-329.2.d., with the four-year time period beginning to run with the date of collection of the funds as may be extended by virtue of the date of the Superior Court’s approval of this Fourth Round Spending Plan.

These funds will be spent in accordance with N.J.A.C. 5:93-8.16, as described in this Spending Plan. The Borough will rely on N.J.A.C. 5:93 or 5:97, as N.J.S.A. 52:27D-329.2.a(4) provides that “[m]unicipalities may continue to rely on regulations on development fees and spending plans previously adopted by the council until new rules and regulations are adopted by the department.”

REVENUES FOR CERTIFICATION PERIOD

To calculate a projection of revenue anticipated during the Fourth Round (2025-2035), the Borough of Cape May Point has considered the following:

- (a) Development fees: \$794,035
 - 1. Residential and 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): \$0

Actual and committed payments in lieu (PIL) of construction from developers. The Borough has not previously received any PILs, and no revenues from PILs are expected during the Fourth Round as the FHA was amended by P.L. 2024, c.2 to eliminate N.J.S.A. 52:27D-329.3 which had enabled PILs.

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(c) Other funding sources: \$0

The Borough had previously collected \$12,121.06 from other sources, but does not anticipate future funds from this category at this time. Funds from other sources include, but are 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. All monies in the Affordable Housing Trust Fund are anticipated to come from development fees and interest.

(d) Projected interest: \$15,722

Based on the current average interest rate and projected development fee revenue, the Borough anticipates collecting \$15,722 in interest through 2035.

As shown in Table SP-1, the Borough of Cape May Point projects a total revenue of \$809,757 during the Fourth Round (2025-2035) from residential and non-residential development fees and accrued interest. Projected residential development fees are based on an annual average of past residential development fee receipts for residential construction and improvements between 2013 and 2024 and cross-referenced with the 10-year housing stock projection contained in the HEFSP. Projected non-residential development fees are based on limited non-residential fee receipt history and minimal anticipated future commercial development in the Borough. Projected interest assumes the average interest rate of 1.98% as of December 2024.

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Table SP-1. Projected Fourth Round Affordable Housing Trust Fund Revenues

Year Source of Funds		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2025-2035 Total
Projected Residential Development	\$949,812.25 STARTING BALANCE (12/31/2024)	\$72.2k	\$72.2k	\$72.2k	\$72.2k	\$72.2k	\$72.2k	\$72.2k	\$72.2k	\$72.2k	\$72.2k	\$72.2k	\$0.79 M
Projected Non- Residential Development		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest		\$1.4k	\$1.4k	\$1.4k	\$1.4k	\$1.4k	\$1.4k	\$1.4k	\$1.4k	\$1.4k	\$1.4k	\$1.4k	\$15.7k
Total		\$73.6k	\$73.6k	\$73.6k	\$73.6k	\$73.6k	\$73.6k	\$73.6k	\$73.6k	\$73.6k	\$73.6k	\$73.6k	\$0.81 M

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ADMINISTRATIVE MECHANISM TO COLLECT / DISTRIBUTE FUNDS

The following procedural steps for the collection and distribution of development fee revenues shall be followed by the Borough of Cape May Point:

(a) Collection of development fee revenues:

All collection of development fee revenues will be consistent with local regulations which follow COAH administrative models for residential development in accordance with the FHA as amended by P.L. 2024, c.2, and non-residential developments in accordance with N.J.S.A. 40:55D-8.1 through 8.7.

(b) Distribution of development fee revenues:

The Planning Board adopts and forwards a resolution to the governing body recommending the expenditure of development fee revenues as set forth in this Spending Plan. Alternatively, the governing body may hear and decide upon a request for development fee revenues for the purpose of creating affordable housing. The governing body reviews the request for consistency with the Spending Plan and adopts the recommendation by resolution.

The release of funds requires the adoption of the governing body resolution. Once a request is approved by resolution, the Chief Financial Officer releases the requested revenue from the trust fund for the specific use approved in the governing body's resolution.

ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS

(a) Accessory Apartment Program

The Borough will commit funds from the Affordable Housing Trust Fund to extend the Affordable Accessory Apartment Program for the creation of accessory apartments. The Borough shall provide at least \$90,000 per unit to subsidize the creation of up to two (2) very low-income accessory units, \$40,000 per unit to subsidize the creation of each low-income accessory unit, and \$20,000 per unit to subsidize the creation of each moderate-income accessory unit. Subsidy may be used to fund actual construction costs and/or to provide compensation for reduced rental rates. At this time, the Borough anticipates creating up to 20 accessory units, which would require a total subsidy of up to \$800,000.

(b) Affordability Assistance (N.J.A.C. 5:93-8.16(c))

The Borough is required to spend a minimum of 30 percent of development fee revenue to render existing affordable units more affordable, and at least one-third of that amount must be dedicated to very low-income households or to create very

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low-income units (i.e. households earning less than 30 percent of the regional median income).

As shown in Table SP-2, the Borough projects that it must dedicate at least \$561,322.74 from the affordable housing trust fund to render units more affordable. Since the Borough's combined RDP for all rounds is 0, the Borough currently has no units or tenants that can take advantage of Affordability Assistance funds. To address the affordability assistance requirement, the Borough will allocate \$180,000 toward the creation of two (2) very low-income units through the Accessory Apartment Program (as discussed below) and \$381,322.74 in affordability assistance to be disbursed as soon as new affordable units are created and/or occupied. The Borough will contract with Triad Associates to administer the affordability assistance program, which may include, but may not be limited to, the following mechanisms:

- Down-payment assistance;
- Rental assistance;
- Security deposit assistance;
- Low interest loans;
- Assistance with homeowners' association or condominium fees and special assessments; and/or
- Conversion of low-income units to very-low-income units or the creation of new very-low income units, etc.

As shown in Table SP-3, the Borough projects that it must dedicate at least \$178,054.80 in very low-income affordability assistance. As noted above, the Borough will provide \$180,000 for the creation of two (2) very low-income accessory apartments in addition to affordability assistance to be disbursed as soon as new affordable units are created and/or occupied.

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Table SP-2. Projected Minimum Affordability Assistance Requirement

Actual development fees collected through 12/31/2024		\$1,005,204.00
Actual interest earned through 12/31/2024	+	\$56,114.92
Projected development fees (1/1/2025 - 6/30/2035)	+	\$794,035.00
Projected interest (1/1/2025 - 6/30/2035)	+	\$15,721.89
Total	=	\$1,871,075.81
30 percent requirement	x 0.30 =	\$561,322.74
Less affordability assistance expenditures through 12/31/2024	-	\$0.00
Projected Minimum Affordability Assistance Requirement	=	\$561,322.74

**Table SP-3. Projected Minimum Very Low-Income
Affordability Assistance Requirement**

Actual development fees collected (7/17/2008 - 12/31/2024)		\$918,802.00
Actual interest earned (7/17/2008 - 12/31/2024)	+	\$51,989.09
Projected development fees (1/1/2025 - 6/30/2035)	+	\$794,035.00
Projected interest (1/1/2025 - 6/30/2035)	+	\$15,721.89
Total	=	\$1,780,547.98
30 percent requirement	x 0.30 =	\$534,164.39
1/3 requirement	÷ 3 =	\$178,054.80
Less <u>very low-income</u> affordability assistance expenditures through 12/31/2024	-	\$0.00
Projected Minimum <u>Very Low-Income</u> Affordability Assistance Requirement	x 0.33 =	\$178,054.80

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(c) Administrative Expenses (N.J.A.C. 5:93-8.16(e))

The Borough may 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 based on actual revenues.

As shown in Table SP-4, the Borough projects that \$301,978.33 may 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:

- Borough Attorney, Engineer, and Planner fees related to plan preparation and implementation;
- Administration fees related to rehabilitation, extension of expiring controls, and municipally-sponsored construction programs;
- Affirmative Marketing;
- Income qualification of households; and
- Administration of Borough's Affordable Housing Units.

Table SP-4. Projected Allowed Administrative Expenses

Actual development fees collected through 12/31/2024	\$1,005,204.00
Actual interest earned through 12/31/2024	+ \$56,114.92
Actual payments-in-lieu through 12/31/2024	+ \$0
Projected development fees (1/1/2025 – 6/30/2035)	+ \$794,035
Projected interest (1/1/2025 – 6/30/2035)	+ \$15,722
Total	= \$1,871,075.81
20 percent maximum permitted administrative expenses	x 0.20 = \$374,215.16
Less administrative expenditures through 12/31/2024	– \$72,236.83
Projected allowed administrative expenditures	= \$301,978.33

EXPENDITURE SCHEDULE

The Borough of Cape May Point intends to use affordable housing trust funds revenues for its Affordable Accessory Apartment Program, affordability assistance including the creation of very low-income units, and administrative expenses. Where applicable, the Projected Expenditure Schedule in Table SP-5 will reflect the implementation schedule to be set forth in the Fourth Round HEFSP.

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Table SP-5. Projected Expenditure Schedule, 2025-2035

Program	Units	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Housing Activity (Accessory Apartment Program)	20	\$72.7k	\$72.7k	\$72.7k	\$72.7k	\$72.7k	\$72.7k	\$72.7k	\$72.7k	\$72.7k	\$72.7k	\$72.7k	\$800k
Affordability Assistance		\$59.8k	\$59.8k	\$59.8k	\$59.8k	\$59.8k	\$59.8k	\$59.8k	\$59.8k	\$59.8k	\$59.8k	\$59.8k	\$658k
Administration		\$27.5k	\$27.5k	\$27.5k	\$27.5k	\$27.5k	\$27.5k	\$27.5k	\$27.5k	\$27.5k	\$27.5k	\$27.5k	\$302k
TOTAL		\$160k	\$160k	\$160k	\$160k	\$160k	\$160k	\$160k	\$160k	\$160k	\$160k	\$160k	\$1.76 M

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EXCESS OR SHORTFALL OF FUNDS

While no shortfall of funds is anticipated, the Borough commits to adopting a resolution of intent to fund all programs detailed in this Spending Plan, including via all outside funding sources and municipal funding including but not limited to municipal bonding. Any excess in funds collected over what has been projected will be dedicated to additional accessory units and bond payments to the extent required.

MONITORING

In accordance with the requirements of N.J.S.A. 52:27D-301 *et seq.* as amended by P.L. 2024 c.2, by February 15 of each year of the Fourth Round, the Municipality will provide data entry in DCA's new AHMS monitoring system including a detailed accounting of all residential and non-residential fees collected, interest earned, and other income collected and deposited into the Municipality's affordable housing trust fund during the prior calendar year. The Municipality will also provide a detailed accounting of all expenditures of affordable housing trust funds during the prior calendar year, including purposes and amounts, and documentation of the balance remaining in the affordable housing trust fund as of December 31 of that year.

SUMMARY

The Borough of Cape May Point intends to spend affordable housing trust fund revenues pursuant to the regulations governing such funds and consistent with the Fourth Round HPE/FSP. As of December 31, 2024, the Borough had a balance of \$949,812.25 and projects an additional \$809,757 in revenues during the Fourth Round for a total of \$1,759,569.14 by June 30, 2025. The Borough estimates that up to \$800,000 will be spent to subsidize the creation of affordable units through the Borough's Affordable Accessory Apartment Program (including two (2) very low-income units) and an additional \$381,322.74 will be spent on affordability assistance once affordable units are created and/or occupied. The Borough may also expend up to \$301,978.33 of the trust fund on administrative costs during the Fourth Round. Table SP-6 provides a summary of the Borough's Fourth Round Spending Plan.

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Table SP-6. Spending Plan Summary

Revenues	
Balance as of 12/31/2024	\$949,812.25
Projected Revenues through 6/30/2035	
1. Development fees	+ \$794,035
2. Interest	+ \$15,722
3. Other funds	+ \$0
Total Projected Revenue	= \$1,759,569.14
Expenditures	
Accessory Unit Program	- \$800,000.00
Affordability Assistance	- \$657,590.81
Administration	- \$301,978.33
Total Projected Expenditures	= \$1,759,569.14